



Written Statement of

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Subcommittee on Energy and Environment

“The Future of Coal under Climate Legislation”

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Mr. Chairman and members of the subcommittee, my name is Hal Quinn. I am president and CEO of the National Mining Association, the national trade association that represents U.S. producers of coal and minerals and their equipment and service providers. Thank you for the opportunity to discuss the future of coal under climate legislation.

There are five key points I hope to leave you with today. The first is quite simple: Coal is not merely important to the United States and the world, it is indispensable for meeting our energy needs for the foreseeable future—as you, Mr. Chairman, have wisely pointed out.

Coal is a prime energy source throughout the world, including here in the United States, where it generates half of our electricity. Worldwide, coal accounts for 27 percent of total energy use and its consumption is projected to grow about 2 percent annually. Because of its domestic abundance and affordability, coal not only provides 125,000 direct high-paying jobs for U.S. coal miners, it supports hundreds of thousands of additional jobs throughout the value chain and in companies and manufacturing operations that depend on reliable coal-based electricity to keep their energy costs down.

Coal has also been the world's most rapidly growing fuel for each of the last five years. It is available in every continent, totaling more than 930 billion tons of recoverable reserves in about 70 countries. Here in the United States our recoverable reserves are sufficient to last 250 years. Coal generates 41 percent of the world's electricity, twice as much as natural gas, the next most used fuel for electric power generation. Fast-growing countries such as China and India rely on coal to meet between 69 and 78 percent of their electricity demand. They, like us, depend on coal to sustain their economies and strengthen their energy security at a time of tremendous financial stress – when even today about 1.4 billion of the world's poorest people lack electricity.

My second point is equally simple: Neither this nation nor the global community can address climate concerns effectively without advanced clean coal technologies, including and most importantly, carbon capture and storage technologies (CCS).

Between 2007 and 2030, global energy demand is projected to increase by 50 percent. The International Energy Agency projects a 57 percent growth in emissions, virtually all of which will come from non-OECD (Organization for Economic Cooperation and Development) nations. Point being, if the United States and every OECD nation completely stopped using coal, most of the world's CO<sub>2</sub> emissions sources would remain untouched. Without CCS, we deprive ourselves of the most effective tool for addressing CO<sub>2</sub> emissions—particularly in developing economies.

As costly as CCS development and deployment will be, both here and abroad, the cost of not deploying this technology in a carbon-constrained economy will be higher still. The Intergovernmental Panel on Climate Change in its 2005 report found that CCS could reduce the costs of stabilizing CO<sub>2</sub> concentrations in the atmosphere by 30 percent or more compared to non-deployment scenarios.

This leads me to my third point: The United States must do much more to support and accelerate the development and deployment of CCS technologies. The federal government's investments in research, development and demonstration of clean coal technology projects over the last 30 years have led to dramatic reductions in regulated emissions and nearly \$100 billion in economic and environmental benefits to the nation, according to DOE analyses. The \$3.4 billion in clean coal technologies, including CCS, provided for in the American Recovery and Reinvestment Act is a good first step. But we need to push technology as hard and as fast as we can, and that will require further investment by government and industry.

As the World Resources Institute pointed out, CCS technologies not only have to be tested and brought up to scale, but also integrated on a series of electricity generation platforms. That is a challenge beyond the sole scope of first-adopters in the coal-based generation community. To achieve commercially deployable CCS technology, the Electric Power Research Institute and the Coal Utilization Research Council estimate that a public-private partnership will require an investment of \$10 billion to \$12 billion in federal spending and \$7 billion in private sector spending through 2025. Similarly, WRI and others have pointed out that a carbon price signal alone is insufficient to support CCS —there has to be a push as well as a pull to get the job done.

It follows therefore that our efforts to address greenhouse gas emissions must be technology-centric. And this is my fourth point for your consideration: Climate change policies must harmonize the timing when controls are placed on emissions with the availability of the critical CCS technologies needed to reduce them. Meanwhile, we must accelerate the deployment of these technologies both here and abroad.

The consequences of getting this policy wrong could be dire. The period of time between when promising technologies are developed and their successful commercialization is often referred to as "the valley of death." By extension, industries may confront a "valley of death" if they are trapped in the period between a mandate requiring a certain level of performance and the availability of the technology enabling them to meet that requirement.

Industries caught in this twilight zone may atrophy and spiral into a decline for which there is no realistic opportunity for rebuilding. For example, the Energy Information Administration estimated that under certain proposed carbon caps and timeframes considered by the Congress last year, coal use in the U.S. could decline by 65 percent by 2030. The same fate could befall our economy if we impose harsh restrictions on our ability to meet electricity demand before we have the necessary tools to meet future emissions requirements. Our current economic crisis reminds us all the more of the importance of structuring any actions responsibly so we can meet both our environmental and our economic goals. In short, the solution must be sustainable in every respect – environmentally, economically and politically.

To those who demand a moratorium on any new coal-based generating capacity until CCS is fully deployable, I offer two responses.

First, by depriving ourselves of much needed additional electric generating capacity in the near term, we veer closer to the crisis in electricity supply the North American Electric Reliability Corporation (NERC) has warned us about. NERC has cautioned us about falling reserves requirements for electric power to meet our growing electricity needs and, specifically, the consequences of switching to costlier fuels for base load power generation.

Second, a moratorium will stop CCS development dead in its tracks. Just as no one will ever build an IGCC plant with CCS if we don't first build several IGCC plants without it, likewise, we can't expect anyone to build a plant with 65 percent carbon capture if we don't first build plants with 20 percent capture. As with any technological advance we must walk before we can run. Toyota would not have developed the Prius if it had to await development of plug-in hybrid vehicles.

Finally, this undertaking is a task for Congress, not for EPA. The Clean Air Act precludes the public/private partnerships necessary to research, develop and deploy the technologies that will be needed. The act does not contemplate any strategy for achieving greater energy security, much less offer a way to minimize unproductive costs throughout our economy.

This is a responsibility of our elected representatives, and NMA has pledged to work with Congress and the administration to find solutions that result in the lowest cost to American families and businesses.

Thank you, again, for this opportunity.