NCC STUDY TO PROVIDE ASSESSMENT OF THE EXISTING COAL FLEET

U.S. Secretary of Energy Ernest J. Moniz has requested that the National Coal Council undertake a study assessing the existing coal generation fleet. In his letter to NCC Chair, John Eaves, the Secretary noted that...

"In order to meet U.S. economic, energy and environmental goals, power generators are interested in pursuing opportunities to improve the capacity, efficiency and emissions profiles of existing coal assets employing performance optimization tools, techniques and technology retrofits."

The question NCC has been asked to address in the forthcoming study is: What can industry and the Department of Energy, separately and jointly, do to facilitate enhancing the capacity, efficiency and emissions profiles of the existing coal generation fleet in the U.S. through application of new and advanced technology?

The study will further address the jobs implications of modification and addition of equipment at existing coal power plants.

In anticipation of the Secretary’s request, NCC leadership has accomplished a number of preparatory tasks:

- NCC Vice Chair, Jeff Wallace (Vice President Fuel Services, Southern Company) has agreed to chair the NCC study.
- Steve Wilson, General Manager of Research & Development for Southern Company will serve as Technical Chair of the study.
- Lead authors have been engaged, including:
  - Doug Carter
    Independent Energy Consultant
  - Ed Cichanowicz
    Independent Engineering Consultant
  - EPRI Team
    Lead by Stu Dalton

CONFIRMED DATES!!!
May 13-14, 2014
National Coal Council
Full Council Meeting &
30th Anniversary Gala
1984|2014
Washington, DC
Details to be emailed
to all members soon.

As I’ve noted in previous newsletters, we are making a concerted effort to respond to the Secretary’s requests in a more streamlined, timely fashion. As such, in a significant departure from previous studies which have taken up to a year to conduct, we intend to have this study completed for the NCC membership’s review and approval at the Spring meeting ~ May 14th, 2014, Washington, DC ~ and to present the report in a concise 100-page format.

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CONTRIBUTORS

Lead by Stu Dalton
Senior Government Representative Generation

A detailed outline of the study has been developed and is being reviewed by members of the NCC Coal Policy Committee (CPC). If you are interested in serving on the CPC please contact me immediately at jgellici@NCC1.org.

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NCC is pleased to be hosting a one-day forum in cooperation with The Catholic University of America’s Institute for Policy Research & Catholic Studies on the topic of “The Value of Coal Conversion.” Coal produces 40% of electricity in the U.S. Its value, however, extends beyond power generation. Coal is a versatile resource that can be gasified and converted into a vast array of valuable products.

- Transportation Fuels
- Urea & Other Fertilizers
- Chemicals
- Industrial Gases
- Hydrogen
- Pipeline Synthetic Natural Gas
- Enhanced Oil Recovery

The finished products produced through coal conversion often have greater market potential than raw materials and, therefore, enhance business values in the U.S. as well as trade opportunities in the international marketplace.

**Forum at a Glance**

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<tr>
<th>Time</th>
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<tr>
<td>8-9 am</td>
<td>Registration &amp; Breakfast</td>
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<tr>
<td>9-9:45 am</td>
<td>Welcome &amp; Keynote Address</td>
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<tr>
<td>10-11:30 am</td>
<td>Session 1</td>
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<td>11:45 am-1 pm</td>
<td>Luncheon Keynote</td>
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**Confirmed Speakers**

- **LUNCHEON KEYNOTE**
  - Dr. Holly Krutka, Executive Editor Cornerstone Magazine
  - World Coal Association & Shenhua
  - China’s Successful Evolution of CTX Technology

- Samuel S. Tam
  - Division Director Advanced Energy Systems
  - U.S. Department of Energy

- Dr. Robert Freerks, Emerging Fuels Technology
- Mark J. Riedy, Kilpatrick Townsend & Stockton
- Dick Bajura, West Virginia University
- Scott Montgomery, Catholic University of America
- Andrew Tong, The Ohio State University
- Rodney Andrews, University of Kentucky
- Maohong Fan, University of Wyoming
- Robert Kelly, DKRW Energy LLC
- David Piekaj, LP Amina
- Randall Harris, Adams Fork Energy Project
- Sasha Mackler, Texas Clean Energy Project
- Carrie Lalou, Synthesis Energy Systems
- Gregory Merle, Clean Coal Refining Corporation

Join us for a one-day forum highlighting existing and prospective technologies and the economic opportunities available through coal conversion.

