The Energy Bill: taking stock

The halls of Congress are almost empty and it is quiet in the offices and the Committee rooms. But, behind the scenes the staff of those Representatives and Senators appointed to the Conference Committee for the Energy Bill are working hard to get ready for September and the final push to complete the first major piece of energy legislation since 1992.

The need to pass legislation to support a comprehensive national energy policy has been evident for several years, but came to a crisis point in 2000 and early 2001 with a shortage of electricity in the west skyrocketing natural gas prices nationwide. Energy Policy was a top priority early in the Bush administration, evidenced by the immediate establishment of a National Energy Policy Task Force.

Legislation was introduced in both the House and the Senate and, in August 2001 the House passed H.R. 4, the *Securing America’s Energy Future Act of 2001*. In the Senate, however, the party switch of Jim Jeffords (VT) from Republican to Independent had a major impact — the majority switched from Republican to Democrat. The energy debate had to begin anew – but not through the normal committee process. Due to decisions of leadership, the energy debate bypassed normal channels and occurred in a record setting debate on the Senate floor – beginning March 5, 2002 and not ending until a vote on April 25 when H.R. 4, the *Energy Policy Act of 2002*, finally passed the Senate.

Due to different approaches in the House and the Senate and due to the fact that the Senate bill was passed in an era of budget deficit, not budget surplus, there are significant differences in the two H.R 4’s. Conferees from both houses of

Energy bill enactment high priority, Gerard says

Enactment of energy strategy legislation with strong coal provisions will be a high priority item for the mining industry when Congress returns from the August recess, NMA President Jack N. Gerard said last week.

“Both the House and Senate bills incorporate the principles of our coal provisions in versions that are similar, but not identical (see story above),” he told the Georgia Mining Association annual meeting on Aug. 10. “Both provide production and investment tax credits to foster commercial introduction of advanced generating technology. But the incentives are funded at different levels.”

“Our efforts with the conference committee on energy will be to sustain the higher level of funding for the incentives, about $5.9 billion,” he said. “Other interests include maintaining the voluntary approach to climate, a reasonable approach to the renewable energy portfolio standard, and a productive approach to the next steps in restructuring the electric power industry.”

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Congress have been appointed and work has begun in earnest to try to reconcile differences.

In late June, Conference Committee Chairman Billy Tauzin (R-LA) announced that the issues would be divided into two sections: tier two issues that are relatively “non-controversial” and can “easily” be resolved (indeed, some 50 of these issues were competed by the time Congress adjourned for the August recess) and the “tier one” issues where controversy reins supreme and where decisions must be made by Conference Committee members.

Included in the “tier one” category are: ANWR, CAFE, the ethanol mandate, taxes, electricity, the renewable portfolio standard, oil and gas provisions and climate change. Staff is under directions to complete recommendations on the “tier one” issues, and the Conference Committee will begin meeting on these on Sept. 23. The goal is completion by Sept. 30 so that the bill can be passed by both the House and Senate before targeted adjournment in October. Of course, this schedule could be changed any time, especially if there is a lame duck session following elections (and the probability of this is high).

Here are the National Mining Association’s priorities:
1) NMA is working to retain and reconcile the R&D provisions for the Clean Coal Technology and the Fossil Energy R&D Program. This is a tier two issue that should be resolved shortly after Labor Day.
2) A top priority for NMA is to retain incentives in the form of investment and production tax credits for Clean Coal Technologies to: 1) offset the technological and financial risks associated with the early commercial applications of advanced clean coal technologies, and 2) assist in repowering existing coal based generation facilities with clean coal technology to achieve efficiency and environmental improvements. This is a tier one tax issue that will be resolved by the Conferenees. These incentives have bi-partisan support in both the House and Senate and the final level of incentives available will depend on the total dollars available for the energy package.
3) NMA is working to keep the favorable mining and leasing provisions included in the House passed energy bill. This is also a tier two issue that should be resolved shortly after Labor Day.
4) NMA is working with several coalitions to delete the Renewable Energy Portfolio Standard (RPS) that was included in Title Two of the Senate passed bill. This is also a tier one issue that is likely to be among the last issues to be resolved.
5) And, finally, NMA is working to be certain that, should climate provisions be part of the bill as finally passed, these provisions follow and support a long term, research and technology, voluntary program such as that proposed by President Bush in his Climate Change Initiative announced last February 14. Climate is a tier one issue. The Senate passed version of H.R. 4 includes three climate titles, but there is no climate language in the House bill.

