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Consumers can benefit from coal resurgence

By William Halvorsen

Although environmental organizations frown on its use, coal is roaring back in Tennessee, rekindled by the need for affordable electricity and the unpredictable costs of competing fuels. The economics have swung in coal's favor. Low-cost natural gas turbines were all the rage in the 1990s and their contribution to the nation's electricity generating capacity reached 20 percent.

But in the past eight years, the cost of natural gas has quintupled from \$2 to generate a million British thermal units, or BTUs, of power to \$10 per million BTUs. By contrast, coal costs less than \$5 per million BTUs, and it's the least costly answer to the increasing demand for electricity.

Coal can continue to meet a large part of our energy needs with increased mining productivity. One way to achieve this is through mountaintop removal, which enables companies to extract 90 percent of the coal, followed by reclamation. Tennessee is wisely mounting an effort to ensure that abandoned surface mines are also reclaimed.

Tennessee has ample coal reserves, and with scrubbers soon to be installed at several power plants, the Tennessee Valley Authority will be able to use more of the coal mined here. Even industry critics acknowledge that still-evolving "clean-coal" technology is nearly ready for broad deployment. Plants with more efficient boilers or new gasification technology could cost 50 percent more to build than conventional plants, but the cost of operating them over a plant's 50-year life span is expected to be lower. That means consumers could benefit in the long run.

The coal industry knows it has a responsibility to reduce the carbon dioxide emissions, and it is taking the matter seriously. Utilities want to make a practical response to climate change, but with an important caveat: Let's not solve the global warming problem by creating an energy supply problem that could cost American consumers billions of dollars and result in the loss of thousands of jobs. But that would happen if Congress imposes carbon caps (limits on carbon) before the technology for carbon capture-and-storage becomes available and before other countries like China and India agree to reduce their carbon emissions.

A carbon cap-and-trade bill, cosponsored by Sen. Joseph Lieberman, I-Conn., and Sen. John Warner, R-Va., would limit greenhouse gases from the electric power,

transportation and manufacturing industries, requiring their emissions to be 19 percent below 2005 levels by 2020. But research and development of carbon capture-and-storage technology, along with large-scale demonstrations, is not expected to be completed until 2023 at the earliest.

Such cap-and-trade legislation is likely to force utilities to switch from coal to high-priced natural gas for electricity generation. If utilities burn more natural gas, less would be available for industries such as fertilizer and petrochemical makers that need large supplies of the fuel as feedstock. The danger is that factories unable to afford high-cost natural gas might be forced to shut down and move to other countries where energy costs are lower.

The way to avoid economic harm is to accelerate the development and demonstration of techniques to cheaply capture and eliminate carbon dioxide generated by burning coal. This is particularly important given that coal will be the dominant energy source for decades to come.