NATIONAL COAL COUNCIL ~ MARCH 2016

SECRETARY MONIZ TO KEYNOTE
NCC 2016 SPRING MEETING

APRIL 19-20 ~ HAMILTON CROWNE PLAZA ~ WASHINGTON, DC

REGISTER TODAY!

NCC Members and Guests may register on line at
https://www.etouches.com/157761

The National Coal Council is pleased to confirm that the **Honorable Ernest Moniz, U.S. Secretary of Energy**, will deliver the keynote address at the NCC 2016 Spring Full Council Meeting on April 20th (9-9:30 am).

The program additionally features the following presentations/presenters:

~ Advanced Ultra-Supercritical Technology Update - **Bob Purgert, Energy Industries of Ohio** and **Jeff Phillips, EPRI**

~ Redefining Carbon Capture - **Buz Brown, ION Engineering**

~ Iron + Power + Steel - **John Schultes, New Steel International**

~ Converting Coal to High-Value Carbon Products & Chemicals - **Kipp Coddington, Carbon Management Institute, Univ. of Wyoming**

A full meeting agenda, registration forms and sponsorship information are available in the events section of the NCC website.
http://www.nationalcoalcouncil.org/page-NCC-Events.html

THANK YOU SPONSORS!

Soap Creek Energy & Southern Company

CH2M & University of Wyoming

Additional sponsorship opportunities are available.
Contact Hiranthie Stanford at hstanford@NCC1.org.

NCC Spring Meeting Schedule at a Glance

Tuesday, April 19th
1:30-2:30 pm NCC Communications Committee
5:30-6 pm New & Prospective Members Reception
6-8 pm Welcoming Reception

Wednesday, April 20th
8:30 am-12:30 pm NCC Full Council Meeting
12:30-1:15 pm Networking Luncheon

Registration: https://www.etouches.com/157761

Thank you to NCC Member **Karen Obenshain, Edison Electric Institute** for her program development assistance.

NCC LEADERSHIP

Mike Durham, NCC Chair
Principal, Soap Creek Energy
Greg Workman, Vice Chair
Director Fuels
Dominion Resources
Deck Slone, Coal Policy Chair
Sr. VP Strategy & Public Policy
Arch Coal
Bill Brownell, Esquire
Vice Chair Coal Policy
Chair, Hunton & Williams

Executive Committee

Ted Doheny, President & CEO
Joy Global
George Duggan, VP Coal
BNSF Railway
Amy Ericson
GE Power
Michael Jones, VP R&D
Lignite Energy Council
David Lawson, VP Coal
Norfolk Southern Corporation
Dawn Santoianni
Lead Comms. Consultant
Duke Energy
Mike Sorensen, Sr. Mgr. Fuel
Tri-State G&T
Scott Teel, VP Fuel Services
Southern Company
Kemal Williamson
President Americas
Peabody Energy

Ex Officio

Joe Craft, III, President
Alliance Coal
John Eaves, President & CEO
Arch Coal
Joe Hopf, Senior VP & CCO
Talen Energy
Jeff Wallace, CEO
Bahamas Power & Light

Finance Committee

Chair ~ **Gregory Workman**

Communications Committee

Chair ~ **Dawn Santoianni**

NCC Staff/Support

Janet Gellici, NCC CEO
Hiranthie Stanford
Director Membership & Meetings
Karen Bennett, Legal Counsel
Hunton & Williams

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Ste. 600
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(202) 756-4524

MemberNews

A new feature in the NCC newsletter!
We'd like to keep our NCC community informed of good news from our members.
NCC members are invited to submit good news items regarding their companies and organizations to Janet Gellici at info@NCC1.org.

Karen Bennett, Counsel, Hunton & Williams
NCC Legal Counsel Publishes Industry Insight Article
"Obama's Coal Moratorium Likely to Have Long-Term Effects"

www.hunton.com

NCC Legal Counsel **Karen Bennett**, Counsel at **Hunton & Williams** published a well-distributed article detailing the potentially profound effects of the U.S. Department of Interior's three-year+ suspension of all federal coal leasing on future supply coal, jobs and revenues. Bennett's scholarly article addresses DOI Secretary Sally Jewel's concerns related to 1) fair return, 2) climate change and 3) market conditions.

