



West Virginia Coal - 2019

Bluefield Rotary
Bluefield Center for the Arts
Bluefield, WV
April 9, 2018

West Virginia Coal --- Current Status

- Association --95% WV's coal production
- #2 coal-producing state - 99m tons (2018) -- +1%- (52 weeks-3/30/19)
 - 62% - steam 38% - met
- #1 underground-coal producing state – 72m tons
- #1 coal-export state (@ 50%) - 39m tons
 - *Ship to 37 foreign countries* (India, Ukraine, Korea, Brazil)
 - 29.6M tons = WV's electricity
 - *57% WV coal (17M tons)*
- 9 coal-fired plants = 95% compliant
 - 56% WV electricity – exported
- 33% Appalachian "Demonstrated Reserves"
 - *WV Geological Survey --- 50B tons*
 - *EIA --- 31.7 Billion Tons (13B tons-met)*
 - *Mined in past 155 years --- 14B tons*
 - *America has more coal than any other country- 28%*





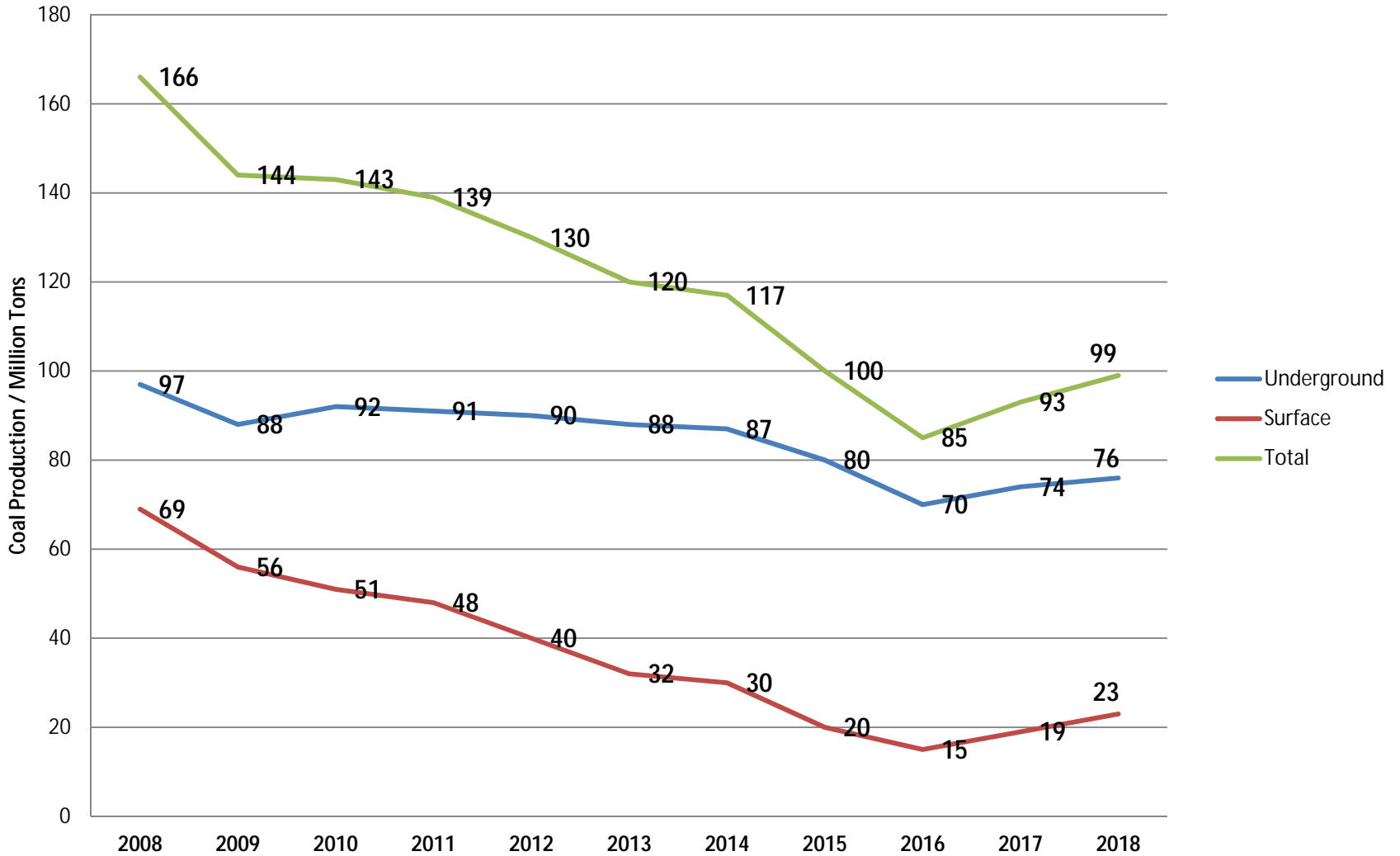
Eight TOUGH Years! – Headed BACK!



