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House-approved energy bill imposes impractical RPS, Senate vote fails, White House threatens veto

The House of Representatives this week approved new energy legislation that will increase American's electricity bill, exacerbate the nation's dependence on expensive foreign energy and do little to promote the development and use of advanced clean coal and carbon capture and storage (CCS) technologies.

The House approved the "Energy Independence and Security Act" (H.R.6) on Dec. 6 by a vote of 235-181, with the White House signaling in a Dec. 6 Statement of Administration Policy (SAP) that President Bush would veto the bill.

However, the Senate on Dec. 7 failed to pass a motion to limit debate on the bill, thereby preventing a Senate floor vote on the bill as currently written. The motion failed by a vote of 53-42, falling seven votes shy of the 60 votes required to approve a cloture motion.

Senate opponents criticized the increased electricity costs that will result from the national renewable portfolio standard (RPS) contained in the bill. The Senate is now expected to begin rewriting the bill with the intention of bringing an amended bill to the floor for a vote early next week.

Prior to the Senate vote, NMA President and CEO Kraig R. Naasz sent a letter to all 100 Senate offices outlining NMA's opposition to the bill. Naasz's letter was similar to one sent to all 435 House offices prior to that chamber's Dec. 6 vote.

The House energy bill is the product of an informal effort directed by House Speaker Nancy Pelosi (D-Calif.), who decided against convening a House-Senate conference com-

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Senate committee approved cap-and-trade climate bill omits technology solution, major economic competitors

The Senate Environment and Public Works (EPW) Committee this week approved climate change legislation that would impose a rigid cap-and-trade emissions program on American industry without helping spur development of the clean coal and carbon capture and storage (CCS) technologies needed to meet the bill's emission reduction targets, raising the specter of increased electricity costs for American consumers and industries.

The bill also omits provisions that would encourage major economic competitors such as China and India to meaningfully participate in efforts to reduce to carbon dioxide emissions, putting American industries, forced to contend with a new cap-and-trade scheme, at a severe disadvantage with their chief rivals.

The committee on Dec. 5 approved "The Lieberman-Warner Climate Security Act" (S. 2191), introduced by Sens. Joe Lieberman (I-Conn.) and John Warner (R-Va.), by a vote of 11-8, with a Senate floor vote on some form of climate legislation likely to be held next spring.

The committee approved the bill after 10 hours of debate, during which approximately 40 amendments were considered. Most amendments were rejected or withdrawn, however the committee agreed to an amendment offered by Sen. John Barrasso (R-Wyo.) naming the University of Wyoming and Montana State University as the Rocky Mountain Centers for Coal Utilization.

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About Mining Week...

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mittee to reconcile differences between competing House and Senate energy bills.

The bill jeopardizes the future supply of affordable electricity by imposing an unrealistic RPS that requires utilities to generate 15 percent of electricity using renewable forms of energy by 2020. The RPS unfairly punishes states that do not have easy access to renewable sources of energy, does not include electricity produced from coal using advanced clean coal technologies and discourages energy suppliers from utilizing emerging technologies that can yield vital efficiency improvements.

The administration's SAP took aim at the bill's RPS as a "one-size-fits-all" measure that "would result in higher electricity costs for consumers in areas where renewable resources are less available and could place new strains on electricity reliability," adding that the bill "ignores the specific energy and economic needs of individual states."

In his Dec. 5 letter to all House members, NMA's Naasz said the RPS "amounts to a new, unfunded federal mandate that cannot serve as a substitute for conventional coal-fueled power generation."

Naasz took aim at the bill, saying it fails to address America's increasing reliance on pricey foreign oil by omitting provisions that would help spur the production of clean, domestic coal-to-liquid (CTL) diesel transportation fuels.

"While the bill includes a three-year extension of important existing tax credits for certain alternative fuels, it unwisely excludes domestic CTL fuels from that extension," said Naasz. "At a time when America faces the daunting prospect of spending billions more on oil imported from hostile regimes, Congress should be supporting efforts to launch a new industry that will produce clean fuels, reduce imports and create hundreds of thousands of new jobs."

Regarding advanced clean coal and carbon capture and storage (CCS) tech-

nologies, Naasz said NMA supports provisions in the bill such as tax incentives for new dedicated pipelines, language establishing a nationwide inventory of geological formations capable of underground carbon dioxide storage and the creation of a critical CCS research, development and demonstration program. "CCS technologies may offer the most promising long-term solution for greenhouse gas mitigation, while allowing for the continued use of affordable coal-based electricity generation to power America."

However he said the bill did not go far enough in helping to accelerate the development and use of such technologies, noting that a package of investment and production tax credits will prove to be of little practical use.

