

THE COAL INSTITUTE

2023 Fall Education & Engineering Seminar

INLAND RIVER TERMINAL UPDATE

JOHN HUNT JR., CEO



SCH SERVICES Summary

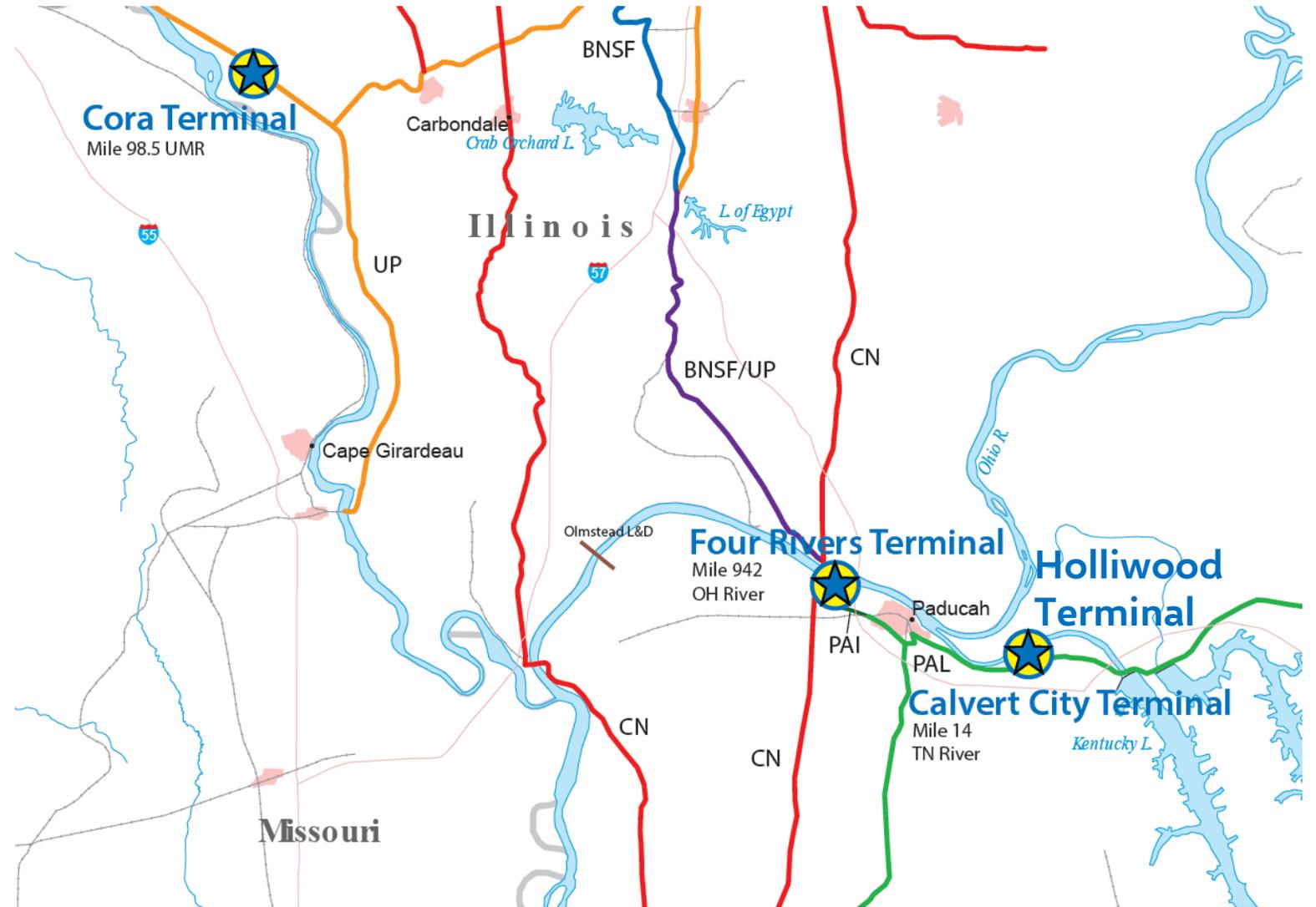
- Terminal service company with over **30MM tons** of transloading capacity
- **Four** terminals with access to the major **railroads and river** system
 - Direct rail access to Illinois and Western coal basins
 - Domestic and export coal markets
- **Focus** on unit trains and high-capacity transloading
 - Rail ➡ Barge
 - Rail ➡ Rail
 - Barge ➡ Rail
- Bulk storage capacity over **5MM tons**
 - Coal blending
- Partnership with **Watco** in 2019
 - Created premier network of unit train terminals