Betsy Monseu, American Coal Council
Featured in Association Adviser

www.americancoalcouncil.org

Betsy Monseu, CEO of the **American Coal Council** was recently featured in an interview for Association Adviser commenting on "The Joys of Mentoring, Mining Talent and Wearing Many Hats." Monseu addresses how industry challenges are impacting coal trade association management.
http://www.associationadviser.com/index.php/betsy-monseu/

Fred Palmer, Total Spectrum
Named Partner at Public Affairs Firm

www.totalspectrumsga.com

Total Spectrum recently announced the appointment of **Fred Palmer** as its newest partner, responsible for advancing policies at the state and federal level to preserve America's coal electric generating fleet, protect coal production from all U.S. coal fields, and create policy parity for 21st century coal technology. Total Spectrum's principals are communications, legislative and campaign experts at the federal and state levels.

Jeff Wallace, Bahamas Power & Light
Appointed CEO

http://www.bahamaselectricity.com/

Former NCC Chairman, **Jeff Wallace**, was recently appointed CEO of **Bahamas Power & Light (BPL)** a wholly owned subsidiary of **Bahamas Electricity Corporation.** Congratulations, Jeff! Any chance we can host our next NCC meeting at BPL?

Want to learn more about your fellow NCC members?
Check out our Members' Focus feature on the NCC website.
NCC Member Focus

COAL RESOURCES

U.S. Department of Energy
www.doe.gov
Office of Fossil Energy

National Energy Technology Laboratory
www.netl.doe.gov
Coal & Power Systems

EIA Coal Data Browser
www.eia.gov/coal/data/browser

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Carbon Capture 101
DOE Infographic

The Suddenly Urgent Quest to Remove CO2
Washington Post 3-6-16

Ten Challenges to De-carbonizing Our Energy Supply
Huffington Post 2-17-16

The rock that rocked the world: coal created modern society. What created coal?
The Economist January 2016

Total Electricity Sales Fell in 2015 for the 5th Time in 8 Years
EIA 3-14-16

House Energy & Commerce Hearing on DOE Budget 2017
Energy & Commerce Hearing 3-2-16

Report on TVA's Reduced Coal Use Impact on Power Prices
Management Information Services Feb 2016

Coal: Past, Present & Future
National Coal Council Energy Education

National Coal Council
NationalCoalCouncil.org
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NCC Member Focus

**Dan Martin has been a steadfast member of the NCC since his appointment in 2005. The Council values Dan's perspective as NCC's lone barge transportation industry representative.
Thank you for your years of service, Dan, and the unique perspective you bring to NCC!**

Dan Martin is a 1976 graduate of Pennsylvania State University with a Bachelor of Science degree in Business Administration – Economics. In 2004, Dan completed the Advanced Executive Program at Kellogg School of Management of Northwestern University.

Dan began his career in 1976 in the copper industry and joined the barge transportation industry in 1979 where he has held various management positions. He joined Ingram Barge Company in 1990 as Vice President, Dry Cargo Sales and has held positions of increasing responsibility. He was named Senior Vice President in 2001 and Chief Commercial Officer in 2007. He is currently responsible for all commercial aspects of Ingram Barge Company and its subsidiaries and affiliates.

Dan has served on the Inland Waterways Users Board, an independent Federal advisory committee that makes recommendations to the Secretary of the Army and Congress regarding lock and dam construction and major rehabilitation priorities. During his term at the Inland Waterways Users Board, Dan served as Board Vice Chairman.

INGRAM

DANIEL T. MARTIN
SENIOR VICE PRESIDENT & CHIEF COMMERCIAL OFFICER
INGRAM BARGE COMPANY

Based in Nashville, Tennessee, Ingram Barge Company operates nearly 5,000 barges with a fleet of 150 towboats boats. The family owned company has provided marine transport services on America's inland waterways since 1946.

Today, Ingram operates on over 4,500 miles of the nation's inland waterways systems and is the largest dry cargo carrier and one of the top chemical carriers on the river. In addition to coal, the company transports agricultural, metals and construction products, as well as liquids materials.

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NATIONALCOALCOUNCIL

NCC ACTIVITIES & NEWS

NCC Chair's Advisory Council

NCC is pleased to welcome **Mike Sorensen, Tri-State Generation & Transmission** and **Mike Jones, Lignite Energy Council** as the newest members of our Chair' Advisory Council (CAC). The CAC works with NCC leadership to guide the strategic direction of the Council, advance its relationship with the Secretary of Energy and enhance the value of our efforts for coal industry stakeholders. CAC members also serve as Executive Advisory Board members, a select group of advisors convened at the recommendation of Secretary Moniz to provide him with more impactful, more timely and more responsive advice.

