

# White House Has Coal Country on the Defensive

MATTHEW BROWN, Associated Press

COLSTRIP, Mont. (AP) — After several years of taking a beating from the poor economy, new pollution rules and a flood of cheap natural gas, the coal industry was on the rebound this year as mining projects moved forward in the Western U.S. and demand for the fuel began to rise, especially in Asia.



Smoke rises from the Colstrip Steam Electric Station in Colstrip, Mont., Monday, July 1, 2013. President Barack Obama's climate change plan calls for limits on carbon dioxide emissions from coal-burning power plants like the Colstrip Steam Electric Station. The plant, which employs 388 people, emits an estimated 17 million tons of carbon dioxide annually. (AP Photo/Matthew Brown)

But almost overnight, coal is back on the defensive, scrambling to stave off a dark future amid President Barack Obama's renewed push to rein in climate change.

The proposal, with its emphasis on cuts in carbon dioxide emissions from new and existing power plants, would put facilities like the 2,100 megawatt Colstrip electricity plant in eastern Montana in regulators' cross hairs. That has profound spin-off implications for the massive strip mines that dot the surrounding arid landscape of the Powder River Basin and provide the bulk of the nation's coal.

Montana's sole member of the U.S. House of Representatives bluntly declared that the administration had decided to "pick winners and losers" in the energy sector with its plan.

"He wants to move toward shutting down the coal industry," Republican Rep. Steve Daines said of the president.

Energy Secretary Ernest Moniz and representatives of the Environmental Protection Agency rejected claims that the administration's plan would exclude coal. They pointed to billions of dollars being spent by the government on technologies to

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decrease emissions by capturing and storing carbon dioxide from coal plants.

Yet widespread application of those technologies is years away, and Obama made clear in announcing his proposal that he intends to halt the "limitless dumping of carbon pollution" from power plants. He directed the Environmental Protection Agency to craft rules to make that happen.

The Colstrip plant, which dominates the skyline of a 2,200-person coal-centered town by the same name, burns about 10 million tons of coal a year from a nearby mine and provides power to customers as far away as Seattle.

It also churns out an estimated 17 million tons of carbon dioxide a year. That's roughly equivalent to the emissions from 3 million cars running for a year.

On Monday, as Colstrip's 700-foot-tall smokestacks poured out a constant plume of carbon dioxide, smoke and steam into otherwise blue skies, pipefitter Joe Ashworth, 60, was nearby packing up his RV. He spent the past two months working on a maintenance project at the plant. The traveling union worker said people in the coal industry were nervous that efforts to curb emissions could cost jobs and drive up electricity prices.

"Go green sure. But do you have an electrical vehicle that will pull my trailer so I can make a living?" he asked.

Despite a frequently heard boast that the state has more coal than anywhere else in the U.S., antipathy toward the administration's plan is not universal in Montana. One of Daines' predecessors, former Rep. Pat Williams, said last week that warming temperatures pointed to a "doomsday" scenario if carbon emissions were not addressed.

Others maintain that the worries over lost jobs in the coal industry are overstated. On Tuesday, the Natural Resources Defense Council plans to release a report detailing new jobs that would be created because of all the work needed to retrofit plants such as Colstrip and other measures taken to reach the administration's goal. The environmental group said its analysis of the administration's plan shows 3,600 jobs in Montana alone.

Among utilities elsewhere in the country, the trend away from coal has been well underway over the past several years. Rock-bottom natural gas prices — coupled with huge price-tags to clean up mercury and other pollutants from burning coal — drove many utilities to simply switch fuels, said Michael Britt, a utility industry expert with the consulting firm Oliver Wyman.

Those pressures finally started to ease this year: Demand from utilities started to rise as coal stockpiles dwindled. Proposals for major new mines by Cloud Peak Energy and Arch Coal, Inc. gained traction. And coal finally started to reclaim its competitive edge as gas prices rose.

Colstrip is among those plants that remained open, in part due to heavy capital

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investments. That includes \$88 million spent on air pollution controls since 2000, according to PPL Montana, which co-owns the 388-employee plant and operates it on behalf of five other utilities.

Carbon dioxide controls would cost far more: \$430 million to install the equipment, plus annual operating and maintenance costs of \$900 million because the plant would need to devote 30 percent of its energy to run the carbon-capture equipment, according to a PPL study from several years ago.

That would equate to \$53 for every ton of coal burned, the company said. That's about five times the price of the fuel itself in the nearby Powder River Basin, according to pricing information from the Energy Information Administration.

If the administration pushes forward and the cost of retrofitting Colstrip does not pencil out, life in the surrounding town would be far different. "Go back to 1960 Colstrip, when we had fewer than 200 people," said Colstrip's mayor, Mayor Rose Hanser, adding that there is not much to draw people to her remote corner of southeastern Montana other than coal.

Still, PPL representatives and others in the industry see room for maneuvering before carbon capture becomes mandated. Key details of the administration's plan still must be worked out, including the scope of emissions cuts and their timetable. The broad goal is to achieve a 17 percent reduction in greenhouse gas emissions below 2005 levels by 2020.

Assuming the goal doesn't shift, the key question will be how those reductions are spread among different sectors of the economy, from transportation and power production, to manufacturing.

Even without the president's latest announcement, the Supreme Court ruled five years that carbon dioxide and other greenhouse gases are pollutants that the government must regulate, said Quin Shea, vice president of the Edison Electric Institute, which represents investor-owned utilities in the U.S. and has worked with the administration on the climate issue.

"A lot of our friends in other industries and states and on (Capitol) Hill miss the fact that this isn't optional," Shea said. "At the end of the day, we will be protecting as much coal as we can."

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