

# The Coal Institute



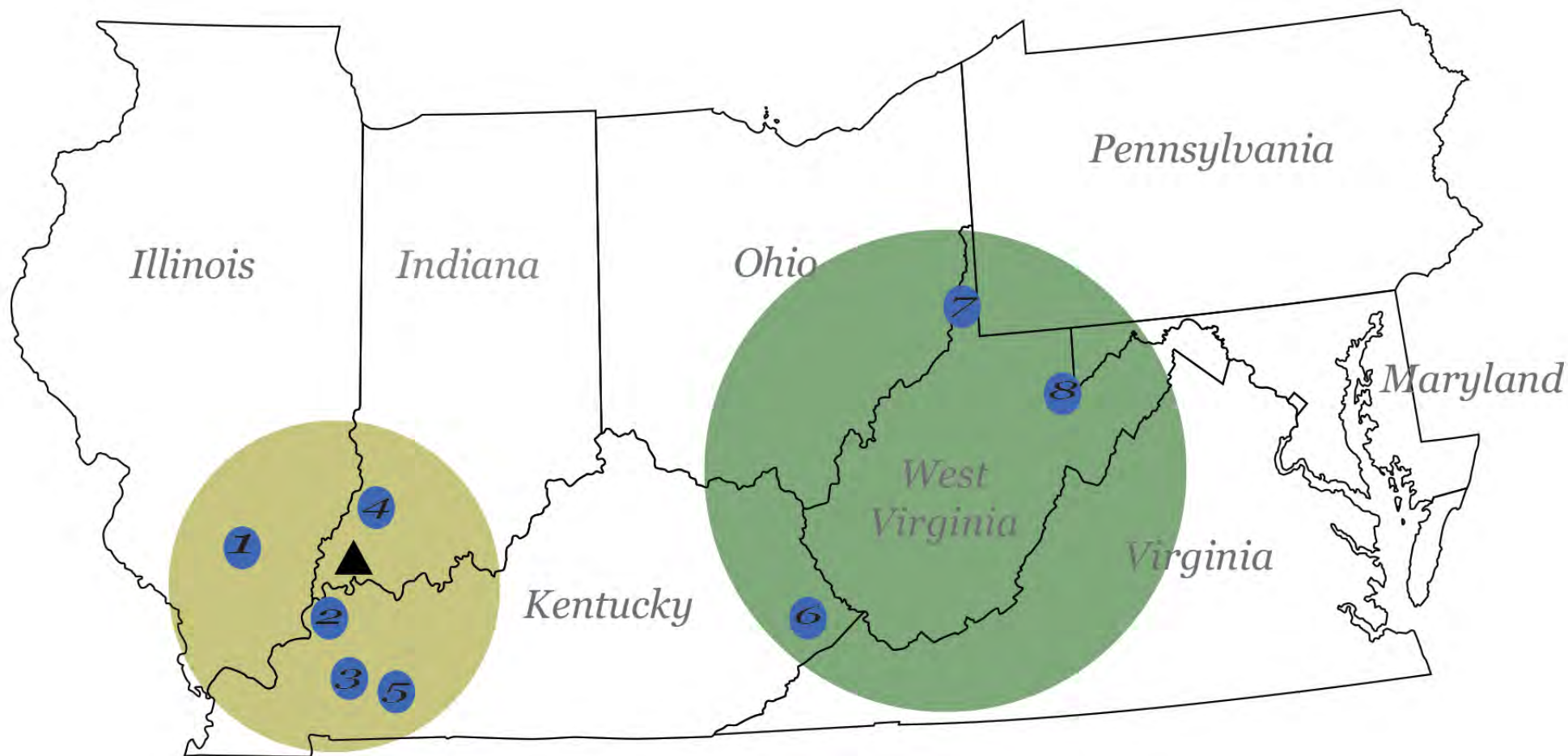
Heath Lovell  
Vice-President – Public Affairs



ALLIANCE RESOURCE  
PARTNERS, L.P.



ALLIANCE  
HOLDINGS GP, L.P.



*Illinois Basin*



*Appalachia*

1. Hamilton Complex
2. River View Complex
3. Dotiki Complex
4. Gibson South Complex
5. Warrior Complex

6. MC Mining Complex
7. Tunnel Ridge Complex
8. Mettiki Complex



Mount Vernon Transfer Terminal



# Nation's Coal Fleet

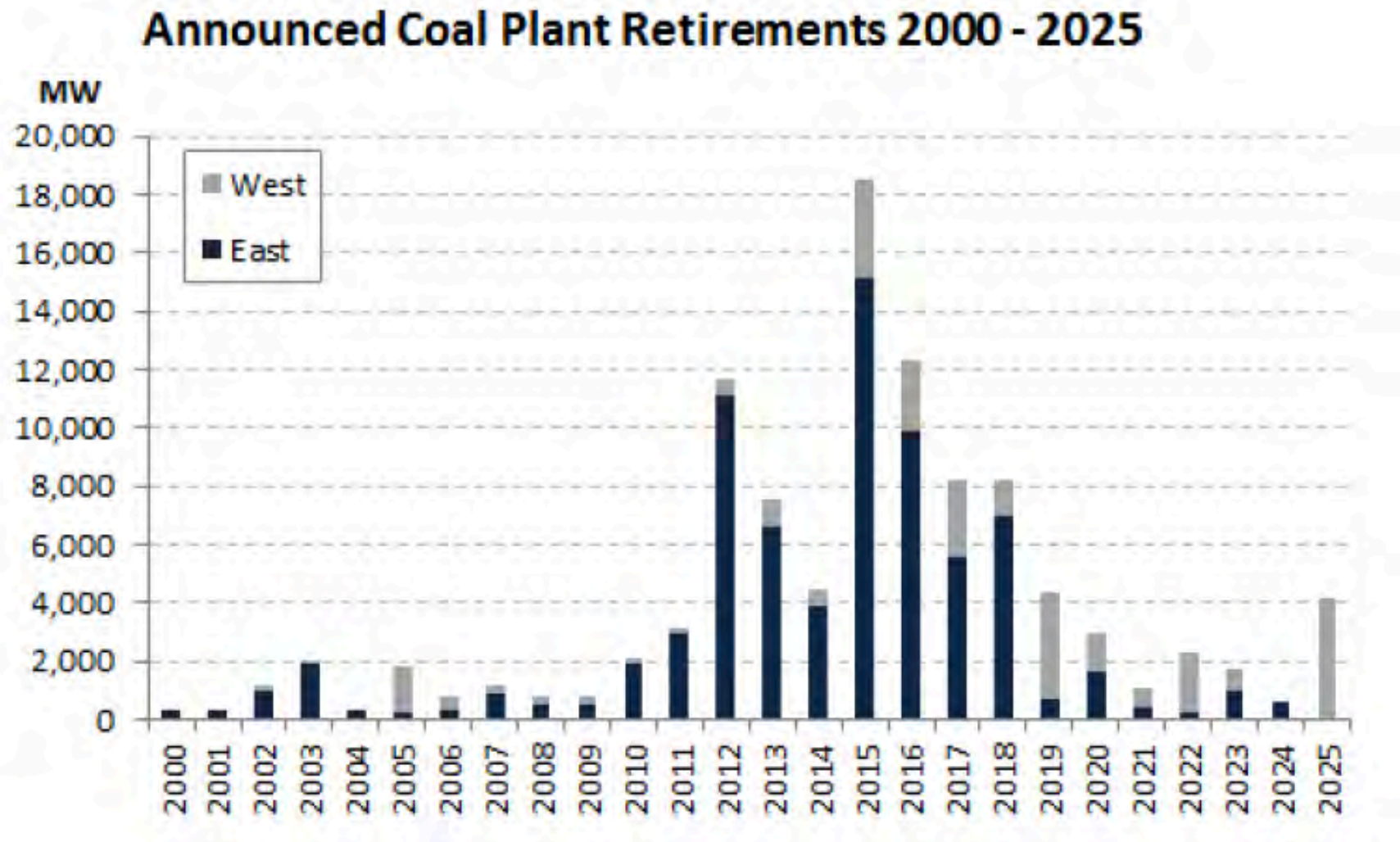
- ❑ Coal generation capacity totaled 316 GW in 2011
- ❑ 54 GW was retired from 2012-2016
- ❑ An additional 54 GW is planned for retirement
  - ❑ 24 GW scheduled between 2017-2020\*
  - ❑ 30 GW scheduled after 2020
- ❑ Average capacity factor 53% (68% in 2010)
- ❑ Average age 41 years
- ❑ Opportunity: attributes, especially on-site fuel, important for reliability and resilience