The CAC most recently provided guidance for NCC's efforts to participate in the **Department of Energy's Quadrennial Energy Review** (see article next page). The CAC will be meeting in April with **Deputy Assistant Secretary for Clean Coal & Carbon Management, David Mohler.**

For information on joining the CAC, please contact Janet Gellici jgellici@NCC1.org.

Thank you 2016 CAC members!

Enrollment Open for NCC 2016 Committees

The fine work of the Council is achieved through the volunteer efforts of those appointed to serve as members of the NCC. We have a number of opportunities available for NCC members to actively engage in the Council.

- Coal Policy Committee ~ Engaged in drafting and pen-ultimate review of NCC reports for Secretary Moniz.
- Communications Committee ~ Engaged in enhancing visibility of NCC and its reports.
- Program Development Committee ~ Assists in securing speakers for NCC Spring and Fall Annual Meetings.
- Membership Nominating Committee ~ Assists in identifying prospective candidates for appointment to NCC.
- Finance Committee ~ Oversees financial management of NCC.

Please consider joining an NCC Committee to make the most of your service on the Council. Enroll on-line at **https://www.eiseverywhere.com/ereg/newreg.php?eventid=159731&.**

NATIONALCOALCOUNCIL

MORE NCC ACTIVITIES & NEWS

NCC Launches New White Paper for Secretary Moniz

Secretary Moniz has requested that the NCC develop an expanded white paper assessing opportunities to advance commercial markets for CO_2 from coal-based power generation. In his letter to NCC Chair **Mike Durham** (Soap Creek Energy), the Secretary asked that the white paper focus on profit-generating opportunities for CO_2 utilization, both for Enhanced Oil Recovery (EOR) and for non-EOR applications. The two questions NCC has been asked to address are:

- What is the extent to which commercial EOR and non-EOR CO_2 markets could incentivize deployment of carbon capture and storage (CCS)/carbon capture, utilization and storage (CCUS) technologies?
- What economic opportunity does deployment of commercial-scale CCS/CCUS technology represent for the U.S.?

Kipp Coddington, Director of the Carbon Management Institute at the University of Wyoming has graciously agreed to chair the report. A scoping session was convened by NCC Coal Policy Committee Chair **Deck Slone** (Arch Coal) on March 9th in Washington, DC. Nearly 30 NCC members and associates participated in the meeting hosted by NCC CPC Vice Chair **Bill Brownell (Hunton & Williams)**. A comprehensive outline is being drafted by Coddington based on comments received during the scoping session.

If you are interested in contributing your time and expertise to the report, please contact Janet Gellici at jgellici@NCC1.org or 202-756-4524. The white paper is expected to be completed by late August 2016.

Update on NCC Engagement in QER 1.2 Stakeholder Process

The U.S. Department of Energy (DOE) is undertaking a second installment of the Quadrennial Energy Review (QER 1.2), focused on providing a comprehensive review of the nation's electricity system, from generation through transmission and distribution to end-use (out to 2040).

NCC has submitted three of its recent reports to the QER Task Force for its consideration during the analysis phase of the QER process, including:

- Reliable & Resilient: The Value of Our Existing Coal Fleet (May 2014)
- Fossil Forward: Bringing Scale & Speed to CCS Deployment (January 2015)
- Leveling the Playing Field: Policy Parity for CCS Technologies (November 2015)

In February, members of the NCC's Chair's Advisory Council convened to discuss additional avenues for NCC to enhance its contribution to QER 1.2. An NCC staff review of NCC reports with relevance to key QER framework questions is being undertaken. NCC intends to submit comments highlighting key findings and recommendations from its reports as they relate to QER issues on (1) Generation Portfolio, Reliability, Supply Chains and Equity, (2) Electricity Valuation, (3) Innovation and Technology, (4) Environment and (5) Resilience. Comments are to be submitted by July 1, 2016.

