

Congress of the United States
Washington, DC 20515

March 14, 2016

The Honorable Michael Simpson
Chairman
Subcommittee on Energy and Water
Development and Related Agencies
House Committee on Appropriations
2362-B Rayburn House Office Building
Washington, D.C. 20515

The Honorable Marcy Kaptur
Ranking Member
Subcommittee on Energy and Water
Development and Related Agencies
House Committee on Appropriations
1016 Longworth House Office Building
Washington, D.C. 20515

The Honorable Ken Calvert
Chairman
Subcommittee on Interior, Environment,
and Related Agencies
House Committee on Appropriations
B-308 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Betty McCollum
Ranking Member
Subcommittee on Interior, Environment,
and Related Agencies
House Committee on Appropriations
1016 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kay Granger
Chairwoman
Subcommittee on State, Foreign Operations,
and Related Programs
House Committee on Appropriations
HT-2 The Capitol
Washington, D.C. 20515

The Honorable Nita Lowey
Ranking Member
Subcommittee on State, Foreign Operations,
and Related Programs
House Committee on Appropriations
1016 Longworth House Office Building
Washington, D.C. 20515

Dear Chairmen Simpson, Calvert and Granger and Ranking Members Kaptur, McCollum, and Lowey,

We are writing to make you aware of our fiscal year 2017 funding priorities. As members of the Congressional Coal Caucus we represent thousands of coal miners, their families, and the millions of Americans who depend on coal for affordable and reliable electricity. As you may know, approximately 40% of U.S. electricity is generated from coal and coal is burned in more than 500 coal-fired plants spread across 207 Congressional Districts.

Unfortunately our coal industry has been virtually brought to its knees due, in large part, to costly and burdensome regulations and policies coming out of Washington. These regulations and policies have led to a significant loss of jobs and tax revenue, not just in the counties where coal is mined and/or generated, but the surrounding communities feel the devastating impacts of those closures as well. It is imperative that the House Appropriations Committee does not allow

this Administration to continue to implement its all-but-one energy policy by prohibiting funds from being used by the relevant agencies for carrying out their anti-fossil fuel agenda.

It is also essential for Congress to ensure the continued cost-competitive use of coal by investing in its future. By authorizing robust funding for fossil energy research and development, in particular for clean coal technologies, we will ensure that coal remains a significant portion of our nation's energy mix. As the House Appropriations Committee crafts the Energy & Water Development, the Interior & Environment, and the State & Foreign Operations Appropriations bills for fiscal year 2017, we call on your leadership and continued support for the following priorities:

1. ROBUST FUNDING FOR FOSSIL ENERGY & CLEAN COAL TECHNOLOGY R&D

We urge you to provide robust funding for the Department of Energy (DOE) Fossil Energy Research and Development Program (R&D) which will include \$435 million for your continued support for the Coal CCS & Advanced Power Systems (formerly Coal CCS & Power Systems) program. The Fossil Energy R&D program has a proven track record of developing and cultivating technologies that deliver real, tangible benefits. This program is directly responsible for developing control technologies that are used at 75% of our domestic coal-burning power plants, which reduced SO₂ and NO_x by an average of 85%. This is why the Department's Coal R&D program is increasingly important as coal continues to face challenges both home and abroad.

- ***Action Item: Provide \$435 million for Coal CCS & Advanced Power Systems Program.***

Additionally, it is imperative that Congress provides ample funding to DOE's Cross Cutting Program, which supports several subprograms aimed at improving the operations, efficiency, and environmental performance of advanced energy systems. Particularly important to the Coal Caucus is the Ultra Supercritical Materials Program and the Supercritical CO₂ Materials Program. These programs are essential to deploying highly efficient generation systems that use less fuel per unit of electricity output, which results in less emissions of CO₂ and criteria pollutants, and will enable U.S. suppliers to manufacture these products at home and export the components and know-how to countries that are building coal fired power generating stations. While it is important that Congress continues to support DOE's efforts in advancing CCS technology, it is equally important for Congress to support DOE's efforts to advance technology that will enable the development of a highly efficient coal fleet both at home and around the world.

- ***Action Item: Provide ample funding for DOE's Cross Cutting Program.***

Also the Department is proposing to comingle funding traditionally appropriated for coal based technology development with development of natural gas technologies. At a time when budgets are limited, and given that coal is the focal point for CO₂ reductions versus natural gas combined cycle systems that are not proposed to be regulated in a similar manner, funding should be

allocated specifically for coal technology R&D. The House Committee in prior years has maintained this separation and it should be sustained.

- ***Action Item: Maintain the separation of coal based technology funding and natural gas technology funding.***

Finally, we recommend that, should the Department in fact de-obligate the \$240 million of Clean Coal Power Initiative (CCPI) funding for use in the R&D program, we recommend that the funding should be directed to support large scale pilot projects. Support of these pilot plant initiatives is the next step in the development of these fossil fuel technologies. The \$240 million that DOE seeks to reclaim from large-scale CCPI demonstration projects should not be co-mingled for use by DOE in support of the general FE program directed at research and development of CCS. Rather, these funds should be directed, as originally intended by Congress, to the support the proposed large scale pilot project for coal based technologies and the Congress should provide direction on implementation of a pilot program.

