



## NATIONAL COAL ADVISORY – JULY 2013

### A FRESH START

#### Beginning at the Beginning

“How do you like it so far?” That’s the question I’m being asked most often by the NCC members and stakeholders I’ve been visiting with since assuming leadership of the group about six weeks ago.

Input from the folks I’ve met with has been very insightful and very helpful. People have been generous with their time, direct with their comments and appreciative of our outreach and intentions to enhance the activities and services provided by NCC going forward. Outreach efforts will continue.

Later this month, I’ll be getting together with some of the leadership of the NCC for a Strategic Visioning Session to set strategic objectives and priorities for the NCC. In preparing for that meeting, I’ve found it useful to start with the basics ~ a

review of the NCC Charter. As NCC members, I think it’s good for all of us to review the Charter periodically.

First and foremost, the NCC serves the U.S. Secretary of Energy, providing advice and recommendations to Secretary Moniz on policy matters related to the coal industry. Activities we’re chartered to undertake in support of that objective include:

- Review of federal policies which affect the production, marketing and use of coal.

- Advice on plans, priorities and strategies to address technological, regulatory and social impacts related to coal production and use.
- Advice on the appropriate balance between various elements of federal coal-related programs.
- Advice on scientific and engineering aspects of coal technologies.
- Advice on the progress of coal research and development.

We’ll certainly keep these priorities in mind during our

upcoming strategy session. I’ll report back on our meeting action items in a future memo to NCC members.

In the meantime, we’re also busy working

on finalizing a topic for our next study. We’ll have that firmed up later this summer.

Be sure to hold the dates for our next NCC meeting ~ October 31<sup>st</sup> (reception) and November 1<sup>st</sup> (Full Council Meeting). We’re finalizing details on a Washington, DC location. Details to follow.

And oh yeah, so far I’m liking the new job just fine!

Cheers ~Janet Gellici

P.S. What do you think of the new newsletter? Let me know.  
[jgellici@NCC1.org](mailto:jgellici@NCC1.org)

**THE NATIONAL COAL  
COUNCIL PROVIDES ADVICE  
AND RECOMMENDATIONS  
TO THE SECRETARY OF  
ENERGY ON GENERAL  
POLICY MATTERS RELATING  
TO COAL AND THE COAL  
INDUSTRY.**

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## NCC REPORT FOCUS

### National Coal Council Reports on Carbon Management

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

On June 25<sup>th</sup>, 2013, President Obama released his [Climate Action Plan](#) detailing the Administration's proposed initiatives to "cut carbon pollution in America." Highlights of the plan and reactions to it are addressed in the "Coal Currents" section of this newsletter (page 4).

Over the years, the National Coal Council has prepared numerous reports for the Secretary of Energy on the topic of climate change and carbon management. These studies detail the challenges associated with addressing our nation's environmental goals, and provide recommendations on how to advance and expedite solutions to achieving those goals using a combination of research, technology, public policy and financial tools.

Here's just a few of the NCC reports on the topic of carbon management, all of which can be accessed in the Information/Reports tabs on the NCC website at [www.nationalcoalcouncil.org](http://www.nationalcoalcouncil.org).

