

CERAWeek Keynote: Peabody Energy Chairman and CEO Calls Clean Coal 'The Primary Sustainable Choice' to Meet Growing Energy Needs

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Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce delivered the luncheon keynote address at Power Day of CERAWeek today, noting that, "Clean coal is the primary sustainable fuel able to meet the world's fast-growing energy demands."

Boyce observed that the world was entering a new era of convergence both among energy events and energy sources. "It is clear that clean coal will be the 21st century fuel best able to meet the world's energy demands," said Boyce. "Coal continues to fill the void as the fastest growing fuel in the world for each of the past five years, with major energy forms lagging and renewables increasing from a small base."

Boyce said that coal markets are becoming more globally interconnected, as demand soars and U.S. exports supply more of the world's coal needs. This is resulting in a greater linkage between global oil, coal and natural gas demand and pricing. Coal prices are setting records in nearly every market, yet remain advantaged to higher-priced natural gas and oil.

Boyce also called for greatly increased public-private partnership to advance carbon capture and storage. "We believe black is the new green, with clean coal advancing to new levels every day. And carbon capture and storage (CCS) is the best way to ensure that America's most abundant energy resource is developed in a climate-friendly way. CCS is the answer to the twin goals of energy security and climate solutions, and aggressive funding is needed to commercialize the technologies."

Boyce also commented on America's number-one coal position, other energy forms, and the need for carbon capture and storage funding:

ABUNDANT COAL RESOURCES: "We know how Saudi Arabia uses its number-one position, with a quarter of the world's oil reserves. And we know how Russia is using its number-one position, with a quarter of the world's gas reserves. The question is how the United States, with 27% of the world's coal reserves, will use its number-one position."

NEW GENERATION WARNINGS: "South Africa's latest power shortages should be a wake-up call to America's fragile generation system. In the late 1990s, reports warned that South Africa's electricity demand was far outpacing new supply. This has eerie parallels to the NERC study in the United States, which shows that power demand will outrun new generation by more than two to one over the next decade."

ENERGY AND COAL CONVERGENCE: "We are entering a new era of energy and coal convergence globally, as the Btu value of oil, natural gas and coal becomes increasingly fungible."

DASH-TO-GAS PART II: "The common-sense answer for new generation cannot simply be imported natural gas. America's first 'dash-to-gas' in the late 1990s resulted in a natural gas pricing explosion, as homes and commercial buildings were forced to compete with generation and whole industries moved offshore due to demand destruction. Now, we are going through a second dash- to-gas by default as not enough other generation is being built. But this time, demand is far less elastic and long-term prices are likely to take another step-function increase."

CARBON CAPTURE AND STORAGE: "Through clean coal, America can secure its energy supplies and advance its climate goals. But the magnitude of the carbon capture challenge is enormous. We believe that an economywide fee shared by all energy users, along with an organization modeled on the National Institute of Health, is essential to devote the proper objective resources to an aggressive carbon capture and storage program."

Peabody Energy is the world's largest private-sector coal company, with 2007 sales of 238 million tons and \$4.6 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and 2 percent of worldwide electricity.

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