

**EXAMINING THE BIDEN
ADMINISTRATION'S RECORD
ON FEDERAL COAL LEASING**

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY AND
MINERAL RESOURCES

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

Wednesday, July 12, 2023

Serial No. 118-44

Printed for the use of the Committee on Natural Resources



Available via the World Wide Web: <http://www.govinfo.gov>

or

Committee address: <http://naturalresources.house.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

52-931 PDF

WASHINGTON : 2023

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CONTENTS

	Page
Hearing held on Wednesday, July 12, 2023	1
Statement of Members:	
Stauber, Hon. Pete, a Representative in Congress from the State of Minnesota	1
Ocasio-Cortez, Hon. Alexandria, a Representative in Congress from the State of New York	3
Statement of Witnesses:	
Luthi, Randall, Chief Energy Advisory, Office of the Governor, State of Wyoming, Cheyenne, Wyoming	5
Prepared statement of	6
Driscoll, John, Director and Chief Executive Officer, Port of Mobile, Alabama Port Authority, Mobile, Alabama	12
Prepared statement of	14
Kendall, Sara, Interim Executive Director, Western Organization of Resource Councils, Washington, DC	18
Prepared statement of	19
Adams, Matthew, Vice President and Senior Tax Counsel, Navajo Transitional Energy Company (NTEC), Broomfield, Colorado	23
Prepared statement of	25
Questions submitted for the record	30
Additional Materials Submitted for the Record:	
Submissions for the Record by Representative Stauber	
Alabama Port Authority, letter to Senator Shelby, dated December 12, 2022	57
Rep. Stauber, letter to Secretary Haaland, dated June 28, 2023	58
Governor of Alabama, letter to Secretary Haaland, dated September 20, 2022	60
Submissions for the Record by Representative Boebert	
Centre for Research on Energy and Clean Air, Briefing, February 2023, "China permits two new coal power plants per week in 2022"	51

**OVERSIGHT HEARING ON EXAMINING THE
BIDEN ADMINISTRATION'S RECORD ON
FEDERAL COAL LEASING**

**Wednesday, July 12, 2023
U.S. House of Representatives
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
Washington, DC**

The Subcommittee met, pursuant to notice, at 10:15 a.m. in Room 1324, Longworth House Office Building, Hon. Pete Stauber [Chairman of the Subcommittee] presiding.

Present: Representatives Stauber, Wittman, Fulcher, Rosendale, Boebert, Hunt, Collins; Ocasio-Cortez, Huffman, Kamlager-Dove, and Magaziner.

Also present: Representatives Carl and Hageman.

Mr. STAUBER. The Subcommittee on Energy and Mineral Resources will come to order.

Without objection, the Chair is authorized to declare a recess of the Subcommittee at any time.

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chairman and the Ranking Minority Member.

I ask unanimous consent that the gentleman from Alabama, Mr. Carl; and the gentlewoman from Wyoming, Mrs. Hageman, be allowed to participate in today's hearing.

I now recognize myself for an opening statement.

STATEMENT OF THE HON. PETE STAUBER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. STAUBER. Today, we are here to discuss the Biden administration's record on the Federal Coal Leasing Program.

U.S. coal production has been targeted by administrative policies starting in the Obama administration. New coal leasing was halted in 2016, interrupting market forces and jeopardizing the livelihoods of thousands of coal miners. The Trump administration rightfully ended this moratorium, but the ban was unfortunately reinstated by the Biden administration in April 2021.

We have heard this Administration say that coal is no longer needed for energy and is too emissions heavy to fit into a lower emissions future. This is an inaccurate and, frankly, ironic statement. While it is true that coal has decreased as a percentage of energy mix, much of that decrease was deliberately caused by intentional anti-coal policies, not by market forces.

Today, coal still supplies over 20 percent of America's electricity, and remains the primary power source in many parts of the world, including Asia. China approved 106 gigawatts of coal-fired power last year. That is equal to two new coal plants a week. China and

other nations are not going to stop using coal because the Biden administration thinks they should.

Simply put, if the coal doesn't come from us, it will come from somewhere else, somewhere else with far inferior environmental and labor standards. America has some of the lowest emissions and highest grade coal in the world. As a witness today will testify, domestic operators have invested a collective \$127 billion in emissions reductions. Global emissions will continue to decrease through technological innovation, as coal producers and other industries have already demonstrated.

Rather than demonizing coal, we should recognize it as an important part of our energy mix. Over the past 2 years, we have seen Europe struggle to keep its lights on in the wake of the global energy shortage and invasion of Ukraine. Cut off from Russian gas, many countries turned to coal instead. Germany now gets about a third of its power from coal plants. Coal will continue to be needed for many decades to come, particularly as the share of renewable energy increases.

When the wind isn't blowing and the sun isn't shining, it is reliable forms of energy like coal that continue to power our world. Coal is enabling these new forms of energy. And since the Biden administration refuses to approve new hardrock mines like those in my home state of Minnesota, we are nowhere near the massive buildout of battery storage and other infrastructure needed to make renewable energy truly functional. Without reliable baseload power, we risk rolling blackouts, like those that have threatened California in recent years. Simply stated, it is energy sources like coal that are keeping the lights on across America.

Speaking of renewables, let's not forget one of the core components of wind turbines: steel. Metallurgical coal, also known as met coal, is a specific variety of coal crucial for making steel. Global steel demand is undeniable, but the same harmful policies that block new thermal coal leasing also threatens met coal projects such as the Warrior Met Mine expansion in Alabama, which we will hear about from our witnesses today.

Finally, I need to stress coal's economic importance to communities across the country. Federal coal production generates hundreds of millions of dollars for the Treasury and state budgets. State revenues are then used for critical services like education, public safety, and local infrastructure. The Biden administration's actions to block or endlessly delay coal projects deprives the United States and our allies of energy security, forgoes millions of dollars in revenue, and risks thousands of high-paying American jobs.

I thank the witnesses for being here today, and I look forward to your testimony.

I will now yield to the Ranking Member for her opening statement.

STATEMENT OF THE HON. ALEXANDRIA OCASIO-CORTEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Ms. OCASIO-CORTEZ. Thank you, Mr. Chair.

This 3rd of July, we passed a milestone. It was the hottest day ever recorded on planet Earth. The next day, the 4th of July, was again a record-breaking day as the hottest day ever recorded on planet Earth. Just 2 days later, the global temperature record was broken once more. In fact, our planet reached the hottest day ever recorded 4 days in a row last week.

For millions of Americans who are unable to access shelter or air conditioning, this past week was deadly. At least 14 people died in Texas and Louisiana, and hundreds were sent to emergency rooms. In my home state of New York, flash flooding 2 days ago left one person dead and entire neighborhoods flooded. This is the climate crisis, and this is just the beginning.

It is for this reason that immediate and bold action is necessary to rapidly decarbonize every single sector of the U.S. economy. Coal on public lands has an especially big role to play in this energy transition. Coal creates the most carbon pollution of any energy source.

Today, we get about 25 percent of our electricity from coal, but coal accounts for 55 percent of the electricity sector's emissions. Over 40 percent of all coal mining in the United States happens on public lands, and the vast majority of this coal is burned for energy production. In fact, the U.S. Geological Survey found that the Federal coal program alone is responsible for 13 percent of our total greenhouse gas pollution.

I will say that again: the Federal coal program alone is responsible for 13 percent of our total U.S. greenhouse gas pollution.

It is clearly time to end all new Federal coal leasing on public lands and invest in domestic renewable energy production. As part of this transition, however, we must ensure that we are not simply trading coal barons for solar barons. We must make sure that new jobs are good union jobs, and that miners and mining communities are given what they are owed. Miners not only supplied American industry and energy for more than a century, they literally fought and died for workers' rights in this country at a time when union-busting was enforced by private militias.

I urge everyone in this room who is unfamiliar to look up the Ludlow Massacre or the Colorado Coalfield Wars to understand just a piece of this history.

During the New Deal, it was coal mining organizers who led the way in the founding of the Congress of Industrial Organizations and the unionization of not just coal mining, but sectors like automobiles, steel, and electricity. It was these coal miners who formed the core of the New Deal Coalition and built an economy that worked for millions of Americans. Any one worker today who has a pension, a union, or a weekend owes some thanks to a coal miner, and our coal miners must be first in line for new jobs in the green energy economy.

My colleagues across the aisle often point the finger at the Biden administration's policies, saying that they are hurting coal jobs.

But the truth is that coal production has been in decline for over a decade as the market moves to cheaper, cleaner forms of energy.

We know that there is only enough Federal coal under lease today to support around 20 more years of mining at current levels. We will hear from one of our witnesses today about how the development of metallurgical coal, which is used for steel production, not electricity generation, represents an opportunity for workers in Alabama. Nearly all metallurgical coal in Alabama comes from private lands, so this testimony is likely related to a proposed lease from the company Warrior Met to produce metallurgical coal on Federal land, which is currently under environmental review. But the idea that this project will spur the local economy is spurious.

In a break from tradition, Warrior Met has not even approached the union for this new mine. This isn't surprising, as Warrior Met spent the last 2 years fighting with striking workers in Alabama, the longest strike in Alabama history. Rather than spending money on good union local jobs, Warrior Met has chosen to spend it on billboards in West Virginia to hire scab workers. Coal communities do not deserve empty promises from coal barons. They deserve opportunity and diversified economies, and they deserve to be first in line.

This Administration created the Energy Communities Inter-agency Working Group to deliver Federal resources to help revitalize America's coal communities. Last Congress, we passed billions of dollars to create good-paying jobs, spur innovation and economic revitalization, and clean up abandoned mine lands through the Infrastructure Investments and Jobs Act, the Inflation Reduction Act, and the CHIPS and Science Act. I and my colleagues are working tirelessly to ensure that this historic investment reaches the people who need it most.

This transition will not be easy, but it is essential. And the future of our planet and every single working American depends upon it.

I yield back.

Mr. STAUBER. Thank you very much. Now I will yield 30 seconds to Representative Hageman to introduce our first witness, Mr. Randall Luthi.

Ms. HAGEMAN. Thank you, Mr. Chair. It is my honor to introduce Randall Luthi, Chief Energy Advisor to Governor Mark Gordon, an attorney, rancher, and former Speaker of the Wyoming House of Representatives from Lincoln County. Randall brings an extensive background in government service in the private sector to the Governor's Office. He joined the Gordon administration after serving nearly 10 years as President of the National Ocean Industries Association. And prior to joining NOIA, Randall worked at the Department of the Interior, serving as Director of the Minerals Management Service and Deputy Director of the Department's Fish and Wildlife Service.

He served in various other capacities specifically focusing on energy and environmental issues. And on a personal note, he also served with my father in the Wyoming Legislature, and I have known Randall for over 30 years.

Thank you for being here and providing us with your valuable testimony and information.

Mr. STAUBER. Mr. Luthi, you have 5 minutes.

**STATEMENT OF RANDALL LUTHI, CHIEF ENERGY ADVISORY,
OFFICE OF THE GOVERNOR, STATE OF WYOMING,
CHEYENNE, WYOMING**

Mr. LUTHI. Thank you. Good morning, Mr. Chairman and Ranking Member Ocasio-Cortez. Thank you for this opportunity to meet with you today and talk about the importance of coal to Wyoming's people, her economy, and to our nation.

Today's hearing is to examine the Biden administration's record on Federal coal leasing. And from an overall energy and economic view, I would give it the following grades: D for disappointing; E for a Federal program that is basically extinct; F for failure to capitalize on the economic and environmental benefit of coal. And I would even go for an I for inaction on important permits.

The most glaring defect of the Federal coal leasing program is the fact there is no coal leasing program. In Wyoming, the last Federal coal lease was offered in 2012, long before the current Administration. However, this Administration has done nothing to correct the situation.

Wyoming embraces an all-of-the-above energy strategy. We recognize the need and value in having a diverse energy production portfolio, including coal. And thank you, Representative Hageman, for that kind introduction.

Approximately 48 percent of Wyoming's surface land is federally managed, 67 percent of the mineral estate is federally controlled. Over 80 percent of the federally leased coal comes from the Wyoming Powder River Basin. And due to that ownership, it is nearly impossible for any operator to continue mining in the short- and long-term future if the coal leasing does not resume, even though it takes 10 to 12 years for a coal lease to go through the evaluation process. Unfortunately, these permitting time frames are not limited to coal. It took 15 years to permit the TransWest transmission line, which will carry electricity from the nation's largest onshore wind farm, located in southern Wyoming.

It is also important to note that there are increasing warnings from various regional transmission organizations and even members of the Federal Energy Regulatory Commission that the rapid deployment from fossil fuel plants is causing grid reliability concerns in part of the country, often when it is needed most. The reliability of coal-fired power plants is essential.

So, back to I for inaction. There are two plan amendments pending at Interior. These are not new leases, but involve coal that was sold years ago that are part of a phased development. The Black Butte Mine amendment was submitted in January 2021. The coal within this plan has gone through three NEPA reviews and three public comment processes. Given that length of time and the increase in enhanced security, I can only surmise that this is a deliberate delay.

The other one is the West Antelope lease. My written testimony also identifies no action on approval of a proposal to let old wind turbines be placed into coal mines that are being reclaimed. This amendment was published on August 4, 2021. There was no public comment received, so it shouldn't have taken any time to analyze

those public comments. This proposal would lessen the pressure on local landfills, benefit wind companies, and benefit people working in the reclamation of coal mines, yet no action.

My closing comments concern the failure to use coal as a tool to meet even the Administration's climate goals. Wyoming exports about 93 percent of our energy. If we use technology to decarbonize our energy production, it benefits consumers across the nation. Governor Mark Gordon was one of the first governors to set a net zero carbon emissions goal. However, changes in the Wyoming energy are going to be on our terms.

As the Governor has often said, burning coal is not the issue. It is a release of CO₂. We embrace technologies like carbon capture, utilization, and storage. Some of Wyoming's and the nation's coal-fired power plants are ideal for carbon capture. Coal and emission goals are not incompatible.

Wyoming, along with the Federal Department of Energy, are also developing alternative products from coal. Coal is a possible source for rare Earth elements and critical minerals needed for energy technologies, such as wind turbines and batteries. The Carbon Engineering Initiative at the School of Energy Resources focuses on the ability to manufacture value-added high-carbon content products from coal. Products under development include asphalt, roofing materials, building materials, graphene oxide, soil amendments, polymer products, carbon membranes for water purification, and graphite, which is an important component of electric vehicle batteries.

Why halt these promising innovations due to a lack of coal leasing? I can only ask why again. Again, it appears the Administration does not seem to value coal and its many uses just because it is coal.

[The prepared statement of Mr. Luthi follows:]

PREPARED STATEMENT OF RANDALL LUTHI, CHIEF ENERGY ADVISOR—GOVERNOR
MARK GORDON

Good Morning Chairman Stauber, Vice Chairman Hunt and Ranking Member Ocasio-Cortez, thank you for the opportunity to meet with you today. I greatly appreciate the chance to talk with you about the importance of coal to Wyoming, our nation and its role in addressing energy security, and economic and environmental issues of today. The purpose of today's hearing is to examine the Biden Administration's record on federal coal leasing. From an overall energy and economic view, it is my belief that the record is disappointing, at best, and misses an opportunity to provide the nation with an all-of-the-above energy approach that will benefit all Americans. The most glaring defect with federal coal leasing under this Administration is that there is not any leasing. In Wyoming, the last federal coal lease was offered in 2012, long before the current administration. However, this Administration has done nothing to correct that problem.

The policy on coal leasing, which appears to be no coal leasing, is only part of the misguided effort to eliminate one of the most reliable, abundant, low-cost energy sources for US consumers.

Coal is a vital energy and economic boost to Wyoming and the United States

Wyoming is unique in that a large portion of its land and minerals are owned and administered by the federal government. Approximately 48 percent of the surface land is federally managed and about 67 percent of the mineral estate is federally managed. Of all the coal that is owned and leased by the federal government, more than 80 percent of the federally owned coal is produced in the Powder River Basin annually. Due to the nature of the federal ownership it would make it nearly impossible for any operator to continue operations in the future if coal leasing does not

resume. Even then, it takes an average of 10–12 years for a coal lease to go through the evaluation process and put up for sale by the Bureau of Land Management. The reinstated moratorium further delays the process.

Wyoming produced 244.3 million tons of coal in 2022, and this was not enough to meet contracted demand as producers lost an estimated 60 million tons of production because of the inability to transport coal to customers. The state lost between \$90–\$100 million in revenue. The point is that federal coal from Wyoming, while it certainly has decreased over the past few years, is still very much in demand.

The federal coal leasing program, when implemented, works well. There is no need for a coal moratorium. Wyoming is the top low sulfur compliance coal producing state in the nation with the vast majority of this production coming from federally leased coal. In 2021, the financial contribution from this coal to state and local governments in the form of taxes, royalties and fees was nearly \$480 million. Wyoming and the federal government each received approximately \$127 million from royalties paid by coal companies. Since 2003, approximately \$4.5 billion has been paid in bonus bids to the federal and state governments. These funds are split between the federal and state governments. Wyoming coal mines also contribute far above what is used in Wyoming to fund the Abandoned Mine Land Fund and for Black Lung compensation. Wyoming's share of bonus bids, rents and royalties is used to fund K-12 schools, community colleges, state and local governments, highways and roads, and the University of Wyoming. With the rural nature of Wyoming and small population, this funding is necessary to maintain our very way of life.

The coal industry employs over 5,100 individuals in Wyoming directly with a payroll of nearly \$500 million, and more than 2,000 contractors. The average coal mining job pays more than \$83,000 annually, well above the state average. And every coal mining job supports another 2–3 jobs in the service and supply industry. The financial return on federal coal is obvious for Wyoming, and is fair by any reasonable measure. Since Wyoming accounts for 85 percent of all federal coal production, it is clear that taxpayers have received a fair return and excellent value from the BLM Federal Coal Leasing Program in terms of revenue and jobs. Again, the idea that the American public is somehow being “shortchanged” is simply untrue. Instead, Wyoming and the American public are truly being shortchanged by the lack of leasing opportunities.

The BLM Federal Coal Lease Program created a great return for those who directly benefit from mining, royalties and bonus bids, like we do in Wyoming. It also provides value for those across America who rely on affordable electricity. According to the Energy Information Administration, in 2022, coal provided approximately 19.5 percent of the nation's electricity and about 34 percent of the world's electricity. It is also important to note that fossil fuels still provide 60 percent of the nation's electricity. This is 24-hour dispatchable power. Renewable energy sources continue to increase, supplying 22 percent of the nation's electricity. This includes significant wind development in Wyoming.

Recent winter storms brought to light the importance of having well-balanced energy sources for electricity. I note concerns from regional transmission organizations and even from the Chairman of Federal Energy Regulatory Commission that the rapid closure of fossil fuel power plants are putting various portions of the grid in danger since the demand for energy is still outpacing the ability of renewable sources to produce consistent, continual power.

Wyoming embraces an all-of-the-above energy strategy. We recognize the need and value in having a diverse energy production portfolio. This strategy also recognizes the continued need for coal produced from Wyoming mines. The compliance coal produced in Wyoming is available to power the nation's baseload thermal energy production for decades to come. Even under the most aggressive energy transition predictions, the need for thermal coal baseload power will continue well into the 2040 to 2050 timeframe.

I have yet to see a credible projection that the US and the world are going to use less energy in the future. Without a broad based strategy for energy sources, the demand may very well outpace the supply. The need for the nation's security and economy will demand that electricity remain reliable and affordable, requiring the use of coal-fired power.

The current Administration has a record of inaction on vital Wyoming projects

The Office of Surface Mining, Reclamation and Enforcement (OSMRE) Deputy Director Ms. Glenda H. Owens testified to this committee on May 16, 2023 that “the proposed FY 2024 budget focuses on funding OSMRE's core mission responsibilities and supporting the highest priority efforts and activities.” As noted in the discussion above, coal is and will continue to be needed now and into the future as the country

balances its energy needs. The continued approval of mining the nation's coal reserves to ensure reliability and affordability of electricity is one of the core functions of the OSMRE. However, OSMRE does not appear to be providing these core activities in a timely and prioritized manner.

Wyoming continues to see permitting approval delays at the federal level. Mines in the state are currently waiting for two federal mine plan approvals. For example, as outlined in Governor Gordon's letter dated April 25, 2023 to Secretary of Interior Haaland, Wyoming continues to experience extended delays in the approval of Federal Mine Plans from the OSMRE.

The state primacy program approved the Black Butte mine plan amendment on January 15, 2021 for 9.2 million tons of coal recovery. This is not a new lease, it is coal that was purchased under an earlier lease. It is coal adjacent to coal currently being mined. Mining operations will cease without the Right of Entry Letter. The OSMRE has held the plan in review since January 15, 2021 without issuance of the required Right of Entry Letter. During this time period, OSMRE has continually requested more information for completion of their review and approval. At this point, the coal within the proposed Federal Mine Plan has been through three NEPA reviews, e.g. BLM Resource Management Plan, the BLM Coal Leasing Action and associated Record of Decision, and OSMRE Regional Federal Mine Plan NEPA and two technical adequacy reviews, e.g. State of Wyoming Technical Completeness, and OSMRE Federal Mine Plan Technical Review and has been public noticed three times. Based on this level of scrutiny, the only reasonable conclusion that can be drawn, is that the delayed processing of Federal Mine Plans appears to be deliberate.

