

The Changing Political Landscape in Washington and the Potential for the U.S. Coal Industry

By Luke Popovich

With the [election of President Obama](#) and the [Democrat Party](#) taking control of the [U.S. Congress](#), the country experienced a major shift. For the first time in more than a decade, one party controls the nation's destiny. The [agenda](#) for mining, energy policy and the environment, however, do not necessarily mesh with the needs of the modern business world, especially in light of the [global credit crisis](#).

The Congress and the Administration are struggling to fix a [broken economy](#) that neither understands. [Washington's solution](#) so far is to spend \$5.5 trillion. To put this sum into perspective, this money spent on the stimulus bill, auto industry and banking industry bailouts equals the expenditures of five Vietnam wars.

Compounding the problem is that [Washington](#) is not the best vantage point from which to assess economic misery. This city is spending billions of dollars when every other city has no dollars to spend. Washington is also hiring people when every other city is firing them.

While the nation is laughing, Washington may have the last laugh because the political capital of the country is rapidly supplanting [New York City](#) as the economic capital as well. We are seeing a dramatic revision in the political topography – the [Reagan doctrine](#) that government is the problem is being replaced by a new doctrine that says government is the solution.

A change of this magnitude carries far-reaching implications for public policy and nowhere more than in energy policy, the space where [coal](#) lives. In fact, energy policy is arguably at the heart of the [Obama Administration's](#) grander ambitions – specifically to transform a fossil fuel economy into one powered by renewable energy.

From the days on the campaign trail to these [first 100 days in office](#), President Obama and many members of the Congress have focused on the [low-carbon future](#) as a panacea, creating



Luke Popovich believes that regulations forbidding mountaintop mining would eliminate some of the highest-wage jobs in states like Nevada and Colorado

millions of new so-called [green jobs](#), solving global warming and strengthening [energy independence](#).

The [coal industry](#) has much at stake in this bold attempt to transform the energy sector.

In fact, this overriding ambition to transform a carbon-based economy into a renewable based economy could be the biggest challenge the [coal](#) industry faces in our lifetime.

What makes this challenge especially intriguing is the sense that, for a number of reasons, we are entering uncharted waters:

First, there is a dramatic change in political leadership in both the Congress and the Administration. This is a leadership supported by labor and environmental constituencies, who are far more sympathetic to its priorities than they were to those of the Bush administration.

A second explanation is the different political party alignment. The [Republican Party](#) is in near complete disarray, barely competitive in the Northeast and the West Coast and losing support in the Rocky Mountains as it struggles to redefine its appeal beyond low taxes and less government. By contrast, the Democratic Party is ascendant, strengthening

government's grip on the economy, adding to its strength in the Senate and led by a charismatic President.

This political re-alignment will certainly lead to higher environmental and operating costs for coal producers. Recently, [Interior Secretary Ken Salazar](#) called on courts to revoke the [SBZ rule six years in the making](#). It is a safe assumption that it will be replaced by a more expensive one for coal companies mining in Appalachia.

Further obscuring the policy outlook are the growing numbers of independent voters who are frustrated with partisanship and traditional political cleavages and calculations. New opinion polls show that, while voters are still skeptical of big government, they are as open to solutions from Washington as they are to solutions from Wall Street.

However, the biggest uncertainty may be that all these political ingredients are simmering in an economic cauldron marked by a heart-stopping failure of global credit markets. We may be heading towards the [longest recession in post war history](#), with a 3.7% [decline in the U.S.GDP](#) and a jobless rate destined to equal and likely to top post war highs.

The political anxiety caused by the economic collapse is palpable. In March, a [nationwide Gallup poll](#) found that, for the first time in 25 years, Americans were more concerned about the economy than the environment. And when the [Pew Research Center](#) recently asked Americans to rank 20 major issues, it found economic issues dominating and global warming ranking last.

The environmental agenda threatens [coal states](#) with higher costs and job losses, from climate change and MTM legislation. It also raises the anxiety level of coal state congressional delegations and the White House.

This anxiety has not defeated reductions in [CO2 emissions](#) from coal-based power plants, or the passing of new renewable fuel standards or the efforts by greens to stop MTM.

For example, 26 Senate Democrats voted with Republicans in defying the White House and congressional leaders in April to fast track climate change legislation; they insisted instead on a thorough debate on this complex issue.