Production	Year		
	2008	2016	2018
Underground	97,378,703	69,985,513	76,352,708
Surface	68,372,114	<u>14,854,871</u>	<u>23,479,268</u>
Total Production	165,750,817	84,840,384	99,831,916
Mines			
Underground	300	54	65
Surface	240	<u>45</u>	<u>64</u>
Number of Mines	540	99	129
Employment			
Underground	14,678	10,124	10,124
Surface	<u>6,249</u>	<u>2,426</u>	<u>3,520</u>
Direct Coal Employment	20,927	12,550	13,644
<u>Prep Plants/Contractors</u>	<u>29,245</u>	<u>28,804</u>	<u>35,632</u>
Total Employment	50,172	41,354	49,276

Recovery Continues...

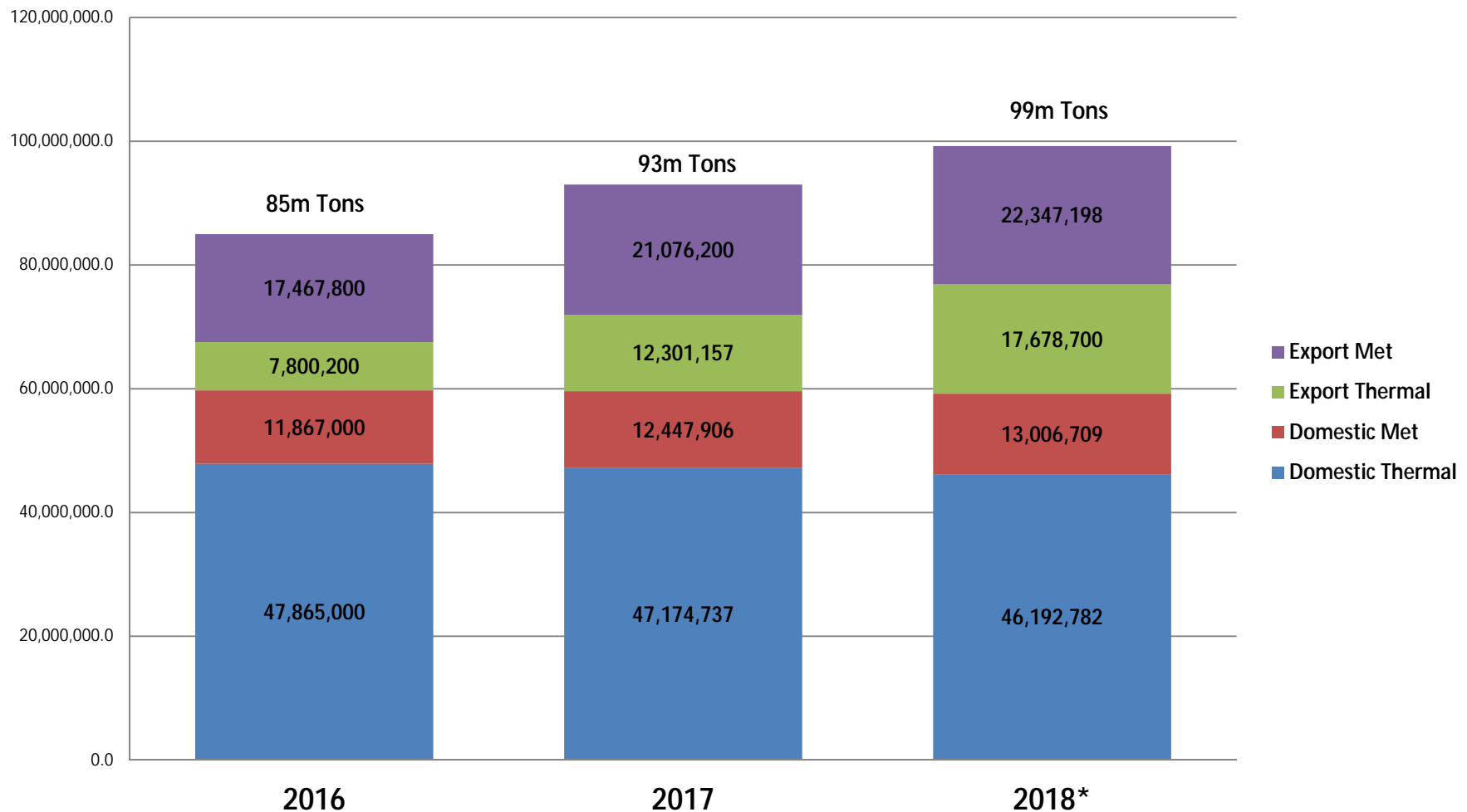
West Virginia Coal Production: 2008-2018