The other delayed mine amendment approval is the Antelope Coal Mine and the West Antelope II South Lease that contains 56 million tons of reserves.

Another example concerns the disposal of old wind turbines. Like all equipment, wind turbine blades must be replaced from time to time during the life of a wind farm. To date, many of these turbines end up in municipal or county landfills taking up valuable and needed space. These large blades dramatically shorten the life of these landfills. To address the issue, in 2020, the Wyoming legislature passed a law allowing the Wyoming Department of Environmental Quality (DEQ) to permit the permanent placement of turbine blades in the final pit void at coal mines as part of the reclamation process. The Wyoming Environmental Quality Council approved rules for how and when the blades and towers could be used as fill. Those rules were signed by Governor Gordon on April 29, 2021.

The DEQ then sought an Amendment to the State Plan to implement the program. That Amendment was submitted to OSMRE on June 4, 2021. OSMRE acknowledged receipt on June 14, 2021. Due to the number of blades that were being replaced at that time, there was and remains a sense of urgency of getting the program started. DEQ requested that a response be given by August 1, 2021. OSMRE published the proposed amendment in the Federal Register on August 4, 2021. They did not receive any public comments.

Two years later there is still no response. This is a program that would benefit the wind industry, Wyoming coal communities, the coal industry, the overflowing county and municipal landfills. Once again, I can only conclude the inaction is deliberate and part of the Department of Interior's unannounced "no coal policy."

Beyond specific project examples, there appears to be a continued pattern of delay and added bureaucracy when it comes to coal leasing and management. Bureau of Land Management proposals such as the Coal Leasing Moratorium, continued review of federal coal royalties, proposals to limit or eliminate coal leasing within defined federal mineral coal reserves have not been based on technical, scientific, or economic data.

Actions by OSMRE further risk access to the nation's needed coal reserves. In Wyoming, with an approved primacy program, OSMRE's role should be limited to oversight through a limited audit program, research requested by the states, and technical assistance at the request of the states. Wyoming has a thorough and comprehensive regime for the review of permit applications and amendments for coal mines. This is done concurrently with review by the OSMRE Regional Offices in Casper and Denver. However, we have found that OSMRE in Washington is re-reviewing these permit actions, and questioning regional decisions after the state and regional reviews are complete. This lack of confidence and trust even within the OSMRE is, at best, concerning.

The actions of the BLM and OSMRE have only served to lend credibility to the conclusion that the delays occurring with leasing and accessing the nation's coal reserves are not based on the best technical science, required rules and regulations, nor the administrative process. Rather, they appear based on an anti-coal agenda, regardless of the energy security, economic and environmental benefits.

The Administration is missing an opportunity to meet its climate goals

Wyoming is an energy state and we export about 93 percent of the energy we produce. We are listening to our customers and understand that in addition to reliable, affordable energy, they want to see emission reductions. Governor Mark Gordon was one of the first governors to speak of a net-zero carbon emissions goal. However, changes in Wyoming energy are going to be on our terms. We embrace technologies like Carbon Capture, Utilization and Storage (CCUS).

Some of Wyoming, and the nation's coal-fired power plants are ideal for CO₂ capture. As the Governor has often indicated, burning coal is not the issue, the release of CO₂ is the issue. If the true goal is to reduce or eliminate CO₂ emissions into the atmosphere, then CO₂ should be the target. The reduction of CO₂ can be achieved and coal can continue to provide reliable, low cost energy through the deployment of CCUS.

Advances in carbon capture and storage technologies make coal even more environmentally beneficial. The Administration has recognized that CCUS is a commercially available technology for the mitigation of carbon dioxide emissions from coal-fired power plants and could capture 90 percent of the CO₂ from these facilities while reducing other criteria pollutants. Continuing the leasing and use of coal for electricity generation with CCUS will mitigate the potential for impacts to the climate and the environment.

The State of Wyoming is a leader in advancing CCUS and is moving forward to do so commercially. Wyoming has enacted legislation related to CCUS projects—e.g., Wyoming law defines who owns the pore space, a critical aspect of such projects. Wyoming is also one of the only states with existing CCUS-related infrastructure, such as carbon dioxide (CO₂) pipelines and extensive expertise based on hosting the largest operating CCUS project in the world with ExxonMobil's Shute Creek facility.

- Wyoming is the only state in the nation to enact a law that creates a low-carbon/CCUS-based standard for coal-fired power plants that are regulated as public utilities. The law—H.B. 200—is related to prior legislative enactments related to Wyoming's coal fleet (e.g., S.F. 159).
- Wyoming is one of two states to be granted primacy from the U.S. Environmental Protection Agency (EPA) for implementation of the CO₂ injection regulations under the Class VI of the Safe Drinking Water Act's Underground Injection Control program.
- An international leader in many aspects of CCUS technology. Researchers at UW are currently funded by the U.S. Department of Energy (DOE) to advance a potential large-scale integrated CO₂ storage project near Gillette, Wyoming, known as the Wyoming CarbonSAFE project.
- Several years ago, geologic assessments were conducted at another site. The University of Wyoming is negotiating with the Department of Energy on another award focused on designing and partially constructing a CO₂ storage hub in southwest Wyoming.
- Wyoming is home to the Integrated Test Center, where researchers test the capture and use of CO₂ sourced from a coal-fired power plant.

Wyoming is moving forward with deployment of CCUS and it is the best approach to drastically reduce emissions from federal coal, rather than eliminating an important source of energy.

It is also important to note that the Department of Energy researchers at the National Energy Technology Laboratory assessed various types of coal in the United States. Subbituminous Powder River Basin coal, largely produced in Wyoming, is among the lowest in terms of global warming impacts. It would make sense to allow the exportation of such coal to replace other coal use around the world.

This Administration appears to have a disjointed, inconsistent approach to meeting their goals, such as reducing greenhouse gasses from fossil fuels. On one hand, there are grants available for limited development of CO₂ capture and storage, as identified above, but at the same time regulations such as the Ozone Transport Rule and the Clean Power Plan either unnecessarily cripple the coal-fired utilities or do not give them enough time or incentives to make these projects realistically achievable.

This Administration does little to promote other uses of coal

Wyoming coal is a prolific resource and we are continuously supporting the evaluation of other opportunities beyond its use as fuel. The continued lack of action in promoting a coal leasing program hampers the creation of new coal related industries. Coal is an excellent feedstock to produce many materials and other products

needed and of national-security value. For example, Wyoming federal coal seams are currently being evaluated as a source for rare earth elements and critical minerals needed for energy technologies, such as wind turbines and batteries.

In fact, the Department of Energy is investing in identifying rare earth elements and critical minerals associated with Wyoming federal coal in the CORE-CM program (Carbon Ore, Rare Earths and Critical Minerals). A federal coal moratorium would result in the stranding of potential CORE-CM assets just when the United States needs access to the widest variety of geologic materials to build a robust domestic supply chain. Materials in or associated with coal could be used for advanced technology industries such as battery production, solar panel production, and aerospace technologies (among other advanced manufacturing sectors). The lack of an active federal coal leasing program puts these nascent industries in jeopardy.

Wyoming is well suited to launch a new industry related to novel approaches to coal consumption as the infrastructure and skilled workforce exist that could potentially be transitioned to other energy related industries centered around the critical minerals and carbon-based products supply chains. These complex supply chains offer the opportunity for jobs related to extraction, processing, and manufacturing.

Since its inception in July 2016, the Carbon Engineering Initiative at the University of Wyoming, School of Energy Resources has focused upon identifying the feasibility and proving pathways to manufacture value-added high-carbon content products from coal. The State of Wyoming has spent more than \$30 million investing in this program with the goal of creating high paying manufacturing jobs in the nation's largest coal community: Campbell County, Wyoming. If this program creates jobs in coal country Wyoming, it will translate to jobs in coal country across the US and the world.

Products under development include, but are not limited to, components for asphalt for roads and roofing materials, building materials (bricks, foam, drywall, pavers, aggregate for roads and other products), graphene oxide, soil amendments that can be used in reclamation, and polymer products (decking material) and carbon membranes for water purification. Graphite, a major component of batteries of electric vehicles, is also being studied as a by-product of coal.

The life cycle of these products, especially the greenhouse gas footprint, is being considered throughout this initiative. For example, coal char bricks are chemically cured, resulting in energy savings during production compared to traditional bricks. These coal char bricks are less expensive to produce and are half the weight of a clay brick, which helps with transportation costs and potentially transportation fuel consumption. Why halt this promising innovation with a lack of a coal leasing strategy?

Coal can also be a source of one of the Administration's favorite fuels—hydrogen. Meeting the Administration's goals for hydrogen production using only electrolysis and curtailed renewable energy is not feasible in the proposed time frames. Gasification of coal with CO₂ capture and storage is a lower-cost pathway to meeting the demand for low-carbon hydrogen from the industrial, power, and transportation sectors. This is a well demonstrated option for hydrogen production as coal gasification presently provides around 18 percent of the total hydrogen in the world, and is the second-largest and most cost-effective way of producing hydrogen.

Gasification is the only commercial, large-scale option for converting solids into gasses, and the cleanest conversion technology for solid fuels. Hydrogen produced from coal-based gasification has recently been shown to be competitive with production from natural gas provided the cost of natural gas remains above US\$4/MMBtu, and the reliability of gasification-based processes can be demonstrated to be high. The cost of producing hydrogen from coal could be reduced by 25–50 percent, even with the capture and sequestration of CO₂.

The costs of hydrogen production for natural gas and coal/biomass are much lower than for electrolysis (which presently has only a 4 percent market share) due to the production volume, which is much higher for hydrogen from fossil fuels, and the mature state of the technology.

In summary, the current and potential uses of coal are most promising, both in economic and environmental terms. This innovation could be vital to Wyoming's economy. The Administration should embrace the leasing and production of coal, and not bury this valuable asset by keeping it in the ground. Coal is not dead, but the current federal policies are attempting to build the casket.

Finally, I acknowledge that much of the above information came from a variety of sources, including, but not limited to, comments or research materials from Wyoming-based agencies provided in various rulemaking procedures. Those sources include the Wyoming Energy Authority, the School of Energy Resources at the University of Wyoming, the Department of Environmental Quality and the Wyoming Mining Association.

Thank you again for the opportunity to supply the subcommittee with this information.

Governor's letter of April 25th on Black Butte Mine is attached.

Attachment

Office of the Wyoming Governor

April 25, 2023

Hon. Deb Haaland,
Secretary, Department of the Interior
1849 C Street, NW
Washington, DC 20240

Dear Secretary Haaland:

I seek your assistance in getting the approval of a mine plan amendment for the Black Butte Mine near Rock Springs, Wyoming. In 2019, Black Butte submitted their application for their amendment to the existing mine plan in order to continue to mine coal for the Jim Bridger Power Plant. The State program approved the mine plan amendment on January 15, 2021 for 9.2 million tons of coal recovery. The Office of Surface Mining, Reclamation and Enforcement (OSMRE) held the plan in review since January 15, 2021 without issuance of a required Right of Entry Letter. During that time, the OSMRE has continually requested more information for completion of their review and approval, and apparently have deliberately delayed processing the application. It is my understanding that the mine has received conflicting requests for additional information and is unable to get clarification on what is actually required. After several reviews/approvals by the Office of the Solicitor, the approval appears to have stalled. At this time, the coal within the proposed federal mine plan amendment has been through three NEPA reviews. All of which are complete. (The BLM Regional Resource Management Plan, The BLM Coal Leasing Action and associated Record of Decision, and OSMRE's Federal Mine Plan Review).

This approval and the coal being recovered in the public interest is required under the Federal Mineral Leasing Act (FMLA). This facility also has significant economic benefits for the region. The mine employs approximately 145 people, many of whom are union workers. Noting how urgent it is that we address climate change, it is encouraging that PacifiCorp is currently processing responses to their Request for Proposals to build carbon capture facilities on units 3 and 4 of the plant. Approving the mine plan will support carbon capture and eventually sequestration efforts and further Wyoming's long-term net negative carbon emissions reduction effort. Further delay only puts at risk our best chance to off-set carbon emissions, which continue elsewhere in the world unabated.

My office has directly contacted the Acting Director of OSMRE and Deputy Secretary Beaudreau concerning the status of the mine amendment twice in the last few weeks. I have yet to receive any kind of a response. Simply put, the silence is deafening. A mine plan amendment should not require duplicative environmental reviews, nor should the regulatory agency simply ignore requests from the State of Wyoming.

Madame Secretary, this is a matter of importance to me and many electric consumers in Wyoming, Idaho and the Pacific Northwest. Furthermore, if we are to avoid climate catastrophe, it is imperative that we move expeditiously to not only reduce carbon emissions, but to be diligent in removing excess carbon dioxide in our atmosphere as soon as possible. Then carbon capture and sequestration are critical to those efforts. I ask you to review this matter, so this plan approval can move forward without further delay. Should you have any questions, do not hesitate to contact Randall Luthi of my staff.

Thank you for your assistance.

Sincerely,

MARK GORDON,
Governor

Mr. STAUBER. Thank you very much for your testimony. The Chair is now going to recognize Mr. John Driscoll.

Mr. Driscoll, you are up for 5 minutes.

STATEMENT OF JOHN DRISCOLL, DIRECTOR AND CHIEF EXECUTIVE OFFICER, PORT OF MOBILE, ALABAMA PORT AUTHORITY, MOBILE, ALABAMA

Mr. DRISCOLL. Thank you. On behalf of the Alabama State Port Authority, I would like to thank the Chairman, Ranking Member Ocasio-Cortez, and the members of the Energy and Mineral Resources Subcommittee for the opportunity to provide our perspective on the importance of metallurgical coal.

My name is John Driscoll, and I serve as the Director and CEO of the Alabama Port Authority. We are the only deep water seaport in the state of Alabama, overseeing all cargo waterborne vessel activity at the Port of Mobile. In addition to the Port of Mobile, the Alabama State Port Authority owns eight inland docks on waterways across the state, and is investing in additional inland intermodal rail facilities to support the port's booming container business.

In 2021, the port had an \$85 billion economic impact on Alabama alone, created one in seven jobs in the state, and generated more than \$2 billion in state and local tax. We are one of the largest and most diverse ports in the country, moving commodities and consumer goods that are critical not only for the state of Alabama, but the entire United States and our economic trading partners around the world.

Of the 36.4 million tons of cargo moved through the Port of Mobile in 2022, more than 13 million tons of that cargo was the incredible natural resource we are here to discuss today: coal. At the Port of Mobile, we primarily handle metallurgical, or met coal, as it is referred. Met coal is not thermal coal, which has long been burned for energy. Instead, met coal is a primary material used to produce high-grade steel, the steel used to build everything from cars and computers we use daily, to specialized things like medical devices and heavy construction equipment. Whether roads and bridges, or ships and planes, or just kitchen appliances you have at home, met coal is virtually everywhere.

Metallurgical coal, specifically, Alabama's met coal, is recognized industry-wide as some of the finest steelmaking coal and is sought after worldwide. Not only is it some of the highest quality metallurgical coal in the world, but its geographic proximity to the deepwater seaport, accessibility to inland waterways, and well-connected rail infrastructure render it one of the most competitively priced met coal available worldwide.

The complete life cycle of Alabama met coal is as unique as it is impactful. In Alabama, met coal comes out of the ground in the Birmingham and Tuscaloosa areas, travels down by rail or barge to the McDuffie coal terminal at the Port of Mobile, where it is exported to steelmakers and then shipped back to the United States, some through the port in a finished or semi-finished form. The next time the steel leaves Alabama, it could be from a new car from the Mercedes manufacturing plant in Vance, Alabama, or a

brand new Airbus passenger jet from the final assembly line in Mobile.

Meeting American and global steel needs requires a tremendous amount of metallurgical coal. In California, it required 64,000 tons of met coal to make the steel for the Golden Gate Bridge. Whirlpool needs over 100 pounds of met coal to produce a refrigerator. Boeing needs around 10 tons of met coal to build its 787 aircraft. Renewable energy developers need met coal to construct wind turbines and solar panels. Cities need commuter rail lines. Farmers need tractors. Chefs need stoves. Teachers and students need computers. Met coal is everywhere, and almost certainly touches at least one thing that the average American consumer relies on daily.

With this commodity in such high demand, the Port of Mobile's McDuffie Coal Terminal operates 24 hours a day, 7 days a week. We are the third-largest coal handling facility in the United States. And with major coal industry expansions underway in the Birmingham and Tuscaloosa areas, exports are expected to double in the next 5 years.

Other areas of the country which met coal production is in high demand are Arkansas, Pennsylvania, Virginia, and West Virginia. As such, the Port has embarked on a nearly \$200 million capital investment program to double our throughput capacity, better serve our customers, and make McDuffie the most modern and efficient coal export terminal in the United States. Through these investments, McDuffie will reach its full potential of more than 20 million tons exported annually, ensuring the Port of Mobile offers the efficiency needed to keep up with the growing demand of met coal.

At the Port, a primary goal is to facilitate and facilitate economic growth and serve our customers. However, burdensome regulations hinder our customers' capabilities and impede the expansion of Alabama's economy. With growing global demand and limited alternatives, it is more important than ever for the United States to tap into the bounty of the natural resources and proceed with Federal leases to meet global needs, while also delivering economic and tax benefits to the United States.

I urge the esteemed members of the Committee to consider this testimony, collaborate with your colleagues on both sides of the aisle, and work with the Administration to enact the appropriate measures to unleash the full potential of America's natural resources. This is not only crucial for economic stability and job creation, but also for fostering global trade, developing modern infrastructure, producing renewable energy resources, and ensuring our national defense. Together, we can leverage our natural resources to secure a prosperous and sustainable future for generations to come.

Mr. Chairman and members of the Committee, thank you for your time and consideration. Subject to any questions, this concludes my remarks.

[The prepared statement of Mr. Driscoll follows:]

PREPARED STATEMENT OF JOHN C. DRISCOLL, DIRECTOR & CHIEF EXECUTIVE
OFFICER, ALABAMA STATE PORT AUTHORITY

INTRODUCTION

On behalf of the Alabama State Port Authority, I would like to thank Chairman Stauber, Ranking Member Ocasio-Cortez, and all of the members of the Energy and Mineral Resources Subcommittee for the opportunity to provide our perspective on the importance of metallurgical coal.

My name is John Driscoll, and I serve as the Director and CEO of the Alabama Port Authority. We are the only deep-water seaport in the state of Alabama, overseeing all cargo and waterborne vessel activity at the Port of Mobile. In addition to the Port of Mobile, the Alabama State Port Authority owns eight inland docks on waterways across the state and is investing in additional inland intermodal rail facilities to serve the Port's booming container business.

In 2021, the Port had an \$85 billion economic impact on Alabama, created one-in-seven jobs statewide, and generated more than \$2 billion in state and local tax revenue. We are one of the largest and most diverse ports in the country, moving commodities and consumer goods that are critical not only for the State of Alabama but the entire United States and our economic trading partners worldwide. Of the 36.4 million tons of cargo moved over the Port of Mobile in 2022, more than 10 million tons of that cargo was the incredible natural resource we are here to discuss today, metallurgical coal.¹

As you know, metallurgical, or "met" coal, is not thermal coal, which has long been burned for energy. Instead, met coal is a high-grade coal that is a primary material used in steel production. When heated to high temperatures, met coal becomes a nearly elemental form of carbon called "coke." The coke is then combined with iron ore to make molten steel. From ships to scalpels, met coal is used to produce high-grade steel that you will find in things like cars, heavy construction equipment, and advanced manufacturing devices.

Metallurgical coal, specifically Alabama's met coal, is recognized industry-wide as some of the finest steel-making coal and is sought-after worldwide. Not only is it some of the highest quality metallurgical coal in the world, but its geographic proximity to a deep-water seaport, accessibility to inland waterways, and well-connected rail infrastructure render it some of the most competitively priced met coal available worldwide.

With this commodity in such high demand, McDuffie Coal Terminal operates 24 hours a day, seven days a week. We are the third-largest coal handling facility in the United States, and with major coal industry expansions underway in the Birmingham and Tuscaloosa areas, exports are expected to double in the next five years.

As such, the Port has embarked on a nearly \$200 million capital investment program to double our throughput capacity, better serve our met coal customers and make McDuffie the most modern and efficient met coal exporter in the U.S. Through these investments, McDuffie will reach its full potential of more than 20 million tons exported annually, ensuring the Port of Mobile offers the efficiency needed to keep up with the growing demand for met coal.