Source: ACCCE – Retirement of US Coal-Fired Generating Units, 10/24/17





# Nation's Coal Fleet



Source: Energy Ventures Analysis, *Outlook for US Coal Power Fleet* Presentation, 10/3/17  
Used with Permission



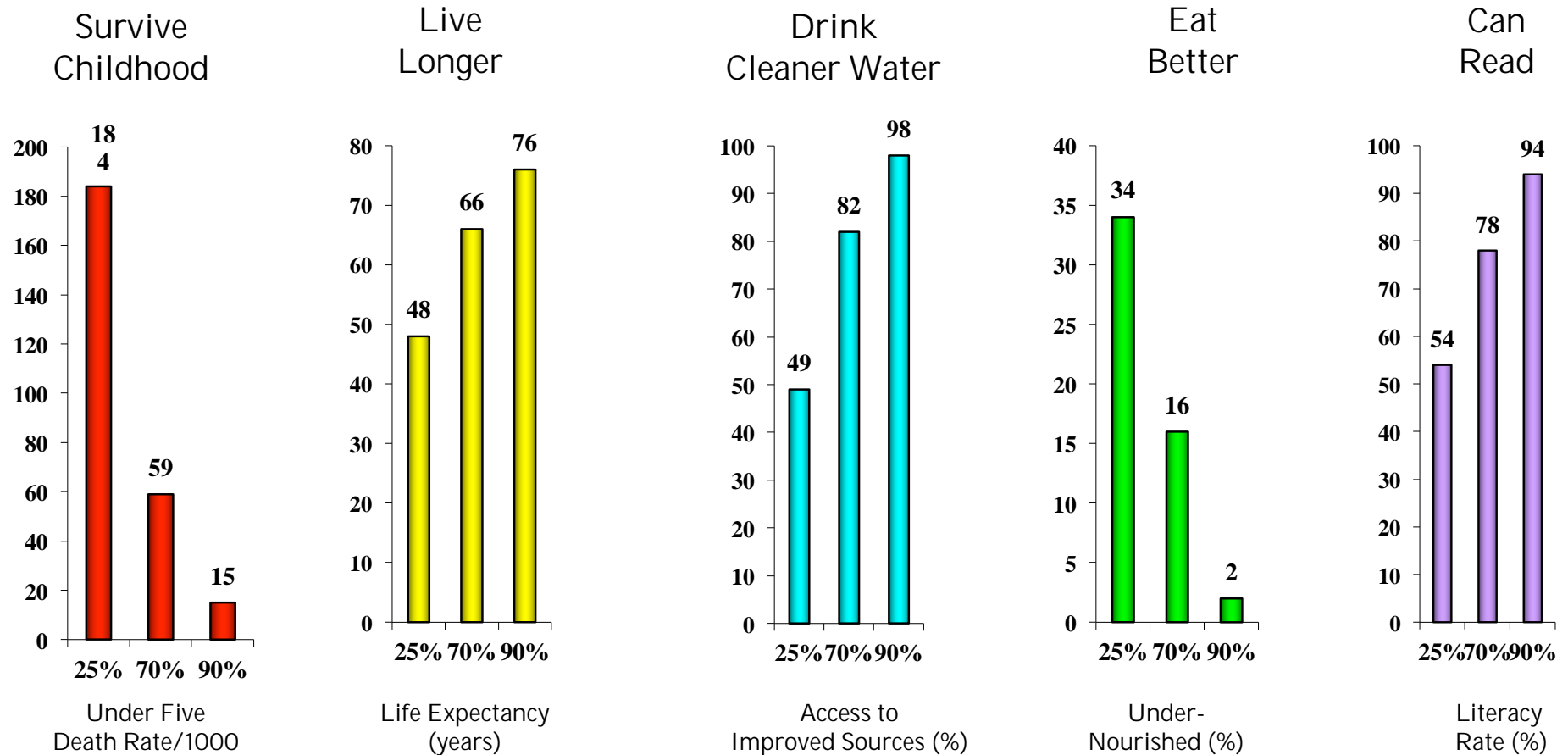
ALLIANCE RESOURCE  
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ALLIANCE  
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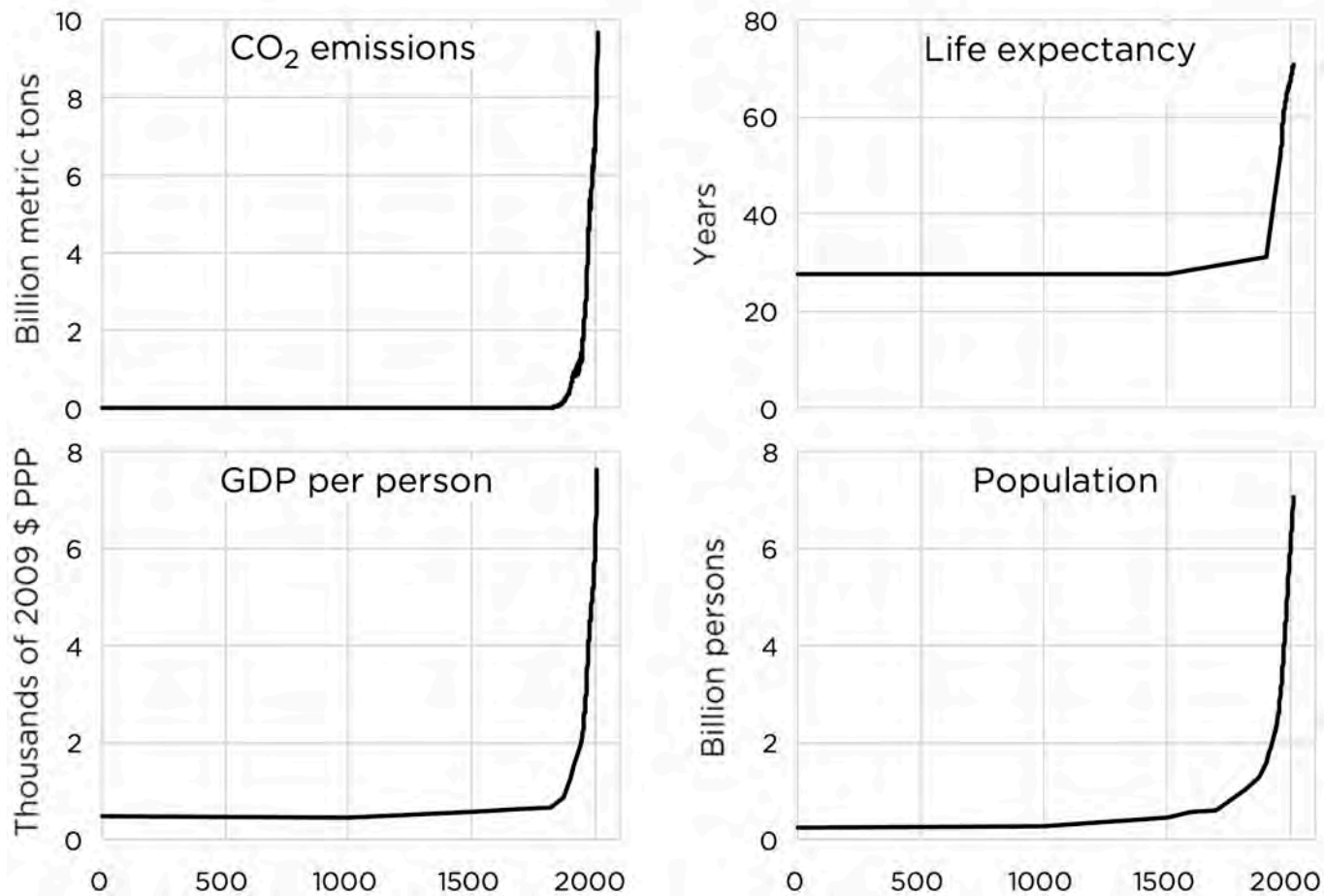
# Greater Access to Electricity Leads to a Better Life

25%, 70%, or 90% Average Percent of Population with Access to Electricity



Source: Dr. Frank Clemente at Penn State University.