- **Calvert City Terminal**
 - River – TN MM 14
 - Rail – PAL (CSX, CN, BNSF, NS, UP)
- **Holliwood Terminal**
 - Rail – PAL (CSX, CN, BNSF, NS, UP)
 - Adjacent to Calvert City Terminal
- **Cora Terminal**
 - River – UMR 98.5MM
 - Rail – UP
- **Four Rivers Terminal**
 - River – OH 942MM
 - Rail – BNSF, CN, PAL (CSX, NS)

The SCH Network





CALVERT
CITY
TERMINAL







Hollywood Terminal

909 Shar-Cal Road
Calvert City, KY 42029



TERMINALS AND THE COAL MARKET

Lower Miss Barge EXPORTS

August 2023 Lower Mississippi Coal Exports (Metric Tons)

Country	August 23	August 22 <i>Steam Coal</i>	YTD 23	YTD 22	YTD 22 to 23 % Change
Argentina	0	0	41,400	0	
Belgium	0	0	80,953	21,998	
Brazil	0	0	48,371	0	
Chile	0	57,123	75,000	191,164	
China	0	0	187,500	0	
Croatia	0	0	0	81,650	
Denmark	0	0	0	42,236	
Dominican Rep.	0	0	118,800	226,480	
Ecuador	0	38,500	33,000	107,768	
Egypt	241,764	220,957	1,328,164	1,542,076	
Germany	0	107,118	398,560	602,862	
Honduras	40,000	0	123,000	119,968	
India	111,700	0	407,541	494,804	
Jamaica	0	0	0	65,068	
Japan	0	0	65,998	0	
Kenya	0	0	47,369	0	
Latvia	0	0	78,456	0	
Malaysia	0	0	55,000	0	
Mexico	0	0	0	32,999	
Morocco	185,337	0	563,371	189,804	
The Netherlands	288,862	292,252	1,768,148	2,036,600	
Pakistan	0	58,500	0	58,500	
Panama	0	0	0	13,336	
Peru	0	0	0	32,998	
Poland	0	163,653	75,000	275,659	
Romania	0	0	55,606	112,691	
South Korea	71,553	0	393,612	0	
Spain	0	0	74,940	130,913	
Togo	0	0	0	43,106	
Turkey	0	0	0	5,000	
United Kingdom	0	161,510	196,863	892,773	
Subtotal	939,216	1,099,613	6,216,652	7,320,453	-15.1

Steam Coal EXPORTS via SCH

- **CY2022** SCH accounted for 14% of coal exports via NOLA
 - Over 1.0 million tons shipped in CY2022
- **2023 YTD** coal exports via NOLA thru SCH has increased to over 18%
 - Already eclipsed CY2022 export volumes through SCH
 - Shipping ILB and PRB coal barges for Export
- 2024 indicating softer market for exports via the inland river terminals

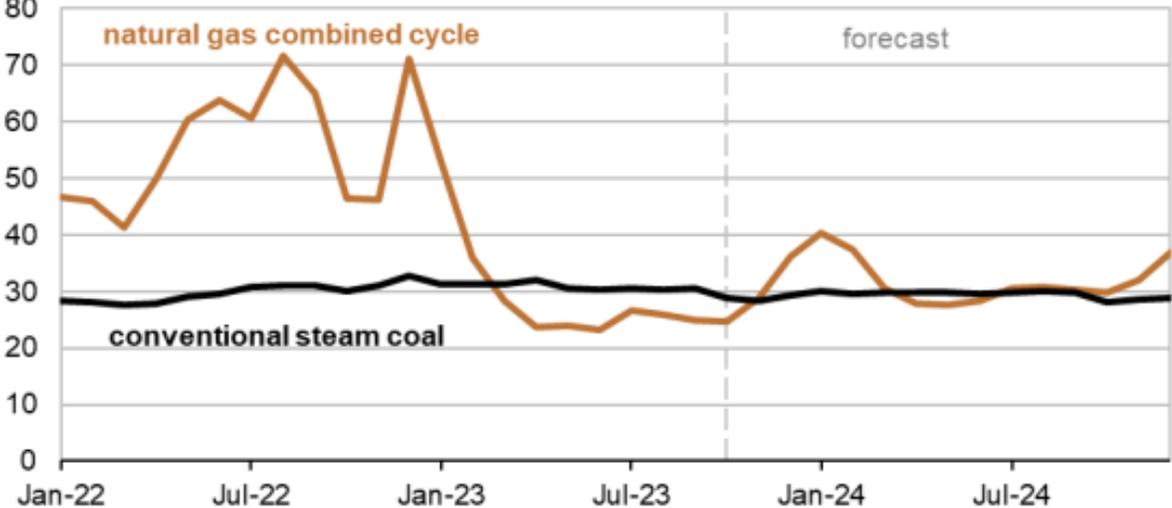
Source: River Transport News – September 2023