At the Port, our primary goal is to facilitate economic growth and serve our customers. However, burdensome regulations hinder our customers' capabilities and impede the expansion of Alabama's economy. With growing global demand and limited alternatives, it is more important than ever for the U.S. to tap into its bounty of natural resources and proceed with federal leases to meet global needs while also delivering economic and tax benefits to the U.S.

I urge the esteemed members of this committee to consider this testimony, collaborate with colleagues on both sides of the aisle and work with the Administration to enact the appropriate measures to promote the use of met coal. Together, we can leverage our natural resources to secure a prosperous and sustainable future for generations to come.

THERMAL VERSUS MET COAL

Thermal coal is for energy production. It is burned to produce steam, which drives turbines to generate electricity. Metallurgical coal, however, is used in the production of steel. Often referred to as coking coal, met coal is subjected to a specialized heating and carbonization process to remove impurities and create "coke," a solid

¹Alabama State Port Authority Annual Comprehensive Financial Report https://www.alports.com/wp-content/uploads/2023/04/Alabama-State-Port-Authority-Annual-Comprehensive-Financial-Report-September-302022_compressed.pdf

carbonaceous material used as fuel in the steelmaking process. Once met coal is distilled down to coke, it is put into blast furnaces, converting iron ore into molten iron, which is then used to produce steel.

ENVIRONMENTAL SUSTAINABILITY AND MET COAL

As we strive to achieve a sustainable and resilient future, it is essential that we strike a balance between being good stewards of the environment and supporting economic imperatives that underpin our industrial development.

Steel is completely reusable. Instead of being discarded as waste, products or materials that have reached the end of their useful life and are no longer needed in their current form can be salvaged as scrap steel to undergo a recycling process that allows the scraps to be reintroduced to the steel production cycle.

Although scrap steel recycling is a great way to support sustainability in steelmaking, met coal is currently the only way to meet global steel production demands. While research is ongoing and the steel industry is actively exploring more sustainable alternatives to met coal, the adoption of these alternative methods is many years away and faces major challenges such as scalability, affordability, and structural integrity.

ALABAMA MET COAL

McDuffie Coal Terminal at the Port of Mobile is the third-largest coal handling facility in the United States. The terminal imports some thermal coal; however, the majority of our operations serve to export met coal.

Metallurgical coal, specifically Alabama's met coal, is sought-after worldwide. Not only is it some of the highest quality metallurgical coal in the world, but its geographic proximity to a deep-water seaport, accessibility to inland waterways, and well-connected rail infrastructure render it some of the most competitively priced met coal available worldwide. On average, an underground mine worker can earn upwards of \$130,000, and overall, Alabama's coal industry has an annual economic impact of nearly \$3 billion.

The complete life cycle of Alabama met coal is as unique as it is impactful. Met coal comes from the ground in the Birmingham and Tuscaloosa areas, travels down by rail or barge to McDuffie Coal Terminal at the Port of Mobile, is exported to steel-makers, and comes back through the Port in a finished or semi-finished form that can become a vessel for the Navy built at Austal USA in Mobile or a brand new car from the Mercedes manufacturing plant in Vance or a rocket test station at NASA in Huntsville.

This story can be repeated over and over again nationwide. In California, it required 64,000 tons of met coal to make the steel for the Golden Gate Bridge. Whirlpool needs over 100 pounds of met coal to produce a refrigerator. Boeing needs around 10 tons of met coal to build its 787 aircraft. Renewable energy developers need met coal to construct wind turbines and solar panels. Cities need commuter rail lines. Farmers need tractors. Chefs need stoves. Teachers need computers. Met coal is simply everywhere and almost certainly touches at least one thing the average American consumer relies on daily.

NATIONAL ECONOMIC IMPACT OF MET COAL

The extraction and production of minerals stimulate economic activity in local communities. Mining operations require a workforce that includes miners, engineers, technicians, and support staff. Additionally, mining activities often lead to the establishment of ancillary industries, such as equipment manufacturing and supply chains, further boosting regional economies.

However, the economic impact extends beyond mining and includes the broader supply chain associated with metallurgical coal. The extraction, processing, and transportation of metallurgical coal involve various industries and sectors, such as mining equipment manufacturing, transportation services, and port facilities. These sectors generate employment opportunities and contribute to regional economic growth and development.

While the U.S. is a significant consumer of met coal, we play a broader role in the global supply chain as well. With an increasingly interconnected global economy dependent on international trade, the United States has the opportunity to maximize the economic benefits of metallurgical coal and ensure the resilience of the U.S. steel and related sectors.

On the export side, the United States benefits from its metallurgical coal reserves, which allow for the generation of export revenue and a positive trade balance. The demand for metallurgical coal is robust worldwide due to its essential role in steel production, and the United States' ability to supply high-quality metallurgical coal

through natural resources in places like Alabama and globally connected assets such as the Port of Mobile positions this country as a reliable global exporter. These trade activities contribute to the nation's export earnings, support domestic mining and transportation sectors, and strengthen the overall trade competitiveness of the U.S.

GLOBAL DEMAND FOR MET COAL

The global demand for steel continues to rise, driven by population growth, urbanization, and the need for robust infrastructure systems. Metallurgical coal plays an integral role in meeting this demand, as it remains the primary source of carbon used in steel production. In fact, Metallurgical coal accounts for approximately 70 percent of the global steel market, affirming its significance in sustaining industrial development and economic progress on a global scale.

The U.S. was the second largest met coal exporter in 2019, supplying 14 percent of the global market from mines in Alabama, Arkansas, Pennsylvania, Virginia, and West Virginia. Approximately 70 percent of steel worldwide is produced with met coal, and in 2022, global steel production reached 1.875 billion tons. Each ton of steel made through this process requires 0.6 tons of met coal.²

In the United States, our reliance on steel for critical infrastructure projects, such as bridges, roads, railways, and energy facilities, necessitates a stable and accessible supply of metallurgical coal. The consistent availability of this essential resource directly impacts the cost, quality, and competitiveness of our domestic steel industry. To maintain our nation's economic strength, it is imperative that we prioritize the development and responsible extraction of metallurgical coal reserves within our borders. Moreover, the mining of metallurgical coal presents valuable employment opportunities for communities across the United States, particularly in regions with significant coal deposits. These jobs provide economic stability and contribute to the well-being of local economies.

MET COAL AND THE NATIONAL DEFENSE

The United States takes pride in having a strong and prepared military force. While adequate funding for defense programs and modernization initiatives is essential to equipping troops with the latest technologies and capabilities, metallurgical coal is critical to building the physical assets the military needs to respond to any threat to our national interests, protect our allies, and maintain peace through strength.

From armored vehicles, aircraft carriers, destroyers, submarines, and amphibious assault ships to fighter jets, firearms, munitions, and communication systems, the U.S. Military relies on steel. As such, an investment in met coal means an investment in military readiness, ensuring the safety and security of our great nation and its citizens.

FISCAL RESPONSIBILITY AND MET COAL

Mining royalties on minerals from federal lands provide financial, economic, and strategic benefits to the United States, supporting various public programs, regional development, natural resource management, and national security priorities.

Mining royalties generate significant revenue for the federal government. The royalties collected from mining activities on federal lands contribute to the national treasury, which can be allocated toward various public programs and services, including infrastructure development, education, healthcare, and conservation initiatives.

Mining royalties are often shared with states and local governments. These revenues provide financial support for state and local infrastructure projects, schools, healthcare facilities, and other essential services. The funds can be utilized to address specific regional needs or invest in economic diversification efforts.

The United States, as a major consumer and exporter, should prioritize the responsible extraction of metallurgical coal to maintain economic strength, trade competitiveness, and national security. By reinvesting mining royalties, the industry can ensure responsible resource extraction and contribute to regional development and environmental conservation. By ensuring a stable and accessible supply of metallurgical coal, the United States strengthens its trade competitiveness, generates export revenue, and supports domestic mining and transportation sectors.

Furthermore, mining royalties on minerals from federal lands provide significant financial, economic, and strategic benefits to the United States, where revenue

² National Mining Association <https://nma.org/2021/05/20/met-coal-steel-infrastructure/#:~:text=Metallurgical%20coal%2C%20also%20known%20as,percent%20of%20the%20global%20market.>

generated from mining activities can be allocated toward public programs, regional development, natural resource management, and national security priorities. By reinvesting mining royalties, responsible resource extraction, environmental protection, and conservation initiatives can be implemented, ensuring the long-term sustainability of the industry.

CONCLUSION

The value of metallurgical coal cannot be overstated, and as the global demand for steel continues to rise, enacting policies to support responsible extraction is critical.

The complete life cycle of Alabama met coal, from extraction to export and eventual use in the production of Alabama-made automobiles, is an excellent case study of met coal's impact not only to the economic vitality of communities across America but to the broader, global supply chain in which the United States and our vast resources are of paramount importance.

From automotive manufacturing to infrastructure development, met coal remains the primary material for steel production, and while research is ongoing to find more sustainable alternatives, the adoption of these alternatives is still years away and faces significant challenges. As the world transitions to more sustainable energy sources, the reality is that met coal remains indispensable in delivering the infrastructure to support the capture of renewable sources such as solar and wind.

The United States must prioritize the development and accessibility of metallurgical coal reserves to maintain its economic strength, ensure military readiness and invest in long-term renewable energy to support a resilient and prosperous future.

Mr. STAUBER. Thank you, Mr. Driscoll. And Jerry Carl from the great state of Alabama, he had a prior commitment, but he does have some opening comments to talk about you, Mr. Driscoll.

Mr. Carl.

Mr. CARL. Thank you, Chair.

John, what a pleasure it is to work with you. I have served on the Port Authority, obviously, before you got there, so I haven't had a chance to serve with you. I understand the value of your job. I understand the value of Mobile.

I understand the value of the coal industry moving through Mobile. Most people don't understand that. The coal that is dredged in Jasper, Birmingham, Tuscaloosa, up in the coal region, most all of it comes through the Port of Mobile, and that is huge for our economy and huge for what we do in south Alabama in the port. And that port supports so many families, always has, and always will.

It is very crucial from a military standpoint. There are so many things, coal plays such a huge part in that, and I appreciate the job. I appreciate you coming up and actually speaking about this issue with us and for us, and representing my district. So, thank you. I wanted to make sure you understood that.

I think I will see you later on today, but I will be in and out all day, so don't let me be a distraction.

Thank you, Mr. Chair, and I yield back.

Mr. STAUBER. Thank you very much, Representative Carl.

The Chair will now introduce Ms. Sara Kendall, Interim Executive Director for the Western Organization of Resource Councils, right here in Washington, DC. Ms. Kendall, you are now recognized for 5 minutes.

STATEMENT OF SARA KENDALL, INTERIM EXECUTIVE DIRECTOR, WESTERN ORGANIZATION OF RESOURCE COUNCILS, WASHINGTON, DC

Ms. KENDALL. Good morning, Mr. Chairman and Ranking Member Ocasio-Cortez. Thank you for the opportunity to testify. My name is Sara Kendall, and I am the Interim Executive Director of the Western Organization of Resource Councils.

Our organization is a regional network of nine grassroots community organizations in seven states in the Northern Rockies, in Great Plains, and we are headquartered in Billings, Montana. The first organizations in our network were formed in the early 1970s, when ranchers who owned private land over Federal coal deposits needed to protect their homes, livelihoods, and private property rights from proposed strip mines.

The Federal Government owns about one-third of all U.S. coal reserves, and almost half of annual domestic coal production comes from Federal coal, with the vast majority produced from the Powder River Basin of Wyoming and Montana. The BLM currently administers 283 coal leases that will supply coal production for at least 20 years, and likely decades longer as coal production continues to decline.

As was noted earlier, Federal coal fuels power plants across the country and accounts for 13 percent of all U.S. greenhouse gas emissions. Continuing to lease coal from public lands is fundamentally incompatible with the urgent action required to combat climate change at the scale and pace required.

In addition to climate change impacts, Federal coal leasing and subsequent mining creates significant and, in many cases, irreversible impacts. Our members are particularly concerned about extensive depletion and degradation of surface and groundwater supplies and delayed reclamation that results in lands not being returned to former productive uses, as well as the loss of private property rights. BLM has exchanged Federal coal out from under private landowners who then lose their right to consent before leasing for strip mining on their ranches.

The decades-long history of the Federal coal leasing reveals a deeply flawed program that has mismanaged taxpayer-owned resources and cost local, state, and Federal governments billions of dollars in revenue, as documented by dozens of investigations over multiple decades. The last major revision of the program occurred three decades ago. Energy markets have changed dramatically since then.

Domestic coal demand and production have generally been declining since 2008, in large part because coal has lost its competitive edge over natural gas and now renewables. Yet, in 2016, coal companies were proposing to increase the rate of leasing significantly, despite having more than 20 years of reserves already leased. Their plan was to increase exports of Federal coal primarily to Asian markets, where profits were significantly higher.

In our view, scaling up exports for coal companies' profit would effectively send taxpayer-subsidized energy supplies to our overseas competitors, and continuing the mining and burning of our most carbon-intensive energy source just as the United States was attempting to regulate emissions at home.

The leasing pause was not designed to limit the mining of Federal coal. It was designed to provide time for the government to review the program and institute needed changes before new leasing occurred. And, in fact, the leasing pause did not limit leasing. When Secretary Jewell issued the order to conduct a complete review of the Federal coal program and pause leasing while the review occurred, coal companies had proposed leases for over 2.9 billion tons of Federal coal. Fourteen leases were not covered by the pause. That was an additional 1 billion tons. And the pause allowed for emergency leasing if supplies run short at any mine.

More than 85 percent of the coal identified in BLM's 2017 pending lease list is located in the Powder River Basin. And since publication of that list, coal companies have withdrawn lease applications for 55 percent of the tonnage in the Basin, and paused applications for more than one-third. During the 4 years when the pause was lifted, less than 1 percent was sold, and just 8.16 percent is actively pending today.

The Biden administration's record on Federal coal leasing has yet to be determined. In 2021, BLM initiated a notice of intent to review the Federal coal program. In 2022, the pause was reinstated by a court order. And in April, BLM initiated a court-ordered environmental review of the pause. Thus far, the agency is simply doing what the courts have told them they must, and it is not clear when or even whether the review will be completed.

Our organization is deeply concerned that none of the problems that prompted the Federal coal leasing pause in 2016 have been addressed. The real leasing pause is being driven by the market and competition from less expensive energy sources by depleted coal reserves that are now more expensive to mine, a growing consumer and business demand for cleaner sources of energy, and a carbon-constrained world.

In closing, coal communities deserve policies that recognize reclamation as an important economic opportunity and necessity, ensuring that reclamation occurs in a complete and timely way. We need to focus on creating new, sustainable, and diverse local economies, and preserving the benefits and respect that coal miners and their families have earned over generations of hard work powering our country.

The Inflation Reduction Act unlocked significant Federal investments to assist energy communities, and the Interagency Working Group on Coal and Power Plant Communities is rallying a whole-of-government response. Now the Federal coal leasing framework needs to acknowledge the historic market changes, ensure taxpayers receive a fair return for the leasing and mining of public coal, and appropriately minimize environmental and climate impacts. Thank you.

[The prepared statement of Ms. Kendall follows:]

PREPARED STATEMENT OF SARA KENDALL, INTERIM EXECUTIVE DIRECTOR, WESTERN ORGANIZATION OF RESOURCE COUNCILS

Chairman Stauber, Ranking Member Ocasio-Cortez, thank you for the opportunity to testify. My name is Sara Kendall and I am the Interim Executive Director of the Western Organization of Resource Councils (WORC). WORC is a regional network of nine grassroots community organizations in seven states in the northern Rockies and Great Plains that include 19,935 members and 39 local chapters.

For more than fifty years, our network's work on coal has been grounded in our long-standing commitment to representing people in western coalfield communities. Our mission includes protecting water resources and clean air, family farms and ranches, and providing community members with the information and tools necessary to raise an effective voice in the decisions that impact their lives.

The first organizations in our network were formed in the early 1970s, when ranchers who owned private land over federal and state coal deposits needed to protect their homes, livelihoods and private property rights from proposed strip mines. We have worked since then to address the environmental, health and economic impacts of mining, transporting and burning coal.

Many of our members' livelihoods depend on clean air and water, native soils and vegetation, and lands that remain intact and productive, but decisions regarding how our nation leases federal coal resources have significant consequences for all Americans.

The federal government owns about 88 billion tons of recoverable coal, or about one-third of all U.S. coal reserves and nearly ten percent of the world's known reserves of coal. More than 45% of the U.S.'s annual coal production comes from federal coal, with the vast majority being produced from the Powder River Basin of Wyoming and Montana, where 77% of the mineral estate is federally owned, and 84% of the federal mineral estate is overlain by privately owned, deeded surface. The BLM administers 283 coal leases constituting almost eight billion tons of recoverable coal reserves. These existing leases will sustain coal production for at least twenty years, and likely decades longer.

Federal coal fuels power plants across the country, and accounts for 13 percent of all U.S. greenhouse gas emissions. Continuing to lease coal from public lands is fundamentally incompatible with the urgent action required to combat climate change at the scale and pace required by the problem. The effects of climate change observed to date and projected to occur in the future include more frequent and intense heat waves, more and/or severe wildfires, degraded air quality, more heavy downpours and flooding, increased drought, greater sea-level rise, more intense storms, spread of invasive species, harm to water resources, harm to agriculture, and harm to wildlife and ecosystems. Virtually every natural system in our region and the world is already being impacted by global climate change. These impacts will continue to become more and more severe unless the use of coal is dramatically curtailed.

In addition to climate change impacts, federal coal leasing and subsequent mining creates significant—and in many cases irreversible—impacts to air and water resources, wildlife habitat, and ecosystems in the areas where mining occurs. Impacts include:

- Groundwater depletion, surface water depletion and degradation: Coal mining has caused complete dewatering of aquifers formerly used for drinking water and livestock watering, and physical and chemical changes to surface waters.
- Delayed or lack of reclamation resulting in lands not being returned to productive former uses: Just 17% of mined lands in Wyoming and 20% in Montana have met regulatory requirements for reclamation, re-vegetation and aquifer restoration and been fully released from bond.
- Degraded air quality: Powder River Basin mines routinely cause violations of the 24-hour standard for particulate matter and emit significant amounts of toxic air pollution, contributing to regional haze and higher ozone levels. Orange noxious clouds of nitrous oxides have been found as far as 11 miles from mine boundaries.
- Private property rights: BLM has exchanged federal coal out from under private landowners, who then lose their right to surface owner consent before leasing.
- Multiple rail transportation issues: Traffic delays cut off roads and clog traffic, and each train car can lose 500 pounds of coal dust en route, increasing exposure to toxic heavy metals and rates of asthma, especially in children.

The Biden administration's record on federal coal leasing is yet to be determined. One of the President's earliest actions was to sign an executive order pausing further leasing of federal oil and gas, but coal was conspicuously excluded from the pause. The pause was reinstated by the U.S. District Court for the District of Montana in August 2022, and in April, BLM initiated a court-ordered environmental review of the pause. Thus far, the agency is simply doing what the courts have told them they must do to comply with the law. In 2021 BLM initiated a notice of intent to review the federal coal program and accepted comments regarding the scope and

content, but it is not clear what the process is, and when or even whether that review will be completed. Our organization is deeply concerned that none of the problems that prompted the federal coal leasing moratorium in 2016 have been addressed.

In 2016, the announcement by then-Secretary Jewell that the Department of the Interior would conduct a complete review of the federal coal program and pause leasing while the review occurred was made in response to calls from citizens from across the country, including many from the coalfield communities of Wyoming and Montana. WORC supported the programmatic review and the pause on leasing then, and we continue to.

The Department of Interior's (DOI) federal sale of publicly-owned coal has been plagued by scandal from its earliest days. There is a decades-long history of a deeply flawed program that has mismanaged taxpayer-owned resources and cost local, state, and federal governments billions of dollars in potential revenue.¹

In 2012, the Institute for Energy Economics and Financial Analysis estimated that taxpayers lost \$28.9 billion in revenue from coal leases over 30 years as a result of the BLM failing to get fair market value for coal mined from public lands.² The IEEFA report, coupled with inquiries from members of Congress, led to audits of the federal coal leasing program by the DOI Office of Inspector General³ and the Government Accountability Office⁴ that exposed flaws in DOI's coal valuation methodology and called DOI practices outdated. Based on confidential information reviewed by GAO, Senator Markey estimated in 2014 that recent coal leases could potentially have yielded an additional \$200 million in revenue.⁵

The last major revision of the federal coal program occurred more than four decades ago. Energy markets have changed dramatically since then, and our understanding of the environmental and social effects of coal leasing and mining has greatly improved.