**CTx Forum Agenda**

There is no charge to attend but seating is limited and pre-registration is required.

**CTx Forum Registration**

*Widely Attended Event*
WHO KNEW?*
Coal Burns, Water Doesn’t

Seems simple enough. For the folks at Great River Energy (GRE) these four words are the founding principle behind their DryFining™ lignite fuel enhancing system which involves both drying and refining lignite. GRE is presently DryFining™ all of the coal used at its 1,200 MW Coal Creek Station in North Dakota. The process, which includes using waste heat, increases operating efficiencies and reduces emissions. [DryFining Fact Sheet]

The DryFining™ initiative is a prime example of a successful public-private partnership between the National Energy Technology Lab (NETL) and GRE. Softer coals, such as lignite, naturally have a higher water content than other types of coal. Reducing the amount of water in the coal provides benefits such as:

- Increased energy density
- Reduced total volume of flue gases that must be handled throughout the system
- Improved overall power plant efficiency
- Lower emissions of sulfur and mercury

Check out this video detailing the breakthrough DryFining™ technology. [DryFining Video]

Coal Creek Station has used DryFined™ coal since 2009. As a result it has:

- Reduced fuel moisture from 38% to 29%
- Increased heating value from 6,200 to 7,100 Btu/lb
- Reduced fuel input by 4%
- Increased overall plant efficiency by 4%
- Reduced emissions of SO2 by 40%, Hg by about 40%, NOx by more than 20% and CO2 by 4%

The technology benefits extend beyond Coal Creek Station. In the U.S. today, 35 power generation units, with an installed capacity of 15 GW, burn lignite coal. An additional 250 units, with an installed capacity of about 100 GW, burn Powder River Basin high moisture sub-bituminous coal.

Where’s My NCC Appointment Letter?

Patience is a virtue, and I’m learning patience. It’s a tough lesson. [Elon Musk]

Elon Musk doesn’t strike me as a patient person. He is, however, persistent. Nearly nine months into my “new” job as chief executive of the National Coal Council, I’ve discovered that the skill most required to do this job is patience; that and a healthy dose of persistence.

Many of you have been calling and emailing asking if appointment letters have been issued. Not yet. The slate of candidates we submitted to DOE last autumn for the 2014-2015 term is presently under review. And while I don’t have a date certain (or control) as to when the letters will be signed and mailed, I do know that they have progressed through numerous levels of review at DOE and I hope they’ll be issued soon. Patience is not one of my strong suits either but persistence is. Please know that I’m checking weekly, if not more often, on the status of the letters. I’ll keep at it!

Your Patience is Appreciated

Join the Chair’s Advisory Committee

Membership in the Chair’s Advisory Committee (CAC) is open to all levels of NCC members who elect to enhance their baseline dues support for the Council. CAC members are invited to participate in special events and activities, including NCC, Inc.-hosted Executive Roundtable Sessions in which CAC members meet in small group discussions with key energy industry stakeholders. These invitation-only Roundtables are hosted in conjunction with each biannual meeting of the NCC, Inc. in Washington, DC. CAC members also receive special recognition at NCC events and in NCC publications/website. We invite you to join the following companies in their CAC support for NCC. Contact me for more information (jgellici@NCC1.org)

THANK YOU 2014 CHAIR’S ADVISORY COMMITTEE MEMBERS!
ADA-ES, Peabody Energy, PPL EnergyPlus & Southern Company
NCC REPORT FOCUS

Throughout its 30 year history, the NCC has prepared more than 30 studies for the U.S. Secretary of Energy. This section of the National Coal Advisory features highlights from NCC studies of relevance to current industry and public policy.

