



**Testimony before the
House Republican Policy Committee**

**Public Hearing on Coal-fired Power Plants, the Coal
Industry, and Current Environmental Regulations**

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Good morning.

Chairman Reed and members of the House Republican Policy Committee, my name is John Pippy and I am CEO of the Pennsylvania Coal Alliance.

The Alliance is the principal trade organization representing underground and surface bituminous coal operators in the Commonwealth and the majority of companies that service and supply the Pennsylvania Coal Industry.

We appreciate this opportunity to provide the panel with our perspective on the effects that EPA's regulations are having on the coal industry and coal-fired power plants.

Before I proceed with my substantive comments, I would like to provide the committee with a brief snapshot of today's Pennsylvania coal industry:

- Coal mining remains a primary energy industry in Pennsylvania and the Commonwealth's annual total coal production (66 million tons) ranks it 4th among coal producing states. Most of this production comes from 300 active surface mines and 35 underground mines.
- We are responsible for the existence of 41,500 mine-related jobs across the state (with an average annual wage of \$75,000) and we contribute over \$7 billion annually to the Pennsylvania economy.
- Coal remains our most affordable and reliable source of electricity, accounting for 44 percent of the state's electric generation last year.
- With a demonstrated coal reserve base of 27 billion tons remaining in Pennsylvania, coal supplies will be available for at least the next 250 years.

Central to the question before the committee today is this fact – 75 percent of the coal that is annually mined in Pennsylvania goes to the thermal coal market for the generation of electricity.

Therefore, any actions or conditions that affect the utilization of coal by power generators, whether they result from governmental regulations or internal market forces, will inevitably have significant implications for the coal industry in terms of production and jobs.

Recently, two factors have converged on our industry to stifle coal use by generators – unusually low natural gas prices and a stagnant economy that has suppressed energy demand. These factors, though, are market-driven and coal operators have historically shown an ability to handle such forces throughout the rapidly changing and cyclical nature of our industry.

However, there is a third, more sinister factor that has come into play that militates against the use of coal by power generators. This factor has nothing to do with market conditions and is beyond the realm of industry's ability to control or resolve.

Simply put, it is the regulatory assault being waged on coal by those in the Federal Administration, particularly those within the Environmental Protection Agency, whose goal is to eliminate this fuel as a source of electricity.

More than any other reason, EPA's continual imposition of unreasonable and unjustifiable emission reduction standards on coal-fired power plants over the past three and a half years for a plethora of pollutants including GHGs, Mercury, NO_x, SO₂ and coal waste, threatens the future viability of coal mining and coal-based electricity.

By making the use of coal more costly and establishing aggressive regulatory standards within a timeframe in which compliance technology is not commercially available, federal policy is artificially tilting the marketplace squarely against the use of coal.

Unfortunately, this strategy is firmly taking hold. Consider:

- Nationally, electric power coal consumption was down 18.8 percent through May 2012, compared to the same period in 2011. Coal operators were forced to curtail millions of tons of production in response to the situation.
- The EIA's recently released "Short Term Energy Outlook" projected that coal consumption will reach its lowest point in 20 years and coal production will drop 7 percent in 2012.
- Closer to home six coal-fired power plants (Elrama, Armstrong, New Castle, Portland, Titus and Shawville) located in Pennsylvania have been designated for retirement or deactivation since the first of the year. These units represent about 6 percent of Pennsylvania's total coal capacity and collectively burn about 2.5 million tons of coal per year.
- One Pennsylvania coal company has just idled five mines affecting 225 permanent employees.

If this is merely the start of a trend and coal is forced out of a utility's fuel portfolio, the results will be steep rate hikes, an electric grid vulnerable to local supply interruptions and a worsening economy.

Obviously, the erosion of our largest market will also impact coal production, coal mining jobs and local economies that depend on these activities.

By any rational analysis, this deliberate effort by the Administration to wean our country away from coal usage flies in the face of commonsense and reason.

Coal is an abundant, affordable and reliable source of electricity and the mining of coal is the source of high-paying jobs..

By any standard of measurement, the burning of coal today is cleaner than at any point in our history. For example, between 2001-2010 Pennsylvania's electric generating units have cut SO₂ emissions by 60 percent and NO_x by 40 percent, according to DEP data.

Indeed, according to DOE figures, even carbon dioxide emissions from fossil fuel consumption decreased in Pennsylvania by 24 percent between 1990-2009.

Coal is an asset not an albatross. And, the truth of the matter is if we want to secure our energy future and restore economic prosperity, we need a diverse energy portfolio inclusive of low-cost, domestically produced fuel sources like coal. Prudent public policy needs to encourage such a broad portfolio and not single out winners or losers based on faulty analysis or worse, personal agendas.

Finally, and perhaps most importantly, market forces – not government policy – should determine the role each fuel source plays in meeting our energy demand. This is the first step towards growing our economy in the 21st century and ultimately in rebuilding the American Dream.