Domestic coal demand and production have generally been declining since 2008, in large part because coal had lost its competitive edge over natural gas and now renewables. Yet, in 2016 coal companies were proposing to increase the rate of leasing significantly—by over four billion tons—despite declines in domestic market and production, and more than 20 years of reserves already leased. Their plan was to increase exports of federal coal, primarily to Asian markets, where energy prices are significantly higher and profits greater, even with transportation costs—a plan that seemed at odds with the interests of the American people, since federal coal prices were set low during the energy crisis of the 1970s, and remained low in the name of affordable energy and national security. Scaling up exports for coal industry profit would effectively send taxpayer-subsidized energy supplies to our overseas competitors and continue the mining and burning of our most carbon-intensive energy source just as the U.S. was attempting to regulate emissions at home.

BLM has a limited role in setting leasing levels because it decertified coal production regions, eliminating the agency's role in setting leasing levels and designing leasing tracts, and instituted a "lease by application" system in 1992. The LBA system supplanted the competitive bidding system envisioned by Congress. It improperly skews the valuation of lease tracts, garners significantly reduced bids, and shrouds crucial information in secrecy. The Inspector General of the Department of Interior found that more than 80 percent of leases in the Powder River Basin over the last 20 years had only one bidder. This is because individual companies play a large role in delineating the tracts for leasing—a process that results in tracts that do not generate competitive bids, which is the best mechanism for ensuring fair market value and fair return for federal coal. And, the LBA system does not have a mechanism for BLM to consider whether leasing publicly owned coal to foreign markets at artificially low prices is in the public interest.

National energy markets are undergoing fundamental changes as energy generating resources other than coal become more competitive for electricity production and as the world works to combat climate change and reduce all associated environmental harms. The federal coal leasing framework needs to acknowledge these changes and equitably address the true and broad array of challenges driven by the mining and burning of coal. Heavily subsidized federal coal leasing artificially distorts electrical power markets; reduces royalty payments to federal, state and local

¹ <https://scholar.law.colorado.edu/cgi/viewcontent.cgi?article=1463&context=faculty-articles>

² <https://ieefa.org/articles/ieefa-report-almost-30-billion-revenues-lost-taxpayers-great-give-away-federally-owned-coal>

³ https://legacy-assets.eenews.net/open_files/assets/2013/06/11/document_pm_01.pdf

⁴ <https://www.gao.gov/products/gao-14-140>

⁵ <https://www.markey.senate.gov/news/press-releases/markey-report-on-public-coal-leasing-shows-taxpayers-losing-money>

governments; accelerates climate change; and negatively affects a range of critical ecological resources.

A programmatic review is an important step to ensure taxpayers receive a fair return for the leasing and mining of public coal and that the Bureau of Land Management's systems appropriately minimize environmental impacts.

During BLM's year-long scoping process in 2016, the agency received many hours of public testimony and hundreds of thousands of comments in support of updating the federal coal program from a broad spectrum of Americans, including ranchers, hunters and public lands recreationists, small business owners, conservationists, academics and economists, and climate activists. BLM's scoping report (vol. I, vol. II) focused on these problems and identified a variety of policy solutions.

Priority areas where the Administration can take action that would benefit American taxpayers, protect our climate and public lands include:

- Reinstating the pause on federal coal leasing, and restarting the programmatic review of the federal coal program.
- The Department of Interior has a legal duty to ensure that leasing is in the "public interest," and should develop new rules and management criteria by which leasing and mining of federal coal resources is evaluated under this mandate, including protection of land, water, air, wildlife, taxpayers, and the global climate.
- Consider policy options that help to plan and manage the decline of federal coal leasing and development in an orderly, structured way that provides time, space, and opportunity for a just and equitable transition for workers, communities, and coal-dependent state economies;
- Address the legacy issues of decades of federal coal mining, including ensuring that reclamation bonds are adequate and leased areas are reclaimed in a complete and timely way before new leases are offered;
- End subsidies on federal coal production by implementing new fiscal policies, such as increasing royalty and rental rates, as well as discontinuing royalty rate reductions.
- Deny requests for additional coal mine royalty rate reductions. Numerous requests for royalty rate reductions are currently pending before BLM, including some for the largest mines reliant on federal coal in Wyoming's Powder River Basin. The Federal Coal Leasing Amendments Act of 1976 and implementing regulations amended the Mineral Leasing Act to require a royalty rate of not less than a 12.5% royalty rate on the sale of coal from surface mines, and not less than 8% for coal from underground mines. However, in 2013 the Government Accountability Office found that actual rates are far lower in many states due to royalty rate reductions: 12.2% in Wyoming, 11.6% in Montana, 11.6% in Utah, and 5.6% in Colorado.⁶

The leasing pause was designed to provide time for the government to review the program and institute needed changes before new leasing occurred. It was not designed to limit the mining of federal coal, and did not limit leasing. It is the historic market downturn that is limiting leasing.

When Secretary Jewell issued her order, companies had proposed leases for over 2.9 billion tons of federal coal, even though enough coal was already under lease to continue production at current levels for 20 years. Fourteen leases were not covered by the pause, totaling 1.003 billion tons, and the leasing pause allows for emergency leasing if supplies run short. More than 85% of the coal identified in BLM's 2017 pending lease list is located in the Powder River Basin of Wyoming and Montana. Since the publication of that list, coal companies have withdrawn lease applications for 55 % of the tonnage in the Basin, as demonstrated in the table below, and paused applications for more than one-third. Less than 1% has been sold, and just 8.16% is actively pending.

⁶ <https://www.gao.gov/products/gao-14-140>

Status of Federal Coal Lease Applications in the Powder River Basin, 2017-2020		
<i>Status</i>	<i>Tons (million)</i>	<i>Percent of Total</i>
Withdrawn	1,384.8	55.08%
Paused	908.6	36.14%
Pending	205.1	8.16%
Sold	15.8	0.63%
<i>Total</i>	<i>2,514.3</i>	<i>100.0%</i>
<i>Source: BLM database LR2000, BLM pending lease list, WORC calculations.</i>		

The economic headwinds facing the coal industry are the result of competition from less expensive energy sources, depleted coal reserves that are more expensive to mine, growing consumer and business demand for cleaner sources of energy, and a carbon-constrained world.

Numerous communities, including tribal communities, are already feeling the economic impacts of coal retirements even after having borne the brunt of air and water pollution from mining and burning coal for decades. The federal government must ensure timely cleanup of coal pollution and provide local jobs and economic diversification for these communities. The Inflation Reduction Act unlocked significant federal investments to assist “energy communities” in these ways. The Administration must now partner with communities to ensure these investments are realized in ways that provide durable benefits to impacted individuals, families, and communities.

Coal communities deserve policies that take advantage of the coal regions’ existing assets; ensure the strongest possible standards for reclamation bonds; focus on creating new, sustainable, and diverse local economies; recognize mine reclamation as an economic opportunity; and preserve the benefits and respect that coal miners and their families have earned over generations of hard work powering our country.

Mr. STAUBER. Thank you for your testimony. I will now introduce Mr. Matthew Adams. He is the Vice President and Senior Tax Counsel for Navajo Transitional Energy Company based in Broomfield, Colorado.

You are now recognized, Mr. Adams, for 5 minutes.

STATEMENT OF MATTHEW ADAMS, VICE PRESIDENT AND SENIOR TAX COUNSEL, NAVAJO TRANSITIONAL ENERGY COMPANY (NTEC), BROOMFIELD, COLORADO

Mr. ADAMS. Mr. Chairman and Ranking Member Ocasio-Cortez, I appreciate the time and the honor to present to you today.

I represent Navajo Transitional Energy Company. We are owned by the Navajo Nation. We are the third-largest coal producer in the United States. In addition to being a coal producer, we also have investments in rare earths, in helium, in the Four Corners Power

Plant, so we have the utility side, as well. We are an instrumental economic partner with the Navajo Nation. We provide 40 percent of the general fund on an annual basis.

So, as we look at the current policies, laws, and regulations which will eliminate fossil fuels, which we absolutely feel is the target, to eliminate fossil fuels, it will absolutely cause an extinction event of the Navajo Nation. Forty percent of the annual fund of the Navajo Nation is provided by our company. So, if we look at the \$22 billion that the U.S. government received from mineral royalties last year compared to the just short of \$10 trillion of revenue. The United States could offset that. The Navajo Nation, 40 percent of its revenue, could not offset that.

This is an extinction event to eliminate this from the Navajo Nation. I want to be very clear in what we are talking about here. There is no conversation about how to replace that. The Navajo Nation is just one of many tribes that rely on natural resources for its revenue.

As the Navajo Nation, we produce about 53 million tons: 48 of that stays in the United States, we export 3 to 5 million tons. We have exported as NTEC, historically; we acquired the Cloud Peak assets. As Cloud Peak, we have historically exported, as well, into the export market. So, we are very conscious of what that market is, and we believe that we need to continue to play into that export market. As was just mentioned, there is a very viable market in the export, and we actually think that we need to develop more into that space.

There are several points that I want to make sure that I get out within the 5 minutes.

We believe that coal continues to be an essential resource for the United States. This is true from an energy reliability perspective, as well as from a Federal revenue perspective.

The reliability aspect, as we heard in the opening comments, the temperatures were warm, climate is changing, the temperatures are getting warmer. We can't imagine that reducing the amount of power available is the answer, and that is what we are seeing the policy is. Closing power plants, making it harder to open gas and power plants, will eliminate power. I can't imagine that getting rid of air conditioning is the answer for how to deal with climate change. But that is the policy that we are seeing and we understand.

And the facts have shown that over the last 120 years, unfortunately, people don't die when it is hot. People die when it is cold. The heat, people adjust. There have been significantly more deaths due to cold than there have been to heat. Typically, we adjust.

We need to shift our focus away from worrying about what fuels the plant, whether that is natural gas, whether that is wind, whether that is solar, whether that is coal, and shift to the emissions, if that is what the concern is. We need to develop deliberate strategies for that conversion from fossil fuels that doesn't put lives at risk, that doesn't threaten our economy, our national security.

We can't just go on whims, and prayers, and hopes. The new EPA rules are literally looking at technologies that do not exist yet. We are asking utilities to make a commitment to close coal plants in 3 years in hopes that we develop a new technology in 2030. It

doesn't make sense. It is asking us to get rid of cars, as an example, and hope that we figure out how to use a flux capacitor by 2032. It simply doesn't make sense. Let's develop the technology to have in place before we get rid of the technology that we currently have.

Eco-colonialism is not the answer. Going to other countries and telling them that they cannot have power to develop their citizens is not the answer. We have enough coal in this country to help the energy poverty that exists in this world. We can step forward and help in Africa.

In 2022, the EIA said that it was the first time since they have been keeping stats, that last year was the first time in recorded history that more people went without electricity than had in the prior year. In 2022, it was the first year in recorded history that more people didn't have electricity than the prior year. That is scary. So, we have been adding electricity to the global population, and all of a sudden last year, for the first time, fewer people had access to electricity. That should be a concern for us.

We should be looking at increasing the inhabitability of the world. We should be looking at empowering the world. We, in the United States, have the ability to use our resources to empower and better the world to ensure that reclamation is taken care of, to ensure that that is done without child labor, to ensure that that is done in an environmentally friendly way. And instead of doing that, we are pushing it away.

With that, I will wait for comments. I appreciate the time.

[The prepared statement of Mr. Adams follows:]

PREPARED STATEMENT OF MATTHEW ADAMS, VICE PRESIDENT AND SENIOR TAX
COUNSEL FOR NAVAJO TRANSITIONAL ENERGY COMPANY

Good morning. My name is Matthew Adams. I am Vice President and Senior Tax Counsel for Navajo Transitional Energy Company—also known as NTEC.

As way of background, I would like to include some information on NTEC.

Navajo Transitional Energy Company was formed in 2013 as part of a groundbreaking initiative by the Navajo Nation to assert and assume full sovereignty over its vast mineral and energy assets. NTEC was established under Navajo law as an autonomous limited liability company whose sole shareholder is the Navajo Nation. NTEC's initial objective was to acquire ownership and control of the Navajo Mine located entirely on the Navajo Nation just outside of Farmington, New Mexico. In 2019, NTEC went on to acquire substantially all the assets of Cloud Peak Energy after they filed bankruptcy. Through this acquisition, NTEC became the 3rd largest coal producer in the United States. Our coal portfolio includes the Navajo Mine—which is a mine mouth operation feeding the Four Corners Power Plant located on the Navajo Nation; the Antelope and Cordero Mines in Wyoming; and the Spring Creek Complex in Montana. In 2022, NTEC produced 52 million tons of coal; of which 49 million tons were sold domestically and 3 million tons were exported to the Asian Pacific rim.

In addition to owning and operating coal mines, NTEC owns and operates producing helium wells on the Navajo Nation, we have an ownership percentage in the Four Corners Power Plant, we have an ownership interest in the Round Top rare earths deposit in Texas, and we just announced a partnership with Arizona Lithium for development of the Big Sandy lithium project in Arizona. Further, we are working closely with the respective owners of the FCPP to develop large-scale, merchant power solar facilities on reclaimed mine land. I would be remiss if I did not mention that in May NTEC was selected by the Department of Energy as one of 8 Carbon Capture Demonstration Projects, and we will be partnering with DOE's Office of Clean Energy Demonstration to determine if carbon capture is feasible at the Four Corner Power Plant on the Navajo Nation. We truly represent and strive for All of the Above solutions to the energy needs of the Navajo Nation, the United

States and beyond. If a new technology is developed which we believe can help us provide energy and support the Navajo Nation—we will be analyzing it.

In addition to what we do, we are very proud of how we do it. Our steadfast focus on safety gets our people home safe and our stewardship for the land leads by example.

Last year, the Navajo Mine was the first mine in the United States to ever earn both the National Mining Association's Sentinel of Safety Award, one of the highest safety honors in mining, and the U.S. Department of Interior's National Reclamation Award in the same year.

We are an essential contributor to the Navajo Nation. Through royalties, taxes and other payments, NTEC provides 30% of the Navajo Nation General Fund on an annual basis. Further, the Four Corners Power Plant provides another 9%. That power plant is currently scheduled to be shut down in 2031.

In addition to significant royalties and taxes, NTEC provides critical support on the Navajo Nation in numerous other ways. We provided over 12,000 tons of free coal to Navajo and Hopi families in 2022 through our Community Heating Resource Program (CHRP) program to ensure houses stay warm in the winter months. Due to high energy costs and local energy shortages, we expect to exceed that amount this year. In all, NTEC has provided over \$315 million directly to the Navajo Nation and to Navajo charities since 2013. Of our almost 1,400 employees, 354 voluntarily identified as Native American—including 318 Navajo employees. The average salary of our employees identifying as Native American is \$82,600. These high paying jobs are essential to the Navajo community. The Navajo Nation is one of the most impoverished communities in the United States, so to put this in perspective,

On the Navajo Nation:

- Median household income is \$26,862 (\$57,652 for the U.S.),
- 36% of households have income below the poverty line (12.7% in the U.S.),
- 19% of households are in Extreme Poverty,
- 40% of homes lack running water,
- 32% of homes lack electricity,
- 86% of homes lack natural gas,
- Unemployment rate is just above 40%,
- More than 50% of Navajo on the Nation live more than 20 miles from the nearest grocery store (there are 13 grocery stores on the 27,000 square mile Nation),
- 2020 census numbers provide 32.9% of homes have broadband access.

Navajo Transitional Energy Company's Position on Energy

We truly believe in an 'All of the Above' energy strategy. We don't just believe in it, we live it. However, we strongly believe that all of the above should include coal. Coal continues to provide reliable, inexpensive energy for United States industries and citizens. Whether the sun is out or not, whether the wind is blowing or not, whether it's 120 degrees in peak summer or -50 below as a winter storm comes through, coal continues to be the most reliable, dependable, affordable source of energy to keep homes warm and safe and industry moving.

As personal background, I have been working in the extractives space for 20 years as a legal and tax professional. I was on the Royalty Policy Committee under the Trump administration and co-chair of the Fair Return and Valuation Subcommittee. I represent NTEC as a member of the Board, or on committees, for National Mining Association, American Coal Council, America's Power, Wyoming Mining Association, Rocky Mountain Mining Institute, Washington Coal Council and several other industry groups. I can testify today that I have never been at a meeting, nor ever had a discussion with a member of any of these organizations where the goal was to eliminate solar, wind, hydro or other 'renewable' forms of energy. That is not a focus or priority of any of these groups. However, I have been party to many conversations where the focus was around how to ensure that baseload power—the power needed to keep homes warm and safe, to keep incubators on in the hospitals, and the modern machinery in industry running—can be borne by the most reliable energy sources available in our country.

CONTINUED KEY POINTS:

- **Coal continues to be an essential resource for the United States. This is true from an energy reliability perspective as well as from a federal revenue perspective.**
 - All of the Above, should be ALL of the Above.
 - Coal generated 21% of the electricity in the United States in 2022.
- **We need to shift the focus away from what fuels the plant, to how we can utilize technology and innovation to ensure emissions are where we want them to be.**
 - The United States coal fleet has invested approximately \$127 billion in emissions controls through 2022.
 - In 2021, the United States coal fleet emitted 909 million tons of CO₂, which was 18.5% of the total emissions of 4.9 billion from energy-related CO₂ globally.
 - The total GHG emissions from United States coal fleet (from inception to closure) is estimated to be less than 1.5% of global GHG emissions.
- **We need to develop a deliberate strategy for a conversion from fossil fuels that does not put lives at risk, does not hinder the economy, and is thoughtful and practical.**
 - A coal plant should not be retired before stable, replacement energy is in place.
 - Technology has NOT advanced to policy mandates.
- **There are significant issues with the current permitting process that is having significant impacts on developing additional coal resources as well as development of new gas, wind and solar projects.**
 - Too much redundancy in evaluations and analysis.
 - The internal strategy of delay, ponder and further delay is pushing our energy infrastructure to the brink of catastrophe.
 - The level of judicial advocacy around permitting and environmental issues needs to be resolved.
- **The United States should look for ways to maximize coal exports.**
 - The outcome is additional revenue to the Treasury and ensuring that our high-grade coal, which is mined with significant focus on environmental and labor concerns, continues to fuel the development of the global economy.
 - When Asian utilities cannot secure their coal requirements from the United States and Australia, they are forced to consider and use Russian coal.
- **The amount of coal burned in the United States is immaterial compared to China. China and India continue to build and develop coal-fired generation and will continue to increase burn rates through the remainder of the decade.**
 - We estimate that there will be approximately 8 billion tons of coal burned worldwide in 2023. Approximately 500 million of that will be in the United States and over 4 billion will be in China.
 - The United States currently has 200,000 MW of coal capacity—of which 127,000 MW are scheduled to be retired or eliminated by EPA regulations in the next 7 years.
 - China has over 1,100 coal plants with a capacity over 1,000,000 MW currently active and they are adding significantly to that amount through 2029.
 - The world's existing coal fleets will emit 276 billion tonnes of CO₂ during their collective lifetimes. The U.S. fleet will emit 9 billion tonnes over its lifetime—3% of the global emission.
- **Eco-Colonialism is NOT the answer for dealing with Tribes—or international partners.**
 - According to the International Energy Agency, there are 775 million people in the world without access to power.

- In the United States, the economic impact of not allowing or marginalizing mineral develop on Tribal Lands would be catastrophic.
- Not allowing countries to establish energy independence to further advance their own growth and economic independence should not be the policy of the United States.
- Tribal consultation should be consultation with Tribes, not dictating to a desired outcome.

EXPORTS

NTEC is one of a few companies that is exporting thermal coal out of the Westshore Terminal in Southwest Canada. We export between 3 and 5.1 million tons per year—depending on the quality of rail service we get. If we could get 40 million tons available for export, the Asian market would gladly purchase it. The coal they are purchasing from United States mines is high quality, consistent coal and it burns very efficiently in their boilers. There are some significant side benefits to the exportation of U.S. coal as well. First, the vast majority of the coal that is being exported is on state or federal land—therefore it is subject to a 12.5% royalty. Second, the coal that we are able to place into the market displaces coal that is mined in countries that do not have the same environmental and labor laws that are prevalent in the United States. However, we have extreme constraints on getting coal into the export market. As I mentioned, we are exporting through Canada. Canada, and the province of British Columbia, have actively discussed legislation that would ban coal trains from the United States passing through their territory. Further, all of the projects that were initiated to build a new coal terminal in Oregon and Washington were shut down by either the Army Corp of Engineers or Washington Governor Inslee. As such, there is a very significant challenge in being able to place United States coal into the Pacific. Starting over a year ago, there have been significant transportation disruptions and we have not been able to get rail service adequate to deliver coal to meet our customers' demands in Asia. The demand for coal in Asia is being met by other suppliers, including Russia, in absence of sufficient U.S. supplies. That did not have to be the case—it shouldn't be the case.

FOCUS ON EMISSIONS, NOT THE FUEL SOURCE

There is such an overwhelming focus on 'eliminating coal'. The Powering Past Coal Alliance's current website states "The End of Coal is in Sight" as an almost celebratory statement. Over the past decade, a significant number of companies in the financial and insurance sectors have told coal companies they will no longer work with them . . . not because they were high risk or bad business, but because they were coal producers. Headlines across the globe are available on a daily basis demonizing coal, coal workers, and supporters of the most reliable, dependable and affordable producer of energy on the planet.

