Temporary Rebound Expected For Coal Mining In 2014

Matthew Brown, Associated Press

BILLINGS, Mont. (AP) -- The U.S. coal mining industry will see a modest and short-lived rebound in 2014, driven by more production in Western states after two successive years of declines, according to a government forecast released Tuesday.

The Energy Information Administration projected a 36 million ton increase in coal production for the year, to 1.04 billion tons. That's up 3.6 percent from 2013 figures.

Low prices for natural gas have been largely to blame for coal's decline in recent years. But that pressure began to ease in 2013 as gas prices rose and coal regained some of its once-dominant share in the electricity generation business, the EIA said.

Coal mining output is projected to resume its downward slide and fall by more than 25 million tons in 2015, when new rules for mercury pollution kick in. Agency analyst Elias Johnson said the mercury reduction rules already have prompted many utilities to announce they will shutter coal-burning power plants rather than sink money into costly upgrades.

Combined, the plant retirements will result in the loss of almost 18 gigawatts of coal power this year and next, Johnson said. That's the equivalent of three dozen 500-megawat power plants and includes only those retirements that have been reported to federal officials, Johnson said.

The short-term impacts on mining are expected to be heaviest in terms of volume in the Powder River Basin of Wyoming and Montana, which produces more than 40 percent of U.S. coal.

Western coal production is expected to grow by 24 million tons this year, before declining by almost 15 million tons in 2015. Coal production from the Appalachian region is forecast to rise by just 3.5 million tons in 2014, then drop by 10 million tons next year.

Shipping more coal to power-hungry Asia has been held up as a potential savior for the industry. Those hopes have yet to pan out as several new coal ports on the West coast have stalled, and the government projects U.S. coal exports to drop to 105 million tons in both 2014 and 2015, after peaking at 123 million tons in 2012.

The government's projections do not factor in proposed EPA regulations to curtail the release of greenhouse gases that are blamed for global warming. Coal power plants are a major source of those gases, including carbon dioxide, and the mining industry already is digging in to oppose the EPA's proposal.

On Tuesday, the National Mining Association released a statement warning that the EPA's proposal "effectively bans coal from America's power portfolio."

Supporters counter that reining in greenhouse gas emissions from coal is desperately needed to slow the pace of climate change.

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