- ***Action Item: Ensure CCPI funding is directed to support large scale pilot projects.***

2. PROHIBIT THE EPA FROM IMPLEMENTING NEW GREENHOUSE GAS REGULATIONS FOR NEW AND EXSITING POWER PLANTS

The EPA's New Source Performance Standard Rule (111b) and the Clean Power Plan (111d) are stunning attempts to transform the nation's electric grid and prohibit the use of coal for power generation. If these regulations are allowed to go through, they will effectively close more coal-fired power plants while simultaneously prohibit the building of new coal-fired power plants to make up for the lost generation. Moreover, these regulations will result in thousands of Americans losing their jobs, loss of state property tax revenue, and an increase in electricity prices.

- ***Action Item: Prevent EPA from using funds to implement the New Source Performance Standard Rule (111b) and the Clean Power Plan (111d).***

3. PROHIBIT THE OFFICE OF SURFACE MNING (OSM) FROM FINALIZING OR IMPLEMENTING THE STREAM PROTECTION RULE

If the Office of Surface Mining Reclamation and Enforcement (OSM) enact its proposed "Stream Protection Rule (SPR)," thousands of coal, and coal related jobs, will be lost. Long wall mining will no longer be possible, permitting processes at state agencies will come to a screeching halt, and electricity prices will sky rocket as grid reliability is jeopardized. Despite these unnecessary and devastating impacts, OSM is continuing to push ahead with this rule.

- ***Action Item: Prevent OSM from using funds to finalize or implement the Stream Protection Rule.***

4. PROHIBIT FUNDING FOR THE GREEN CLIMATE FUND

The President pledged \$3 billion of taxpayer funds to help developing countries meet the goals set out in the so-called Paris Agreement, which was announced on December 15, 2015. The President made these commitments not based on the will of American people, but solely based on his own job killing, anti-coal and fossil fuel agenda. Moreover, by the Administration's own admission, the Paris Agreement was drafted to deliberately circumvent Congress. Therefore, Congress should not allow U.S. taxpayer dollars to go to the GCF until Congress holds a vote.

- ***Action Item: Do not fund the Green Climate Fund until there is a vote of Congress.***

5. PROHIBIT FUNDING FOR THE DEPARTMENT OF THE INTERIOR'S (DOI) SECRETARIAL ORDER 3338

On January 15, 2016, the DOI issued Secretarial Order 3338, imposing a three year moratorium on further coal lease sales pending the completion of a Programmatic Environmental Impact Statement (PEIS) reviewing the Federal Coal Leasing Program. This multi-year halt will be in place while the DOI performs a review of the federal coal lease program. This halt deals another crushing blow to our coal industry. Mining on federal lands account for 40% of the coal production in America and approximately 33% of U.S. coal reserves is located on federal lands. By their own admission, BLM estimates that nearly 1.9 billion tons of coal reserves will be placed off limits due to the Secretarial Order in nine states. Most troubling is the impacts that this decision will have on the families that rely on these direct and indirect (railroads, machinery, etc) coal mining jobs. This moratorium and PEIS will put nearly 65,000 direct and in-direct mining jobs at risk as well as impact the billions of dollars in revenues to states used to pay for schools, reclamation, and other infrastructure projects.

- ***Action Item: Prevent DOI from using funds to carry out its review of the Federal Coal Leasing Program and placing a moratorium on further coal lease sales.***

6. PROHIBIT FUNDING FOR THE DEPARTMENT OF INTERIOR'S (DOI) REFORMING OF ROYALTY RATES.

The DOI's Office of Natural Resources Revenue (ONRR) is attempting to further burden development of federal coal by finalizing a coal valuation rulemaking that would upend the current valuations regulations that have proven effective and provide stable and very significant tax and royalty revenue (e.g., \$4.8 billion from 2010-2012) to both state and tribal governments as well as the federal treasury. Any proposed changes to the royalty policy should be geared towards maintaining a fair return for the taxpayer, which ONRR's proposed rule fails to do. Instead, the result of the proposed rule will be to increase taxes and royalties, which will reduce investment, lower government (federal, state and tribal) royalties, decrease jobs and reduce access to affordable energy. Furthermore, the proposal grants ONRR new autonomy over sales

and costs while arbitrarily asserting values for royalty purposes – all without clear or transparent guidelines for regulators and regulated parties, which will lead to unpredictable valuation and lengthy legal challenges. There is no evidence to suggest that current royalty valuation methods are in need of change.

- ***Action Item: Prevent funds from being made available to implement any changes to royalty rates or product valuation regulations under the federal coal, oil and gas leasing programs.***

Thank you for your consideration of our request; we are happy to answer any questions you may have.

Sincerely,



David B. McKinley, P.E.
Member of Congress



Cynthia Lummis
Member of Congress



Joe Barton
Member of Congress



Rob Bishop
Member of Congress



Mike Kelly
Member of Congress



Jason Chaffetz
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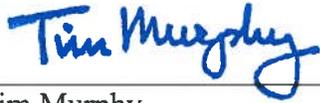
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