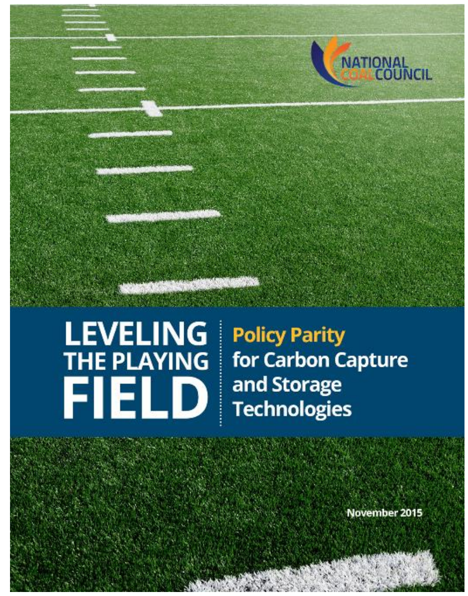
DOE has announced a series of public meetings will be hosted to solicit stakeholder input for QER 1.2. Meetings will feature remarks by government officials, moderated panel discussions from a diverse group of energy policy experts from the public/private sectors, and an opportunity to provide comments during an open microphone session. Meetings are scheduled as follows:

- Atlanta, GA ~ March 31
- Boston, MA ~ April 15
- Salt Lake City, UT ~ April 25
- Des Moines, IA ~ May 6
- Los Angeles, CA ~ May 10
- Austin, TX ~ TBD

Additional information may be accessed at **www.energy.gov/qer**.

In November 2015, NCC members approved a white paper the Council prepared for the Secretary of Energy detailing policy parity measures that could be undertaken to level the playing field for CCS technologies.
This final installment in a series of newsletter articles details primary findings/recommendations.

Policy Parity Recommendations



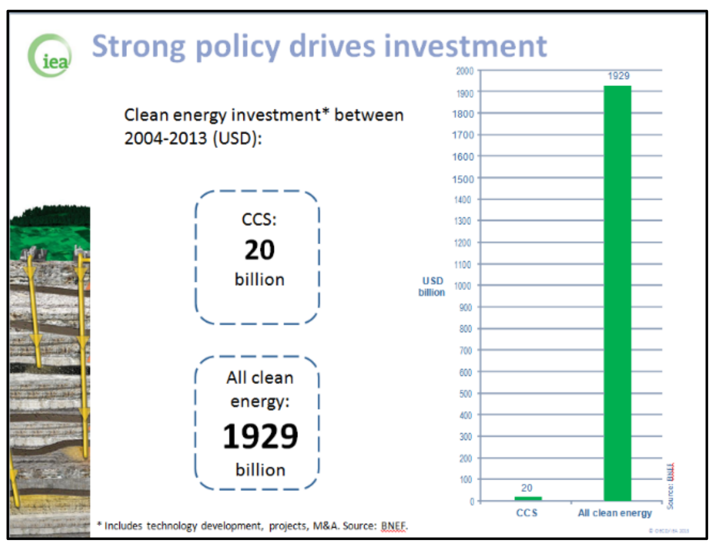
NCC recommended a significant ramping up of incentives to "bridge the chasm" between actual and needed funding for carbon capture and storage (CCS) technologies, and between funding for CCS and other low-carbon energy resources. The Council provided a menu of options for CCS support, noting that it was not intended that all of incentives should be available for each project but, rather, crafted as alternatives. Additionally, no single proposed incentive should be viewed as a self-sufficient solution.

The key recommendation in NCC's report was to institute a "contracts for differences" (CFD) structure, available for a limited number of CCS projects, in which various projects would vie for financial support making use of a combination of proposed incentives. For example, a CFD structure could provide a power plant contract recipient with a Clean Coal Power Initiative (CCPI) grant to reduce capital costs, provide a loan guarantee to reduce borrowing costs, and make use of tax credits to reduce the cost of electricity over time.

The CFD structure may be the single most important mechanism to spur CCS development and deployment, but only if the following underlying incentives are sufficient.

Among the financial incentives recommended:

- **Limited Guaranteed Purchase Agreements** ~ comparable to mandatory purchase requirements for renewables under PURPA.
- **Market Set Asides** ~ akin to state renewable energy requirements.
- **Clean Energy Credits** ~ current credits for renewables should be made available to fossil with CCS for CO2 emissions avoided through deployment of CCS.
- **Production Tax Credits** ~ extend PTC for production of electricity with CCs equivalent to that for renewables in Section 45 of IRS tax code.
- **CO2 Price Stabilization** ~ establish a variable price support program for CO2 sequestration.
- **Electricity Price Stabilization** ~ establish a price support program for electricity based on the delta between amount needed to achieve a commercial rate of return and the amount that can be earned in the market.
- **Revise CO2 Injection Credit** ~ revise Section 45Q to eliminate the requirement that the recipient both capture and inject the CO2.
- **Tax Preferred and Tax Exempt Bonds** ~ extend Section 54 Clean Renewable Energy Bonds to CCS.
- **Master Limited Partnerships** ~ if renewables are made eligible for MLP tax treatment, same should be extended to CCS.
- **Loan Guarantees** ~ revise loan guarantee program to provide opportunity for CCS projects to obtain same credit subsidy relief as is currently available for renewables.