We should have a very consistent focus of what comes out of the stack rather than what runs the turbine. If we are truly concerned about greenhouse gases, then the focus should be on minimizing/eliminating emissions regardless of what is running the generator within the plant. We believe carbon capture may be one possible solution to reduce emissions. However, CCUS is NOT a solution that will work for every power plant, nor is it viable for every geographical location. Further, the permitting necessary to get Class 6 wells in place is not streamlined and currently looks as if the process will take years. Additionally, there are MANY Other potential solutions which may either exist or are yet to be found. Perhaps harnessing and storing the power of lightning is possible. Perhaps the technology to separate elements within our atmosphere to breakdown GHGs will prove possible. There are areas that are focusing on innovation, but nowhere near enough if we want to truly find a solution.

One example is C-Valley in Campbell County, Wyoming. C-Valley has established a site where companies and researchers are able to not only work on carbon capture projects; but look for new and innovative ways to transform coal into other products—such as asphalt, graphite, carbon fiber and more. Additionally, the University of Wyoming continues to move forward with research on alternative uses for coal. They recently filed a patent for a building material that uses coal rather than clay. The new product has shown in tests that it is lighter, stronger, more energy efficient and cost effective.

From a policy perspective, I believe the focus on demonizing coal rather than finding ways to solve the concerns has led us down a path with some extraordinary challenges and devastating consequences.

REVENUES

Coal has clearly been in a decline over the past 6 years. In 2017, federal coal revenues (includes bonus payments, rents, royalties) totaled \$558 million. After years of declines, 2021 revenue totaled \$382 million. There was a rebound in 2022 and the preliminary revenue is \$526 million. This revenue for the Department of the Interior is essential to the federal government and the states in which coal is mined.

PERMITTING

There has been 1 Lease by Application (LBA) in Wyoming in the last 15 years.

Over the past 20 years, the process of acquiring additional coal to mine has gone from a 3–5-year process to the current 12-year process. There are several reasons for this lengthy process including redundancy of reviews by different agencies, litigation delays, Department of the Interior’s timing of handling its workload just to name a few. One of the most significant causes of delay is the well understood use of “lawfare” that is supported by a judicial review process that permits virtually unlimited re-considerations of challenges to pending permits and agency rulings. Also, under the current rules, when a company is awarded an LBA, it pays for that coal in the immediately following 5 years. The winning bids for coal between 2000 and 2012 ranged from a low of \$42.8 million to a high of \$793 million. In other words, if a coal company is interested in acquiring additional coal on federal land (where the vast majority of the coal is located west of the Mississippi River), the company would need to pay the bid of hundreds of millions of dollars without obtaining a penny of revenue from the purchased coal for 12 years. This economic reality has created a situation where the currently leased coal in the Powder River Basin could be mined in the next 15–20 years. Unless the economics around thermal coal significantly change, or the permitting process is significantly shortened, the amount of coal coming out of Wyoming and Montana will be a pittance of what we see today.

REST OF THE WORLD

We estimate there will be approximately 8 billion tons of coal burned in the world in 2023. That includes thermal and met coal. Of that amount, only 500 million tons burned in the United States—leaving a balance of 7.5 billion tons burned elsewhere. Of that, approximately 4 billion tons will be burned in China.

Today, the U.S. coal fleet is around 200,000 MW. Of that, approximately 50% is supposed to retire by the end of 2030. Further, it is anticipated that the regulations about to come out of the Environmental Protection Agency will eliminate another 27,000 MW of coal generation in the U.S. by 2027. This at a time when moving to an EV economy is expected to at least double the demand for electricity in the next 25 years.

Currently, China has the world’s largest coal fleet with over 1,000,000 MW. Five times the U.S. fleet. India is currently second with 233,000 MW. China and India are both increasing their coal generation; together, they have 347,000 MW under construction or in development. Chinese President Xi Jinping has pledged to ‘strictly control’ coal consumption until 2025 and start cutting coal use in 2026 in order to reach their maximum CO2 emissions before their ‘before 2030’ deadline.

As of December 2022, there were 2,439 coal plants in the world. Of those, 225 are in the United States. It is currently estimated that the world’s existing coal fleet will emit 276 billion tonnes of CO2 during their collective lifetimes. The U.S. fleet will emit 3% of the world’s total.

The concern is that while the U.S. policy is to eliminate reliable and available coal generated electricity, a country that has a stated goal of being the single global superpower is dramatically increasing its available power. China currently consumes over 50% of the global coal consumption, and it is highly likely that allocation will continue to grow.

QUESTIONS SUBMITTED FOR THE RECORD TO MATTHEW ADAMS, VICE PRESIDENT AND SENIOR TAX COUNSEL, NAVAJO TRANSITIONAL ENERGY COMPANY

Questions Submitted by Representative Stauber

Question 1. As our nation continues to experience severe energy reliability issues, how does coal stand in the way of rolling blackout and grid failures?

Answer. Thermal coal provides on demand, reliable energy during day, night, rain, snow, wind, heat, cold, calm, cloudy, sunny and every other weather condition. Furthermore, thermal coal supports the national electric grid by providing baseload electricity at approximately 60 hertz—which is necessary for the stability of the grid. With baseload electricity established and transport frequencies established at approximately 60 hertz, other providers of electricity are then able to supplement the grid with wind, solar, hydro resources. Without coal (or nuclear or gas) maintaining baseload levels, the grid is simply not able to safely carry electricity from these other sources. It's a matter of physics.

The nation's coal fleet provides many attributes that are necessary for resource adequacy and operational reliability of the grid:

- Coal has a high accredited capacity value, which is a measure of the dependability of a resource when electricity demand peaks. The accredited capacity value for coal is almost 90%. Only nuclear plants have a higher accredited capacity. Coal is more than two to 40 times more dependable than wind and solar power, according to PJM's accredited capacity values.
- Coal provides "essential reliability services." Voltage control, frequency support and ramping capability are critical to operational reliability. Coal and other thermal resources provide these services. Wind and solar do not.
- Coal provides other reliability attributes such as fuel assurance, dispatchability, availability in all seasons, long duration at high output, and flexibility.

Winter Storm Elliott provided a recent example of the importance and dependability of the coal fleet in 2022. During the peak of the storm, coal provided close to 40% of the additional electricity that was needed to keep the lights and heat on in impacted regions of the country. By comparison, wind and solar contributed a negligible amount when additional electricity was needed most.

Question 2. It has been quite a long time since a coal fired power plant was built in the U.S. Has technology advanced since that time, particularly in regard to emissions and other air quality controls, and are other countries deploying this new power plant technology? To what affect?

Answer. The three most recently built coal power plants in the U.S. began operation in 2013 and 2014. In 2013, the 805 MW Edwardsport (Indiana) and 1,008 MW Sandy Creek (Texas) plants began operation. Edwardsport utilizes integrated gasification combined cycle technology, and Sandy Creek utilizes supercritical technology. Both are highly efficient technologies. In 2014, Spirit Wood #1 (North Dakota), a cogeneration plant, began operation. This plant uses fluidized bed combustion technology.

Generally, ultra-supercritical (USC) technology is considered to be the most efficient coal-based electric generating technology. (However, supercritical technologies can sometimes be as efficient as USC.) The 609 MW Turk power plant in Arkansas, brought online in 2012, utilizes USC technology, which operates at higher pressures and temperatures than other coal technologies. These capabilities translate into higher efficiency and lower CO₂ emissions. Turk is the only USC plant in the U.S., whereas China and other countries have almost 400,000 MW of USC coal plants in operation.

Combining efficient coal technologies with advanced emission controls for NO_x, SO₂, particulate matter, mercury and other hazardous air pollutants contributes to a much smaller environmental impact. These emission control technologies in use today by the coal fleet include, but are not limited to, dry and wet flue gas desulfurization systems (scrubbers), selective catalytic reduction systems (SCR), selective non-catalytic reduction (SNCR), low-NO_x burners, electrostatic precipitators, fabric filter systems (baghouses), dry sorbent injection systems, and activated carbon injection. Over the past several decades, emissions of conventional air pollutants have been reduced by over 90% per kilowatt-hour of electricity generated. Utilities have invested more than \$90 billion in emissions controls over the past two decades. In addition, a number of coal plants are considering the

installation of carbon capture technology to further the development of the technology.

The technology in the world has advanced to the point where a coal plant built today can: 1) burn thermal coal for electricity; 2) separate hydrogen from the coal for further power; 3) separate rare earth minerals from the coal ore for further refinement and utilization; 4) sequestration of the carbon from the plant; all while eliminating more ‘pollutants’ than at any other time in history. However, the United States has turned away from pursuing this highly efficient use of our massive coal resources which would have significant industrial impacts well beyond providing efficient, cost-effective electricity. Rather, our current energy policy leads us down the path toward black-outs, significantly higher energy costs and energy limitations on our economic growth going forward.

Question 3. Do regulations and policies placed on the coal mining industry match the demand for electricity, especially considering the administration’s push to electric vehicles and ongoing grid reliability concerns?

3a) Do you think that the speed of increasing renewable energy sources is outpacing our ability to sustain electricity demand, should conventional energy sources like coal continue to be stymied?

Answer. Some studies have estimated that the electric vehicle incentives in the Inflation Reduction Act will increase the peak demand for electricity by as much as 40% by 2030. In addition, some regions face additional demands for electricity. For example, the PJM region is home to the world’s largest concentration of data centers. Because of the increase in demand growth and coal retirements, PJM indicated in February of this year that new electric generating capacity “would be insufficient to keep up with expected retirements and demand growth by 2030.”

At the same time electricity demand is growing, coal retirements continue to increase. In fact, announced coal retirements total almost 80,000 MW during 2023–2030. These announced retirements represent approximately 40% of the existing coal fleet—which has already experienced more than 100,000 MW of retirements through last year—and do not include the impact of new EPA rules. While there is a large amount of wind and solar capacity lined up in interconnection queues, only 14% of this amount is estimated to be brought online, and interconnection wait times have increased to roughly five years.

In addition, EPA regulations will cause even more coal retirements and exacerbate the risk of electricity shortages in many regions of the country. EPA has proposed or finalized four rules over a period of only three months this year: Effluent Limitations Guidelines (proposed), Mercury and Air Toxics Standards (proposed), Clean Power Plan 2.0 (proposed) and Ozone Transport Rule (finalized). Each is projected to cause more coal retirements unless steps are taken to moderate them.

Question 4. How would abandoning coal mining as a source of energy impact communities like Navajo Nation or the Crow Tribe that seek to develop and utilize their own energy resources?

Answer. The abandonment of thermal coal as a source of energy before we have the technology to replace it will impact each and every community in America and beyond. It is not hyperbole or embellishment to state that elimination of thermal coal power would be catastrophic if it happens before there is a replacement that is: 1) reliable, 2) readily available and 3) for a substantially similar cost or less.

There are two distinct impacts from the elimination of coal in communities like the Navajo Nation. The first impact is the loss of revenue and jobs associated with the mining and production of coal and electricity. The Navajo Nation is one of the most marginalized communities in the United States, with shocking unemployment rates, meager wages, and minimal infrastructure over its 27,000 square miles. Through the taxes and royalties paid to the Navajo Nation, NTEC accounts for nearly 1/3 of the annual general fund. When combined with the taxes and revenue from our 7% interest in the Four Corners Power Plant (which is fed from the coal at the Navajo Mine), NTEC is currently responsible for 40% of the Navajo Nation general fund on an annual basis. There is no replacing that level of funding, especially from ‘green energy’. If the Biden Administration wins its war on coal, the end result may very well also be the elimination of the Navajo culture through economic starvation.

The second impact of elimination of coal as a source of electricity is the straight reduction of cheap, reliable, ever available power. Electricity through the central corridor of the country is managed by three Regional Transmission Organizations (RTOs): Midcontinent Independent System Operator, Inc (MISO), Southwest Power Pool (SPP) and Electric Reliability Council of Texas (ERCOT). Each of these RTOs

have very easy to use mobile apps or websites where you can see the energy mix they are utilizing in real-time. The PJM Interconnection (PJM) also has a mobile app with real-time data for their region (which include the mid-Atlantic region and Washington DC for those who may be inclined). Whether the day is hot or cold, windy, sunny, cloudy or calm it is rare to see a fuel source other than coal or natural gas dominate the electricity production throughout MISO, SPP and ERCOT. In other words, The middle corridor of the United States—from Louisiana up through Michigan and Wisconsin; Texas up through the Dakotas and Eastern half of Montana—all heavily rely on coal power.

When the electricity shuts off (brownout, blackout, rationed power) not everyone is impacted the same. As pointed out in a Reuters article from February of this year (South African Cities Scramble to Keep the Lights On, <https://www.reuters.com/world/africa/south-african-cities-scramble-keep-lights-2023-02-21>) those that are harmed the most from the push away from fossil fuel generation plants are those that cannot afford solar units for their homes. On Navajo Nation, the per capita income was \$10,220 in 2020 (about 1/3rd the national level). If the Biden Administration is able to accomplish their goal of shutting down cheap, reliable coal and gas generating plants across the country, those harmed the most will be those most at risk. Inner-city and rural populations, low income and fixed income citizens will be most affected by higher energy costs. The Biden energy policy end-results will be devastating to those that we should be working the hardest to protect. To note, NTEC has approximately 350 registered Navajo on our payroll at the Navajo mine with an average salary of approximately \$87,000. Obviously, under the Biden Administrations war on coal all those jobs are at risk.

Of note, NTEC is working very hard to try to meet some of the requirements that have been laid out by the EPA over the past two years. We were recently selected as a Department of Energy CCS project for the Four Corners Power Plant. However, EPA requirements as presented in the “Clean Power Plan 2.0” rules are simply not attainable and we doubt that any company will be able to meet any of the standards required to stay open. For example, coal plants must have CCS up and running at a 90% level on 1/1/2030 under the rules. This is a completely unrealistic deadline given the amount of engineering that has yet to be analyzed, created and deployed. The permitting alone will take years (if not a decade) at current rates. There are currently 117 Class 6 wells on the waiting list. It certainly appears to NTEC that EPA’s intention is not to develop rules that allow for development of technology to enhance emissions. Rather, EPA’s intention appears to be to develop rules that are not attainable, thereby requiring the elimination of all power plants that have any emissions. This philosophy will undoubtedly lead to a significant reduction in reliable power, a massive decrease in economic output from our nation’s industry, a material change in our national security and a complete change in our way of life.

Question 5. You testified about making bonus bid payments years in advance of getting approval to actually mine a federal lease. If NTEC made the determination to invest differently, could NTEC terminate that federal lease and obtain return of its bonus bid payments? If so, what is the process? If not, why not?

Answer. Under current law and regulations, if NTEC had made some (or all) of the bonus bids related to a Lease by Application or a Lease by Modification then ‘changed its mind’ on the investment, NTEC would not only forfeit all payments made to date, but it would also require permission from the Bureau of Land Management (BLM) to avoid future payments as well.

Under the Mineral Leasing Act of 1920 (“MLA”) and the Mineral Leasing Act for Acquired Lands of 1947, BLM is responsible for the leasing of Federal coal and regulation of the development of that coal on the acres of mineral estate owned by the Federal Government. With limited exceptions, Federal lands available for coal leasing must be sold by competitive bid, with BLM receiving fair market value for the lease. BLM coal leasing regulations provide for two separate competitive coal leasing processes: (1) regional leasing, where BLM selects tracts within a region for competitive sale; and (2) leasing by application, where an industry applicant nominates a particular tract of coal for competitive sale. The Federal Government receives revenue from coal leasing in three ways: (1) a bonus that is paid at the time BLM issues a lease; (2) rental fees; and (3) production royalties.

Under BLM’s regulations, a lessee can surrender a coal lease by filing a relinquishment with the BLM office that has jurisdiction over the leased lands. A lease relinquishment must be approved by an authorized officer and can only be approved upon a determination that the relinquishment will not impair the public interest, that the accrued rentals and royalties have been paid and that all the obligations of the lessee under the regulations and terms of the lease have been met. If a lease is relinquished (or canceled or terminated), all deferred bonus payments

must be paid immediately and all rentals and royalties, including advance royalties, already paid or due, are forfeited to the United States.

Accordingly, under BLM's regulations, a Federal coal lessee would not be able to recover its advance royalties if it decides to relinquish its lease prior to its expiration. There is no case law providing an exception to these regulations for situations where the lease cannot be successfully operated.

The MLA's mechanism for addressing changed circumstances during a lease period is the suspension, waiver, or reduction of the rental or the reduction of royalties. The MLA and its implementing regulations empower BLM to waive, suspend or reduce the rental, or reduce the royalty, on a Federal lease (1) for the purpose of encouraging the greatest ultimate recovery of Federal coal, *and* (2) in the interest of conservation of Federal coal and other resources, whenever (a) in his judgment it is necessary to promote development, *or* (b) if he finds that the Federal lease cannot be successfully operated under its terms. The MLA prohibits BLM from waiving, suspending, or reducing advance royalties. While the MLA's implementing regulations state that the BLM may not reduce to zero any royalty on a producing Federal lease, the MLA does not contain such a restriction.

In practice, a lessee would typically seek a reduction in the royalty rate when a lease cannot be successfully operated. BLM has issued Supplemental Guidance on Processing Royalty Rate Reduction Applications ("Supplemental Guidance") to its Washington Office and Field Officials. In the Supplemental Guidance, BLM includes a checklist of items to be analyzed within a royalty rate reduction decision. One of the criteria is to "[a]nalyze, describe, and document how mining operations are not profitable under the terms of the lease." While BLM's website states that the BLM can "temporarily reduce the royalty rate" for a specific area of coal, neither the MLA nor its implementing regulations require that the reduction be temporary.

In addition to reducing a royalty, as mentioned above, BLM can also waive, suspend or reduce the rental on a Federal lease. Under the MLA's implementing regulations, a lessee can request that BLM waive, suspend, or reduce the rental or, reduce the royalty, by submitting an application with BLM that includes certain mine information and "a detailed statement of expenses and costs of operating the entire mine, the income from the sale of coal, and all facts indicating whether the mine can be successfully operated under the Federal rental and royalty provisions fixed in the Federal lease or why the reduction is necessary to promote development."

Question 6. If you could change the federal coal leasing law, would you include a bonus payment reimbursement provision to enable coal lessees to obtain a refund of their money if they are not able to access their lease within a reasonable time frame?

Answer. I believe there are a number of changes that need to be considered for the current leasing laws and regulations as a result of the impacts of legal pressure and economic pressure on the industry over the past 4+ decades. The rules have been put in place to enable, and to entice, the production of minerals from federal land for the benefit of the owners—the United States citizens. With respect to thermal coal, citizens benefit from ownership of the mineral in a number of ways. First, the United States receives payment for the purchase of the coal (bonus bids). Second, the United States receives a percentage of the value of the mineral sold as a royalty (regardless of whether or not the sale is profitable to the producer). Third, in the case of domestically sold thermal coal, the vast majority of the coal is utilized for the production of low cost and reliable electricity.

Under current regulations, if a producer abandons a coal production project after a winning bid—but prior to production from the lease, the producer may not recover any bonus bid payments made toward acquisition of the lease. Historically, this was never/very rarely a concern since the time lapse between a winning bid and production from the lease was a matter of less than 5 years at most. However, in today's litigious and heavily regulated environment a producer has no expectation of revenues from a new lease within 8 years—and perhaps longer than 12 years after winning a bid. Under this scenario, and given the rapidly changing viewpoints on whether or not the United States should have reliable electricity on demand, it is egregious that there is no mechanism for a producer to have no recourse should they change strategies.

For illustrative purposes, assume hypothetical company Coal Co is a coal producer in Wyoming which also owns a coal generated power plant. Assume Coal Co won a bid for coal in Wyoming in 2018 for 500 million tons at \$1 per ton with the expectation that the tons will be used by the power plant in 2040 through 2060. This new lease would require payments of \$100 million in 2018, 2019, 2020, 2021 and a final payment in 2022. If the Carbon Rule that was issued by the Biden EPA in

2023 goes final in 2024, Coal Co's power plant will need to convert to carbon capture by January 1, 2030 (which is an impossible task but assume otherwise for this illustration). Under the current federal coal lease rules, Coal Co would not be able to terminate the process of obtaining the new coal lease to reallocate the \$500 million toward building carbon capture facilities. As such, it is high possible in today's environment that the fact that Coal Co was being prudent and using advanced planning in 2018 to acquire coal to generate electricity for its customers for decades to come could actually end up forcing its economic downfall.