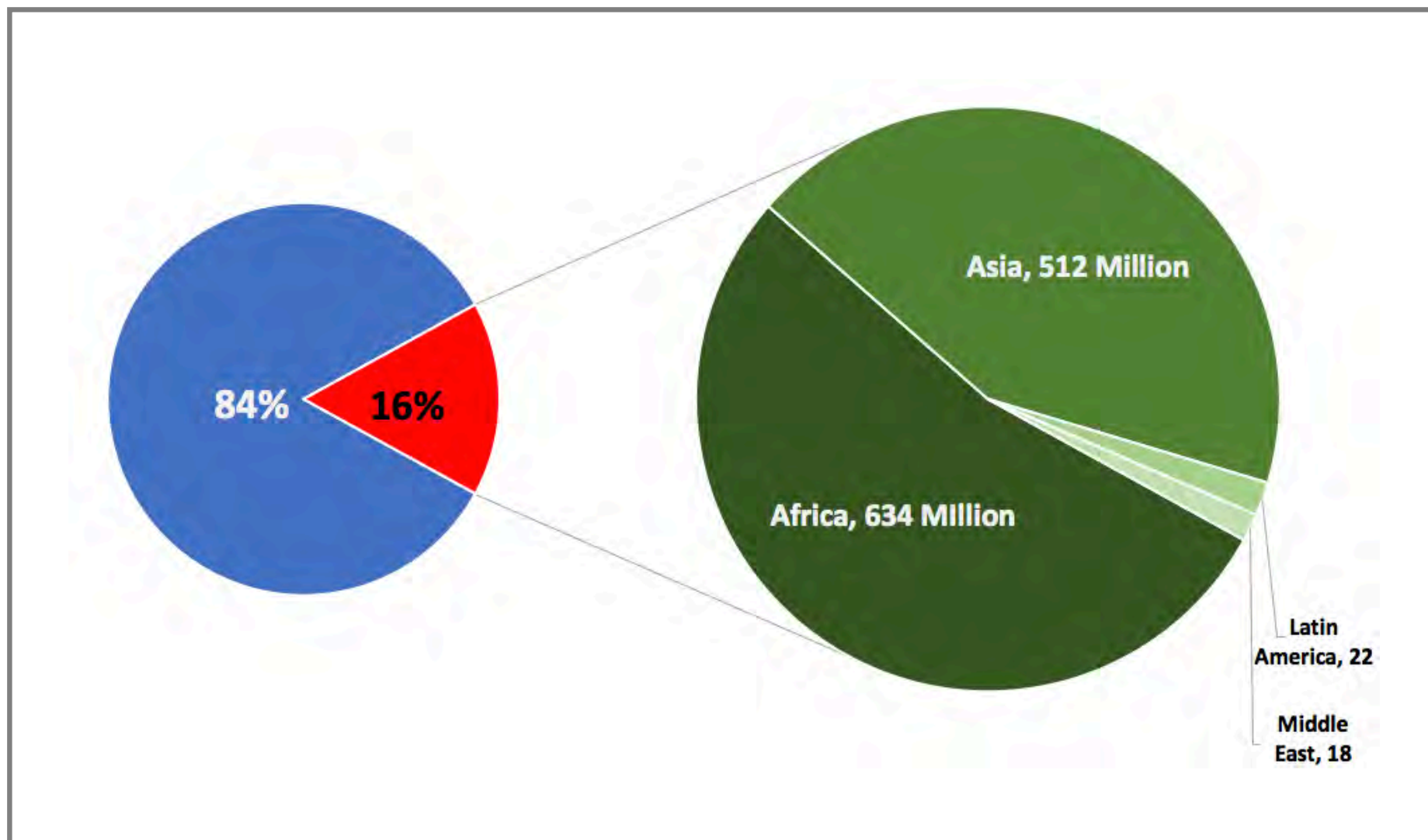
## Fossil Fuels – Cheap, Plentiful and Reliable



Source: *The Moral Case for Fossil Fuels*, Epstein (<http://www.moralcaseforfossilfuels.com/data/>)



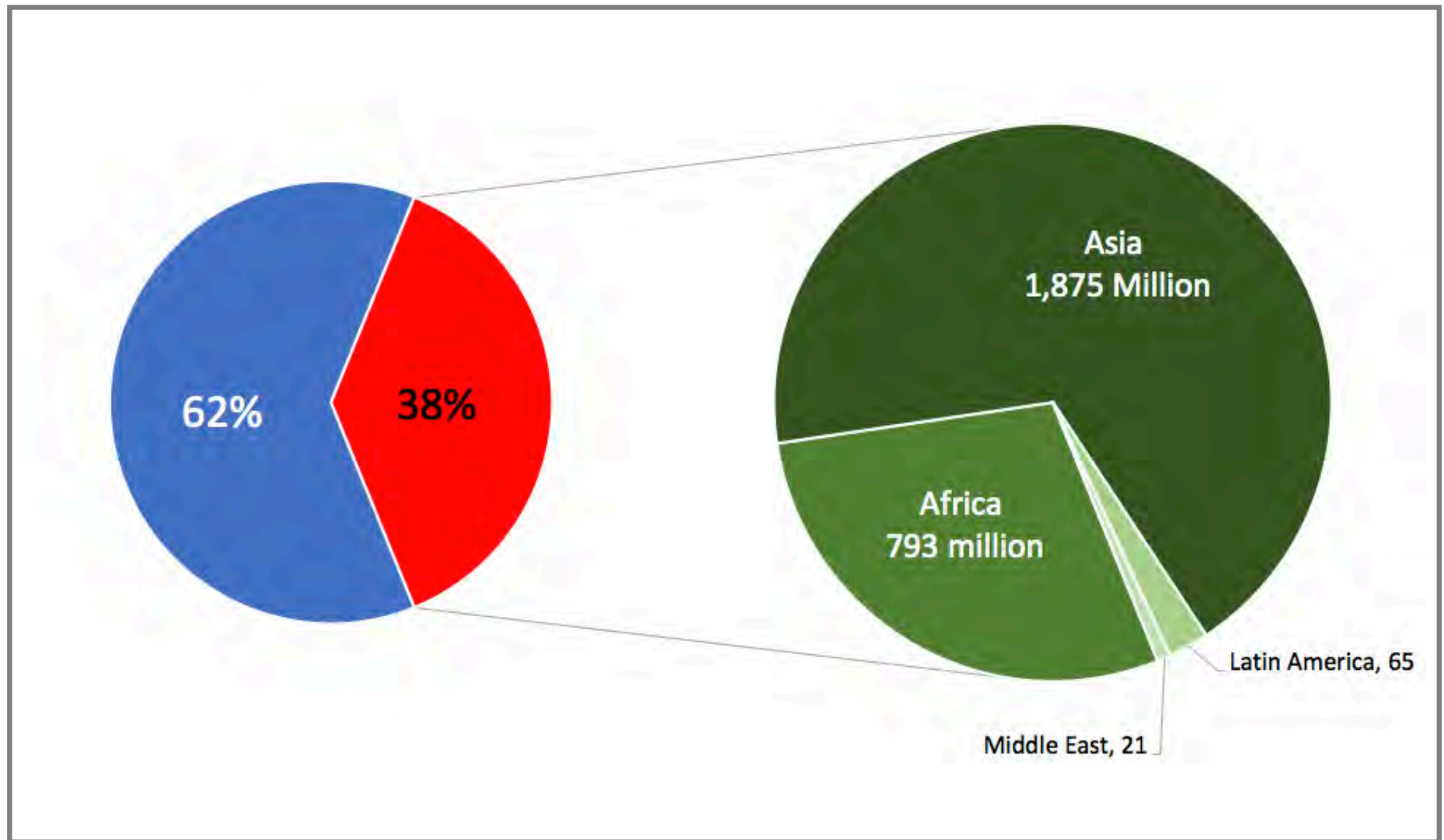
## 1.2 Billion People in the World are Without Electricity