Success By the Numbers...

West Virginia Coal Production: 2016, 2017 & 2018

*Preliminary Data



Obama's "War on Coal" (2008-2016)



WV Coal's - "Darkest Days"

2008-2016

- DOWNTURN "UNLIKE ANY OTHER" --- FORCED CONVERSION!
 - USUALLY HAD BEEN THE "ECONOMY OR STRIKES"
- WV COAL PRODUCTION DROPPED TO 84M TONS
 - LOWEST LEVEL IN 40 YEARS (2016)
- 60% OF WEST VIRGINIA PRODUCTION WAS IN BANKRUPTCY
- 25% U.S. COAL-BURNING PLANTS CLOSED (8 YEARS OF OBAMA ADMIN)





New Economic Impacts



WVU Bureau of Business & Economic Research *(WV-BBER)*

- June 30, 2018 study for the WV Coal Forum *(industry & UMWA)*
- For the last calendar year – 2017
- ***18% of our State's 2017 total economic output (GDP)***
 - ***\$13.7 Billion of \$77 Billion***
 - » \$3.2 Billion in exported coal – 45% of all state exports
- ***Supported 36 thousand jobs***
 - ***\$2.3 Billion in compensation – average \$85,000*** *(direct)*
 - » 2.5% of all jobs in private industry
 - » 4.8% of all earnings from private industry
- ***Generated \$554 Million in State & Local Taxes***



WEST VIRGINIA COAL ASSOCIATION



HOPE – A *“new & different future”* – *When President Trump was elected!* One man in the White House can make a difference!

- > Executive orders—regulations—agency behavior—appointments--**POSITIVE ATTITUDE**
- > Key Energy Agency Appointments
- > Renewed Confidence in “COAL” and in financing coal projects
- > Viewing natural resources as an Asset V. Liability



WEST VIRGINIA COAL ASSOCIATION



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Regulatory & Administrative Actions

Reg Freeze (1/20/2017)

Stream Protection Rule

Congressional Review Act (signed 2/16/2017)

Costly Power Plan Executive Order (3/28/2017) ****Repeal (10/11/17)**

Hg MACT (4/27/2017)

Stop Paris Agreement

Ozone Rule (6/6/2017)

Waters of the U.S. (WOTUS) (2/28/2017)

Health Effects of Coal Mining – NAS Study (8/21/2017)

McDowell County “crawdad” --- FWS/OSM

OSM directives – separating Clean Water Act/Surface Mining Act

***** DoE’s 202(c) action pending for Electric Grid Security/Reliability**



Appointments



- ***Andrew Wheeler*** – EPA
- ***David Bernhardt*** – Interior
 - ***Tucker Davis*** – Coal Policy Advisor to Secretary (Virginia)
- ***Rick Perry*** – Energy (former Texas Governor)
 - ***Steve Winberg*** – Asst. Sec. Fossil Energy (*Consol/Batelle*)
 - ***Doug Matheney*** – Special Advisor to Asst. Sec. for Fossil Energy
- ***Dave Zatezlo*** – MSHA (Rhino and AEP Fuel Supply) (*Weirton-Wheeling*)
- ***Neil Gorsuch*** – US Supreme Crt
- ***Matt Kavanaugh*** – US Supreme Crt