A more complete discussion of NMA issues can be found on our web site: www.nma.org. For actions that YOU can take, consult NMA’s grassroots portal ACT Online – from the NMA website click on the ACT Online logo on the lower left-hand side of the screen. 

Panel sees continued important role for coal, fossil fuels

Fossil fuels, especially coal, must continue to play an important role in any national energy policy, participants in a town hall meeting at Drake Well Museum in Titusville, PA, said recently.

It is essential for the U.S. to have a comprehensive energy policy that “keeps using” coal and other fossil fuels, and also provides incentives for alternative sources, Rep. John Peterson (R-PA) told the gathering of some 60 people. Peterson and Sen. Rick Santorum (R-PA) led the discussion at the site of the world’s first commercially successful oil well.

Harold Schobert, director of the Energy Institute at Penn State, suggested that idled oil refineries could be returned to use “our abundant reservoirs of coal.” He added that coal is the source of one Institute-led experiment to provide a specific fuel to the military. “Here is the definition of homeland security,” Schobert said: “Pennsylvania coal goes to Pennsylvania oil refineries to produce fuel for our military.”

Larry Lepidi of Joy Mining Machinery told the panel he also believes there should be “greater use of coal, the only fuel source we don’t have to import.” He noted national energy legislation pending before Congress (see story page 1) addresses the need for new coal-fired energy plants to meet emission and other environmental requirements, and that it should also include incentives for retrofitting existing capacity.

Peterson said he is “convinced we have clean coal technology,” adding that when energy is imported, “you get no job creation.”

Carl M. Smith, the U.S. Department of Energy’s assistant secretary of fossil energy, said balance is the “word we need in a national energy bill. He noted, “We have the coal -- America is the Saudi Arabia of coal -- and that, too, is part of the balance.”

Santorum said the energy bill passed by the Senate, and now before a Conference Committee with a House version, is “deficient” because it does not include several key provisions, including one that offers incentives
New hydrology permitting resource available on web

A new technical reference document describing how to properly plan for baseline data collection to protect water resources and the hydrologic balance at surface coal mining sites is available on the Office of Surface Mining’s (OSM) website.

“Permitting Hydrology, A Technical Reference Document for Determination of Probable Hydrologic Consequences (PHC) and Cumulative Hydrologic Impact Assessments (CHIA) – Baseline Data” reflects current thinking about ground and surface water resources and how to be sure they are protected during surface mining and reclamation operations, according to OSM.

A PHC is prepared by a coal operator as part of the permit application process. Together with a CHIA prepared by the regulatory authority as part of the permit review, the documents set data needed to characterize the hydrologic balance of the permit and adjacent area and describe the operational and reclamation measures to be implemented to minimize on-site impacts to ground and surface water flow and prevent significant off-site damage.

The document is available at www.osmre.gov/hydrologicinformation.htm.

Prospectus mailing kicks off MINExpo® activities

With the July mailing of the Exhibitor Prospectus, activities have begun for MINExpo INTERNATIONAL® 2004, which will be held September 27-30, 2004 in Las Vegas, Nevada.

The deadline to participate in the first round of space selection is September 9. To reserve your space, please return the Application & Contract for Exhibit Space and a 15% deposit.

If you have any questions or have not received a prospectus, please contact Sharon Collins of Hall-Erickson at 1800-752-6312 or by email at scollins@heiexpo.com. Don’t delay...75% of the total 600,000 net sq.ft. available in 2000 was reserved during the first round of space selection.