"Unfortunately, the incentives included in this bill are tied to an eligibility requirement mandating that 65 percent of carbon dioxide emissions be captured," said Naasz. "Such a requirement will severely limit the number of projects that can utilize these incentives," he wrote, adding that the uncertainties, risks and costs associated with advanced clean coal and CCS technologies subject to the 65 percent requirement far outweigh the benefits offered by the incentives.

"NMA is committed to working with Congress to ensure that coal remains an integral part of our nation's energy supply and the key to U.S. energy independence," Naasz said in his letter. "While NMA supports some of the CCS provisions of this bill, they are more than outweighed by the bill's many objectionable provisions."

A copy of Naasz's Dec. 5 letter is available at: [Naasz House Letter](#).

A copy of the administration's SAP is available at: [White House Position Statement](#).

A copy of a summary of the bill is available at: [Energy Bill Summary](#). ✕

Gov. Manchin calls for five CTL plants in West Virginia

A new energy plan being developed by West Virginia Gov. Joe Manchin (D) calls for the construction of five coal-to-liquid (CTL) plants to eliminate the state's dependence on imported oil. According to the plan, five CTL plants producing 20,000 barrels a day by 2030 would produce enough fuel to displace the 1.3 billion gallons of imported fuel on which the state currently relies.

"Rising direct and indirect cost of transportation fuels and the depletion of conventional oil reserves will lead to the introduction of new liquid fuels," according to a draft version of the plan released this week. West Virginia currently depends on imports to meet 60 percent of its liquid fuel needs.

The plan says coal is "uniquely positioned to be a cornerstone of a transition away from petroleum-based fuels," adding that "West Virginia, with substantial quality coal reserves, abundant water, an established energy infrastructure and trained workforce, is in a position to capitalize economically on advanced coal technologies."

Providing the coal to support five CTL plants would require a 15 percent increase in annual coal production, according to the plan, with production in 2006 totaling nearly 149 million tons.

Manchin's plan includes a series of short, medium and long-term goals meant to facilitate the production of clean CTL fuels in his state. In the short-term, the plan calls for the state to partner with industry to establish a polygeneration plant capable of producing liquids, gases and electricity by 2010 and tasks the West Virginia Geological and Economic Survey with identifying potential locations for advanced CTL plants and underground carbon dioxide storage opportunities.

The plan's medium-term goals call for the West Virginia Public Service Commission to establish a policy to aid the production and sale of pipeline gas or

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The bill requires the electric power, transportation and manufacturing sectors to reduce greenhouse gas emissions to 15 percent below 2005 levels by 2020 and 70 percent below 2005 levels by 2050. Under the bill, the U.S. Environmental Protection Agency (EPA) has the authority to assess and distribute emissions allowances, which decline in tonnage on a set schedule, to covered entities at the beginning of each calendar year. Covered entities that exceed their emissions allowances would be required to purchase additional allowances.

If implemented, nearly 23 percent of all emissions allowances would have to be purchased from EPA beginning in 2012, the first year of the program, with that number rising to nearly 71 percent in 2031, saddling coal-based electric utilities with a massive new cost.

NMA President and CEO Kraig R. Naasz wrote to EPW Committee Chairman Barbara Boxer (D-Calif.) and Ranking Member James Inhofe (R-Okla.) on Dec. 4 to register NMA's opposition to the bill.

Naasz said NMA is "ready and prepared to work with you, members of the Environment and Public Works Committee and all interested senators on a constructive technology-based policy framework to address climate change," but stressed that NMA opposed S. 2191.

"As a general matter, it is not economically feasible to meet the greenhouse gas emissions reductions proposed under S. 2191 without the technologies to achieve them," wrote Naasz. The letter emphasized that the bill "fails to adequately provide" for the development, demonstration and commercial deployment of the advanced clean coal and CCS technologies "that will enable the continued utilization of America's most versatile, abundant and affordable energy resource — coal."

"Policies that disrupt the ability of generators to use coal for electricity production will necessarily and adversely impact consumer electricity rates and