Source: International Energy Agency

Access the White Paper
Leveling the Playing Field: Policy Parity for CCS Technologies

WHO KNEW?*
BREAKTHROUGH ENERGY COALITION

The foundational principle of the Breakthrough Energy Coalition is to dramatically scale up public research to develop technologies that provide "energy that is reliable, affordable and does not produce carbon." Acknowledging that government research is not enough, BEC notes the importance of the skills and resources of leading investors with experience in driving innovation from the lab to the marketplace.

Among the notable U.S. luminaries supporting this initiative are Marc Benioff (Salesforce), Jeff Bezos (Amazon), Bill Gates (Bill & Melinda Gates Foundation), George Soros (Soros Fund Mgt.), Meg Whitman (HP), Tom Steyer (NextGen Climate) and Mark Zuckerberg (Facebook). International supporters include Richard Branson (Virgin Group-UK), Jack Ma (Alibaba Group-China) and Ratan Tata (Tata Sons-India).

The group's website notes that "*Technology will help solve our energy issues. The urgency of climate change and the energy needs in the poorest parts of the world require an aggressive global program for zero-emission energy innovation. The new model will be a public-private partnership between governments, research institutions, and investors. Scientists, engineers and entrepreneurs can invent and scale the innovative technologies that will limit the impact of climate change while providing affordable and reliable energy to everyone. The existing system of basic research, clean energy investment, regulatory frameworks, and subsidies fails to sufficiently mobilize investment in truly transformative energy solutions for the future. We can't wait for the system to change through normal cycles.*

"The foundation of this program must be large funding commitments for basic and applied research, and here governments play the key role. Only our governments have the mandate to protect the public interest as well as the resources and mechanisms to do this. We know government investment in research can lead to the creation of industries that advance the common good and are driven by private capital. We have seen big successes before with government-funded research programs in space, defense, technology, and medical research, seeding private creativity which has produced many of the innovations that define our current way of life. The political will is emerging to do this again, through aggressive increases in government funding for basic and applied energy research, which can lead to breakthrough technologies for our energy future. However, current governmental funding levels for clean energy are simply insufficient to meet the challenges before us."

In a paper highlighting the need for a new approach to energy technology innovation, Bill Gates notes that energy firms invest just 0.23% of their revenues into RD&D, versus 15% for the information technology industry and 20% for pharmaceuticals. The ratio of government R&D to total spending in energy is 0.4%, versus 1.1% for health care and 11% for defense.
http://www.breakthroughenergycoalition.com/assets/resources/Energy-Innovation-by-Bill-Gates-Nov-30-2015.pdf

The Breakthrough Energy Coalition intends to focus on early stage companies that have the potential of an energy future that produces near zero carbon emissions. Investments will be based on core investment principles that include: Invest Early, Invest Broadly, Invest Boldly, Invest Wisely and Invest Together.

http://www.breakthroughenergycoalition.com/en/index.html

***A regularly featured column on industry, university and government initiatives in support of clean coal technology development & commercialization.**

Coal Currents

Todd H. Cunningham, Contributing Editor

A brief survey of leading coal industry stories of the past month. Highlighted underlined text links to the cited articles. Right click on highlighted text and select the "Open Hyperlink" option to view the cited article.

LEADING NEWS

Supreme Court Deals President Climate Setback with Stay of Clean Power Plan

The Supreme Court dealt a setback to President Obama's climate change push with a 5-4 vote staying the Clean Power Plan until is it is reviewed in federal appeals court. *The New York Times* noted that the high court's order "was not the last word on the case," indicating it is likely to return after an appeals court has considered an expedited challenge from 29 states, who denounce the Plan as a "power grab," and dozens of other Plan opponents, who have scourged it as "a targeted attack on the coal industry."