- **Harnessing Coal's Carbon Content to Advance the Economy, Environment & Energy Security ~ June 2012**  
Advanced coal technologies, coupled with carbon capture and enhanced oil recovery (EOR) are key to achieving deep reductions in greenhouse gas (GHG) emissions for electric power generation and for producing transportation fuels and chemicals.
- **Expediting CCS Development: Challenges & Opportunities ~ March 2011**  
Given the role of the U.S. as a leader in both technology development and coal reserves, the broad deployment of economically competitive CCS technologies will have significant implications not only for meeting domestic climate policy goals, but also to help enable the world to fulfill the promise of the *Copenhagen Accord* – reduced emissions and the eradication of global poverty.
- **Low Carbon Coal - Meeting U.S. Energy, Employment & Carbon Dioxide Emission Goals with 21<sup>st</sup> Century Technologies ~ December 2009**  
Coal-based generation with CCS is widely recognized as the principal means for meeting both the President's economic and CO<sub>2</sub> emission reduction goals in a timely and affordable manner, and will have far-reaching socioeconomic benefits.
- **The Urgency of Sustainable Coal ~ May 2008**  
Advanced coal power plant technologies, integrated with CCS, will be crucial to lowering U.S. electric power sector CO<sub>2</sub> emissions and to supporting substantial reductions in CO<sub>2</sub> in rapidly growing Asian economies.
- **Technologies to Reduce or Capture and Store Carbon Dioxide Emissions ~ June 2007**  
There is a suite of technologies available or under development that can significantly increase the efficiency of domestic electric power generation, thereby reducing the emission of CO<sub>2</sub> and regulated air pollutants such as SO<sub>2</sub>, NO<sub>x</sub>, mercury and particulates.

## COAL RESOURCES

Department of Energy  
[www.doe.gov](http://www.doe.gov)  
[Office of Fossil Energy](#)

National Energy  
Technology Laboratory  
[www.netl.doe.gov](http://www.netl.doe.gov)  
[Coal & Power Systems](#)

Congressional Research  
Service Report June 2013  
[Carbon Capture and Sequestration](#)  
Research, Development  
& Demonstration at the  
U.S. Dept. of Energy

U.S. Chamber of  
Commerce Report  
May 2013  
[Sue & Settle: Regulating Behind Closed Doors](#)

International Energy  
Agency  
[Redrawing the Energy-Climate Map](#)  
World Energy Outlook  
Special Report June 2013

National Mining  
Association Report  
May 2013  
[U.S. Coal Exports: National & State Economic Contributions](#)

Secretary Ernest Moniz  
Vision for Dept. of Energy  
Testimony June 13, 2013  
[House Committee on Energy & Commerce - Subcommittee on Energy & Power](#)

The Future of Coal  
An Interdisciplinary MIT Study  
~ March 2007  
<http://web.mit.edu/coal/>

National Coal Council  
[NationalCoalCouncil.org](http://NationalCoalCouncil.org)

## NCC MEMBER FOCUS

**I had the pleasure of meeting Bob Agbede in June in his Pittsburgh area office and was particularly impressed with his pursuit of out-of-the-box thinking. His focus on continually seeking out new opportunities and moving beyond entrenched status quo ways of doing business contribute greatly to Chester Engineers' on-going success. ~ Janet Gellici**

Bob Agbede seems to effortlessly combine skills in heading up a leading water and energy management engineering company along with serving as a pillar of corporate social responsibility. In his role as Chairman, CEO and President of Chester Engineers, he oversees an international company that provides design, engineering, scientific investigation/analysis, management and consulting services. He's also developed a work culture at Chester Engineers that emphasizes the importance of giving back, viewing corporate social responsibility as good business.

Bob is a recognized expert in the field of exploration and production in natural gas and mining with his water jet cutting patents. A graduate of the University of the Pittsburgh School of Engineering with Bachelors and Masters Degrees, Bob holds several U.S. patents and was inducted into the University's Engineering Hall of Fame (2000) and recognized with a Distinguished Alumnus Award (2009). He holds numerous Board positions and appointments with such organizations as the Marcellus Shale Coalition, Allegheny Conference on Community Development, University of Pittsburgh's School of Engineering Board of Visitors (Chair – Diversity Committee) and the Pennsylvania Minority Business Development Authority.

Bob is a former Board member of The Federal Reserve Bank of Cleveland where he served as Chairman of the Board for the Pittsburgh branch. He is a founding Board member and former Chair of the African-American Chamber of Commerce of Western Pennsylvania, and a former member of the Pennsylvania Governor's Advisory Commission on African-American Affairs.