Great help on State Level



- *Governor Justice*
- *Austin Caperton – DEP*
- *Eugene White – OMHST*
- *Ed Gaunch – Commerce*
- *Mike Graney – Economic Development*
- ***WV Legislature*** (Bluefield Delegation/2014 Election)
- Board of Public Works: AG, Ag, SOS, Auditor



WV Legislative Actions:



- *Repeal State's Renewable Standard*
- *Coal Jobs and Safety Acts 1-5*
- *Repeal State's Renewable Standard*
- *Encourage WV investment– "Economic Opportunity Tax Credit"*
- *Reduction in severance tax from 5% to 3%*
- *Incentivize mining companies to invest in WV*
- *Need:*
- *Secure WV instate coal consumption: plant upgrades*
- *Increase Research \$\$* (change academia's attitude!)
 - Production - Clean Coal - Coal to Gas/Liquids/Chemicals - REE's - Power Plants
- *Encourage* met coal production, export & port expansion



WV Legislative Actions (Tax)



House Bill 3142 – (88-11-1)

-- Reduced Severance Tax for Steam/Thermal Coal

House Bill 3144 – (88-9-3)

--Severance Tax Rebate for Investment



WV Legislative Actions (Tax)



House Bill 3142 – (88-11-1)

-- Reduced Severance Tax for Steam/Thermal Coal

- REDUCE SEVERANCE TAX FROM 5% TO 3% OVER THREE YEARS

0.35% reduction on July 1, 2019

additional 0.30% on July 1, 2020 (total of 0.65%)

additional 0.35% on July 1, 2021 (total of 100%)

- Protect tax distributions to counties/municipalities

Coal-producing and non-coal-producing counties

2018 base-year for coal-producing counties



WV Legislative Actions (Tax)



House Bill 3144 – (88-9-3)

--Severance Tax Rebate for Investment QUALIFYING INVESTMENT

EQUIPMENT-MACHINERY-IMPROVEMENT

35% OF INVESTMENT AGAINST

AGAINST SEVERANCE TAX ON 80% INCREMENTAL INCREASE

BASE YEAR DETERMINATION

2 YEARS IN BUSINESS AT LEAST

TAX DEPARTMENT RULES

DEFINE SPECIFICS AND DEFINITIONS



WV Legislature Actions SB 635



Increased penalties (felony) for entering abandoned mines

- *Both active and abandoned*

Safety/Operational

- *Mine Rescue – State teams*
- *Diesel rules*

Environmental/Permitting

- *Land Use Plans to Energy Office*
- *Subsidence*
- *Above Ground Storage Tanks – in Groundwater rule --*



WV Legislative Actions:



General Business

- *Favorable business Law/job development*
- *Comprehensive regulatory reform*
- *Judicial Fairness/tort reform*
- *Roads and infrastructure*
- *Right to work*
- *Prevailing wage*
- *Education*
- Favorable Tax Policy
- Overall Improved business climate!



WV Coal 2019 & Beyond!



Modest Improvement (tenuous) (160 MT doubtful)

Can it be Sustained?

Future is Cloudy / Uncertainty

Recovery Can be Lost in a Single Election

(Clean Power Plan, Stream Protection Rule, Hg MACT, Plant Closures, No Exports, Green New Deal, Etc.)



WV Coal 2019 & Beyond!



