

# COAL FACTS

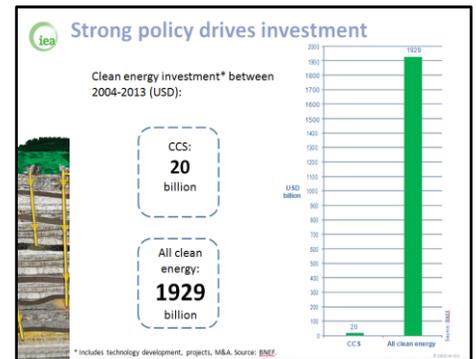
## THE IMPORTANCE OF PARITY FOR COAL



LEVELING THE PLAYING FIELD - POLICY PARITY FOR LOW CARBON COAL REPORT

### THE TILTED PLAYING FIELD

Federal energy and environmental policy has severely tilted the energy playing field. An Energy Information Agency report highlighted the tremendous discrepancy between federal support in 2013 for renewable energy (\$13.227 billion) and coal (\$1.085 billion). A Congressional Research Service report reinforced the disparity noting that in 2013 the value of federal tax-related support for renewable energy was \$13.4 billion (57.4%).



*“The subsidy for electricity from renewables is so large that it has enabled renewable energy producers to sell into energy markets at a negative price, which in deregulated markets can have the effect of reducing market prices to non-subsidized fuels, i.e., fossil and nuclear.”*

*NCC Leveling the Playing Field Report*

EIA notes that between 2007 and 2013, support for renewables increased from 14.9% to 72%.

	2007 Support	2013 Support
Wind	10.7%	37%
Solar	0.2%	27%
Coal	12.7%	6%

Policy parity is important to meeting the diverse set of U.S. energy policy objectives. Those objectives have consistently focused on providing a reliable, secure and low-cost supply of energy, and in recent years have increasingly directed energy production and consumption toward environmental objectives.

Carbon Capture Utilization and Storage (CCUS) and Higher Efficiency-Low Emissions (HELE) technologies are essential to meeting those environmental objectives. Widespread deployment of these technologies will pay significant dividends toward achieving environmental goals and supporting the U.S. coal industry.

### 2013 COAL VS. RENEWABLE ENERGY SUPPORT\*

\$13.2 Billion RE

vs.

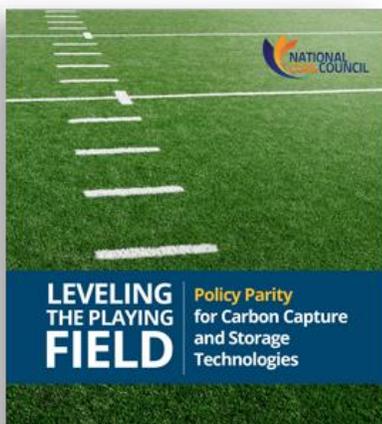
\$1.1 Billion Coal

Renewable energy received 12x more federal subsidies than coal

72% vs. 6%

% of subsidies for renewable energy vs. coal

\*Energy Information Administration data on Federal subsidies



*NCC Report for Energy Secretary Moniz November 2015*



## SUBSIDIES & TAX SUPPORT WORK

Clean energy technologies, other than coal, have benefitted from substantial government support. In 1992, when Congress enacted the Section 45 renewable energy tax credit, the U.S. has less than 2,000 MW of installed wind generating capacity. As of late 2015, there were nearly 70 MW of installed wind capacity. Wind energy prices have dropped from more than \$50/MWh in the late 1990s to less than half that cost in 2014.

### Leveling the Playing Field

Policy parity measures that would level the playing field for the deployment of CCUS and HELE technologies include:

**Financial Incentives** – Up-front incentives that reduce risk to capital should be emphasized. Operating incentives are important to assure a steady long-term revenue stream and lessen direct costs to consumers. Options include a “baseload allowance” akin to state renewable energy mandates; clean energy credits; production and CO<sub>2</sub> injection tax credits – such as a revised 45Q; private activity bonds; master limited partnerships; and loan guarantees.

**Regulatory Reform** – A first-of-its-kind regulatory blueprint is needed to remove barriers for construction of CCUS and HELE projects, including power stations, industrial plants, transportation and CO<sub>2</sub> injection.

A blueprint should include streamlining siting and permitting requirements, addressing uncertainty created by regulations – such as New Source Review, and easing of regulatory burdens impeding the use of CO<sub>2</sub> for Enhanced Oil Recovery and other applications.

### Contact Us

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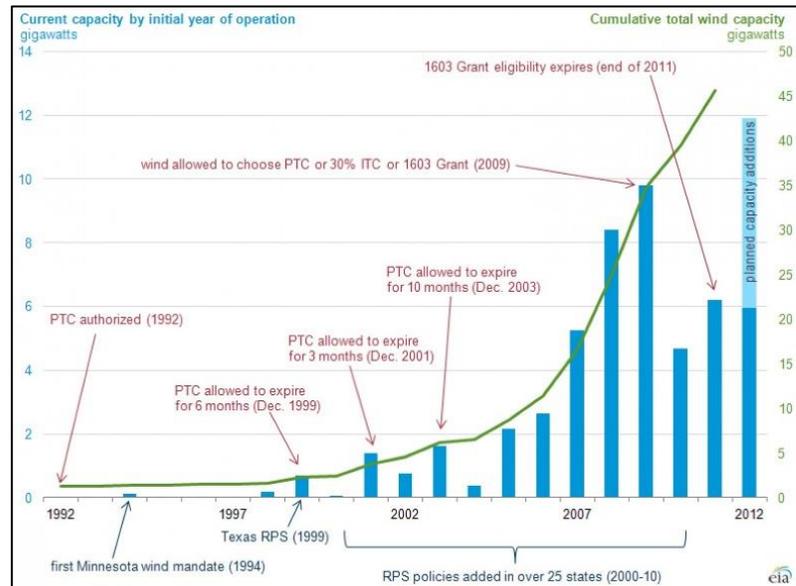
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Support for CCUS and HELE technologies are not remotely comparable to renewables. If we want fossil-fueled facilities operating in the coming decades, with reduced CO<sub>2</sub> emissions, adequate government support is required to develop technologies.

## THE REWARDS OF POLICY PARITY

The commercial deployment of a suite of carbon reduction technologies has many benefits. These technologies:

- Preserve the economic value of fossil fuel reserves and associated infrastructure.
- Maintain electric reliability by providing baseload generation that enables the grid to maintain voltage, frequency and other attributes essential to a reliable power supply.
- Significantly reduce the cost of decarbonization.
- Provide the most impactful opportunity to reduce CO<sub>2</sub> emissions from electric generation as well as from key industrial sectors, including cement production, iron and steel making, oil refining and chemicals manufacturing.

***Policy parity for coal ensures that we preserve critical features of our energy system, mostly notably fuel diversity and reliability.***