Clean Coal

Economic anxiety is influencing another major issue that is strategic to our industry: the debate over “[clean coal](#).” Our opponents have mounted an expensive advertising campaign denouncing the [prospect of clean coal](#). Nevertheless, important coal state senators and congressmen – eager to keep coal in the picture -- support the concept.

The Obama Administration’s [stimulus budget](#) contains \$3.4 billion for carbon capture and storage (CCS) technology development. Dozens of coal-state Democrats support the [Futuregen](#) project, the [near zero emission](#) (NZE), [coal-based power plant with CCS technology](#). This was to be the supreme example of the U.S. technology commitment to climate change before the Bush Administration withdrew its support for it a year ago.

More significantly, President Obama himself waves the clean coal banner, insisting that if we can put a man on the Moon, we can remove carbon from coal combustion. While [Al Gore](#) and the [Sierra Club](#) deride the clean coal concept as an industry PR gimmick, [Energy Secretary Steven Chu](#), a Nobel Prize winning

physicist, insists CCS is not only viable, but also vital for reducing CO2 from the biggest emitting countries, such as China and India.

EPA Attacks

The [Environmental Protection Agency \(EPA\)](#) is revising pending air quality standards held over from the Bush administration that will impact coal-based power plants.

The [Clean Air Interstate Rule](#), or CAIR, that controls [Sox and Nox emissions](#) from Eastern power plants, was remanded by the courts to EPA. When this agency completes this major rule-making in another year or so, it is unlikely to include the emissions trading provision that currently favors coal states. Instead, we will see a state-based program for reducing emissions that will pit coal against natural gas to meet attainment standards.

Another example of tougher air regulations to come will be mercury reductions from coal-based power plants. The Bush rule – the first ever for [mercury](#) – was [vacated](#) by the courts. This left Obama’s EPA with a clear shot at devising a control technology standard that, when completed, may require these plants to achieve a 90 percent Hg reduction.

A final example is the coal prep standard that EPA has recently reviewed. The agency proposed a new standard last summer under Sec. 111 of the [Clean Air Act](#) that would reduce fugitive emissions from various transfer points at coal prep plants. We persuaded EPA that its data was inadequate to justify its proposed five percent opacity standard.

Coal state congressmen are as interested as we are in seeing whether EPA will be permanently assigned to the coal beat. This is particularly important when looking at official figures; Coal mining directly accounts for 127,000 [jobs](#) that pay about \$25,000 more than the average U.S. wage. And these are numbers that the White House may want to keep in mind while the economy is losing 640,000 jobs a month. ■

Luke Popovich is [NMA's Vice President External Communications](#). This is an adapted excerpt of his presentation at the Coal Prep Convention 2009, held April 28-30 in Kentucky.

Links and References

- [Al Gore](#)
- [American Energy Independence](#)
- [An Energy Agenda for President Obama's Second 100 Days](#)
- [Biotechnology Crucial to Solving the Climate Crisis](#)
- [Bush Rules on Toxic Mercury from Power Plants Overturned](#)
- [Clean Air Act](#)
- [Clean Air Interstate Rule](#)
- [Clean Coal](#)
- [Coal Commodity InfoMine](#)
- [Coal Cost Guide 2009](#)
- [Coal Mining Jobs](#)
- [Coal States Map](#)
- [CO2 Emissions Report](#)
- [Competing Needs: Clean Coal is the Key](#)
- [Decline in the U.S.GDP](#)
- [Democrat Party](#)
- [Energy Secretary Steven Chu](#)
- [Environmental Protection Agency \(EPA\)](#)
- [Gallup: Americans Put Economy Before Environment](#)
- [Green Jobs Abound, but Few Takers](#)
- [Jobs in the Coal Industry](#)
- [Mercury "Hot Spots" Found in North America](#)
- [National Mining Association](#)
- [New York City](#)
- [Pew Research Center](#)
- [President Barack Obama's First 100 Days: Key Events](#)
- [Reagan Doctrine](#)
- [Republican Party](#)
- [Stimulus Budget](#)
- [Sox and Nox Emissions](#)
- [Near Zero Emission \(NZE\)](#)
- [NMA Comments on the SBZ Rule](#)
- [Sierra Club](#)
- [The Future of Coal-Based Power Generation](#)
- [U.S. Bailout Hits \\$8.5 Trillion](#)
- [U.S. Department of Interior](#)
- [U.S. House of Representatives](#)
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