Source: Talks at Google, Alex Epstein, Youtube, August 16, 2017



## 2.7 Billion people suffer from “energy poverty”



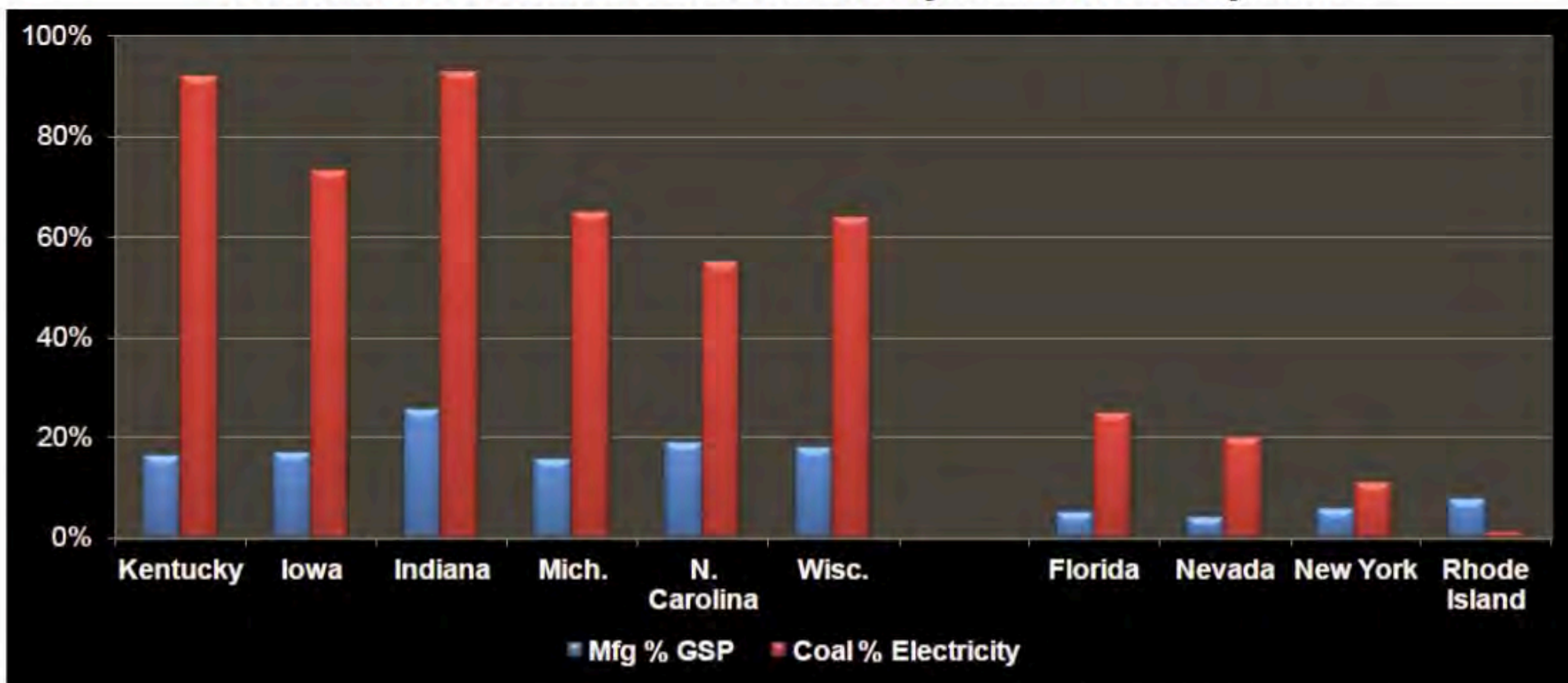
Source: Talks at Google, Alex Epstein, Youtube, August 16, 2017





## Manufacturers Require Affordable Energy

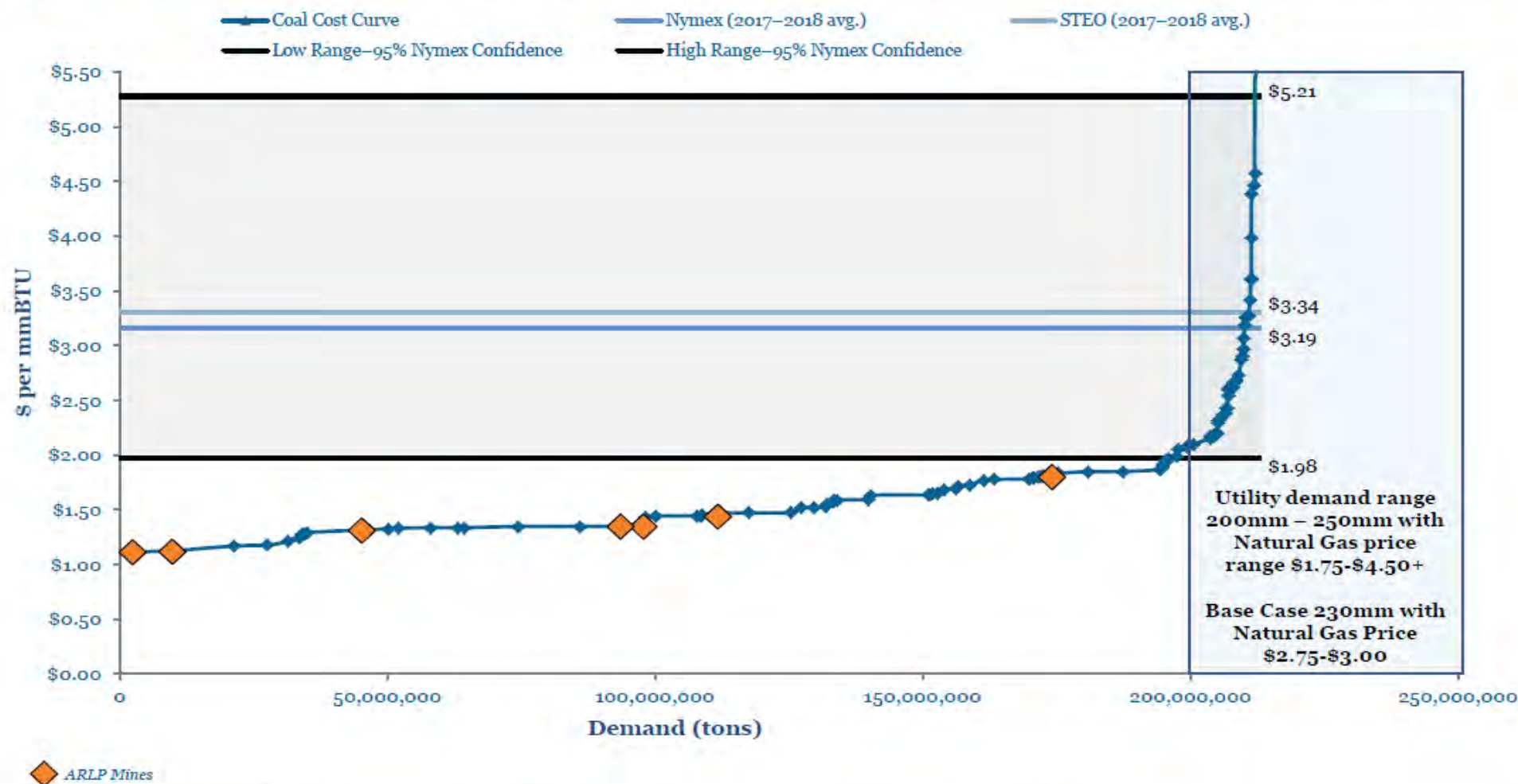
### Percent of Gross State Product (GSP) Compared To the Percent of State Electricity Generated by Coal



Source: U.S. Energy Information and National Association of Manufacturers.

# ARLP Low Cost Mines will Compete in Likely Natural Gas Price Ranges

2017 Domestic Thermal Cost Curve–Total Costs (Opex + Capex) – ILB, NAPP, CAPP



Sources: EIA Short-Term Energy Outlook (STEO) published on May 9, 2017, CME Group May 26th, 2017; ARLP Presentation to the 2017 Master Limited Partnership Investor Conference on June 1, 2017



## Fossil Fuels – Cheap, Plentiful and Reliable

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New Scientist magazine reported that in the future, cars could be powered by hazelnuts. That's encouraging, considering an eight-ounce jar of hazelnuts costs about nine dollars. Yeah, I've got an idea for a car that runs on bald eagle heads and Faberge eggs.