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Gerard said any company or industry concerned about energy costs will “want a place for coal in the electric power mix. Last year as a power fuel, coal sold at 27 percent of the average price of natural gas and 33 percent that of heavy oil.”

Gerard noted that in addition to its priority issues, NMA has been looking ahead proactively to identify important emerging challenges, “the questions that will affect our industry’s future viability.” Two under examination include the domestic unavailability of surety bonds to comply with state and federal regulation; and the international question of sustainable development.

Notable environmental achievements by Wabash River CCT project

The Department of Energy’s (DOE) Clean Coal Technology Demonstration Program (CCTDP) project at the Wabash River Generating Station in Indiana has achieved significant environmental advances, according to a new Project Performance Summary.

The 4-year, $438 million project, developed by PSI Energy and Destec Energy (now Global Energy), introduced an ultra-clean and efficient 262 MWe gasification-based power generation system to displace a 40-year old 90 MWe pulverized coal-fired unit.

The trademarked E-Gas process uses a two-stage entrained flow gasifier, which creates syngas from a coal-water slurry. In the process, the syngas is scrubbed to remove chlorides, passed through a catalyst that converts carbonyl sulfide (COS) to hydrogen sulfide (H₂S), which is then passed through a sulfur recovery unit where the H₂S is partially oxidized and converted into steam and 99.99 percent pure sulfur, a valuable by-product. The scrubbed syngas is combusted in a high-temperature gas turbine.

The process reduced NOx emissions from the unit to .15 lb/10⁶ Btu, meeting 2003 emission limits, the summary said. SO₂ capture achieved rates of greater than 99 percent, reaching emission levels as low as .03 lb/10⁶ Btu. Particulate emissions for the project dropped below the detectable limit and fly ash was converted into a low-carbon glass-like slag, which has applications as an aggregate for construction, according to the summary.

The report follows Round IV of the CCTDP, which placed particular emphasis on “advanced power generation systems that could provide capacity additions without exceeding existing and projected emissions caps, as well as major efficiency gains to counter global climate change concerns.” To view a copy of the report, visit www.lanl.gov/projects/cctc/resources/pdfs/wabsh/Wabash%20PPS.pdf.
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to explore and develop both old and new sources of energy. “The consequences are that hundreds of thousands of new jobs that could have been created with those incentives will not happen and that we remain vulnerable to the vagaries of other (fuel-producing) countries,” he said.

While agreeing that the nation needs to “promote all our energy resources,” State Sen. Mary Jo White added, “It is silly to think we can use sun or wind and simply stop our hydrocarbons . . . . We need to promote exploration and drilling of our natural resources, too.”

Newsbits

Michael Lawless has been named corporate director of safety for Murray Energy Co. Reporting directly to Robert E. Murray, company president and CEO, Lawless will oversee safety programs at the firm’s coal mining operations in six states. Lawless was formerly with the Mine Safety and Health Administration for 32 years . . . . Douglas L. Darby has been named president of The Sabine Mining Co., a wholly owned subsidiary of The North American Coal Corp. Darby joined the company in 1981 as a mining engineer at the Falkirk Mining Co. in North Dakota, and most recently was operations manager of North American Coal’s San Miguel Lignite Mine in Texas. Sabine operates a lignite mine near Longview, Texas . . . . Great River Energy (GRE), a wholesale electric power supplier, has received ISG Resources World Environmental Improvement Award for making a significant contribution toward reducing greenhouse gas emissions. GRE, owner and operator of the Coal Creek Power Plant near Washburn, ND, was responsible for displacing nearly 220,000 tons of carbon dioxide (CO2) emissions during 2001. The company achieved the reduction through the use of fly ash in concrete products - - by displacing the cement, fly ash reduces the need for cement production, resulting in substantial reductions in CO2 emissions . . . . Superior Midwest Energy Terminal in Superior, WI, loaded 2.55 million net tons of coal in July, a new record for the most coal to be shipped by a single dock in one month in the history of Great Lakes shipping, according to the Lake Carriers Association. For the season thus far, loadings at the terminal stand at more than 8.2 million net tons, essentially the same level as a year ago.