Coal Conversion ~ June 1986
Different, but the same

My mind’s been focused on Coal Conversion what with our CTx: Coal-to-X/Value of Coal Conversion event coming up on February 26th. Last month, I featured a March 2006 NCC report entitled COAL: America’s Energy Future, which included a section on coal conversion opportunities such as coal-to-liquids technologies. In reviewing the history of NCC reports prepared over the past 30 years, I noticed that NCC’s first study was devoted exclusively to the topic of coal conversion.

In June 1986, NCC published its “Coal Conversion” report for then Secretary of Energy John Herrington. John Dalton with McGuire, Woods & Battle was NCC Chair at the time; Vice Chair was B.R. Brown with Consolidation Coal Company. The Chair of the Coal Policy Committee was Gerald Blackmore with Old Ben Coal Company and the Coal Conversion Work Group Chair was Walter Vannoy with Babcock & Wilcox Company.

The 28-year-old report examined the prospects for coal conversion in various sectors of the economy, including transportation, industrial, residential and commercial, and electric utility. The term “coal conversion” as used in the report referred to the utilization of coal or coal-derived fuels (liquid, gas or solid) as a replacement for petroleum-derived fuels such as fuel oil or gasoline.

In his transmittal letter to the Secretary, NCC Chair Dalton noted that “The study’s overall conclusions are that, where it is economically justified, increased and enhanced use of coal can:

- Reduce the U.S. energy trade deficit;
- Enhance domestic energy and economic security;
- Stimulate long-term economic growth.”

Many of the recommendations offered in 1986 report and noted below, continue to have merit today.

- Retain Clean Air Act Prevention of Significant Deterioration and New Source Performance Standards exemptions;
- Expand the government’s coal-derived liquid fuels program;
- Establish clean coal technology demonstration projects that emphasize fuel-switching capabilities;
- Establish a national clearinghouse for conversion demonstration projects information exchange;
- Form a Department of Energy/Environmental Protection Agency task force charged with streamlining the environmental permitting process;
- Retain and expand clean coal technology programs designed for the residential/commercial sectors;
- Host a national conference of coal producing and consuming states to encourage them to support coal conversion.

The consistency of these recommendations over time is reassuring. The value of coal conversion is as apparent and relevant today as it was nearly three decades ago.

P.S. Three current NCC members were members of the NCC back in 1986 ~ Sy Ali, Mary Eileen O’Keefe & Debra Schumacher.

[Hard [paper] copies of these NCC reports are available through the NCC office.]
**NCC Member Focus**

Who doesn’t know Jackie Bird? Jackie’s expansive industry knowledge, her infectious smile and joyous laugh, her quick wit and her steadfast reliability are just a few of her traits that we’ve come to admire. Jackie was among the first women appointed to the NCC in 1989 and has served on several NCC study committees, as well as on NCC’s Executive, Communications and Coal Policy Committees. Thanks for your many years of service to NCC!

**A BIRD LEGACY IN OHIO**

Jackie Bird served as Director of the Ohio Coal Development Office (OCDO) from 1989-2006. During her tenure, Bird oversaw OCDO’s efforts to support a large portfolio of clean coal technology research, development and large-scale demonstration projects. This was accomplished through the competitive solicitation, review and award of grants, loans and loan guarantees from the State’s $100 million revolving coal R&D bond fund.

Bird established the Ohio Coal Research Consortium – deemed a national model by third-party review – consisting of seven Ohio colleges and universities engaged in coal R&D, supporting their research efforts with the guidance of a public/private advisory committee.

OCDO also helped establish the Midwest Carbon Sequestration Partnership, one of several under DOE’s umbrella. Also in conjunction with NETL, OCDO helped create and support the Ultra Super Critical Materials Consortium. All three of these continue today.