But the Court's willingness to issue the stay while the case proceeds represented "an early hint that the program could face a skeptical reception from the justices," it underscored. President Obama responded to the setback by urging supporters not to "despair," asserting his confidence in the legality of the Clean Power Plan.

The Chief Executive also indicated that he would officially sign the international climate change pact concluded late last year in Paris; according to *The Hill*. It will become open for signatures at a UN meeting in New York on April 22, Earth Day. The publication indicated the Supreme Court's stay had caused officials around the world "to wonder whether the United States could still meet its pledge to cut greenhouse levels by 26% to 28% by 2025."

Separately, U.S. climate envoy Todd Stern said that a possible Republican successor in the White House would be ill-advised to reject the Paris agreement, cautioning that the action would "inevitably give the country a kind of diplomatic black eye that I think a president of any party would be loath to do."

Meanwhile, EPA Administrator Gina McCarthy told the House Agriculture Committee that while the Supreme Court order has hit "pause in terms of the implementation and enforcement of the Clean Power Plan ... the rule is still in effect," POWER Engineering reported. She told the panel that the agency would not attempt to circumvent the courts when it comes to adverse rulings, such as those on the Plan, but expressed confidence the rules would ultimately be upheld, the publication reported.

Uncertainty over the significance of the Supreme Court's action was heightened by the subsequent death of Justice Antonin Scalia, a member of the five-justice majority on the issue. The GOP-controlled Senate has asserted it will not confirm a successor until one is nominated by the next President, who will take office in January 2017.

If the high court reviews the case before a successor is confirmed, a 4-4 deadlock would mean the decision of the U.S. Court of Appeals for the D.C. Circuit would stand; that lower court has scheduled arguments for June.

Coal Currents (continued)

ON CAPITOL HILL

House Bill Would Assist Hard-Hit Coal Communities

A bipartisan group of House members has introduced legislation that would release $1 billion from the existing Abandoned Mine Reclamation Fund balance to help communities that have traditionally relied on coal production for jobs or recently lost significant numbers of coal jobs. The measure was sponsored by House Appropriations Committee Chairman Hal Rogers (R-Ky.). It would distribute $200 million to participating states annually for five years, allowing them to work with local communities to identify and fund economic development projects on abandoned mine sites. *The Hill* reported that it "takes numerous clues from the Obama administration's Power Plus Plan, and is the result of negotiations between both parties in the House and the White House." Introducing the measure, Rogers noted that many coal communities in Appalachia lack the resources to reclaim abandoned mine sites. "This bill allows these communities to be proactive in restoring these sites and utilize them to put our people back to work," he said.

MINING & TRANSPORTATION

Feds Seek to Settle Suit Over Coal's Climate Impacts

Federal officials have disclosed they want to convene settlement talks with a green group, WildEarth Guardians, which went to court over the potential climate change effects of burning coal mined in western states. According to an AP item in *The Christian Science Monitor*, government attorneys have asked judges overseeing the cases to put them on hold until April 1 while the negotiations take place. The article specified that the projects at issue involve more than 600 million tons of coal in Wyoming, Utah, Colorado and New Mexico. The AP piece added that WildEarth Guardians has prevailed in similar cases challenging mining projects in Montana and Colorado; while no mining operations have been halted, it said, the results have forced the Interior Department to reconsider the impacts of mining and burning coal. The article noted that the attempt to settle the pending suits follows Interior Secretary Sally Jewell's recently imposed moratorium on new sales of government-owned coal reserves.

Rail Continues Dominance of Coal Shipping, EIA Says

Rail continues to dominate coal shipments to the electric power sector, EIA has reported. The Energy Department unit specified that nearly 70% of the 740 million tons of coal used by power plants in 2015 was shipped either completely or in part by rail. It added that while coal consumption in the electric power sector decreased by 18% from 2008 to 2014, rail's share of coal shipments has remained near 70%. Meanwhile, EIA said, the average cost to transport coal by all modes to electric power plants has risen 12% since 2008, due mostly to a 14% hike in the cost of shipping by rail. Separately, Fitch Ratings reported recent declines in rail traffic stem primarily from coal and are unlikely to spread to other modes of transportation. It noted EIA's estimate that U.S. coal production declined by 11% in 2015 and its forecast that this production will continue to fall. "This will likely impact rail traffic for years to come," Fitch said.