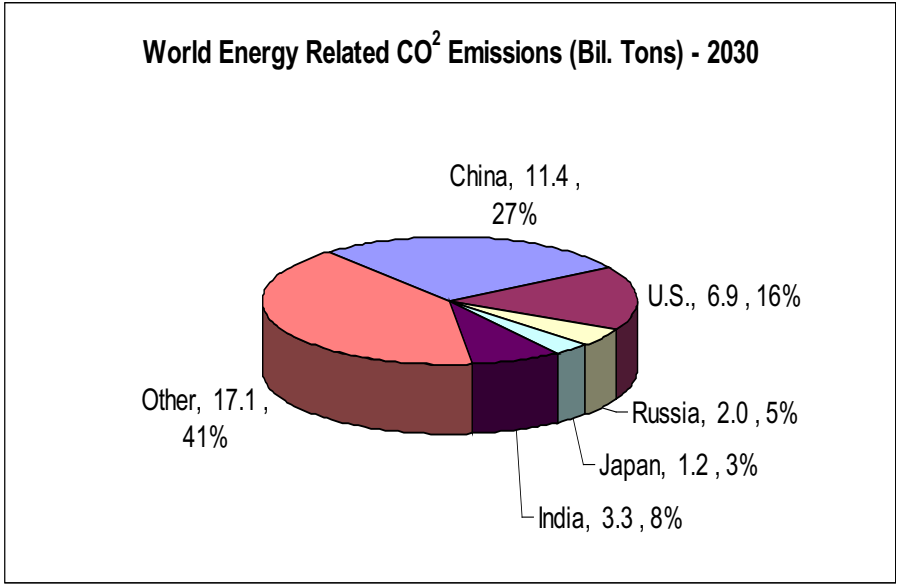
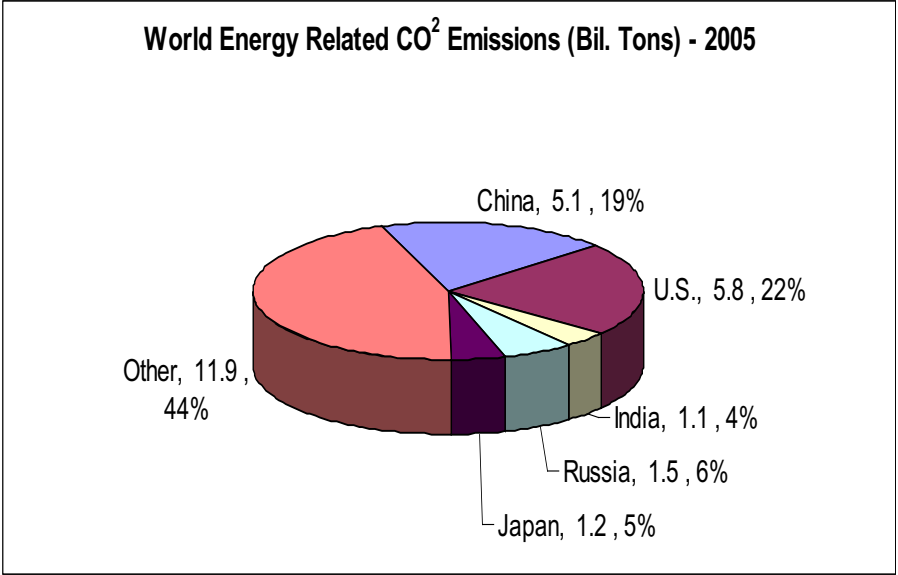
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China, India on path for massive carbon dioxide growth

Recent data from the International Energy Agency (IEA) underline the need for congressional climate change policy to effectively encourage meaningful participation by major economies such as China and India in efforts to reduce global carbon dioxide (CO₂) emissions, unlike the "Lieberman-Warner Climate Security Act" (S. 2191) approved this week by the Senate Environment and Public Works Committee, which contains no such provisions.

According to IEA, while the U.S. share of global CO₂ emissions will drop to 16 percent in 2030 from its 2005 level of 22 percent, China will remain the world's largest CO₂ emitter, accounting for 27 percent of global CO₂ emissions in 2030. Meanwhile, India's CO₂ emissions share is projected to double and account for 8 percent of worldwide emissions in 2030, up from 4 percent in 2005.

Taken together, IEA predicts that China and India's share of global CO₂ emissions will increase by 12 percentage points, while the U.S. share will drop by six points.



Source: International Energy Agency, World Energy Outlook 2007

Washington Coal Club honors former NMA staff member with lifetime achievement award

The Washington Coal Club this week honored former NMA Vice President of Congressional Affairs Susan Carver with its 2007 Senator Jennings Randolph Lifetime Achievement Award at a gala dinner held Dec. 4 in Washington, D.C.

The award, created in 1987, recognizes a lifetime of achievements and dedication related to the utilization of coal.