— Jimmy Fallon —

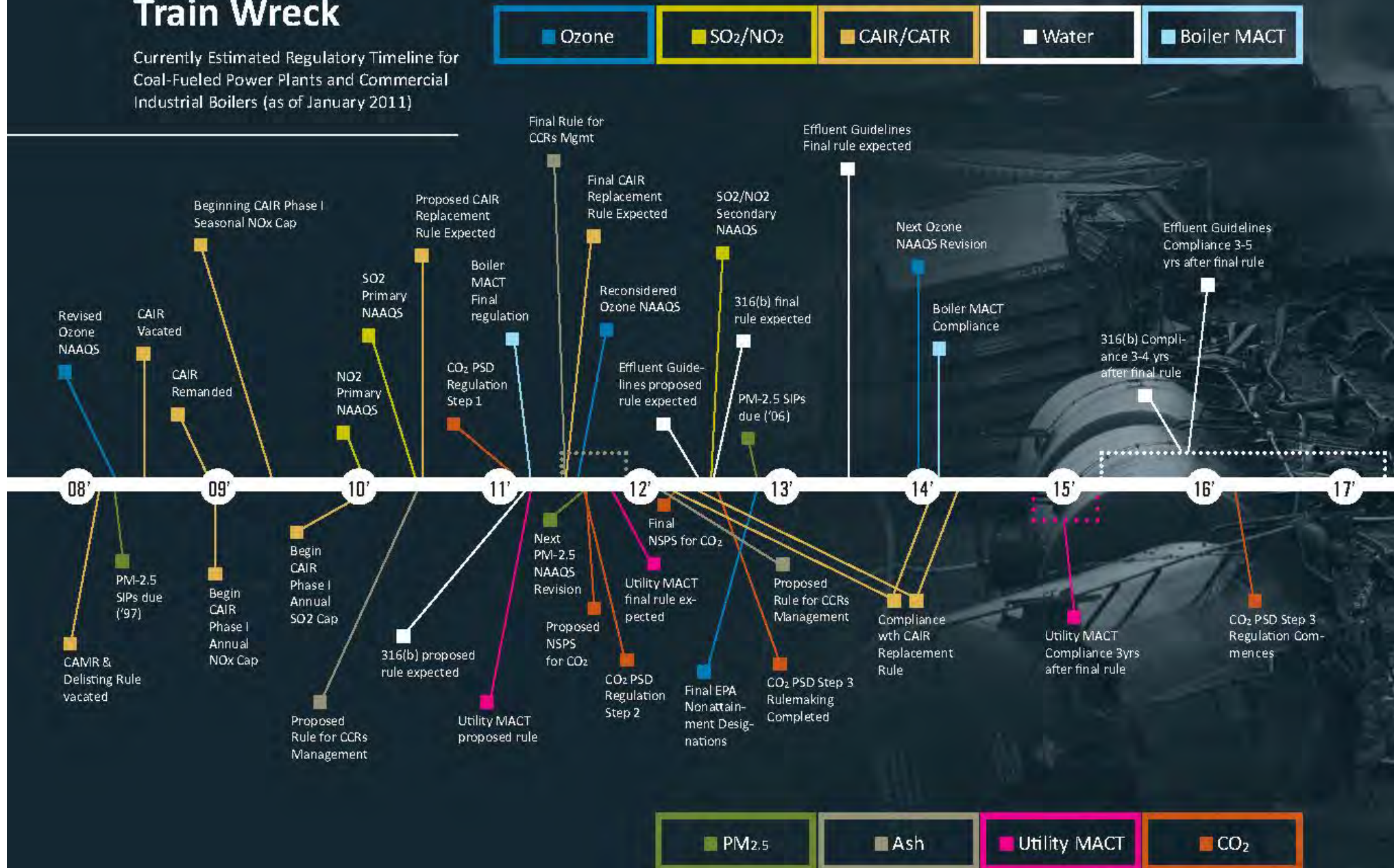
AZ QUOTES





# EPA's Regulatory Train Wreck

Currently Estimated Regulatory Timeline for Coal-Fueled Power Plants and Commercial Industrial Boilers (as of January 2011)





## “Circle of Life”

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- EPA Regulations
- -> Higher Cost of Electricity
- -> Decreased Competitiveness of American Manufacturing
- -> Loss of Manufacturing Jobs
- -> Decreased Electrical Load
- -> Loss of Tax Revenue at the State and Local Level
- -> Utilities Spend Capital to Generate an Increase in Income
- -> Increased Costs are Passed on to Ratepayers
- -> Result is Higher Cost of Electricity (and the circle continues)



# RURAL AMERICA IS THE NEW ‘INNER CITY’

A Wall Street Journal analysis shows that since the 1990s, sparsely populated counties have replaced large cities as America’s most troubled areas by key measures of socioeconomic well-being—a decline that’s accelerating

*By Janet Adamy and Paul Overberg*



## Impact on Rural America

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- Rural America is the new “inner city”\*
- Wage gap between urban and rural areas has widened 50%
- Opioid abuse is up, accounting for four times as many criminal events in some areas

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HEALTH CARE / FEATURE

### **This County Switched From Backing Obama to Trump. Here's What Happened.**

Josh Siegel / @SiegelScribe / June 02, 2017 / [comments](#)

\* Source: Heritage.org, June 1, 2017



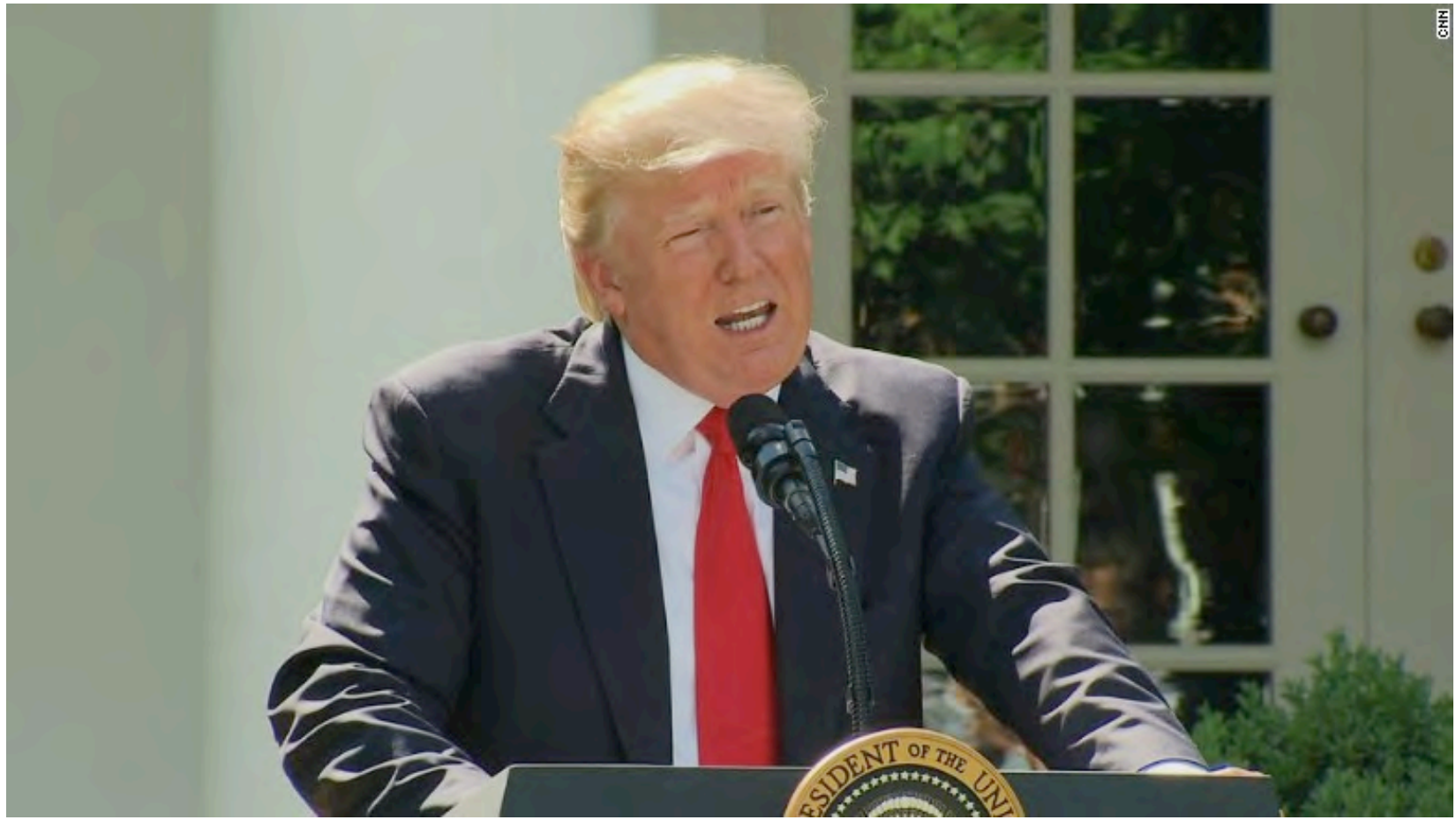
# Trump Wins!





