

National Coal Council Study Calls for Greater Use of Coal and Technology to Meet Unprecedented Global Energy Demand

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The National Coal Council (NCC) today presented the U.S. Department of Energy with recommendations for the technology and regulatory framework to increase America's use of clean coal for energy security, environmental improvement and economic prosperity at a time of unprecedented global energy needs. The study, "The Urgency of Sustainable Coal," was conducted at the request of U.S. Energy Secretary Samuel W. Bodman and is the fourth major study presented by the NCC in five years.

"Coal is an essential part of the world's energy future," said Georgia Nelson, President and CEO of PTI Resources, Inc., and NCC Chair. "Recent energy events remind us that much of the world remains behind the energy eight-ball. The urgency is reflected in \$4 per gallon gas, families doing without essentials to keep the lights on, and more than 2 billion people around the world that lack adequate access to electricity or have no electricity at all.

"The United States has a unique opportunity to advance clean energy solutions from coal that will alleviate energy poverty and address concerns about climate. Greater use of coal for electricity, gas and transportation fuels is the solution."

According to the report:

- Since the Council released its "Coal: America's Energy Future" study in 2006, oil prices have risen from \$56 per barrel to over \$85 in January of 2008, and now exceeds \$130. This increase has significantly slowed economic growth.
- Liquefied natural gas (LNG) is \$12 to \$18 per thousand cubic feet (mcf) in many parts of the world as rising demand from Asia and Europe has dramatically reduced U.S. import expectations.
- Oil production has stagnated as even more of the world's top ten producers, including China, Mexico, Norway, Russia and the United States face depleting reserves.
- Costs to produce energy have risen dramatically due to escalating prices for steel, materials, labor, equipment, transportation and energy itself.

"Like many other countries, the U.S. is experiencing population growth and economic expansion that is putting significant pressure on our electricity and energy supply," said Peabody Energy Senior Vice President and Chair of the NCC Coal Policy Committee Fred Palmer. "There is an urgent need to use our technological resources to tap the broad potential in clean coal. This includes using coal-to-liquid technologies as a national security imperative to provide an adequate fuel source for our military and civilian aviation industries."

The study recommends an advanced portfolio of technology options for the electric power industry; greater R&D on coal-based electricity generation and carbon capture and storage technologies; incentives to deploy advanced coal-based electricity technologies coordinated with plug-in hybrid and electric vehicles; Congressional funding for large demonstration projects in multiple regions using multiple technologies, and transferring technology to emerging nations such as China and India. It calls on government funding and private-public partnerships to accelerate the commercialization of clean coal technologies.

The Council also identified a number of conclusions and developed a suite of proposed policy, fiscal and legislative recommendations to address the conclusions. The implementation of these proposals would strengthen the nation's energy security and accelerate the research, development and deployment of technologies to manage carbon dioxide.

The National Coal Council is a private, nonprofit advisory body chartered by the U.S. Secretary of Energy in 1984 under the

Federal Advisory Committee Act. Members of the National Coal Council are appointed by the Secretary of Energy and reflect diverse interests from business, industry, academia and other groups. Upon final publication, the study may be downloaded at NationalCoalCouncil.org.

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TEN ENERGY REALITIES THAT UNDERSCORE THE NEED FOR GREATER COAL USE

1. Coal is America's Greatest Energy Resource
The United States has 500 billion tons of reserves in 25 states and a nearly 200-year supply.
2. Clean Coal Technologies Work, But Take Time to Develop
Technology has improved coal-fueled electricity emissions 90% over the past 30 years.
3. More Electricity is Needed for the Growing U.S. Population
U.S. energy use has increased 15 quadrillion Btus in past 15 years.
4. The U.S. Needs New Supplies of Oil and Natural Gas
U.S. oil production levels have decreased significantly over the last three decades; 2007 production was only 54% of 1972 levels.
5. The U.S. Needs New Coal-Based Generation
Coal is the only major energy source capable of meeting projected electricity demand.
6. Global Supply of Oil and Natural Gas is Inadequate to Meet World Demand
Production issues, politics and competition from other nations pose real challenges for U.S. import supplies.
7. Global Energy Demand Unprecedented
World energy consumption is projected to increase 52% by 2030, according to the U.S. Energy Information Administration. This consumption is more than the current consumption of Europe, North America and Russia combined.
8. The Scale of Energy Demand is Beyond Our Experience
The size and scope of world economic, demographic and social changes is unprecedented. The world has never experienced an energy demand surge comparable to what will occur in the next 30 years.

9. New Players are Entering the Game

Developing nations are surpassing United States in energy consumption. By 2025, China will use more energy than United States.

10. The World is Turning to Coal

The world's energy policymakers increasingly recognize coal's central role as an abundant energy resource. Eighty percent of new coal-fueled power plants are being built in developing nations.

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