DEPENDABLE COAL

COAL BASELOAD BENEFITS

Simulated U.S. average monthly baseload generator dispatch costs
dollars per megawatthour



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, October 2023
Note: Simulated costs represent monthly average variable costs (fuel, operating, and maintenance costs) for the generating units that are selected for dispatch in the STEO electricity supply model.



- Natural Gas projected to be volatile entering 2024
 - Will Natural Gas go  or  ??
- 2024 EIA estimates the cost of natural gas-fired electricity to average \$32/MWh
 - After averaging \$55/MWh during 2022
- EIA estimates coal to average \$29/MWh
- Coal baseload is cost efficient and effective
 - Logistics Network and Producers are more resilient to incremental increases



HOW CAN TERMINALS HELP ?

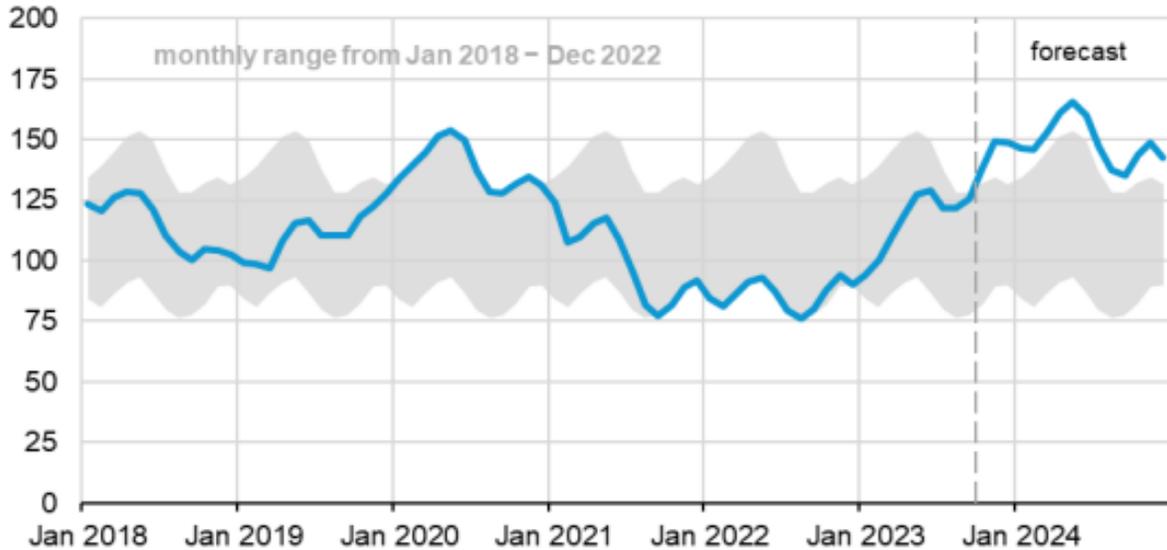
ENERGY STORAGE



Coal Inventory Levels

Inventories continue to INCREASE

U.S. electric power coal inventories
million short tons



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, October 2023

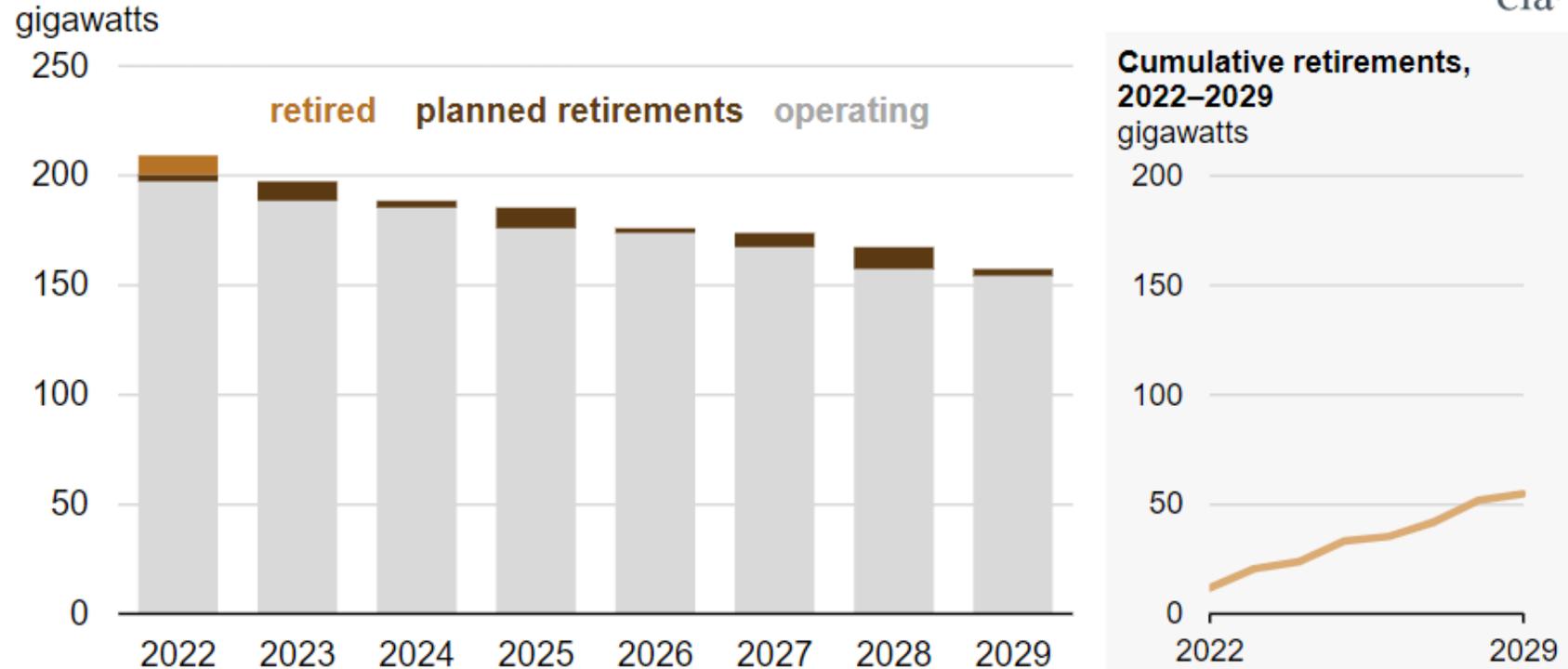


- EIA estimates coal inventories reach **150 million short tons** by December 2023
 - Peaking at 170 tons by May 2024
- This demand requires storage capacity and flexibility for inland river terminals
- SCH has increased storage capacity over **35%** in 2023
- Utilities need additional capacity, but not without *flexibility* to react to market conditions

Coal Retirements...but

- Potential US Coal generation capacity remains approx. **190 GW**
- EIA predicts **80 GW** of coal generation in '24
- Approximately **5 million tons** per 1 GW of generation per year
- Delayed retirements?
- World demand for US Natural Gas continues to increase prices?

U.S. coal-fired generating capacity and planned retirements (2022–2029)



Data source: U.S. Energy Information Administration, *Monthly Electric Generator Inventory*

The Coal Network must be Dependable and Flexible

INVEST in the Future

NEED for Transportation Options



- 2022 taught us that railroads, barges, mines, and terminals must **continue working together**
- Examine *ALL* transportation routes to maximize efficiencies
- Dedicated Storage Areas to serve multiple plants
 - Coal blending
- Domestic & International Demand



THANK YOU TCI