# A new hope!

- Trump pulls U.S out of Paris Climate Agreement



# America First!

## Executive Order to Create Energy Independence



# Energy Week





## Pruitt announces CPP Repeal in Hazard, KY





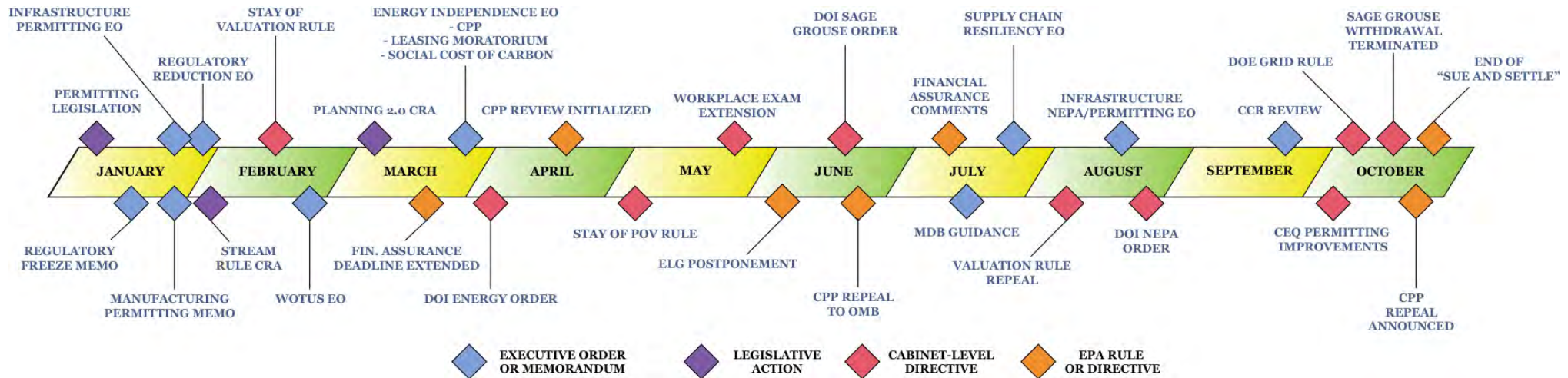
# Regulatory Relief

## Actions Taken to Date

- Legislative actions through Congressional Review Act
  - ❖ Voided “Stream Protection Rule” (2/26)
  - ❖ Voided “Resource Management Planning (2.0) Rule” (3/27)
- Executive Orders
  - ❖ Promoting Energy Independence & Economic Growth
    - Directs EPA to rescind and rewrite Clean Power Plan (CPP)
  - ❖ CWA WOTUS Rule
- Administrative Stays & Extensions
  - ❖ EPA Financial Assurance
  - ❖ MSHA Metal/Nonmetal Workplace Examinations
  - ❖ DOI Coal Royalty Valuation
  - ❖ EPA Power Plant ELGs
  - ❖ MSHA Pattern of Violations
  - ❖ EPA Ozone NAAQS
  - ❖ DOI SPR Biological Opinion
- Presidential and Secretarial Memos
  - ❖ Review of Electric Grid Ordered by DOE
  - ❖ Streamline Permitting
  - ❖ Expediting Environmental Reviews and Approvals



# Regulatory Relief



## Resolved

- Stream Protection Rule
- BLM Planning 2.0
- Sage Grouse Withdrawal
- DOI Mitigation Requirements
- Coal Leasing Moratorium
- Leasing Act Royalty Valuation
- SMCRA FWS Biological Opinion
- Multi Development Bank Policy
- Social Cost of Carbon Guidance
- NEPA GHG Guidance
- Definition of Solid Waste
- OSM Temporary Cessation of Operations
- OSM Bonding
- OSM Blasting

## Underway

- CERCLA Financial Assurance
- Permit Streamlining
- Clean Power Plan
- Power Plant ELGs
- New Source Review
- Waters of the US
- Clean Water Act Vetoes
- DOE Grid Rule
- Regional Haze
- Ozone NAAQS
- NSPS New Poor Plants
- MSHA POV Rule
- MSHA MNM Workplace Examinations
- MSHA Right-Sizing
- Coal Combustion Waste



## EXECUTIVE BRANCH CONFIRMATION STATUS

281

No nominee

14

Awaiting nomination

165

Formally nominated

142

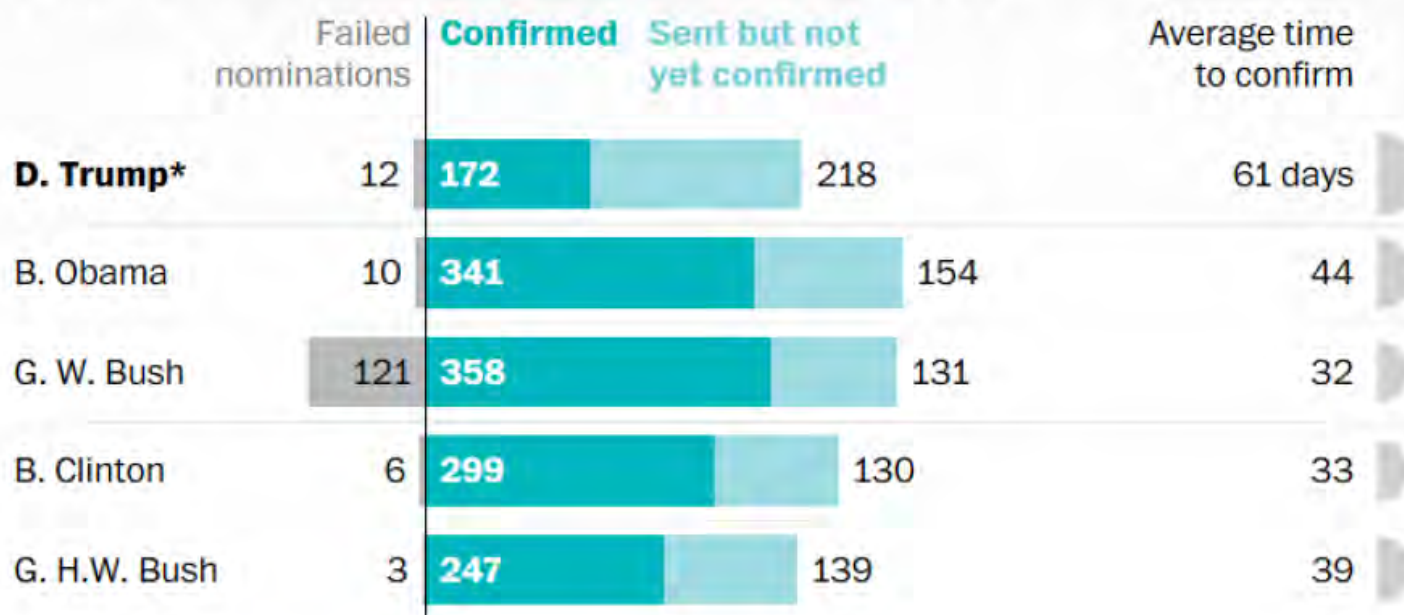
Confirmed

Source: Washington Post, <https://www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/>.



# EXECUTIVE BRANCH PRESIDENTIAL APPOINTMENT COMPARISON

## Presidential appointments sent to Senate by Oct. 6



Source: Washington Post, <https://www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/>.





## EXECUTIVE BRANCH

# PRESIDENT TRUMP'S CABINET

Position	Nominee	Former Title	Status
Interior	Ryan Zinke	Congressman (R-Mont.)	Confirmed
EPA	Scott Pruitt	Attorney General (R-Okla.)	Confirmed
Energy	Rick Perry	Former Governor (R-Texas)	Confirmed
Treasury	Steven Mnuchin	Chairman/CEO of Dune Capital Management	Confirmed
Attorney General	Jeff Sessions	Senator (R-Ala.)	Confirmed
State	Rex Tillerson	CEO ExxonMobil	Confirmed
Transportation	Elaine Chao	Former Secretary of Labor	Confirmed
Labor	Alexander Acosta	Dean of Florida International University's Law School	Confirmed
Commerce	Wilbur Ross	Investor	Confirmed
OMB Director	Mick Mulvaney	Congressman (R-S.C.)	Confirmed
Small Business Administrator	Linda McHahon	Co-Founder of WWE	Confirmed
National Economic Council	Gary Cohn	Goldman Sachs COO	No confirmation needed
Chief of Staff	John Kelly	Former Secretary of Homeland Security	No confirmation needed



## EXECUTIVE BRANCH

# EPA CONFIRMATIONS & NOMINATIONS

### ENVIRONMENTAL PROTECTION AGENCY 7 positions

CONFIRMED	Administrator	Scott Pruitt
NOMINATED	Deputy administrator	Andrew Wheeler
NOMINATED	General counsel	Matthew Z. Leopold
NOMINATED	Assistant administrator for water	David Ross
NOMINATED	Assistant administrator for air and radiation	William L. Wehrum
NOMINATED	Assistant administrator for chemical safety and pollution prevention	Michael Dourson
NOMINATED	Assistant administrator for enforcement and compliance assurance	Susan Bodine

### ENVIRONMENTAL PROTECTION AGENCY 6 positions

NO NOMINEE	Chief financial officer
NO NOMINEE	Assistant administrator for administration and resources management
NO NOMINEE	Assistant administrator for environmental information
NO NOMINEE	Assistant administrator for international and tribal affairs
NO NOMINEE	Assistant administrator for research and development
NO NOMINEE	Assistant administrator for solid waste and emergency response

Source: Washington Post,  
<https://www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/>.