In sync with Bob's devotion to engineering and advancement of African-American causes, Chester Engineers engages with small and minority businesses and students in areas of mentoring. The Robert O. Agbede Scholarship at the University of Pittsburgh benefits African-American students pursuing engineering degrees and the school's Robert O. Agbede Annual Diversity Award encourages recruitment and retention of African-American faculty and students. Chester's endowments at the University of Pittsburgh and Carnegie Mellon University are presently valued at over \$3 million.



**ROBERT O. AGBEDE**  
**CHAIRMAN, CEO & PRESIDENT**  
**CHESTER ENGINEERS**

Chester Engineers is headquartered in Pittsburgh with offices throughout the country as well as international affiliates. Bob acquired the firm in 2003, making it part of the ATS Group, the company he founded in 1987. The company, which turned 100 in 2010, is the largest African-American-owned water/wastewater, energy and environmental engineering firm in the United States.

Chester Engineers specializes in water/wastewater, oil and gas, liquid natural gas (LNG), micro-turbines, energy solutions through innovation and efficiencies, design-build, operations and maintenance (O&M), asset management through GIS and scientific research and development.

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## COAL CURRENTS

Todd Cunningham, Contributing Editor



### LEADING NEWS

#### President Launches Sweeping Campaign Targeting Power-Sector Emissions

President Obama has unveiled his long-promised effort to combat greenhouse gas emissions from the power sector, directing the Environmental Protection Agency (EPA) to use existing authority under the Clean Air Act (CAA) to "address carbon pollution from modified, reconstructed, and existing power plants."

##### Instructions to EPA

While bypassing Congress, an option noted in his State of the Union address early this year, the President instructed EPA to engage directly with the states, "as they will play a central role in establishing and implementing standards for existing power plants."

Similarly, a June 25 [White House memorandum](#) called on EPA to interact with power sector leaders, labor, other stakeholders and the public on program design issues. In his remarks at Washington, D.C.'s Georgetown University unveiling the initiative, however, Obama expressed impatience with climate change skeptics, dismissing them as members of "the Flat Earth Society."

The President's message to EPA also called for the development of approaches allowing the use of "market-based instruments, performance standards, and other regulatory flexibilities." Designers are to ensure, to the greatest extent possible, that the standards enable "continued reliance on a range of energy sources and technologies," as well as "the continued provision of reliable and affordable electric power for consumers and businesses."

##### Timeline: Key Dates

Obama instructed the environmental agency to issue a new proposal on standards of performance for greenhouse gas emissions for new electric utility generating units by September 20, 2013, replacing an April 2012 proposal that drew more than 2 million comments.

Proposed standards, regulations or guidelines for existing power plants are required no later than June 1, 2014, and final standards by June 1, 2015. States would be required to submit implementation plans and implementing regulations to EPA no later than June 30, 2016.

The President has pledged to reduce U.S. greenhouse gas emissions 17 percent from 2005 levels by 2020.

##### A Range of Challenges

While the President's initiative does not require congressional approval, legal and political challenges remain. The latter involve economic issues; Senate Minority Leader Mitch McConnell (R-KY) responded to the White House plan as "tantamount to declaring a war on jobs." Other GOP lawmakers condemned what they termed a continuing "war on coal."

An item in *The Wall Street Journal* said the Obama plan would create winners and losers in the electricity industry, with many coal-fired power plants among the latter. Another *Journal* piece noted industry has warned that tough new guidelines could lead to the retirement of a large number of coal-fired power plants, which could raise questions about electricity reliability.

Higher electricity prices are another likely result, they added; the newspaper quoted Vic Svec, Senior Vice President of Peabody Energy as saying any reductions in coal generation would hurt Americans "who would feel the same pain at the plug that we all feel at the pump."

"Existing coal plants are being upgraded to be cleaner than ever before and to supply reliable electricity," said National Mining Association President and CEO Hal Quinn. "Our policies need to be aligned with our national interest so that coal continues to create jobs and keeps America competitive."