Each year, OCDO also arranged and hosted one or more technology transfer open houses of its pilot or demonstration projects. Bird organized multiple conferences and forums and sponsored and participated in numerous others. OCDO was one of the first state agencies in the nation to support CCS R&D. Her office leveraged $3-4/federal for every $1/State funding invested in the program, which by the end of her tenure cumulatively exceeded $1B in state/federal/private contributions. Bird promoted OCDO’s efforts to national awareness in the energy R&D community on a communications budget of $2000/year.

Bird served as the Ohio Department of Development Director’s alternate to the Ohio Power Siting Board for 13 years, and has testified before the Ohio and Kentucky General Assemblies on coal and energy-related matters. In years past, she has served or participated in organizations such as CURC, Coal Byproducts Recycling Consortium (steering committee), Women In Mining/Ohio (co-founder, past president), Pittsburgh Coal Conference. She currently serves on the boards of the Ohio Energy Project and the Washington Coal Club. Bird was graduated from The Ohio State University.

**JACQUELINE F. BIRD**
**DIRECTOR OF BUSINESS DEVELOPMENT**
**WORLEY PARSONS GROUP**

JACQUELINE.BIRD@WORLEYPARSONS.COM

As Director of Business Development for WorleyParsons Group Inc., Jackie Bird is responsible for customer development and relationship management, proposal and project oversight in a multi-state section of the Eastern and Midwestern U.S. WorleyParsons is a leading global provider of project delivery and consulting services to the resources and energy sectors and complex process industries. Services cover the full asset spectrum both in size and lifecycle – from conceptualization, engineering and design through to services that sustain and enhance operating assets, and later their decommissioning and closure. Jackie is a part of the Infrastructure – Power Group. She joined WorleyParsons in 2007 as Director of Government and Advanced Energy Projects.
President Highlights Use of Executive Powers on Climate Change

President Obama's State of the Union message highlighted the use of executive powers to respond to climate change, along with an "all-of-the above" approach to energy that he said has brought the U.S. "closer to energy independence than we've been in decades." The President asserted that "we have to act with more urgency," citing the Environmental Protection Agency's (EPA) controversial proposal on reducing carbon emissions from coal-fired power plants, due to the effects of changing climate. However, critics disputed Obama's commitment to an "all-of-the-above" energy policy, crediting a boom in oil and gas production that has occurred without the administration's help for the improving U.S. energy picture. A Forbes columnist noted that the President failed to mention coal or nuclear power, which together account for more than half of U.S. electric power generation, in the speech.

EPA GHG Regulation under CAA
“A Done Deal,” McCarthy Says

The Environmental Protection Agency’s regulation of greenhouse gases under the Clean Air Act is “a done deal,” Administrator Gina McCarthy said, noting that the U.S. Supreme Court ruled in 2007 that the agency has authority over carbon pollution. According to National Journal's Energy Edge, McCarthy said that upcoming oral arguments before the high court involve only a "very narrow" permitting question, not EPA's regulatory authority over carbon under the Clean Air Act. However, National Journal reported, some industry sources have said the Supreme Court case, although narrow, "cracks open the door to a ruling that affects other parts of EPA's climate agenda or foreshadows future review of [EPA’s] high-profile power plant rules."

Separately, it indicated, McCarthy said EPA will release information to counter GOP contentions that its carbon rules for future coal-fired power plants violate provisions in a 2005 energy law.

Polis Say Climate Change Not a Leading Issue for the Public

A pair of recent polls indicates that climate change is not a hot-button issue for the public. According to National Journal’s Energy Edge, one of the polls, by NBC News and The Wall Street Journal, found 27% of respondents believe climate change should be an "absolute priority" in this year, while 41% say it can be delayed until 2015. In the second poll, Pew Research Center found 29% of respondents want global warming to be a top priority this year, with 31% calling it an "important but lower priority." Meanwhile, 49% of Pew’s respondents said protecting the environment should be a top priority, while dealing with the nation’s energy problems was cited by 45%. National Journal indicated that "The data arrive as major climate legislation is dead on Capitol Hill but [EPA] is moving ahead with new rules to curb carbon emissions from power plants."