# EXECUTIVE BRANCH

## DOI CONFIRMATIONS & NOMINATIONS

### DEPARTMENT OF THE INTERIOR 7 positions

CONFIRMED	Secretary	Ryan Zinke
CONFIRMED	Deputy secretary	David Bernhardt
NOMINATED	Solicitor	Ryan Douglas Nelson
NOMINATED	Assistant secretary for policy, management, and budget	Susan Combs
CONFIRMED	Assistant secretary for insular areas	Douglas W. Domenech
NOMINATED	Assistant secretary for land and minerals management	Joseph Balash
NOMINATED	Commissioner, Bureau of Reclamation	Brenda Burman

### DEPARTMENT OF THE INTERIOR 10 positions

NO NOMINEE	Inspector general	NO NOMINEE	Director, Bureau of Land Management
NO NOMINEE	Assistant secretary of Indian affairs	NO NOMINEE	Director, National Park Service
NO NOMINEE	Assistant secretary for fish, wildlife and parks	NO NOMINEE	Director, Office of Surface Mining Reclamation and Enforcement
NO NOMINEE	Assistant secretary for water and science	NO NOMINEE	Director, U.S. Fish and Wildlife Service
		NO NOMINEE	Director, U.S. Geological Survey
		NO NOMINEE	Special trustee for American Indians

Source: Washington Post, <https://www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/>.



# Subsidies For Renewable Power Are Enormous

- EIA assessed the direct cash payments for wind and solar in FY2013 to be \$11 Billion to generate 4.4% of US electricity\*
  - Tax expenditures for coal were largely tax-exempt pollution control bonds for power plants, not coal
  - Coal industry entire revenues in 2015 were \$28 billion and produced 33.2% of US electricity\*

## ***Federal Energy Subsidies and Support - Fiscal Year 2013 (in \$mm)***

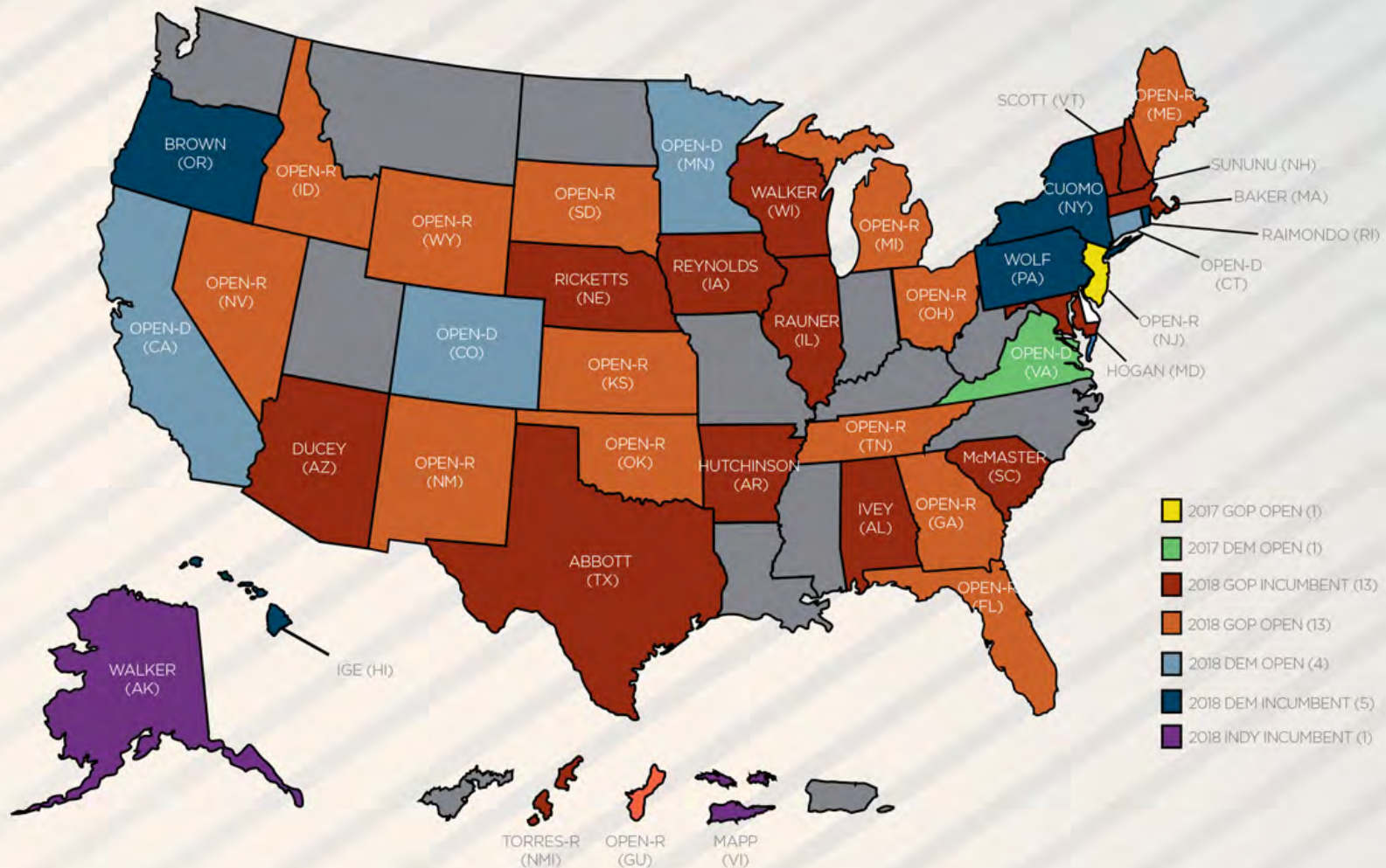
Energy Source	Direct Expenditures	Tax Expenditures	R& D Expenditures	Federal & RUS Electricity	Total
Coal	74	779	202	30	1,085
Oil & Gas*	3,178	2,250	34	-	5,462
Nuclear	37	1,109	406	109	1,661
<b>Renewables</b>	<b>8,365</b>	<b>5,454</b>	<b>1,050</b>	<b>176</b>	<b>15,045</b>
<i>Biofuels</i>	404	1,716	325	-	2,445
<i>Geothermal</i>	312	31	2	-	345
<i>Hydropower</i>	197	17	10	171	395
<i>Solar</i>	2,969	2,076	284	-	5,329
<i>Wind</i>	4,274	1,614	49	-	5,937
<i>Other Renewables</i>	209	-	380	5	594
<b>End Use</b>	<b>1,238</b>	<b>2,838</b>	<b>1,798</b>	<b>134</b>	<b>6,008</b>
<i>Power Grid</i>	8	211	831	134	1,184
<i>Conservation</i>	833	630	501	-	1,964
<i>Other End Use</i>	397	1,997	466	-	2,860
<b>Total Federal Expense</b>	<b>12,892</b>	<b>12,430</b>	<b>3,490</b>	<b>449</b>	<b>29,261</b>

Sources: EIA *Electric Power Monthly* (February 2014 Edition for 2013 wind and solar, Table ES1.B; February 2016 Edition for coal, Table ES1.B)





# GOVERNORS: 2017/2018 ELECTIONS



## POLITICAL OUTLOOK

# MEMBERS OF THE 115<sup>th</sup> CONGRESS



	Senate	House
Republican	52	240
Democrat	46	194
Independent	2	0
Vacancy	0	1
Total	100	435