Carver is a recognized expert in the congressional budget and appropriations processes and has used this expertise to help shepherd a range of coal-



NMA Senior Vice President of Political Affairs Dan Gerkin (right) presented Susan Carver (left) with the Washington Coal Club's 2007 Senator Jennings Randolph Lifetime Achievement Award at a Dec. 4 dinner. Carver's distinguished career as a coal appropriations lobbyist included a 30-year tenure with NMA and its predecessor organization, the National Coal Association.

based technology programs through Congress—beginning with the first Clean Coal Technology effort through to the current FutureGen Project. From 1977 through 2007, Carver advanced through the National Mining Association and its predecessor organization, the National Coal Association, while also serving in various official capacities for the Washington Coal Club, including a term as president in 1995.

At the dinner, Carl Bauer, director of the National Energy Technology Laboratory (NETL), was awarded the organization's 2007 Annual Achievement Award, given annually to recognize an individual who

has made the most recent meaningful contribution to the coal community. Bauer was appointed NETL director in 2006 and oversees the implementation of major science and technology development programs to resolve the environmental, supply and reliability constraints of producing and using fossil resources.

The organization also presented George Rudins, a former U.S. Department of Energy (DOE) deputy assistant secretary for coal and power systems in the Office of Fossil Energy, with a Senator Jennings Randolph Lifetime Achievement Award.

Rudins retired this year from DOE, where he led a team that, together with NETL, industry and academia, successfully positioned the U.S. as the world leader in clean coal and carbon capture and storage (CCS) technology. Rudins'



Rep. John Peterson (R-Pa.) (left) presented Carl Bauer (right), director of the National Energy Technology Laboratory, with the Washington Coal Club's 2007 Annual Achievement Award. The award is given annually to recognize an individual who has made the most recent meaningful contribution to the coal community.

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costs," said Naasz. "The economic consequences of S. 2191, as acknowledged by Sen. Joe Lieberman (I-Conn.) during subcommittee mark-up, will be enormous," Naasz cautioned. "Indeed, an independent analysis performed by Charles River and Associates discussed before your committee shows staggering costs to the economy and working families."

Naasz also faulted the bill for omitting "a general cost-containment mechanism to avoid harm to the economy and consumers" and for failing to "account for meaningful participation from major economic trade competitors such as China and India."

"The U.S. mining industry has long advocated technology-based solutions for mitigating greenhouse gas emissions," said Naasz, highlighting that S. 2191 "fails to provide sufficient and sustained funding to assist in the public-private partnerships needed to help develop, demonstrate and deploy these critical technologies on a commercial scale."

A copy of Naasz's Dec. 4 letter is available at: [Naasz Climate Letter](#). ✕

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transportation fuels produced from coal, while the West Virginia Department of Environmental Protection is charged with establishing state carbon sequestration procedures and guidelines.

Long-term, the plan calls for action meant to ensure that "state-of-the-art pollution abatement/management technology is a component of coal-based energy projects." In addition, the plan notes that coal gasification could also supply the state with pipeline-quality natural gas or "transportation fuel in the form of hydrogen." The plan also pointed to an additional advanced coal opportunity via the production of ammonia nitrate from coal, as well as nitrates for fertilizer.

The plan was the subject of discussion at the Advancing Domestic Resources in an Era of Carbon Challenges energy summit Manchin hosted. Participating in the summit were governors, or their energy advisers, from 11 energy-producing states.

A copy of the plan is available at: [Manchin CTL Plan](#). ✕

Newsbits

The U.S. **Environmental Protection Agency** (EPA) announced on Dec. 6 the availability of \$7 million through a grant solicitation for innovative international projects and activities as part of the **Methane to Markets Partnership**. The agency expects to award approxi-

mately 40 cooperative grant agreements ranging from approximately \$100,000 - \$700,000. The Methane to Markets partnership is an international initiative to reduce global methane emissions by promoting capture-and-use projects in oil and gas systems, coal mining, landfills, and animal waste management. EPA is request-

ing proposals for projects that directly identify, characterize, or implement methane capture-and-use projects. EPA said it is seeking proposals from a wide variety of institutions, including international governments, universities and public or private non-profit organizations to advance project development in Methane to Markets Partner countries. The estimated project period for awards is September 2008 through September 2011. Proposals are due by Feb. 22, 2008. More information is available at: www.epa.gov/methanetomarkets/grants.htm... **President Bush** this week nominated **David R. Hill** to become new assistant

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helped initiate a CCS technology development program and launched the global Carbon Sequestration Leadership Forum and the program that ultimately led to the FutureGen Project.

During the dinner, Rep. John Peterson (R-Pa.) delivered a keynote address focused on the need for Congress to pass legislation that ensures coal plays a pivotal role in meeting America's future energy needs, through electricity production, coal-to-liquid (CTL) fuels and coal gasification.

