

# Study Shows That a New Coal-Fueled Generating Plant Creates More Than 2.5 Times the Economic Benefit of a Gas-Fueled Plant

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Even as electricity from coal remains far more affordable than natural gas, the development and operation of coal-fueled generating plants also creates much greater economic benefits than comparable gas-fueled plants, according to a study conducted by Hill & Associates Inc. of Annapolis, Md., with assistance from West Virginia University.

Development of a new 1,500 megawatt coal-fueled generating plant in the Midwest would create nearly \$22 billion in direct and indirect new business volume over the 40-year project life and nearly 2,300 permanent jobs, the study says. That represents more than 2.5 times the economic contribution of gas-fueled electricity based on new business volume and job creation.

By contrast, a new gas-fueled power plant of the same size would create about \$8.2 billion in new business volume over the plant life and less than 875 jobs. Midwest gas-fired projects also have a less-favorable economic impact during the plants' operating life because gas would likely be supplied from out-of-state sources.

"We know from other studies that the availability of low-cost electricity from coal contributes to Americans living longer and better," says Peabody Executive Vice President of Corporate Development Roger B. Walcott Jr. "We know that higher priced electricity from other sources is most detrimental to that portion of the population who can afford it the least. This new study further demonstrates that the development and operation of coal-fueled plants creates huge economic benefits relative to natural gas."

The construction and operation of a coal-fueled power plant in a coal-producing state would bring major economic benefits to the area in terms of jobs created and sales for regional businesses. The construction phase alone would increase business volume by \$4.4 billion and would result in more than 20,000 job years of employment. A job year represents one person employed for 12 months.

Operating the coal-fueled power plant over the estimated life would lead to annual business volume of approximately \$440 million in the state. Much of the economic activity and many of the new jobs would be created indirectly as a result of the expenditures made at the power generating facility.

According to the study, the economic benefits of a coal-fueled plant are much greater than gas because:

- The capital cost for construction of a coal-fueled plant is more than 2.5 times that of a plant of the same size fueled by gas.
- Employment at a coal plant and mine that supplies it will be more than six times the employment at a gas plant.
- Most of the money spent on fuel supply, a power plant's largest operating cost, stays in the state for a coal plant, but goes out of state for a gas plant.

Hill & Associates Inc. is a consulting firm specializing in energy industry economics and markets. The study was prepared with the assistance of West Virginia University's Bureau of Business and Economic Research.

Peabody Energy is the world's largest private-sector coal company, with 2001 sales of 194 million tons of coal and \$2.6 billion in revenues. Its coal products fuel more than 9 percent of all U.S. electricity generation and more than 2 percent of worldwide electricity generation.

SOURCE: Peabody Energy

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