GET INVOLVED: Local Business / Civic Organizations
(Voluntary)

Especially Young Coal Executives! (*Mandatory*)

***No Other Business / Industry
Impacted by Politics as Much as
the Coal Industry***

Determines Coal's Destiny: APPOINTMENTS

-EPA, OSM, MSHA, F&WS, DOE,

Rules & Mine Inspections (Goal-Oriented vs. Punitive)



West Virginia Coal 2019 and Beyond

2016 Election: Serves as an Indelible Reminder of Just How Important Elections Are to the Coal Industry & Just How Much Public Policy Weighs on Mining



Future Elections: Alert & Engaged



2020 Election

(Most Important Ever)

- Presidential Election: Trump vs. ???
- Shelly Moore Capito
- All Three U.S. House Seats
- Governor Justice vs. ???
- Legislative (House & Senate):
 - 51 Seats Changed in 2018
- State Supreme Court
- Board of Public Works

Coal's Call to Action

- **COAL HAS TOO MUCH TO LOSE**
 - Need to Get Serious and Engaged Today
 - "All Hands on Deck"
 - Must Do Our Fair Share
 - Get Involved
 - Support West Virginians For Coal*



We must:

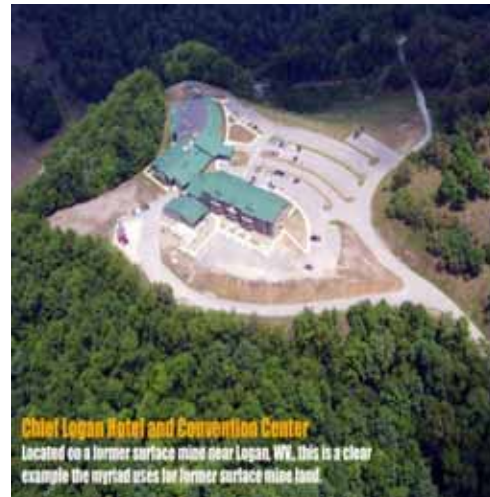


- *Maintain safety performance/environmental protection*
 - Best coal miners/managers in the world—Protect them!
- *“Level the field” among competing fuels*
 - Coal is most dependable—reliable (90-day stockpile)
 - Equalize subsidies – regulations
- *Encourage WV investment— “Economic Opportunity Tax Credit”*
- *Equalize severance tax with competing states* (PA, IL, IN, OH)
- *Incentivize plant upgrades:*
 - Utilize Guaranteed Loan Program (SBA & DoE)
 - Bring all plants into PSC jurisdiction (predictable rates , Pleasants Plant)
- *Increase Research \$\$* (change academia’s attitude!)
 - Production - Clean Coal - Coal to Gas/Liquids/Chemicals - REE’s - Power Plants
- *Encourage* met coal production, export & port expansion



Sustaining for the Future

MINING is "helping build a diversified WV"



- Joint Base West Virginia – Tyler-Morgan, Fola, Logan & Mingo (DoD/National Guard)—DZ and LZ
- Agriculture – “Patriot Gardens” / Greenhouses/ Golden Delicious Apples/Beekeepers/ Cattle/Pork/VETERANS
- Maneuver training/experimental/ranges
- Rebuild/ hydraulic and electric rebuild
- Bechtel Summit Boy Scout Complex – Fayette
- Mingo Central High School
- Earl Ray Tomblin Conference Center-Chief Logan
- King Coal Highway & Coalfield Expressway
- Mingo & Logan Counties’ Regional Airports
- Twisted Gun Golf Course
- Hatfield-McCoy Trail System
- The City of Weirton
- Pete Dye golf course
- Mount View High
- Independence High School
- Regional jails and federal prisons
- Anker Sports Complex
- Beckley YMCA Soccer Complex
- FBI Complex
- Mylan Park
- Bright Mountain Subdivision

WEST VIRGINIA COAL ASSOCIATION FRIENDS OF COAL

- Keep WV/US Coal – the “Fuel of Choice”
 - Nationally it’s being done – must continue at State level
 - Previous four years – been tremendous --Legislatively
- Get/keep our WV operations – competitive
 - *Sustain Safety – Maintain Environmental Stewardship*
 - *Legislation – Regulation – Policy – Practices*
 - *REDUCE SEVERANCE TAXES*
 - *RETOOL INDUSTRY – ECONOMIC OPPORTUNITY TAX CREDIT (New jobs – new money)*
 - *COAL JOBS & SAFETY ACT IV*
- Re-establishing “Respect” for our miners and managers!
- Keep our people working – Everyday



WEST VIRGINIA COAL ASSOCIATION FRIENDS OF COAL

Thank You!