For the past few years, Todd Cunningham has been authoring the policy updates section for the NCC newsletter. With this new version of The National Coal Advisory, NCC is pleased to give full acknowledgement and thanks to Todd for his contribution as author of the Coal Currents column. ~ Janet Gellici

## COAL CURRENTS (CONTINUED)

A brief survey of leading coal industry stories of the past month. Highlighted underlined text links to the cited articles.

### CLIMATE CHANGE

#### USGS Assesses Carbon Storage

Geologic basins throughout the U.S. have the potential to store a mean of 3,000 gigatons of carbon dioxide, according to the first-ever detailed national geologic carbon sequestration assessment. The U.S. emitted an estimated 5.5 metric gigatons of energy-related carbon dioxide in 2011. The U.S. Geological Survey (USGS) assessed [the potential for storage in 36 basins](#); it said "the largest by far" is in the Coastal Plains region, accounting for almost two-thirds of the nation's total storage potential. If the capacity proves environmentally and economically viable, said Interior Secretary Sally Jewell, "geologic carbon sequestration could help us reduce carbon dioxide emissions that contribute to climate change."

#### Climate Talks Blocked in Bonn

A leading participant in United Nations global warming talks in Bonn said that [the effort had been set back](#) after several nations blocked progress. According to *Bloomberg Businessweek*, Quamrul Chowdury, lead negotiator for the Least Developed Countries group at the Subsidiary Body for Implementation, said Russia, Ukraine and Belarus objected to the group's agenda. While the talks are intended to lead to 2015 adoption of a treaty to limit fossil fuel emissions, "Practically speaking, we have lost six months," Chowdury indicated. The meetings resume in Warsaw in November.

#### Climate "Fix" Seeks Equitable Cuts

While China is the world's largest emitter of greenhouse gases, ["an equitable fix" to climate change](#) would require the U.S. to reduce its carbon dioxide (CO<sub>2</sub>) emissions by almost three times the Asian nation's amount, the Stockholm Environmental Institute suggested. Specifically, *Bloomberg* reported, the Institute placed the U.S. share of cuts at 29.1 percent, the European Union's at 22.9 percent, and China's at 10.4 percent. Its research is aimed at quantifying how equity can guide emissions targets being devised at United Nations climate talks, *Bloomberg* noted.

#### IEA Proposes Emissions Approach

The International Energy Agency has released a report discussing actions countries can take [to reduce their greenhouse gas emissions](#) by 2020, *The New York Times* reported. The newspaper specified that the efforts include, but are not restricted to, limiting construction and operation of the least-efficient coal-fired power plants. The *Christian Science Monitor* said that the agency estimated its recommended approach could cut 2020 emissions to 900 million tons instead of the 4 billion tons projected under current climate policies.

### ENVIRONMENTAL REGULATION

#### SCOTUS to Review EPA Air Rule

The U.S. Supreme Court has agreed to [review a lower court's decision](#) reversing the Cross-State Air Pollution Rule (CSAPR), issued in 2011, which would have directed that coal-fired power plants in 28 eastern states reduce emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>). By a 2-1 margin, the U.S. Court of Appeals for the D.C. Circuit vacated the Obama Administration rule in August 2012, finding that it exceeded EPA's authority under the Clean Air Act (CAA). The rule, which has never gone into effect, would affect about 1,000 power plants, *The Wall Street Journal* noted.

#### Senator Seeks Data on Regs

Sen. David Vitter (R-LA) has called on the EPA to [release data utilized to draft air pollution regulations](#). According to *The Hill* newspaper, Vitter, ranking Republican on the Senate Environment and Public Works Committee, is among the party members who have charged that EPA has failed to fully address their concerns about rulemaking transparency. GOP members have threatened to block the confirmation of Gina McCarthy as agency administrator unless the desired information is provided; Democrats have denounced their actions as "obstructionist."