## POLITICAL OUTLOOK

# MIDTERMS ARE HARD ON THE PARTY IN POWER

President & Year of 1 <sup>st</sup> Midterm	Net POTUS Job Approval	House Seats	Senate Seats	Governorships	Seats in State Legislatures
TRUMAN (1946)	-19	-55	-11	-2	-456
IKE (1954)	+35	-18	-2	-8	+483
JFK (1962)	+36	-5	+4	0	-76
LBJ (1966)	+3	-47	-3	-8	-762
NIXON (1970)	+31	-12	+1	-11	-288
CARTER (1978)	+13	-15	-3	-5	-357
REAGAN (1982)	-6	-26	0	-7	-201
GHW BUSH (1990)	+26	-7	-1	-1	+32
CLINTON (1994)	0	-54	-8	-10	-514
GW BUSH (2002)	+33	+8	+2	-1	+127
OBAMA (2010)	-3	-63	-6	-6	-708
TRUMP (2017)	-19	TBD	TBD	TBD	-8 (Out of 27 chances so far)





## POLITICAL OUTLOOK

# 2018 HOUSE ELECTION: WHO'S AT RISK?

LIKELY DEMOCRATIC 10 Dem - 0 Rep	LEAN DEMOCRATIC 6 Dem - 1 Rep	DEMOCRATIC TOSS UP 3 Dem - 0 Rep	REPUBLICAN TOSS UP 0 Dem - 9 Rep	LEAN REPUBLICAN 0 Dem - 23 Rep	LIKELY REPUBLICAN 0 Dem - 23 Rep
CA - 24 Carbajal FL - 13 Crist IA - 2 Loebsack MN - 7 Peterson NH - 2 Kuster NY - 3 Suozzi NY - 18 Maloney OR - 5 Schrader PA - 17 Cartwright WI - 3 Kind	AZ - 1 O'Halleran CA - 7 Bera FL - 7 Murphy FL - 27 Open MN - 8 Nolan NJ - 5 Gottheimer NV - 4 Kihuen	MN - 1 Open NH - 1 Shea-Porter NV - 3 Open	CA - 25 Knight CA - 49 Issa CO - 6 Coffman MI - 11 Open MN - 2 Lewis NE - 2 Bacon NY - 19 Faso VA - 10 Comstock WA - 8 Open	AZ - 2 McSally CA - 10 Denham CA - 39 Royce CA - 45 Walters CA - 48 Rohrabacher FL - 26 Curbelo GA - 6 Handel IA - 1 Blum IA - 3 Young IL - 6 Roskam IL - 12 Bost KS - 3 Yoder ME - 2 Poliquin MN - 3 Paulsen NJ - 7 Lance NJ - 11 Frelinghuysen NY - 22 Tenney PA - 6 Costello PA - 8 Fitzpatrick PA - 15 Open TX - 7 Culberson TX - 23 Hurd TX - 32 Sessions	CA - 21 Valadao FL - 18 Mast GA - 7 Woodall IL - 13 Davis IL - 14 Hultgren KS - 2 Open MI - 7 Walberg MI - 8 Bishop MT - 0 Gianforte NC - 2 Holding NC - 9 Pittenger NC - 13 Budd NJ - 3 MacArthur NM - 2 Open NY - 1 Zeldin NY - 24 Katko OH - 1 Chabot OH - 16 Open PA - 7 Meehan PA - 16 Smucker PA - 18 Vacant VA - 2 Taylor VA - 5 Garrett

*"The President's party has lost House seats in 18 of the last 20 midterm elections, with an average loss of 33 seats".* Source: Gallup

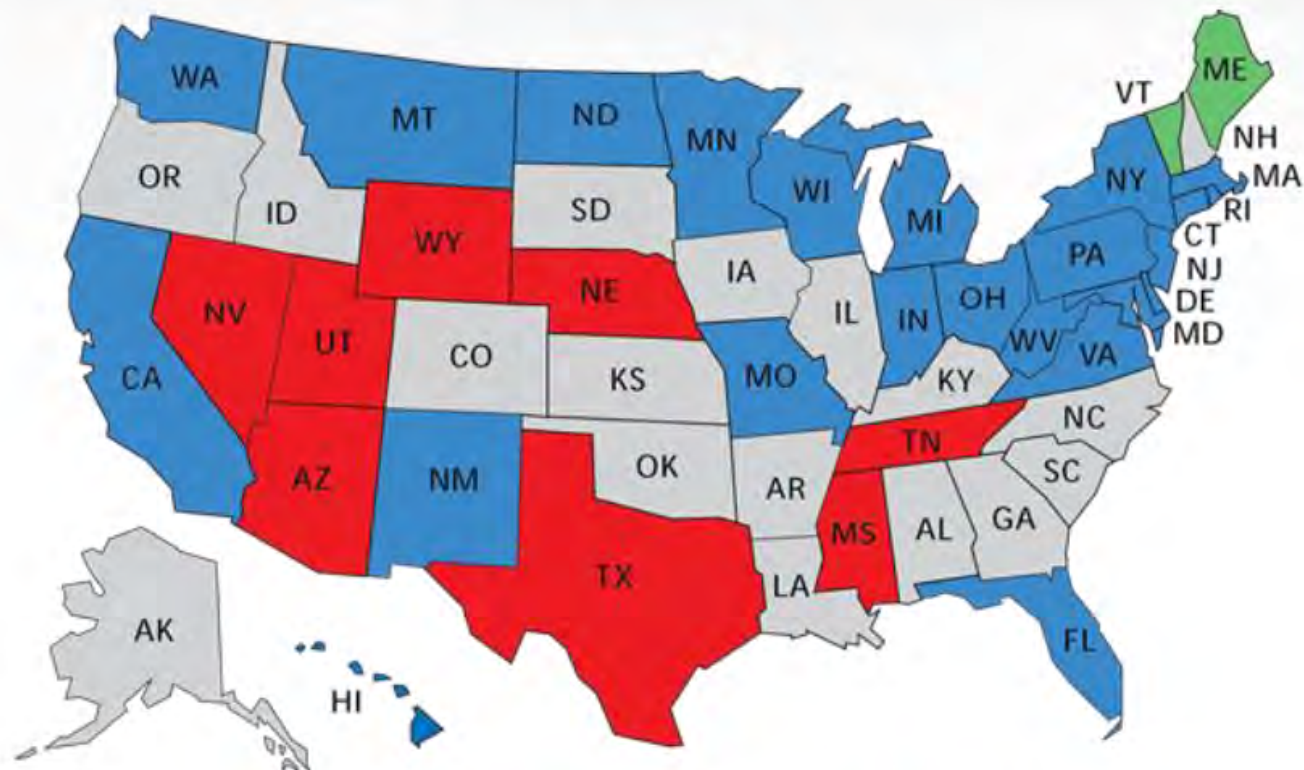
Source: Cook Political Report – October 5, 2017





## POLITICAL OUTLOOK

# 2018 SENATE SEATS UP



Democrat (23) Independent (2)\* Republican (8)

\*The two independents caucus with Democrats, so practically speaking the Democrats are defending 25 seats.

## POLITICAL OUTLOOK

# 2018 SENATE ELECTION: WHO'S AT RISK?

### LIKELY D

MT - Tester  
 NJ - Menéndez  
 PA - Casey  
 VA - Kaine  
 WI - Baldwin  
 MI - Stabenow

### LEAN D

FL - Nelson  
 ME - King(I)  
 ND - Heitkamp  
 OH - Brown

### TOSS UP

IN - Donnelly  
 MO - McCaskill  
 WV - Manchin  
 AZ - Flake  
 NV - Heller

### LEAN R

### LIKELY R

TN - Corker  
 AL - Strange

Source: Cook Political Report – October 10, 2017

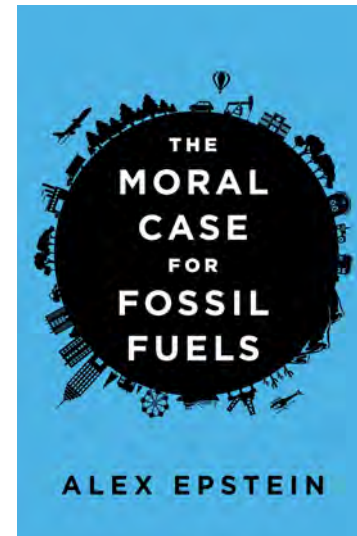


# Get Involved



American Coalition for  
Clean Coal Electricity  
[www.americaspower.org](http://www.americaspower.org)

*The Moral Case for Fossil Fuels*  
by Alex Epstein  
available at  
amazon.com & bn.com



Alex Epstein Talks at Google  
<https://youtu.be/s6b7K1hjZk4>



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