



**THE SELECT COMMITTEE ON
ENERGY INDEPENDENCE AND GLOBAL WARMING**

Mr. Boyce:

Following your appearance in front of the Select Committee on Energy Independence and Global Warming, members of the committee submitted additional questions for your attention. I have attached the document with those questions to this email. Please respond at your earliest convenience, or within 3 weeks. Responses may be submitted in electronic form, at jonah.steinbuck@mail.house.gov. Please call with any questions or concerns.

Sarah Butler
Chief Clerk
Select Committee on Energy Independence and Global Warming
(202)225-4012
sarah.butler@mail.house.gov

Responses to the Select Committee on Energy Independence and Global Warming

Submitted on behalf of:

**Gregory H. Boyce
Chairman and Chief Executive Officer
Peabody Energy**

1. Do you believe China will adopt mandatory restrictions on greenhouse gas emissions?

I wouldn't attempt to predict whether or not China will adopt mandatory greenhouse guidelines, but China's ability to opt out of a carbon cap regime, like other developing nations, is precisely the reason why we must push for global technology solutions as the appropriate path toward carbon management.

Since 1980, Chinese GDP has soared 3,400 percent. I call that an "economic miracle" that is powered by coal, which increased 316 percent during that time. China also has stated its desire to improve its carbon intensity as a percent of GDP and is developing clean coal technologies. These include projects that advance carbon capture and storage (CCS) such as the GreenGen power plant and carbon research center near Tianjin. Peabody is the only non-Chinese equity partner in the project, which will begin phase 1 generation as early as 2011.

2. If the United States were to move away from using coal, do you believe that would lead to changes in the coal consumption habits of the developing world, specifically China and India?

Both China and India are forecast to continue increasing their coal use, and leaders of both nations continue to confirm energy policy that supports this long-term view. China's annual coal use is set to grow 2 billion tons in the next two decades alone. India is forecast to become the second largest coal consumer behind China during the same period.

I would also reinforce that every United Nations Millennium goal starts with access to modern electricity as a necessary prerequisite. Yet there are still 3.6 billion people around the world – more than half the world's population – who lack adequate access to electricity.

The world will need the equivalent power of five times existing U.S. generating capacity by 2030 as billions of people gain greater access to electricity around the world. About 90 percent of projected coal demand growth in the next 20 years is expected to come from Asia.

Coal will continue to be the primary global generation source, and coal use is expected to grow faster than all other fuels combined in coming decades. Broad deployment of carbon capture and storage technologies will enable us to achieve carbon reduction goals as we empower people and economies with coal-fueled electricity, which is essential for lifting people out of poverty.

3. If the United States were to cap GHG emissions without similar commitments from developing countries, how much would this lower total worldwide GHG emissions from burning coal?

If the United States caps emissions and there are no similar commitments from developing nations, it is likely that total global greenhouse gas emissions would be largely unchanged as economic development simply transfers to other nations. Neither the United States or the developing world can realistically set an artificial cap on greenhouse gas emissions without affordable, deployable low-carbon coal technology. Coal fuels about half of U.S. electricity and is a necessity for any society to prosper and improve quality of life.

Technology provides the path to meet our energy, economic and environmental goals. We must continue to advance a business and regulatory framework that enables rapid commercial deployment of near-zero emissions technologies with CCS.

Peabody supports continuous reduction in carbon emissions toward the goal of near-zero emissions from coal. America has always been successful in emissions reductions with this approach, which has resulted in dramatic environmental improvement: As coal use and gross domestic product have tripled in the United States since 1970, regulated emissions have been reduced 84 percent per megawatt hour. Technology will enable us to achieve similar success with CCS.

4. What foreseeable impacts will EPA's endangerment finding and pending regulation have on the domestic coal industry?

The effects on any particular industry are difficult to assess given that the extensive nature of the rules are still being developed. But it is clear that this finding would have broad economic impacts as carbon dioxide is a result of nearly every business activity in America.

EPA regulation under the Clean Air Act is not a cost-effective way of reducing carbon emissions and would do more harm to families and economies than good. Peabody believes that the best way to reduce carbon emissions globally is to incentivize broad deployment of clean coal technologies.

Like many other states, legislators and business leaders, Peabody believes that the EPA should reconsider its claim that what the EPA calls greenhouse gases may endanger human health. This is particularly true given questions regarding the quality of science contained in the International Panel on Climate Change report, which was the scientific basis for the EPA's endangerment finding. The EPA also did not take into account the tremendous benefits of affordable electricity to society.

The agency needs to step back and begin a thorough review of the real state of science surrounding what the agency refers to as climate change and include in its review the enormous benefits delivered by coal-fueled electricity. Peabody supports continual emissions reductions toward the ultimate goal of near-zero emissions from coal. That path is technology first... deployment requirements second.

5. If Congress were to pass a cap and tax scheme, do you believe all other federal laws, state laws, and EPA regulations should be pre-empted? Please explain why or why not.

Any Congressional law addressing carbon reductions should pre-empt all other federal and state laws and regulations, including, for example, the Clean Air Act, the Clean Water Act, the Endangered Species Act and other federal authorities, state and regional cap-and-trade programs, and state and federal common law tort laws.

To the extent that there is federal legislation around carbon management, it must prevent multiple programs establishing multiple requirements, many of which may be conflicting and inconsistent.