

Our nation's vast coal resources can be effectively used to move the United States towards the goal of energy independence. The United States' annual demand for coal could nearly double to over 2 billion tons by 2025 and lessen our dependence on imported energy, if current forecasts are realized and new markets for coal gasification and coal-to-liquids develop. A corresponding increase in domestic coal production – 1.1 billion short tons in 2005 – would be needed to meet this demand.

A number of factors contribute to this aggressive growth projection. Coal is the fuel of choice for the next generation of electricity, and its share of the total electricity market is forecast to increase from roughly 50 percent today to as much as 54 percent by 2025.

Conventional oil and natural gas sources are constrained by availability and price even as demand for energy continues to grow. Conversely, the United States has a 250 year reserve of abundant and affordable coal that can effectively contribute to lessening our dependence on foreign energy sources in the years to come.

In addition, coal gasification and coal-to-liquids technologies are opening promising new markets for coal in the residential, commercial, industrial and transportation sectors. Production goals equivalent to 4 Tcf of pipeline quality synthetic natural gas (SNG) annually and 2.6 million barrels per day of liquid fuels from coal are possible by 2025. Over time, these modern coal conversion technologies, combined with an aggressive research program, could open the door to a hydrogen economy fueled by coal.

Ensuring that sufficient domestic coal is produced, transported and converted into the energy products demanded by a growing and increasingly energy-dependent economy is a national imperative. Success requires a strong and coordinated partnership between coal producing, transporting and consuming industries to focus on actions and policies that:

- Enhance coal-fueled electric generating capacity using a suite of advanced clean coal technologies;
- Support the emerging coal gasification and coal-to-liquids industries;
- Expand domestic coal production in a safe and environmentally sound manner; and,
- Increase the coal hauling capacity of the nation's railroads, river systems and coastal waterways.

An equally strong partnership between industry and government is needed.

While a range of policies and actions can affect the nation's ability to meet the anticipated demand for coal, some are critical for success and require implementation of an action strategy designed to harness the attention, innovation and capabilities of both public and private sectors. These constitute our **“Strategy for Increasing America's Energy Independence with Coal”** and include:

- Developing and deploying new technologies that enable the industry to advance the safety and health achievements that have been attained to date, including effective training tools for the new generation of miners that will join the industry in coming years.
- Promoting an aggressive coal conversion program that includes expansion of the nation's capability to generate clean electricity from coal and use coal to produce pipeline quality synthetic gas and liquid transportation fuels. This can be facilitated through new industry-government partnerships such as a Department of Defense-industry partnership to build coal-to-liquids plants that produce aviation grade fuel from coal.
- Reaching a consensus on land use and access policies that:
 - a. Allows access to coal reserves on federally owned lands and promotes accumulation of sufficiently large reserve blocks on privately held lands;
 - b. Allows timely expansion of the rail transportation network based on projected production-to-market scenarios;
 - c. Provides appropriate sites for new power generation plants and coal gasification and coal-to-liquids refineries; and
 - d. Provides access to rights of ways for expansion of the electric transmission system.
- Developing regulatory policies and permitting procedures that ensure:
 - a. Coordination among federal and states agencies to facilitate the expeditious review of permit applications and the resolution of any conflicts;
 - b. Expansion of existing coal production capacity through the development of new, greenfield mines as well as the expansion of existing mines;

- c. Siting and permitting of expanded generating capacity;
 - d. Siting and permitting of new greenfield generating plants;
 - e. Expansion of transmission capacity;
 - f. Siting and permitting of gasification and coal-to-liquids facilities; and
 - g. Expansion of coal transportation systems.
- Establishing environmental policies that balance the need for expanded and affordable energy supplies with reasonable and sensible environmental protection requirements while providing the long term certainty needed for major investment, such as:
 - a. Retention of Nationwide Permitting 21 provisions and resolution of related Section 404 issues at coal mines;
 - b. Resolution of particulate matter regulations so that coal production is not constrained by requirements that are not justified based on scientific and economic evidence and are inappropriate to coal mines;
 - c. Finalization of NSPS and mercury requirements for existing and new power plants;
 - d. Development of environmental requirements for coal refineries that take new and advanced technologies into account; and
 - e. Opposition to all mandatory restrictions on carbon emissions.
 - Undertaking aggressive employee recruitment and training programs at the technical level and at university-level mining engineering programs to meet the demand to replace 55,000 mining employees in the next five to 10 years. In addition, at least 300 new mining engineering graduates are needed annually to keep pace with projected retirements and growth in the industry.
 - Enacting tax policies that not only encourage, but also ensure, timely and adequate investment in coal based energy infrastructure, including expansion of coal mine capacity, coal transportation infrastructure, and generating plant, transmission lines and coal refining capacity, such as:
 - a. Full expensing of expenditures for exploration and development costs;
 - b. Either accelerated depreciation or full expensing

for capital expenditures associated with new or expanded coal production, transportation, and generating and refining capacity;

- c. Use of accumulated alternative minimum tax (AMT) credits for capital investment in capacity expansion; and
 - d. Repeal of the AMT.
- Implementing financial incentives, including loan guarantees, low interest loans, grants, price guarantees or other incentives to:
 - a. Encourage expansion of coal mines;
 - b. Expand the coal transportation system;
 - c. Accelerate installation of advanced pollution control equipment at existing generating facilities; and
 - d. Promote construction of new generating plants and coal refineries using advanced technologies.
 - Providing full funding of research and development partnerships between government and industry to:
 - a. Meet the research goals originally set out in the Industry of the Future vision statement for mining;
 - b. Fully implement coal utilization research, development, demonstration and deployment programs to meet the criteria and goals established by the Energy Policy Act of 2005;
 - c. Expand research on advanced pollution control technologies associated with the control of mercury and other criteria pollutants;
 - d. Continue development of advanced clean coal combustion, gasification and liquefaction technologies;
 - e. Allow for timely completion of the FutureGen project;
 - f. Develop technologies to capture and sequester carbon; and
 - g. Achieve cost-effective production of hydrogen from coal.

The National Mining Association (NMA) commits itself to the attainment of these objectives, which promote the utilization of coal to fuel America's energy needs, move our nation towards a greater degree of energy independence and support our quality of life. For more information, please contact NMA at (202) 463-2600 or visit our web site at www.nma.org.