The rules around federal coal leasing need to be examined and changed. If the timeframe cannot be dramatically shortened between winning a lease bid and economic production from the coal, then allowance for contingencies needs to be permitted. Further, the provision of coal for reliable electricity needs to be viewed as a positive 'return' for the citizenry. While this is not an 'economic return' per se, it is a very real benefit that is being provided to the owner of the land, which is allowing utilities to provide lower cost electricity than they would otherwise. Producers are struggling economically due to significantly increased legal costs related to frivolous lawsuits, dramatically increasing compliance standards, increased costs of capital due to ESG movements and lower efficiencies at mines due to low employment. Royalty rates, bonus bids and rents should all be analyzed to seek a balance between the risk factors, costs and provisions of electricity.

Mr. STAUBER. Thank you very much.

Before we get into Members' questions, I have just a couple of comments, I wrote some things down.

There are some people that are "OK with the process, even if it takes 20 years, so long as mining never happens."

And as I was told in one of the committees, a witness said, "I don't know why they use coal when we have electricity." So, I think that is the educational component that we can talk to the American people about.

And you talked about energy poverty. I think that is a really, really important conversation to have.

Before we begin, I normally would recognize myself, but I want to recognize Representative Carl from Alabama for 5 minutes of questioning.

Mr. Carl.

Mr. CARL. Thank you, Mr. Chair, for letting me go out of order. I appreciate that, it is so uncommon, and I appreciate that courtesy, and the Ranking Member, for giving me a few minutes.

And thank you to our witnesses for being here today. I am thrilled to have my own constituent sitting here at the table and speaking for my folks. It is such an honor when I can get folks from my district to come up and actually speak for me.

Coal production is critical in this country, and I am extremely concerned about protecting the production and export of met coal. We have a tremendous amount of met coal in the state of Alabama, and the Interior Department has agreed met coal does not fall under this coal moratorium, but we still see them dragging their heels getting permits issued. It is still a nightmare for us.

From my time on the Port Authority that I mentioned earlier, when I was a county commissioner I understand firsthand just how important met coal is to the Port of Mobile and, in turn, how important the Port is to our local, regional, and state economy. For several months, I have been doing all I can do to push this Administration to take action on the pending met coal leases.

Warrior Met, which is up in the Jasper area, Jasper, Tuscaloosa, has been working for years on permit issues. Despite all of these

efforts, this Administration continues to throw more and more hurdles at this project to slow it down.

The government incompetency here has gone on long enough, and I have a huge concern about the impact this could have on the thousands of jobs impacted by the coal mining in the state of Alabama. So, Mr. Driscoll, I have a question for you. Can you walk us through the potential impact that the Port would experience if our met coal could not pass through our port, and if this pending lease is not approved, which it has been approved, they just can't seem to get the paperwork processed, FYI.

Mr. DRISCOLL. Thank you, Congressman. Yes.

The impact on the Port specifically would be incredibly impactful in a negative fashion. Forty percent of the revenue that we generate is through coal, which the majority is metallurgical coal. And as I stated previously, the Port Authority for the state of Alabama has an economic impact for the state of about \$85 billion. The one I am most proud of is that there are over 313,000 Alabamians that are employed as a direct result of the Port's activities. So, the impact on those specific items would be devastating, and would be reduced significantly.

We employ union labor at the Port. We deal with eight different labor unions. We also have non-union labor, but we have eight different labor unions. I would be afraid to say that they would be impacted because the volume of cargo would go down significantly, and we would lose some of those very good-paying jobs, too, because we didn't have the work. So, the impact associated with that would be tremendous for the Port Authority.

That is just the Port. That is not our customer base. That is not some of the met customers that are in, and that is why we are in business, for the people of Alabama, to generate jobs and generate business. And the impact to them would be equally detrimental.

Mr. CARL. Where is most of this met coal going?

Mr. DRISCOLL. It is all around the world. It is the steel-producing countries around the world. It is Japan, South Korea, Germany, Austria, South American countries, Brazil. China, they just started sending some product to China about 2 years ago because of the disputes between Australia and China. So, we do some business with China for this met coal product, but primarily it is around the world of these countries that produce the steel products around the world.

Mr. CARL. Thank you, Director. I appreciate your testimony and highlighting how important met coal is to the Port of Mobile: 313,000 jobs in the state of Alabama, in a small state like we have, that is a lot of jobs. That is a huge impact.

And you did say billions, with a B, not M?

Mr. DRISCOLL. Yes, sir.

Mr. CARL. Right? OK. See, we get numbers up here mixed up. There are so many zeros. We have been known. But with that, thank you for coming and speaking to us.

Mr. DRISCOLL. Thank you, sir.

Mr. CARL. I yield my time back, Mr. Chairman.

Mr. STAUBER. Thank you very much. The Chair will now recognize the Ranking Member, Representative Ocasio-Cortez, for 5 minutes.

Ms. OCASIO-CORTEZ. Thank you, Mr. Chair. We just heard a little bit about Warrior Met Coal and its leases and permits. But so far this conversation has left out the other major news about the company: its ongoing labor dispute with the United Mine Workers of America. In March of this year, UMWA workers at Warrior Met Coal ended a 2-year strike with no improved contract. This was the longest strike in Alabama's history and a disappointing outcome on many levels.

These workers had personally sacrificed to keep the mine running when the previous owner, Walter Energy, went bankrupt in 2016. And I think it is important to talk about this, because this is exemplary of not just one company's treatment of its mine workers, but an industry's treatment of its workers. These workers agreed to significant pay cuts, increased health care costs, and reduced retirement benefits just to keep the mine running. Workers took those cuts with the understanding that they would be reversed when the mine was profitable again.

Mr. Driscoll, do you know how much profit Warrior Met Coal made last year?

Mr. DRISCOLL. I don't.

Ms. OCASIO-CORTEZ. According to their 2022 annual report, Warrior Met made over \$641 million in profit last year. And this is not a fluke. With the exception of the 2020 pandemic, Warrior Met has made hundreds of millions of dollars in profit each year since purchasing the mine in question.

And in that same report, Warrior Met Coal calls itself socially minded. But less than 2 weeks ago, a judge with the National Labor Relations Board found that Warrior Met Coal violated labor laws during the strike. And, unfortunately, Warrior Met is not the only coal company with this kind of track record.

Coal started declining in 2008, as cheaper and cleaner forms of energy became more available. And since then we have seen significant waves of bankruptcies in the industry. Ms. Kendall, when a coal company goes bankrupt, can you briefly explain what happens to worker pay and benefits?

Ms. KENDALL. Part of the answer probably depends on the company and the particular circumstances. But, in general, workers are very vulnerable. I mean, we have had members who are former coal miners who have lost their jobs overnight, lost their paychecks overnight, and lost their retirement benefits, as well.

Ms. OCASIO-CORTEZ. When these coal companies go bankrupt, they shed their liabilities for health care and pensions. They no longer have to cover workers' health care, workers' pensions. If a new company like Met Coal buys that previous bankrupt company's assets, the contract will, almost without a doubt, be worse for those workers, as well.

And in addition to those workers forfeiting pension, health care, and other employee benefits through bankruptcy, reclamation also becomes a significant issue.

[Slide.]

Ms. OCASIO-CORTEZ. And we see some photos right up here of some of the environmental damage that happens with some of these mines. But those companies are supposed to be responsible for reclamation responsibilities here. Can you speak to some of the

environmental and public health impacts on coal country communities in these instances?

Ms. KENDALL. Many of our members are ranchers in coal country, and they have experienced groundwater depletion and surface water depletion. I think for folks who are familiar with ranching, you know how important water sources are, and especially natural springs and watering holes. So, to lose those due to coal mining in an area is a huge concern.

And the general experience of our members has been that those resources are not replaced. So, that means they have to haul water at great expense. It takes a great deal of time. We are extremely concerned about reclamation delays in our area. Just 17 percent of the mined lands in Wyoming and 20 percent in Montana have been completely reclaimed over decades. And it is a very big concern that the reclamation bonds that are in place are not sufficient to ensure that reclamation occurs. So, it is a big concern when bankruptcy is a prospect.

Ms. OCASIO-CORTEZ. So, not only when these companies go bankrupt do they strip workers of their benefits, workers don't get health care, they don't get pensions, but then also they don't fully meet the responsibilities of reclamation in repairing harm to local lands because the bonds are insufficient. Is that correct?

Ms. KENDALL. Well, we haven't seen that yet, but the bonds are the backstop. And the fact that bonds are not sufficient to cover the costs of reclamation, and the fact that self-bonding is still allowed by the law, even though it has been phased out in many states, is a big concern that needs to be addressed.

Ms. OCASIO-CORTEZ. How could the Federal coal program be improved to make sure that mines are quickly and fully reclaimed in the industry?

Ms. KENDALL. Well, I think when we talk about the Federal coal program we are talking about BLM leasing Federal coal. So, their role is really, in our view, they could consider things like setting a target for mines to reclaim perhaps 50 percent of their existing disturbed lands before they get future leases. Maybe that is not the right level, but I think they could be looking at creative policies that would encourage reclamation, or they certainly could require that sufficient bonds be posted to cover the costs of reclamation.

Ms. OCASIO-CORTEZ. Thank you. I yield back.

Mr. STAUBER. Thank you very much. The Chair will now recognize Mr. Wittman for 5 minutes.

Mr. WITTMAN. Thank you, Mr. Chairman. I would like to thank our witnesses for joining us today.

Mr. Driscoll, I appreciate you pointing out the importance of met coal, as you talked about, metallurgical coal, the supply of carbon that is needed for steel production. We know how incredibly important that is as we talk about supply chain today, about us being reliant on other countries for things like steel.

We know the whole debate about tariffs on steel. We know that steel here in the United States is needed for anything from refrigerators to aircraft carriers. That is a fundamental element of why coal production here in the United States is important. And any effort to reduce coal production creates, I think, both a strategic and economic challenge for the United States to make sure we can

sustain critical production of things like steel. The last thing we want to do is to continue to be reliant on China for increasing amounts of steel.

In your testimony, you talked about met coal accounts for about 70 percent of the global steel market. We also know, too, that China leads the effort in coal production, but also that the United States and Australia are No. 1 and 2 as far as coal exportation, and that China imports about 24 percent of their coal, again, because they want to lead in production of steel to build their economy, but also what they are doing to build their military. Can you give us your perspective on what happens if we continue to fail to promote met coal production here in the United States for the U.S. domestic steel industry?

Where does that leave us as far as being self-sustaining, but also just doing the fundamental things for our U.S. economy and for our nation's defense? I just want to get your perspective on that.

Mr. DRISCOLL. Yes, I mean, I am a shipping person, right? But my perspective is, if you increase the reliability on foreign supplies, it reduces your options to import or to manufacture. I think it is very important to have both.

The business we are in is the importation of international cargo and the exportation of U.S.-supplied raw materials and finished goods. So, I think, a balance is required in this regard. And I think we need to keep our eye on the fact that we have to continue to have a robust economy that supports the steel industry, and met coal is one of the resources that enables us to do that, domestically and globally.

Mr. WITTMAN. I appreciate you pointing out how fundamental met coal production is to steel production in the United States, and we know what happens with China. They dump massive amounts of steel on the open market. Depressed prices create challenges for U.S. steel production to continue to maintain.

Give me your perspective. You spoke a little bit about it. Give me your perspective on how reduction in total coal production here, including met coal, exacerbates that issue of China dumping massive amounts of steel on the market that already challenges the U.S. steel industry. And now, as we talk about sourcing, as we talk about the idea of being able to have for your production, from the source of that raw material to the actual end consumer, where any interruption of that creates problems for our country, give us your perspective on what impact that has.

Mr. DRISCOLL. Yes, I think if you reduce this high-quality, low-sulfur met coal that we produce in Alabama and other places around the country, it will force them to go to other sources of met coal that are not as high-quality, high-grade. And you would have to produce more of that. You would have even more pollution that would be the result of that.

Again, I am not a scientist but that is my impression of what would happen. So, I think that is why it is very important to keep the supply of met coal for the United States and for foreign, because we do have a good type of product that we supply.

Mr. WITTMAN. And what has been done with tariffs on steel, which we know has at least tried to level the playing field between the United States and China, even in that particular situation, if

we have a reduction in met coal production here, what does that do overall for U.S. steel production, even in the face of where tariffs are today?

Mr. DRISCOLL. It would probably reduce the coal production.

Mr. WITTMAN. And our current steel mills are reliant upon the coal produced here in the United States for coke production, which is critical for the production of high-quality steel. Can you give us a little bit of metallurgy about what role coal plays in the production of steel, especially the high-quality steel that we need here.

Mr. DRISCOLL. Metallurgical coal is what they call coking coal. So, it is a process that, it is just the chemical makeup of this particular type of coal, metallurgical coal. It has the fundamental flows and things associated with what you need to be able to do steel with the iron ore that is introduced into the vat. So, I think that would be the answer.

Mr. WITTMAN. And we have the highest-quality coking steel of any place in the world right here in the United States.

Mr. DRISCOLL. I think so.

Mr. WITTMAN. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Kamlager-Dove for 5 minutes.

Ms. KAMLAGER-DOVE. Thank you, Mr. Chair.

We have heard a lot about the Biden administration's policies and how they are supposedly throttling coal production. I would like to make sure we have a few facts straight. Ms. Kendall, when did absolute use and coal production start declining in the United States?

Ms. KENDALL. The EIA data shows that coal use in the United States began declining in 2007, and production began declining after 2008. Federal coal production also started declining after 2008.

Ms. KAMLAGER-DOVE. Thank you. And was this decline due to Federal policies limiting the mining of Federal coal?

Ms. KENDALL. There were no policies limiting the mining of Federal coal, I mean, the existing mines still had 20-plus years of coal under lease, and permits to mine much of that coal. So, there was absolutely no reason driven by the Federal coal program that would have led to that decline.

Ms. KAMLAGER-DOVE. Thank you. In fact, in 2020, coal made up, I think, 19 percent of U.S. electricity generation. Is that correct, would you say?

Ms. KENDALL. I don't have those numbers at my fingertips, but that sounds right.

Ms. KAMLAGER-DOVE. It does sound right. So, despite what my colleagues across the aisle are saying, the Biden administration did not cause the decline in coal production, and few people are betting on a long-term comeback for coal. In fact, the CEO of Arch Resources, the second-largest coal producer in the United States, said in a 2022 sales call that their long-term plan is to exit the Powder River Basin, despite an uptick in profits last year. So, we need to take the coal transition seriously.

According to analysis by Headwaters Economics, 66 counties around the United States will experience a full or partial closure

of a coal mine or power plant by the end of this decade, not because of Biden, but because of the market.

As many folks in my committee know, my district is home to the United States' largest urban oil field. It is the Inglewood oil field. And LA recently banned all new oil drilling in the city, with a plan to phase out existing production within 20 years. With that, the city created a Just Transition Task Force to create concrete support for oil workers to transition to jobs with comparable family-sustaining compensations, involve communities and Tribal Nations in land remediation and redevelopment planning, and leverage public and private funding to finance this transition equitably and sustainably.

Ms. Kendall, could this type of transition planning work for the coal communities that you work with?

Ms. KENDALL. It is a challenging situation. I think Mr. Adams laid that out when he discussed the Navajo Nation's experience. I think, in our view, advance planning helps and I think, from the community perspective, for communities to be able to plan and, frankly, for the Federal coal program to plan for the future, so that they can look at how are they addressing concerns related to safety and reclamation, workers, job loss, tax base.

I think to look at the issue of how revenue is managed now and how it can be replaced for the communities that are most dependent on it is critical.

Ms. KAMLAGER-DOVE. Absolutely. It is challenging because it is also precipitated by fear. If a plant closes, the economies stall, jobs leave, and people get very nervous because they feel like they are being forgotten, which is why we should be making sure that the Federal Government is doing all that we can to help coal communities transition.

So, Ms. Kendall, how could reforms to the Federal coal program help communities prepare to transition?

Ms. KENDALL. Well, I think, one key thing is revenue. And several Members have referred to the share of royalty revenue and other revenue that goes to states and local governments.

I think there have been proposals from Headwaters Economics and others to look at how much revenue is brought in, what the rates are, and how it is distributed, and whether that should be changed. I think that is a great example of how the Federal program can be helping communities prepare.

The other area in our view that is absolutely essential is reclamation. Our reclamation program right now is broken. We are deeply concerned that those strip mines that you showed earlier will not be fully reclaimed. And what will happen then with agriculture and wildlife, which have really been the prior productive uses of those lands?

Ms. KAMLAGER-DOVE. Great, thank you. My time is up.

With that, I yield back.

Mr. STAUBER. Thank you very much. I will now recognize myself for 5 minutes.

Mr. Adams, in your testimony you noted that GHG emissions from the U.S. coal fleet from inception to closure is estimated to be less than 1.5 percent of global GHG emissions. In comparison, China is responsible for nearly 30 percent of global GHG emissions

year after year. Given that emissions from U.S. coal is close to negligible compared to the global total, do you think that it would make any measurable difference to climate change if U.S. coal production stopped overnight like some of my colleagues on the other side of the aisle are advocating for?

Mr. ADAMS. No.

Mr. STAUBER. Do you want to expand on that?

Mr. ADAMS. Yes. To climate change, no, it would not make any negligible change. To our economy, to our national security, to the lives and well-being of American citizens, absolutely.

And the issue that we are talking about here isn't making up for the jobs and the finances of coal community. It is the fact that we are cutting out 25 percent, or 20 percent, of U.S. power without a replacement in a time when we are saying we need more power. There is no replacement plan for the power that we are saying go away. That is the concern.

If there were pixie dust and unicorns to replace it, then coal country would get behind it. But there is not. We are concerned that American lives are going to be lost, that the U.S. economy is not going to survive. That is what coal country is worried about.

There is this misconception on these last questions that the U.S. coal country is simply concerned about itself. OK, of course, people are concerned about their jobs. Of course, we care deeply about America. But we care deeply about America. And losing 25 percent of our energy without a replacement being there, we are shocked and concerned that that is not a concern. How can we get rid of our energy without being concerned about there not being a replacement in line taking its place?

Mr. STAUBER. Thank you. As the United States rushes to bring renewable energy on-line, what does this rapid increase mean for the reliability of our energy grid?

And what kind of role does easily dispatchable baseload power, like coal, play in maintaining that reliability, Mr. Adams?

Mr. ADAMS. Again, I think, on the reliability factor it gets very technical in the physics. And with Storm Uri in Texas 2 years ago, we almost learned a horribly painful lesson where we were within 4.5 minutes, literally 4.5 minutes, of learning what it was like to lose power for 5 weeks in the entire state of Texas because the frequency of the electricity on the grid has to be at 60 degrees, it can't be intermittent.

Wind and solar cannot support the entire grid. Gas, coal, some future technology of hydrogen, some nuclear, whatever it is, there has to be a baseload that keeps the grid solid at 60 megahertz. It has to sit there. And if that drops below, then there is a systemic issue that will shut the grid down.

Mr. STAUBER. In Minnesota, when it is 40 below for 2 weeks at a time, we need that baseload to keep us alive.

Director Driscoll, my home state of Minnesota has been mining iron and taconite used in steel making for over 140 years. Met coal, as you explained in your testimony, is the other key component in the steel produced today. My district understands very well how vital steelmaking is at the national level and for local economic prosperity. My constituents know firsthand how harmful these administration resources policies can be. In your estimation, what

would be the impact on steelmaking potential if the millions of tons of met coal at the Warrior Met Project are left in the ground?

Mr. DRISCOLL. Could you repeat your question, sir?

Mr. STAUBER. What would be the effect, the impact, on steelmaking potential, if the millions of tons of met coal at the Warrior Met Project are left in the ground?

Mr. DRISCOLL. It would be dramatic because you wouldn't produce that steel. You wouldn't have the raw resource to be able to produce that steel. So, it would be dramatic.

Mr. STAUBER. As you know, the Iron Range in northeastern Minnesota mines over 80 percent of the taconite that makes steel in this country. That would most likely result in lay-offs. And when we talk about American-made steel, met coal is needed. Would that be correct?

Mr. DRISCOLL. Yes, sir.

Mr. STAUBER. OK. Mr. Luthi, in your testimony, you mentioned two mine plan amendments in the state of Wyoming that have been pending at the Department of the Interior. This is despite completed reviews at the state level and at least one letter sent by your governor to Secretary Haaland to inquire about the delay. Can you explain as best you can why there have been delays?

Mr. LUTHI. Mr. Chairman, I would love to be able to explain that. I cannot.

We have volunteered to give them more information. We have tried to work with them. So, far the silence has truly been deafening. These are simple mine amendments that it should be, I would think, an easy thing to approve.

Mr. STAUBER. Mr. Luthi, we had one of our witnesses make the comment, and I wrote it down, this Administration needs "time to review the program." That is a delay tactic. And we are seeing it in northeastern Minnesota in the mining. They are OK with the process, as long as the process takes, so long as mining does not take place. That is their end goal. And we have to remove that type of thinking if we want to be energy dominant and critical mineral dominant.

With that being said, Mr. Magaziner, you are up for 5 minutes.

Mr. MAGAZINER. Thank you, Chairman.