ENERGY ISSUES

Study Warns TVA's Coal-Cutting Will Backfire in Rates

Closing TVA coal plants could raise electric rates in Tennessee by more than 20% during the next decade, pushing them above the national average, a study conducted for an industry group, the Partnership for Affordable Clean Energy (PACE), concluded. According to the Chattanooga *Times Free Press*, the document said the Authority's plan to shut down 7,000 MW of coal-based electricity could cost 65,000 jobs and $900 million in manufacturing output in the state, and represent a costly miscalculation if natural gas prices rise and TVA has to utilize more expensive generation. The newspaper reported that State Sen. Ken Yager, a Republican, took a similar stance at a Nashville news conference, arguing that "modern coal technology offers tremendous benefits to Tennessee power customers," and that coal should continue to play an important role in a diversified TVA energy mix. However, the publication said, top TVA officials dismissed PACE's claims and defended the federal utility's long-range power plan.

Coal Currents (continued)

INTERNATIONAL INTEREST

China's Coal Consumption Down for Second Year

China's coal consumption has declined for a second straight year, dropping by 3.7% in 2015 following a 2.9% decrease the previous year. According to an AFP article published in *The Guardian*, coal accounted for 64% of China's energy resources last year, down from 66% in 2014. The publication noted that President Xi Jinping has said the country's carbon dioxide (CO2) emissions will peak around 2030, as it committed during December's Paris meeting on climate change. Additionally, *The Guardian* said, China's State Council has announced plans to reduce the amount of major pollutants from coal-fired power plants by 60% by 2020. Meanwhile, Reuters reported that the government said it expects 1.3 million workers in the coal sector will be laid off as part of efforts to trim overcapacity. The news service indicated that China aims to close more than 1,000 coal mines this year, representing 60 million tonnes of capacity, as part of efforts to address the supply glut.

Japan Does "Policy Back Flip" on Coal-Fired Power

In what *The Japan Times* called "a policy back flip," the country's environment ministry green-lighted construction of new coal-fueled power plants if power companies and the economy ministry take stronger measures to reduce emissions. According to the *Nikkei Asian Review*, the environment ministry will check utilities' progress in cutting emissions on an annual basis "so that the nation as a whole does not veer off from its reduction target." That goal is a 26% cut from fiscal 2013 levels in emissions tied to global warming, to be accomplished by 2030. The publication added that the energy mix planned to meet the target allows coal to account for 26% of power output in fiscal 2030, with coal allowed to exceed this allotment if "cutting edge facilities" are built while existing ones continue operating. Construction of low-efficiency plants will be blocked by a regulatory revamping. However, it added, the new rule stipulates that coal should not exceed 50% of overall fossil-fuel power.

IN THE INDUSTRY

Coal Retains Slim Lead Over Gas as Generation Fuel

Coal continued its role as the country's leading power generation fuel in 2015, staving off a challenge from natural gas, EIA has reported. The Agency said that coal generated 1,356 TWh of power during the year, 33.2% of U.S. totals, while gas produced 1,335 TWh, or 32.7%, *POWER Magazine* noted. EIA data indicated power plants used more gas than coal in seven of 2015's 12 months, including every one between July and December, but coal kept its primacy due to high usage during winter's polar vortex. According to the *Business Recorder*, analysts view the switch as primarily price-driven, with gas spending much of the year near $2/MMBtu, "well below the levels at which coal loses its traditional price advantage over gas." Looking ahead, the publication noted coal-fueled plant retirements are projected to cut total U.S. coal capacity to 278 GW at the end of 2016, while additions to the gas fleet will boost its size to 200 GW.

Industry, Greens Urge Extended CCS Tax Incentive

What a news account labeled "an unusual group" of coal companies, oil interests and environmental groups has joined to urge House members to support carbon capture and sequestration (CCS) projects by extending an important tax incentive. According to *E&E Daily*, the coalition -- which includes Peabody Energy and Arch Coal as well as the Natural Resources Defense Council and the Clean Air Task Force -- is seeking indefinite extension of the federal Section 45Q tax incentive. This provision allows for credits of $10/ton for use of stored carbon dioxide (CO2) in enhanced oil recovery (EOR) and $20/ton for CO2 used in deep rock reservoirs, the publication said, but about half the allowable credits have been claimed. This leaves projects in development with "no certainty the mechanism would remain available when the projects are completed." *E&E Daily* reported that legislation containing the permanent tax extension is expected in the next few weeks, along with discussions of companion legislation in the Senate.