Peterson lamented that the House of Representatives was advancing energy legislation that does not promote coal use and would impose an unworkable renewable portfolio standard, characterizing the House effort as "an energy bill that does not give us more energy." He stressed that in light of high oil prices and America's increasing dependence on foreign oil Congress must embrace CTL fuels as "one of the biggest alternatives for transportation fuels." ✕



Former U.S. Department of Energy Deputy Assistant Secretary for Coal and Power Systems George Rudins was awarded a 2007 Senator Jennings Randolph Lifetime Achievement Award by the Washington Coal Club at the organization's Dec. 4 dinner. Rudins emphasized the significant new coal-fueled electricity plant construction needed to meet America's future electricity needs and highlighted the industry's ability to partner with government in developing and deploying advanced coal technologies.

Looking ahead: Here's a look at what's ahead for the mining community in Washington, D.C.:

- The House of Representatives could vote on the "Supplemental Mine Improvement and New Emergency Response Act of 2008" (S-MINER Act, H.R. 2768) sometime before the first session of the 110th Congress adjourns in December.
- After failing to approve a House-passed energy bill (H.R. 6), the Senate is likely to consider an amended version of the bill absent a renewable portfolio standard next week.
- The Senate Energy and Natural Resources Committee is scheduled to hold a hearing Dec. 13 to receive testimony on reforming the Mining Law of 1872. William E. Cobb of Freeport McMoran Inc. will testify on behalf of NMA.
- The Senate Labor, Health and Human Services, Education, and Related Agencies Appropriations Subcommittee will hold a hearing Dec. 13 to examine the Mine Safety and Health Administration's mine inspection program and a recently

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Mining Market Snapshot

Coal Figures	Cumulative year to date	Change over last year
Week ended November 24, 2007		
EIA Coal Production (000 tons)	1,034,626	-1.2%
Edison Electric Institute Electricity Output (GWh)	3,709,448	2.7%
American Iron and Steel Institute Raw Steel Production (000 tons)	96,206	-3.3%
Metal Figures		
Copper Prices (\$/mt - week avg. Grade A Cash) 11/23/07	\$6,631.20	
Gold Prices (\$/troy ounce - week avg. London Final) 11/23/07	\$798.17	
Source: NMA Weekly Statistical Summary/Platts Metals Week		

NMA announces senior management changes

NMA President and CEO Kraig R. Naasz on Nov. 30 announced a number of changes to NMA's senior management structure that will enhance the association's ability to meet its public policy objectives and effectively manage the additional financial and staffing resources approved by NMA's board of directors in September.

Under the restructuring, Harold P. Quinn, Jr. has been promoted to the new position of executive vice president and general counsel. In his new capacity, Quinn will ensure that NMA's day-to-day activities are focused on the implementation of the association's strategic policy objectives. Quinn, who has been with NMA for 22 years, will also retain responsibility for NMA's legal and regulatory endeavors.

Rich Nolan has been promoted to senior vice president of government affairs and will have overall responsibility for the association's advocacy efforts on Capitol Hill. Nolan has served as a vice president of government affairs since joining NMA in March 2006.

Dan Gerkin has been selected as senior vice president of political affairs and will assume responsibility for NMA's grass-

roots advocacy program, ACT Online, and liaison with state mining associations. Gerkin, who has logged 29 years in service to the association, retains his responsibilities for NMA's highly successful political contributions programs, MinePAC and CoalPAC.

Moya Phelleps will assume the new position of senior vice president of member services, continuing her responsibilities for member recruitment and management of NMA's MINExpo INTERNATIONAL®, the world mining industry's premier exhibition of mining equipment, technology and services, which begins Sept. 22, 2008, in Las Vegas, Nev. Phelleps, who has been with the association for 17 years, will also serve as liaison to NMA's Manufacturers and Services board of governors.

Carol Raulston, now in her fifth year with the association, will continue as NMA's senior vice president for communications, with responsibility for media relations, advertising, statistical services and the association's web site, www.nma.org.

In addition, with the assistance of Korn Ferry International, NMA currently is seeking to fill the position of senior vice president of administration and finance. ✕

Newsbits

administrator for the Environmental Protection Agency's **Office of Air and Radiation**. Hill is currently at the U.S. Department of Energy (DOE), where, since August, 2005, he has held the Senate-confirmed position of general counsel. Hill has extensive private practice legal experience covering a

wide range of regulatory, litigation and corporate matters and also served as a law clerk for a judge on the U.S. Court of Appeals for the Tenth Circuit and as associate counsel to the U.S. House of Representatives Committee on Agriculture.

Looking ahead: *continued*

released report by the agency's inspector general.

- The Senate Environment and Public Works Committee will hold a hearing on Dec. 13 to examine the Clean Water Act following the recent Supreme Court Rapanos decision.



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