## COAL CURRENTS (CONTINUED)

### AGs: Ignore "Sue and Settle"

Threats of legal action by states and green activists should not induce the EPA to issue new regulations on power plants' carbon emissions, a bipartisan group of state attorneys general emphasized. They told EPA's acting administrator that [such "sue and settle" threats should be ignored](#), *The Hill* reported. States and green groups threatened in April to file suit over delay of the rules; the attorneys general responded that the Clean Air Act required updating standards only "if appropriate." The greens, for their part, subsequently indicated they would delay action pending release of the White House's climate strategy.

### ON CAPITOL HILL

#### Carbon's Social Costs Rising

New Department of Energy appliance efficiency standards have a significant provision for coal industry stakeholders -- [a substantial increase in the social cost of carbon](#), that is, the dollar amount of the harm pollution causes, *Bloomberg Businessweek* reported. The increase, effective in 2015, is 60 percent, to \$38.00 per metric ton. It will increase the cost-benefit ratio of government actions that lead to emissions reductions, *Bloomberg* noted, while making activities such as coal mining and operating coal-fired power plants more expensive. According to *The Hill*, some Senate Republicans expressed concern that it could be "used to justify more expensive greenhouse gas emission rules."

#### Carbon Tax Support Stirring?

According to Senate Finance Committee Chairman Max Baucus (D-MT), senators' interest in carbon taxes is slowly rising, although he is unclear whether it could gain any real political momentum. Separately, *The Hill* newspaper reported that the Senate Environment and Public Works Committee [will begin consideration of a carbon tax measure](#) as part of a broader climate change hearing in mid-July. Introduced by Sen. Bernie Sanders (I-VT), it would impose a carbon fee on some fossil fuel producers at the point of production. Meanwhile, House Ways and Means Committee Chairman Dave Camp (R-MI), also quoted in *The Hill*, said he was not interested.

### DULY NOTED "Green-Minded Voters"

Environmental groups are supporting comprehensive immigration reform, with a vision of [11 million "new green-minded voters"](#) as a possible result. According to *POLITICO*, Senate Environment and Public Works Committee Chairwoman Barbara Boxer (D-CA) said that since immigrants often live and work in places more vulnerable to high levels of air, water and soil pollution than does the general population, they might become engaged in environmental issues if not concerned about the dangers of coming forward.

## INDUSTRY NEWS

### Industry Eyes Coal Exports

The coal industry hopes that [exports can rescue it from a shrinking U.S. market](#), *The New York Times* indicated. It reported that last year, U.S. coal exports set a record of 125 million tons in sales, mostly to Europe. However, it added, energy experts believe the big potential market is in Asia; the newspaper indicated they believe that the Powder River Basin could export 10 times today's 15 million tons if the construction of export terminals in the Pacific Northwest was approved. But this effort has triggered "an increasingly pitched battle, in regulatory arenas and on the airwaves."

### BY THE NUMBERS

#### A Comeback for Coal?

[Coal could make a comeback this summer](#) as natural gas prices rise, the Federal Energy Regulatory Commission (FERC) staff indicated in a seasonal assessment. *POWERnews* cited the report that current U.S. natural gas prices are 78 cents per million Btu higher than Central Appalachian coal prices, the highest separation since July 2010. "This could mean that less coal-fired generation will be displaced by natural gas this summer compared to last summer," FERC forecast. Meanwhile, the Energy Information Administration (EIA) recently released data showing coal recapturing some of the market share lost over the last two years, "surging" this year to 40 percent of the nation's total.

#### Global Growth Ahead

Despite coal's challenges in the U.S., "nations from Europe to the Far East are hungry for coal, and their demand is only going to get stronger in the years ahead," the publication *Canada Free Press* observed. Coal already provides some 41 percent of the world's power, it specified, "and that is set to grow significantly." *Free Press* noted that almost 1,200 coal-fired plants are in the planning stages worldwide, with over three-quarters in China and India – 60+ percent more coal-fired capacity than that which now exists in the U.S.