Let's get right to the heart of the matter here. Climate change is real. It is costing lives. It is costing jobs. It is costing money out of the pockets of working people. It is man-made. It must be reversed. And in order to do that, we need to phase out of coal.

Last week, the world had the 4 hottest days on record globally. The 4 hottest days in human record happened last week. We are on pace for 2023 to be the hottest year in human recorded history. Less than a month ago, we had record-breaking wildfires that put U.S. cities in the top 10 worst locations in the world for air pollution. Rhode Island, my state, is experiencing rapid sea level rise. Entire neighborhoods in my state are being wiped off the map. It is hurting the fishing industry, killing jobs, impacting asthma rates for children. And these events are not coincidental, they are man-made.

[Chart.]

Mr. MAGAZINER. And the data is clear. It is not even complicated. This chart behind me here shows world average temperature over

the last 160 years compared to CO₂ prevalence in the atmosphere over the same period of time. It is a direct relationship. This is undisputed in serious science. The data is clear.

The United States is also one of the highest per capita emitters among major countries. We are not the only one. Others have to act, as well. But we have a responsibility to act because we are one of the highest per capita emitters. And within U.S. emissions we know that, of all sources of electricity, coal is by far the most greenhouse gas intensive. And it is not even close. More than natural gas, more than oil, certainly more than solar and wind.

And the harmful effects of coal extend beyond climate change. Coal combustion can release sulfur dioxide, nitrogen dioxide, particulates contributing to acid rain, and smog, and worsening respiratory illnesses and cancer risk. So, the answer is clear: We have to build out clean, renewable energy that will reduce emissions, lower costs for consumers, strengthen American energy independence, and create jobs.

And let's not forget about the jobs, because job creation in renewable energy is exploding and already well exceeds jobs in electricity production in conventional energy. The Inflation Reduction Act will bring even more Americans into the clean energy sector, with experts projecting that these investments will create 9 million, 9 million, good-paying, clean jobs over the next decade.

So, our mission is clear. To help the working people who I represent, who we all represent, who are seeing their tax dollars have to go to climate resiliency, to preventing neighborhoods from being flooded, health care costs associated with higher asthma rates in kids and in vulnerable communities and in seniors all across the country, we have to responsibly transition to clean energy.

And it is unconscionable that many of our colleagues are trying to slow that progress, trying to slow the progress toward rolling out solar and wind and grid resiliency, which would have done a lot to help with the electricity crisis in Texas, slowing the progress on job-creating clean energy development to do the bidding of the coal industry that is poisoning communities and leading the warming climate that is impacting so many people.

With that, I want to yield my final minute to the Representative from California, Ms. Kamlager-Dove, and just urge once again that we take climate change seriously, and we make this transition to clean energy as rapid as possible. I will yield.

Ms. KAMLAGER-DOVE. Thank you, Representative Magaziner. I just wanted to respond to some of the testimony that came from Mr. Adams.

You mentioned that it is not about getting rid of power. No, it is not. It is actually about innovating green power.

You stated that people are not dying from the heat. They are dying when it is cold, because with heat they can adjust. Well, in fact, we know that 62,000 folks died last year in Europe. We know that millions are dying around the world because of extreme heat. I come from Chicago, where seniors are dying every year in the summer because of heat, not the cold.

And lastly, you said using our resources to empower and better the world, probably the way we see it in the United States, that

actually sounds like nouveau colonialism to me. I recently visited a country in Africa, and they say the reason why we are not there is because we are not sophisticated in our approach with them.

So, I just want to set the record straight from some of that stuff that I was hearing from you.

Thank you, and with that I will yield back my time.

Mr. STAUBER. Thank you very much. The Chair now recognizes the Vice Chair of this Committee, Representative Hunt, for 5 minutes.

Mr. HUNT. Thank you, Mr. Chairman. Thank you, witnesses, for being here.

China is set to take advantage of the global urgency surrounding climate change. They lead the world in the manufacturing of solar panels and wind turbines, and largely because this Administration will not let Americans mine for critical minerals that are in abundance right here at our feet, the ones that God gave us.

China also leads the world in producing energy from hydraulic dams, and it is building more nuclear power plants than in any other country. And some of my colleagues on the left would not even consider nuclear as a legitimate power source today.

But China also burns more coal than the rest of the world combined, and they will continue to do so as they outmaneuver us in energy production and manufacturing. Currently, China emits almost a third of all man-made greenhouse gases, more than the United States, Europe, and Japan combined. China accomplishes this by burning petroleum coke. I am not talking about the coke that was found in the West Wing last week. I am not going to say that. I am talking about this cheap by-product of heavy refining that burns six times dirtier than coal. And they are burning that every single day.

Clearly, as I have described, China is our biggest adversary and competitor with this world problem. But this Administration continues to put forth policies that strengthen China and weaken our own country. If ending climate change was the true intention of this Administration, then they would fully embrace carbon capture and, of course, carbon storage technology. The war would be on carbon; it wouldn't be on coal. It is just that simple.

But control is the true intention of this Administration, as we have seen for the past 2½ years. In 2021, coal was at a nearly equal ratio with renewable sources of energy as a share of the total U.S. energy consumption. And coal is the dominant energy source for most developing countries.

At my home in Houston, Texas I have some neighbors, and they own two Teslas. And my home is powered by coal, and so are their Teslas. Because when you plug it in, it is on a coal-powered grid. You are welcome, and thank you very much for providing that kind of energy for their Teslas and for my home. And Houston, by the way, is quite hot, and it is quite air-conditioned, as well. Thank you very much for what you do.

Energy addition is the word. There is no such thing as a transition. We have to stop talking like that, because the only way we are going to continue to fuel our country and the world is going to be a mix. It is energy addition because the world is going to need more electrons. Not just us, the globe.

If the Russian invasion of the Ukraine has shown us anything in the energy sector, it is that an energy mix is important, and that foremost mix, and the biggest piece of that, is going to be natural gas and a mix of coal. LNG saved Europe during the past winter, and without American LNG the lights in Europe would have literally been turned off. And that LNG left the ports of Louisiana and, of course, my home state of Texas, and not only provides great, good-paying American jobs, but also provides heat, power, and life for our European friends.

If you want to beat Putin in the Ukraine, stop printing money we don't have and unleash American energy. That is how you beat Putin.

And lastly, coal is one of the building blocks of America. Not only is coal an energy source, but it is paramount in our ability to continue to improve our infrastructure, which is crumbling around us. And as we invest in other countries and spend hundreds of billions of dollars around the world, we aren't investing in our own infrastructure. And met coal is essential to the production of iron and steel in our own country.

As I discussed, we have an old infrastructure in this country, and it desperately needs updating, and we cannot do it without you and we cannot do it without coal. We cannot update our systems, we cannot update our future, we cannot update our future for our children if we don't continue to use coal as a fundamental building block to get to the future.

I am from the energy capital of the world, Houston, Texas, which, in my opinion, makes me the energy Congressman of the world. I know this issue is very important to all of us, but we need redundancies, we need assurances, and we need affordable energy not just for us, but for the entire world. And we are literally sitting on it. And this country and this Administration refuses to let us use it.

Sir, it is right in your district.

Yet, we continue to empower the world by not empowering our own country. We must do better. Thank you all for being here.

With that, I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Mr. Rosendale for 5 minutes.

Mr. ROSENDALE. Yes. Thank you very much, Mr. Chair. Thank you, Ranking Member Ocasio-Cortez for holding this hearing.

To try to create the narrative that the market is phasing coal out is simply false. You completely disregard the policies that have been put in place, not just by this Administration, by the Obama administration, as well, going back to 2017, when he was passing these same types of policies that are making it difficult for us to develop coal. And what it has done is chased investment out of the industry. It has taken the industries themselves, the businesses, and made it very difficult for them to produce this, and yet we have seen the bankruptcies and the closures of several mines.

The simple mandates that have been placed on our electricity producers so that they have to fill their portfolios with a certain amount of renewable energy has made it difficult for them to continue to rely on the dependable baseload electricity that is produced by coal. In Montana alone, I don't know where there is

a greater example of this than where production has been decreased from March 2022 to March 2023. Our production was down 900,000 tons over the same period the year before. We saw Decker Mine closed. The baseload electricity is going away.

And as my good friend, the energy Congressman of the world stated, we have to increase the production. We cannot replace the production. This is a critical part of that.

We also have in Montana a checkerboard nature of the land-ownership. So, we have Federal lands, we have state school trust lands, and then we have private property. And this checkerboard effect makes it very difficult for a private developer to come in and utilize those resources without having the agreements in place from the Federal Government.

And, unfortunately, I have a mine in Rosebud, Montana, the Signal Peak Mine, which is experiencing the exact same thing that you are, Mr. Luthi, they have leases that are in place, but they are going back now and they are rescinding the agreements that are on those leases for the Federal ground, and keeping Signal Peak from accessing the coal that they had tied up and had depended upon for many years.

And right now, we are in a position where, based upon the coal that they are producing that is available on the private property, is only going to sustain them for about another 20, 24 months. And then they have this great big checkerboard square of Federal lands that they had leased that is in the way that is going to shut this whole mine down because they will not be able to proceed, to continue to develop the resources that they had actually already leased. And that is a major, major problem.

Mr. Luthi, you mentioned your state's producers lost an estimated 60 million tons of production due to the inability to transport coal to your customers, resulting in state revenue loss of \$90 to \$100 million. How can we in Congress make sure that these producers are able to transport their coal to their customers?

And how is the Biden administration currently impeding that process?

Mr. LUTHI. Mr. Chairman, Congressman Rosendale, thank you for that question. The last series of questions you might have seen me sitting up pretty high, because these are important.

You are absolutely right. Wyoming is the largest producer of coal. We actually had a reprieve from the decline that has happened the last few years largely because, we believe, of the amount of coal plants that have been taken out of production before they needed to be.

And, frankly, renewable is great. It provides about 22 percent of the energy in the nation, electricity. We suspect that is going to increase. But we are not dealing with the energy gap. That is, as we close those plants down, we do not have enough renewable power, batteries, and storage for 24-hour dispatchable power. We need that type of fuel. Even today, 60 percent of our electricity comes from fossil fuels.

Vice Chairman Hunt, Wyoming is glad you are the largest consumer of Wyoming coal. Thank you. We appreciate that.

Mr. HUNT. You are welcome, sir.

Mr. LUTHI. And I really appreciated some of the Minority witnesses talking about CO₂. That should be the target. CO₂ is the issue, not coal that is being produced. We have technology. We have the ability to use that technology. Carbon capture does work. It will work. It needs time. It needs investment. But I can tell you that we can make it work.

I just wanted to touch on a couple of other things. We talked about jobs, 5,100 jobs in Wyoming directly related to coal. When you close a coal plant down, even if you build a wind farm right next to it, those jobs are not comparable in terms of money, salary, or the number. There are going to be fewer jobs. It just takes less.

And \$4.3 billion since 2003 have come to the Federal and State Treasuries. Renewable projects under the current Federal scheme will not give that kind of return to state and the Federal government. It just does not exist.

And when we talk about transition, what we have seen so far is that when we talk about transition from coal country, it means they move, they leave their homes.

We need to deal with this sooner. We need to be able to keep them in their homes, their communities, rather than move to other places where they could become computer coders, or whatever it might be. Miners to coders is a difficult transition.

Mr. ROSENDALE. Thank you very much.

Mr. Chair, I see that my time has expired. I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Fulcher for 5 minutes.

Mr. FULCHER. Thank you, Mr. Chairman, to the panel for your testimony, both in person and in writing. Just the fact that you came here is important to us. Please understand that a number of us are doing the Committee juggle today, so not being rude on coming and going, but it is just doing more things at the same time.

But Mr. Chairman, I thank you for the time. It is good to be talking about the impact of coal extraction and leasing, especially on Federal lands for states like mine in Idaho, where there are so many Federal lands.

And I too am dismayed by the efforts that the current Administration has had on hindering domestic coal production when our energy needs are at an all-time high. And this is especially true when it comes to baseload capacity. I have heard you talk about the importance of baseload, and coal is also used in the production of steel.

And, currently, Mr. Chairman, I just came from an E&C meeting. We were talking about the shortage for steel, particularly for the use in utility transformers, and the impact that that is having, which is impacting all of our constituents directly right now.

Mr. Luthi, in your written testimony, you noted how recent winter storms brought to light the importance of having well-balanced energy sources for electricity. Just remind the Committee, if you will, just how important coal is to the baseload. I underscore the word baseload energy needs.

Mr. LUTHI. Thank you, Representative Fulcher. And I might add I am from about as close to Idaho as one can be. So, I appreciate—

Mr. FULCHER. Just go a little bit further, and you will be in heaven.

[Laughter.]

Mr. LUTHI. Well, that is one way to put it.

Again, baseload is what is important. Baseload is dispatchable 24-hour power. And renewables, again, have their place. Wyoming supplies about 16 percent of the renewables that are on the market today. We feel seriously about being able to provide a wide variety of energy sources, but you do need baseload, 24-hour power that is available on demand. Frankly, right now it is fossil fuels that can provide that.

And, again, the goal should be to reduce greenhouse gases. If that is truly the Administration's goal, that is where our focus should be.

Mr. FULCHER. OK. Thank you for that. And a related note. Also in your written testimony, you talked about how FERC said the rapid rate of coal plant closures are putting the grid in danger. How much additional capacity does Wyoming have to meet the needs of the country in terms of coal production, specifically on Federal lands?

Mr. LUTHI. Thank you again, Mr. Chairman, Representative Fulcher. Wyoming has plenty of coal. We are willing to use it. We are willing to be able to make that also available to the power companies that need it, and we are happy to do that. As we saw just last year, we had more coal than we could actually ship out. We had more demand for our coal from power plants than we could actually ship.

Mr. FULCHER. Thank you for that. I have one more quick one for you, Mr. Luthi, and then I am going to try to go quick because I have one for Mr. Driscoll, as well.

But I understand that the coal export terminals on the West Coast have been consistently blocked by Federal and state regulations. What would be the impact on Wyoming coal production if exports were supported on the West Coast?

Mr. LUTHI. Thank you for that. And the question, I think, would be easy to answer. We would be able to export more coal. We would be able to keep our coal communities whole. We would be able to move forward.

Mr. FULCHER. All right. Thank you for that.

Mr. Driscoll, I am going to go off, and I am open to anyone, but I am just looking at your background. You might be the best one to address this. And this is something that just popped into my head as we were talking and I was listening to the other testimony, as well.

Sometimes we have the ability to learn from some of our friends or other countries from around the world. And you may or may not know anything about this, but it is my understanding that over the last few years, our friends in Germany have struggled with some of their previous energy sourcing decisions, and it is my understanding that they have migrated back to coal and coal production for their energy needs. And I realize it is not immediately

in your wheelhouse, but does anyone on the panel have any insight to that question, and what the experience has been with our friends in Germany and the migration back to coal?

Mr. DRISCOLL. I know they have opened some of their closed facilities, because they were migrating completely away from coal-produced electric plants, and they have now brought them back on-line, taking them out of the mothballs and put them back on-line, quite a few of them.

Mr. FULCHER. Mr. Chair, can I, just as a comment to you, while I know we have touched on that a little bit here within the Committee, but I just think it is of note that we have been blessed with a resource, and we have decided ourselves to restrict the use of that blessing and, as elsewhere exemplified in the world, that may not be the wisest decision. So, Mr. Chairman, thank you for the time. I yield back.

Mr. STAUBER. I thank you very much. The Chair now recognizes Representative Boebert for 5 minutes.

Mrs. BOEBERT. Thank you, Mr. Chairman, and thank you to our witnesses for joining us today.

Ms. Kendall, why do you think the EPA sides with extremist environmentalists on bogus regional haze mandates to shut down coal plants under the guise of improving visibility in national parks?

Ms. KENDALL. I think that there are real issues with regional haze that affect national parks, and EPA is fulfilling their statutory duty under the Clean Air Act.

Mrs. BOEBERT. With all due respect, I think the regional haze rule is just another way for leftists to arbitrarily target fossil fuels they are philosophically opposed to. In Craig, Colorado, a community in my district, they have been forced to close a \$3 billion power plant because of a regional haze settlement which will kill hundreds of good-paying jobs and devastate the local community. And we are already seeing the impacts of that: 36.92 percent of property taxes in the county come from the Craig Coal Power Plant.

Ms. Kendall, in your testimony you state, "Decisions regarding how our nation leases Federal coal resources have significant consequences for all Americans." How do you and other leftists ignore the devastation you are causing to minorities and people in rural America who are hit hardest by these anti-fuel mandates?

Ms. KENDALL. I am not sure what anti-fuel mandates you are talking about with regard to the Federal coal program, because the declines have been due to market responses and to coal companies withdrawing—

Mrs. BOEBERT. Would that be the Federal Government's heavy hand tipping those scales with the subsidies in the market? Because I don't think the Federal Government is doing a good job of letting the markets decide. It seems that people and their decisions that are made here in this building choose winners and losers for that market.

Ms. KENDALL. I think you could also look at the Federal coal program with that line of argument. From the beginning, the Federal Government intentionally set the price of coal for Federal

coal leases to be below market in order to keep energy costs down for Americans.

Mrs. BOEBERT. And energy costs were down. They are not anymore. We have 20 million Americans who cannot afford their utility bills.

This is not the first example of leftists regulating our rural communities into poverty under the guise of climate change. Colorado's Western Slope used to have a booming energy production economy. More than 1,700 coal mines have operated in Colorado in the last 160 years, and there are only 6 coal plants remaining, which will be closed or converted by 2031.

Ms. Kendall, why is the EPA inaccurately attempting to interpret Clean Air Act emissions control authority to fundamentally transform how an entire sector of the U.S. economy generates power today with this proposed power plant rule?

Ms. KENDALL. Could you repeat the question?

Mrs. BOEBERT. I just want to know why the EPA is inaccurately attempting to interpret the Clean Air Act emissions control authority. This is job-killing. It is proposed rules that puts the Green New Deal agenda ahead of rural America and communities that rely on affordable and reliable energy.

Ms. KENDALL. I was not prepared to come today to speak to the EPA's rules.

Mrs. BOEBERT. Perhaps we will have you better prepared next time you visit.

How many coal lease sales has the Federal Government held since Joe Biden took office?

Ms. KENDALL. I don't know the exact number. I believe there have been one or—

Mrs. BOEBERT. The exact answer would be zero.

Ms. KENDALL. OK.

Mrs. BOEBERT. And how many coal-powered plants did China permit last year?

Ms. KENDALL. I do not know.

Mrs. BOEBERT. Well, according to a report done by the Global Energy Monitor and the Centre for Research on Energy and Clean Air, which I ask unanimous consent to submit into the record, China permitted more coal power plants last year than any time in the last 7 years, which is the equivalent of about two new coal power plants per week.

Mr. STAUBER. Without objection.

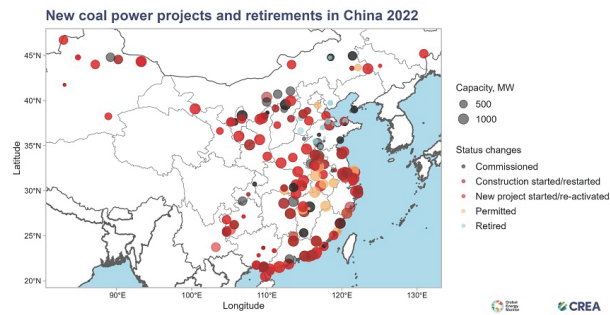
[The information follows:]

Submission for the Record by Rep. Boebert



Briefing, February 2023

China permits two new coal power plants per week in 2022



The full report can be viewed at:

<https://docs.house.gov/meetings/II/II06/20230712/116134/HHRG-118-II06-20230712-SD006.pdf>

Mrs. BOEBERT. Now, we have heard a lot about carbon emissions and, of course, we are in favor of carbon capture and producing that. But wildfires in my district emit more carbon emissions in just a few short days than every vehicle in my home state of Colorado, running 24/7 for an entire year. So, I think we need to bring forest management into this equation.

But since we are talking about coal here, do you know the rate that China is outpacing the rest of the world with building new coal-fired power plants?

Ms. KENDALL. I am not familiar.

Mrs. BOEBERT. China has six times as many plants starting construction as the rest of the world combined.

American energy is not the issue. It is our adversaries who are doing so irresponsibly throughout the world. We need good, clean energy production here, and we would appreciate it if the extremists would get out of the way and the Federal Government would stop choosing winners and losers so Americans can afford their energy once again.

Mr. Chairman, I yield.

Mr. STAUBER. Thank you very much. The Chair now recognizes the gentleman from Georgia, Mr. Collins, for 5 minutes.

Mr. COLLINS. Thank you, Mr. Chairman. And it is odd, Mrs. Boebert, we were just talking about wildfires and how they are not managing the forest.

Mrs. BOEBERT. They are not.

Mr. COLLINS. So, that is a different problem, a huge problem. Just like most everything in the Federal Government, the Federal Government is the problem.