ENVIRONMENTAL REGULATION

EPA Reaches Deal to Finalize Coal Ash Regulations by December

The Environmental Protection Agency (EPA) will finalize regulations for the disposal of coal combustion residuals -- coal ash -- by December 19, 2014, under a consent decree with environmentalists and industry groups negotiated in response to a 2012 lawsuit filed by Earthjustice. The accord followed a federal district court ruling that said EPA has a duty to review and revise its waste regulations under the Resource Conservation and Recovery Act (RCRA). According to POLITICO, EPA will finish its regulatory process for coal ash under Subtitle D of RCRA, which covers non-hazardous waste. However, Earthjustice said EPA could still regulate coal ash as a hazardous waste under RCRA Subtitle C. This uncertainty continues to chill investment and job creation, House Energy and Commerce Committee leaders contended, calling for Senate action on House-passed bipartisan legislation on coal residuals (HR 2218) to address the problem.
Coal Currents (continued)
ENVIRONMENTAL REGULATION (continued)

Social Benefits of Carbon Far Outweigh Costs, Coal Group Asserts

If the Obama Administration attempts to calculate the future cost of carbon to society -- it recently raised this cost estimate to $36 per ton, up from the previous $22 -- policymakers must also consider the benefits of the carbon-based economy, the American Council for Clean Coal Electricity (ACCCE) asserted. The benefits of fossil fuel energy far outweigh the social cost of carbon - - by a magnitude of 50 to 500 times, an ACCCE study concluded. Increased energy production and delivery, most of it fossil fuel-based, have more than doubled life expectancy over the past 250 years, while incomes have increased 11-fold, said group President and CEO Mike Duncan. “Fossil fuels have provided the energy to improve farming yields, grow manufacturing and business, and are now powering data servers and even the Cloud,” he added.

Forbes Writer Suggests Coal Has Friends in Unexpected Places

According to Forbes, “Big coal’s newest best friends [may include] a prominent environmentalist and the White House.” While “that’s not what you usually hear,” wrote the magazine’s Michael Krancer, Armond Cohen, executive director of the Clean Air Task Force (CATF), says that coal-fired power around the world is going to grow exponentially in coming years. Cohen indicates that while challenges remain, coal’s main problem, greenhouse gas emissions, is being addressed with carbon capture and sequestration (CCS), “a combination of technologies that has been proven over the last two to three decades.” He terms the EPA’s recently published CCS final rule a big boost: “a clear pathway ... for using such technologies” and “in essence, a get-out-of-jail-free card for CCS with respect to hazardous waste regulation.” The upshot for investors, says Forbes, is “an obvious correlational growth potential for CCS and the investors who might embrace it.”

IN THE INDUSTRY

Industry Groups Launch Partnership to Support Goals on Carbon Regs

A wide range of industry groups has launched a partnership for a unified strategy in response to prospective regulations focused on carbon emissions from power plants and other facilities. The Partnership for a Better Energy Future, led by the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce, and made up of more than 70 business groups, will lobby local, state and national lawmakers and educate the public about the economic impact of future regulations. "This broad coalition will enable us to amplify and unify our efforts here in Washington and across the country," said Karen Harbert of the U.S. Chamber of Commerce’s Institute for 21st Century Energy. According to Reuters, the group believes President Obama’s climate action plan "aims to completely eliminate fossil fuels from the U.S. economy," and it advocates an all-of-the-above strategy "to ensure they have access to affordable and reliable energy."

