

Key Remarks of Jeremy Nichols, Climate and Energy Program Director for WildEarth Guardians

Denver, CO Listening Session on Reforming the Federal Coal Program, August 18, 2015

We appreciate the Interior Department engaging the American public in an honest conversation about how to reform the way our publicly owned coal is managed.

I understand the Department is seeking public input on royalty rates, fair market value, and other aspects of the coal program. I think the real reason we're here today, however, is because of climate change and the need to ensure our coal is managed consistent with our nation's carbon reduction goals.

We face a monumental challenge with climate change. Study after study continues to affirm that the impacts of added greenhouse gas emissions are altering our climate, fueling extreme weather, disastrous wildfires and droughts, rising sea levels, and worse. The costs to our world and our communities are tremendous.

As a federal interagency working group has reported, the social cost of carbon emissions in 2015 amounts to \$117 per metric ton, although studies indicate this value should be substantially higher. To put this figure into perspective, reports indicate that coal production overseen by the Interior Department is linked to more than 765 million metric tons of carbon annually. The cost of these emissions to our society is nearly \$90 billion.

That's why I'm here today to say that if we're truly going to have an honest conversation about the way our coal is managed, we need to be honest about carbon costs and the need to reverse the tide of mounting expenses.

And that means we need to be honest about the need to keep our coal in the ground.

Because if we're serious about recovering a "fair return," there's simply no way we can afford more coal. Let's crunch the numbers.

For every ton of coal burned, estimates indicate that approximately 1.8 metric tons of carbon dioxide are released on average. This means that for every ton of coal mined, we should be recouping more than \$200.

Yet industry is paying an effective royalty rate of around \$1.70 per ton. Instead of paying the \$90 billion we need to recover carbon costs, they paid less than \$700 million.

But let's get real here and get to the point. There's no way industry is going to pay back \$200 for every ton of coal produced. Right now, companies sell federal coal for an average of only \$15 per ton. We're talking about a price increase that, frankly, is insane.

And it's belied by the simple fact that we can't buy our way out global warming. Although recovering carbon costs may be a reasonable short-term endeavor, ultimately we need to stop

carbon from being released in the first place. That means winding down the federal coal program and ultimately putting an end to mining.

To this end, Interior needs to start leading the way. That includes stepping up to help communities dependent on coal transition to more sustainable and prosperous economies.

We've been very clear and adamant that as we keep our coal in the ground, we can't leave people hanging. Coal is going to go away, but that doesn't mean the Interior Department turns its back on this reality.

Whether by ensuring adequate bonds to assure reclamation jobs or ensuring communities receive financial support for economic planning, Interior has a critical role to play in helping our communities successfully make the transition.

The only way the American public truly gets a fair return is if our coal is kept in the ground. It's time to acknowledge this and reform the federal coal program accordingly.