Mr. Chairman, as you know, we have had hearings in various areas across this country, and every time we have these hearings and we are out there, it is pretty much we see the same thing. It is just an over-reach from a Federal Government that is bent on pushing an Administration socialistic, woke agenda.

And I want to give you a little bit of my background. I am in the trucking industry. And Mr. Luthi, I know you said you were sitting tall. And where I come from in Georgia, we always say I am kind of like a cat on a hot tin roof. If you saw me squirming, I am ready to talk.

Now, I haul for a living, and I am also in the tire recycling industry. But we have a product that is called TDF, or Tire Derived Fuel, which is mixed with coal. And it actually provides electricity for a manufacturing facility that deals with waste paper, but it also sells power back to the grid. So, obviously, there is technology there to scrubbers in those chimneys to clean this air up after it has been burned, the coal.

So, maybe it is just a personal question, but Mr. Luthi, can you expand on that and tell me about that technology?

Mr. LUTHI. Thank you, Mr. Chairman and Mr. Collins. I can't help you with much, because that really isn't my expertise. But Wyoming coal companies have been putting scrubbers on their coal plants—or, I am sorry, Wyoming electric utility companies have been putting scrubbers on plants for years. That reduces what we call nitric oxide and sulfur dioxide emissions, as well as helps to address the regional haze.

I did want to say, you mentioned trucking, and I am an old politician, so I am going to take this opening while I have it. We mentioned a little bit about the ozone transport rule, and that is one of the things we are fighting in Wyoming, again with EPA. And part of the problem we are having is that their modeling, we believe, just does not fit the country that is out there, and doesn't take into effect exceptional events like wildfires. The East Coast has seen that exceptional event. I will be real curious to see if EPA recognizes that now as an exceptional event.

Mr. COLLINS. All right. Thank you.

Would anybody else like to weigh in on that? I don't know if it is something that is in your wheelhouse or not. I just find it odd that we have been hauling this product for the better part of 20 years, so there is technology out there.

And the other thing that I am curious about, what we have been seeing, is the EPA has, obviously, been playing a big role in suppressing people from being able to mine coal. Mr. Driscoll, can you attest to that? Can you expand on that? Is the EPA playing a large role in preventing coal from being mined?

Mr. DRISCOLL. I am not prepared to talk about that. No, sir, I don't know.

Mr. COLLINS. Mr. Luthi?

Mr. LUTHI. Thank you. I get the opportunity again. Absolutely. And let me give you a good example of what I think is somewhat a disjointed approach.

On one hand, some in the Administration are talking about how great carbon capture is, how great it should be on a coal-fired plant. And then we have the power plant rule that comes out, and it doesn't give enough time or enough incentive. It is long on sticks and very short on carrots to allow utility companies to do that.

Mr. COLLINS. You know what? I know I am getting short, but I think what we have been seeing, too, is just a moving of the goalpost. Every time it seems like you are getting close to being able to comply, then the compliance rules change. And I don't know if that is something that you have been seeing in the coal industry, but we have certainly been seeing it in all the other hearings that we have been talking about here.

And I think that is why one of the big things that I espouse out there in all industry is that we need tort reform in this country, these out-of-control environmentalists that are out there suing and just bringing lawsuits with no consequences just to make it harder on people out there trying to make an honest living.

With that, Mr. Chairman, I thank you and I yield back.

Mr. STAUBER. Thank you very much. The Chair now recognizes Representative Hageman for 5 minutes.

Ms. HAGEMAN. Thank you, Mr. Chairman, and a special thank you to each of the witnesses for your attendance at this important hearing today.

Coal plays an essential role in the Wyoming and U.S. economy. More than 40 percent of the coal produced in this country comes from the state of Wyoming. Coal mining provides thousands of jobs and produces billions of dollars in direct state and Federal revenue. Coal production helps fund our schools, our hospitals and clinics, and other essential services.

Aside from the hundreds of millions of dollars Wyoming coal provides for the state, it also contributes hundreds of millions in royalties to the Federal Government. Despite all of the contributions of the coal economy to the prosperity and progress of this nation, this Administration has perpetuated a lie that coal production is the problem. They have fed the American people a false narrative that so-called green energy is reliable. However, we have been reminded time and time again that there are consequences for weakening our baseload energy, the most recent example of this being in Texas in 2021.

The Federal leasing program has been essential to strengthening the baseload, particularly in Western states, whose lands are heavily controlled by the Federal Government. The Federal coal leasing program has been a means of securing affordable and reliable baseload energy for decades, with significant returns to both the states as well as the Federal Government.

Mr. Luthi, how would you anticipate changes to the Federal coal leasing program from the Biden administration to alter our ability to secure a reliable baseload in the future?

Mr. LUTHI. Mr. Chairman, Congresswoman Hageman, thank you.

Basically, what we need is we actually need to resume the coal leasing program. There has been a lot of testimony, facts, and figures that some companies have great reserves. But what isn't shown is how those reserves fit in with the overall company's ability to get to the coal.

I will give you a slight example. As you move forward with coal, as you take the coal out of the mines, as you well know, you also start your reclamation on the back end. And Congresswoman Hageman, you missed some very interesting pictures of what was purported to be lack of reclamation. But what we didn't see were pictures of actual thousands of acres of reclamation that has been completed. In fact, I would invite this Subcommittee to come visit and look at some of this reclamation to see what is available.

But to circle back, Congresswoman Hageman, we need the process to open up again. It takes years to get through the environmental reviews. Let's once again give those companies some surety that they can move forward. We need coal. We need carbon capture.

Ms. HAGEMAN. And one of the things that I would say about the reclamation, having been there myself on numerous occasions, is seeing the incredible habitat that has been created for a variety of wildlife species.

I would also say that it is so critically important to continue to be able to access our coal resources for the very reason that it is one of the very few things that stands between us and energy poverty.

The Green New Deal, the green energy that is being pushed by this Administration, is causing and will continue to cause energy poverty. And I believe that people who pursue policies that result in energy poverty are immoral. And I think that that adequately describes this Administration.

Will keeping coal in the ground provide any return to taxpayers, Mr. Luthi?

Mr. LUTHI. Thank you, Congresswoman. No, it does not. Currently, there are royalties, bonus bids, and rentals that would be shared between the state and Federal Government. Doing nothing gets exactly that: nothing.

Ms. HAGEMAN. Mr. Adams, in the current state of the market we have been hearing a lot from Wyoming coal companies that the onerous bonus bid process of having to pay hundreds of millions up front is a huge hurdle for new leasing. And we also hear that the price per ton is grossly inconsistent with coal prices. Mr. Adams, can you expound on how bonus bids have acted as a major hurdle to MTC?

Mr. ADAMS. Yes, absolutely. Thank you for the question, Congresswoman.

The way the process works right now is they are on a lease by application or a lease by modification. Application is a larger swath of coal that I would obtain. A modification is a smaller bid. In this case, I am going to talk about a lease by modification, because I can shoehorn in one of the experiences that we are actually dealing with right now with the BLM.

The way it works is that a company goes and applies for more coal. For example, in 2016, we went and applied for a very small tract of land, or small tract of coal, just 15 million tons. It was very small, and we obtained that and then we had to pay for that coal over 5 years. So, it was divided into fifths, and we paid for that entire amount of coal. We then paid for that, and now we have been waiting since, while the ASLM, the Assistant Secretary for Land and Minerals, has been sitting on that project, it is in her bottom left-hand drawer, waiting to give us permission to enter that land so we can actually go get the coal. I think it is right underneath the file where our Montana lawsuit is also sitting there.

But the problem is that if we wanted to go get a larger tonnage, for example, you heard earlier that the Ranking Member said that there are only 20 years of coal left in Wyoming, which is a problem because, as Mr. Luthi testified earlier, it takes 8 to 12 years to get new coal. So, that means there is a gap. If we want more coal for the future, we need to be acting now to get more coal.

So, historically, LBAs, a lease by application, is a large bid to go get coal for the future, would be a half a billion tons, 500 million tons. I would go get that. And let's say I get that bid at a dollar a ton. That is not my royalty, that is just the bonus bid to go buy that. So, that is a half a billion dollars that, as a company, I am committing. Right now, in today's environment, a half a billion dollars is a whole lot for the largest coal company in the world, which I am not.

So, it is just economically not feasible, but let's pretend it is. Let's say we win Powerball tonight. And as a tax-exempt entity, we decide to take that whole winner and flip it into a coal bid. I would have to pay that in the next 5 years. I would have to come up with that half-billion dollars and give it to the Federal Government.

Then I am going to wait 8 to 12 years before I can put a shovel in the ground in hopes of getting a penny of revenue from that coal. So, I have a 3- to 8-year gap after paying a half a billion. That doesn't make sense. That is not an investment that, if I am a

public company, I can take to my shareholders and keep my job. That is just not an investment that makes sense in today's day and age. We have to be able to reform that.

And then after I get that, then we are talking about the royalties. And I am making all of my expenses along the way to develop that land. I still have all my consulting fees, my legal fees, all my development fees. I have to get my overburden removal taken care of, there are so many expenses between here and there. The economic burdens of getting to that new coal and getting that new ton, it is just an overwhelming prospect, and margins are nowhere close to what they were decades ago.

The economic realities of being a coal miner and providing energy for America today, we just don't understand. The general public doesn't understand anymore of what it is. It is a very difficult business.

Ms. HAGEMAN. Well, Mr. Adams, I thank you for that answer. I know that we are out of time, but I think what you have described is that our government has become the enemy of the people. It is something we need to fix, and we will work on it.

I also would like to invite the Committee to come to Wyoming to see the beautiful work we do to make everybody's life better.

Thank you for letting me participate. With that, I yield back.

Mr. STAUBER. You are welcome. Thank you very much.

Mr. Adams, when you were talking I am thinking this is exactly what is happening in northern Minnesota with this Administration stopping mining, 20 years in a permit.

Mr. ADAMS. Yes.

Mr. STAUBER. And then they have the EPA remand a Corps of Engineer permit. Never happened in the history of this country. Yet, we provide 80 percent of the taconite that makes the steel in this country, and we are on the cusp of helping this country's strategic national security with critical minerals mining. And this Secretary of the Interior banned 225,400 acres without even knowing there were critical minerals in there. I mean, this is what we are dealing with.

And I will just say to the Members here, thank you for your questions. And to the witnesses, thanks for your expert testimony, all of you. It is needed. It is a great discussion. Again, thank you.

The members of the Subcommittee may have some additional questions for the witnesses, and we will ask you to respond to these in writing. Under Committee Rule 3, members of the Committee must submit questions to the Committee Clerk by 5 p.m. on Monday, July 17. The hearing record will be held open for 10 business days for these responses.

If there is no further business, without objection, this Committee stands adjourned.

[Whereupon, at 12:03 p.m., the Subcommittee was adjourned.]

[ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD]

Submissions for the Record by Rep. Stauber

**Alabama Port Authority
Port of Mobile**

December 12, 2022

Hon. Richard Shelby
United States Senate
304 Russell Senate Office Building
Washington, DC 20510

Dear Senator Shelby:

Please accept this letter as a statement of my support for approval of the federal coal lease application #ALES-55797 made by Warrior Met Coal (Warrior). This application, which is currently under review by the Department of the Interior, would permit Warrior to mine 24 million tons of metallurgical (met) coal on federal land in Alabama.

As you are aware, met coal is a component used for steel production and is not thermal coal, which is used for energy generation. This distinction is important as met coal is not subject to the recent reinstatement of the Obama Administration's coal lease ban. In fact, Warrior is dedicated entirely to mining non-thermal met coal, and its highly efficient longwall operations in Alabama supply exports of premium met coal to metal manufacturers around the world. In the 2022 fiscal year, McDuffie Coal Terminal at the Port of Mobile exported approximately 10M metric tons of met coal.

In addition to supporting the exportation of clean and efficient met coal mining products, approval of this application will help support jobs and the economy. Warrior's Alabama mine directly supports hundreds of high-paying jobs with an average annual wage of more than \$90,000. Its production also supports jobs here at the Port of Mobile, where Warrior is our largest customer. An economic impact study conducted during the 2021 calendar year showed that McDuffie Coal Terminal operations at the Port of Mobile created more than 2,000 jobs directly and a direct revenue impact of more than \$350M.

Based on the results of our 2021 economic impact study, we can confidently say this lease would generate additional hundreds of millions of dollars for the State of Alabama, the federal treasury, and the Port of Mobile, collectively. Supporting high-wage jobs and bolstering the economy are among the Port's top priorities, as is the responsible stewardship of Alabama's tremendous natural resources. To this end, I fully support the approval of Warrior Met Coal's lease application.

Sincerely,

JOHN DRISCOLL,
Director and CEO

**U.S. House of Representatives
Committee on Natural Resources**

June 28, 2023

Hon. Debra Haaland, Secretary
U.S. Department of the Interior
1849 C Street, N.W.
Washington, DC 20240

Dear Secretary Haaland:

Coal is essential for American energy security, providing reliable, inexpensive baseload power and gainful employment for thousands of Americans. The U.S. has vast domestic coal reserves, with the U.S. Energy Information Administration estimating that there are about 251 billion short tons of recoverable coal reserves in the U.S.¹ Notably, the Department of the Interior (DOI) plays an important role in domestic coal production as the Federal Coal Leasing Program continues to be a major source of federal and state revenues. In addition, coal mining and associated mine reclamation is regulated by the Surface Mining Control and Reclamation Act (SMCRA) of 1977 (30 U.S.C. 1251 et seq.) and overseen by the Office of Surface Mining Reclamation and Enforcement (OSMRE) and the Bureau of Land Management (BLM) is responsible for coal leasing on over 570 million acres of federally owned land.²

From the time of the Obama Administration, in which President Biden served, DOI has taken multiple actions to block coal production on federal lands. On January 15, 2016, then-Secretary Jewell initiated a new Programmatic Environmental Impact Statement (PEIS) to study, among other things, the purported environmental effects of federal coal production.³ The Secretary placed a moratorium on new federal coal leases until the completion of the PEIS.⁴ This moratorium was subsequently lifted in 2017 by then-Secretary Zinke, who called the proposed PEIS “costly and unnecessary.”⁵

Political interference hit coal production once again with the issuance of Secretarial Order 3398 on April 16, 2021, which reversed Secretary Zinke’s 2017 decision and directed a new review of the federal coal program.⁶ Unfortunately, on August 12, 2022, a federal judge ordered the BLM to fully reimpose the Obama-era moratorium on new leasing. On May 1, 2023, DOI announced the intent to initiate yet another environmental impact statement (EIS) to evaluate the impacts of maintaining or revoking the coal moratorium.⁷

Even beyond the reimposed moratorium, the Biden Administration continues to delay and otherwise impede federal coal production, even where the moratorium does not apply. For instance, Warrior Met Coal, located in Brookwood, Alabama, hopes to develop new coal resources that are excluded from the reimposed moratorium. However, despite the fact that scoping for Warrior Met’s lease-by-application began on August 10, 2014,⁸ this lease has continued to await final approval. BLM currently lists this project as “paused.”⁹

Continued delays on this project, other lease-by-applications, and federal coal permitting overall have major economic impacts at multiple levels of government. Coal royalties provide significant revenues to the Treasury and state budgets, and

¹ U.S. Energy Information Administration, “How much coal is in the United States,” <https://www.eia.gov/energyexplained/coal/how-much-coal-is-left.php>.

² U.S. Bureau of Land Management, National Coal Statistics Table, <https://www.blm.gov/programs/energy-and-minerals/coal/coal-data>.

³ U.S. Department of the Interior, press release, “Secretary Jewell Launches Comprehensive Review of Federal Coal Program,” January 15, 2016, <https://www.doi.gov/pressreleases/secretary-jewell-launches-comprehensive-review-federal-coal-program>.

⁴ U.S. Department of the Interior, press release, “Secretary Jewell Launches Comprehensive Review of Federal Coal Program,” January 15, 2016, <https://www.doi.gov/pressreleases/secretary-jewell-launches-comprehensive-review-federal-coal-program>.

⁵ Dylan Brown, “Zinke ends coal ban, creates panel to review royalties,” E&E News, March 29, 2017, <https://subscriber.politicopro.com/article/eenews/1060052294>.

⁶ U.S. Department of the Interior, Order No. 3398, April 16, 2021, https://www.doi.gov/sites/doi.gov/files/elips/documents/so-3398-508_0.pdf.

⁷ 88 FR 26588.

⁸ https://www.blm.gov/sites/default/files/docs/2022-02/ALES-55797%20BLM%20ES%202022_0.pdf.

⁹ <https://eplanning.blm.gov/eplanning-ui/project/53496/510>.

also contribute to major economic growth and employment opportunities in local communities. Blocking or substantially delaying coal production deprives taxpayers, states, and local communities millions of dollars in revenues and potentially thousands of good-paying jobs.

Furthermore, coal demand continues to be high both domestically and abroad. The global energy shortage in late 2020 and early 2021 was greatly exacerbated by the war in Ukraine, culminating in a huge spike in energy demand in Europe and elsewhere. As U.S. operators attempted to ramp up oil and gas production after a year of stoppages imposed by the Biden Administration, our allies in Europe turned to coal to heat their homes and run their businesses. Over one-third of Germany's power now comes from coal, a 13 percent increase over last year.¹⁰ Coal is also the largest source of power in Asia,¹¹ driving about 37 percent of the world's total power generation.¹² The United States is ready to meet that demand—by the end of the third quarter of 2022, the U.S. had exported 63,926,000 short tons of coal.¹³

Domestic operators should be allowed to produce and export their product as required by the market, and not be hamstrung by overly burdensome regulations, egregious permitting delays, or arbitrary moratoria on production at home. As such, we ask that you respond to the following inquiries by July 19, 2023:

1. How many lease-by-applications for coal operations on federal lands are currently pending at the Department of the Interior?
2. How many days has each such lease-by-application been pending?
3. How many permits or other authorizations for current coal operations on federal lands are currently pending at the Bureau of Land Management?
4. How many days has each such permit or other authorization been pending?
5. DOI recently began soliciting comments for an EIS to maintain or revoke Secretarial Order 3338, issued by former DOI Secretary Sally Jewell, which imposed a moratorium on thermal coal leasing. Since no EIS was required on the decision to impose the moratorium under Secretarial Order 3338 in the first place, explain the need for an EIS now being considered in the decision to maintain or revoke the moratorium.

Please contact the Energy and Mineral Resources Subcommittee Majority staff at (202) 225-9297 with any questions about this request and to coordinate the delivery of your response to room 1324 of the Longworth House Office Building.

This issue is critical to coal-producing states across the country, and to American energy reliability overall. We appreciate your attention to this important issue.

Sincerely,

PETE STAUBER (MN-08),
Subcommittee on Energy and Mineral Resources
Chairman

¹⁰Fokuhl, Josefine and Gillespie, Todd, “Germany Revives Coal as Energy Security Trumps Climate Goals,” Bloomberg, December 21, 2022, <https://www.bloomberg.com/news/articles/2022-12-22/germany-returns-to-coal-as-energy-security-trumps-climate-goals>.

¹¹International Energy Agency, coal factsheet, updated Oct 12, 2021, <https://www.iea.org/fuels-and-technologies/coal>.

¹²International Energy Agency, coal factsheet, updated Oct 12, 2021, <https://www.iea.org/fuels-and-technologies/coal>.

¹³U.S. Energy Information Administration, U.S. coal summary statistics, 2016–2022, <https://www.eia.gov/coal/production/quarterly/pdf/teslp01p1.pdf>.

**Office of the Governor
State of Alabama**

September 20, 2022

Hon. Debra Haaland, Secretary of the Interior
U.S. Department of the Interior
1849 C Street, N.W.
Washington, DC 20240

Dear Secretary Haaland:

Please accept this letter as a statement of my support for approval of the federal coal lease application #ALES-55797 made by Warrior Met Coal (Warrior). This application, which is currently under review by your department, would permit Warrior to mine 24 million tons of metallurgical (met) coal on federal land in Alabama.

As you are likely aware, met coal is a component used for steel production and is not thermal coal, which is used for energy generation. This distinction is important as met coal is not subject to the recent re-instatement of the Obama Administration's coal lease ban. In fact, Warrior is dedicated entirely to mining non-thermal met coal, and its highly efficient longwall operations in Alabama supply exports of premium met coal to metal manufacturers around the world.

In addition to supporting the exportation of clean and efficient met coal mining products, approval of this application will help support jobs and the economy. Warrior's west Alabama mine directly supports hundreds of high-paying jobs with an average annual wage of more than \$90,000. Its production also supports jobs at the Port of Mobile, where Warrior is the largest customer. This lease would also generate hundreds of millions of dollars for the State of Alabama, the federal treasury, and the Port of Mobile, collectively.

As Governor, supporting high-wage jobs and bolstering the economy are among my top priorities, as is the responsible stewardship on Alabama's tremendous natural resources. To this end, I fully support the approval of Warrior Met Coal's lease application. And I thank you for your consideration of the same.

Sincerely,

KAY IVEY,
Governor