Electric Co-op Raising Money for Prize for Carbon Capture, Use

An electric cooperative, Tri-State Generation and Transmission Association, is raising money for a $10 million X Prize to encourage development of technology for capturing and utilizing carbon dioxide from coal-fired power plants. According to The Washington Post, the winner would have to show it could economically capture the carbon emissions at a working power plant and put the carbon to a use that could defray the cost of keeping it out of the atmosphere. The X-Prize Foundation, based in California, supported the $10 million Ansari X-Prize, which led to the first private manned spacecraft in 2004. The Post reported; a spokesman told the newspaper that the Tri-State Carbon X-Prize is “still in development” and not ready for launch. Westminster, Colo.-based Tri-State has secured about half of the $34 million the contest would cost, he added, and plans to develop a facility where teams could test the technology.
COAL CURRENTS (CONTINUED)

DOE Developments

Energy Department Approves Billion-Dollar Grant for FutureGen

The Department of Energy (DOE) has approved a $1 billion grant for the FutureGen project, involving refitting a coal-fired power plant in western Illinois to capture its carbon dioxide emissions and store them underground. The remainder of the $1.65 billion estimated cost will come from the FutureGen Alliance, an ad hoc group of coal companies. According to Bloomberg Businessweek, DOE said planners had addressed EPA concerns about potential air pollution. "Clean coal is an essential component" of President Obama's all-of-the-above energy strategy, it added. FutureGen Alliance CEO Ken Humphreys said the project still needs a permit to store the gas and finalize the remainder of the financing, with construction expected to begin this year. FutureGen was first proposed in 2003, and envisioned construction of a new power plant. It was shelved by DOE and subsequently modified and restarted by the current administration.

INTERNATIONAL INTEREST

Obama Describes Views on Greenhouse Gas Dealings with China, India

While President Obama does not believe U.S. policies alone can put the brakes on global warming, they are crucial to working with China and India, the world's number one and three greenhouse gas emitters. Speaking with The New Yorker, the President said he was making action on carbon by the U.S. -- the world's second-largest greenhouse gas emitter -- a priority "because it's very hard for me to get in that conversation if we're making no effort." According to National Journal's Energy Edge, Obama emphasized the need to share U.S. R&D on low-emissions coal technologies with the two nations, and said that the U.S. gas-drilling boom could be part of the global solution on climate, if emissions of methane are addressed. If so, he said, "natural gas [could] supplant coal around the world the same way it's happening here in the United States, that's a net plus."

ON CAPITOL HILL

Clean Air, Climate Champion Waxman Sets Upcoming Retirement

Rep. Henry Waxman (D-CA), a leading advocate of environmental legislation, has announced he will not seek reelection after four decades in the House. Among the congressman's major efforts were co-authoring the 1990 revisions to the Clean Air Act and co-sponsorship of the far-reaching climate change and energy legislation that won House approval in 2009, but stalled in the Senate. Waxman, currently the ranking Democrat on the Energy and Commerce Committee, and the panel's former chairman, wrote in The Washington Post that he continues to believe that the legislative branch "can be a powerful force for good," but denounced the committee's recent rejection of "a simple amendment affirming that climate change is real." In light of congressional inaction, he indicated, "I am now focused on building support for administrative action by Obama, who can use the authorities of the Clean Air Act to tackle this threat to our future."

BY THE NUMBERS

U.S. Gas Price Increases Expected to Cut Demand, Bolster Use of Coal

The recent increase in U.S. natural gas prices is expected to cut demand for natural gas as utilities use more coal to generate power, electricity traders reported. According to Reuters, cold weather and heavy heating demand pushed gas prices to four-year highs toward the end of January. The relative price difference between NYMEX Central Appalachian coal and NYMEX Henry Hub gas widened to more than $3 per mmBtu for the first time since February 2010, according to Reuters data. Energy traders noted that the spread between Eastern coal and gas was wide enough to offset the estimated $1 per mmBtu cost to transport the coal from mine to plant by rail, and the fact that gas plants are about 25% more efficient than coal plants, Reuters added.

Todd H. Cunningham, who writes the "Coal Currents" column for the Council's monthly National Coal Advisory, is available for additional writing projects involving coal and other energy policy issues. For information on Todd's background and experience, see his LinkedIn profile at www.linkedin.com. To discuss your editorial needs, contact Todd via email at tcunningham03@comcast.net.