

SE Exclusive

HD Peabody defends 'all talk, no action' claim on coal as energy poverty solution

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WC 1,683 words

PD 10 November 2014

SN SNL Daily Coal Report

SC DCOAL

VOL Issue: 82925

LA English

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As the coal industry works to bolster its case as the fuel to alleviate global energy poverty, environmental groups are sharply criticizing the campaign and questioning the industry's sincerity.

In a recent policy brief, The Australia Institute, a think tank that advocates for progressive policy development, specifically focuses on questioning Peabody Energy Corp.'s Advanced Energy for Life campaign as "all talk, no action." In the brief, the group acknowledges facts similar to what the coal industry has been presenting in their promotion of coal — that around the world, people are suffering due to a lack of access to electricity.

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"The coal industry is very vocal in promoting energy poverty and pushing coal as a solution to it," the institute wrote. "The head of major coal company Peabody describes the problem as: Energy poverty is the world's number one human and environmental crisis. However, what Peabody says and what it does about energy poverty are very different. Although the company contributes to many charitable causes, it does not donate money, staff time, expertise or discounted fuel to any project that directly alleviates energy poverty."

According to the Australia Institute's "All Talk, No Action: The Coal Industry and Energy Poverty," the solution to energy poverty is not going to come from the coal industry. The authors of the report say it does not make economic sense to promote coal due to the large up-front costs associated with coal-related infrastructure.

In a statement emailed to SNL Energy, Vic Svec, Peabody's senior vice president of global investor and corporate relations, defended the company's Advanced Energy for Life campaign, a collection of initiatives that puts forth coal as the primary solution to energy poverty. According to Peabody "providing low-cost electricity that fosters economic prosperity and a better quality of life by mining and marketing coal is core to Peabody's mission."

"Coal is at the heart of eradicating energy poverty, and it is absurd to suggest otherwise when world leaders, agencies and analysts all agree that it has been — and will be — a major positive force," Svec said. "Coal lifted 650 million Chinese citizens from poverty since 1990 at a time when China's GDP soared 850% and use of coal-fueled power increased eight-fold. In fact, the International Energy Agency called China's dramatic transformation an 'economic miracle.'"

The Australia Institute instead touts the action of groups such as the United Nations, the World Bank and other organizations that promote initiatives to alleviate energy poverty. None of those efforts, the institute claims, involve the use of coal.

"Peabody's only contribution to energy poverty is maintaining a website and social media page which promotes coal as the solution to the problem," the group states.

Peabody rejects 'no action' claim

Svec countered the assertion that Peabody is not part of the solution. He said all forms of energy, including coal, are necessary to aid the billions who live in energy poverty, and he noted that Peabody ships coal to more than 25 countries on six continents to "create affordable energy."

Aside from selling **coal**, however, the **company** says it engages in a number of initiatives that aim to alleviate global **energy** poverty, including engaging with institutions such as the International **Energy** Agency, the World Bank, OECD nations and G20 governments to discuss policies that can support those efforts. The **company** has also been engaged in finding ways that **coal** can be burned in light of increasing demand to produce electricity with lower emissions.

Peabody has taken the **lead** role in developing the Prairie State **Energy** Campus, a supercritical **coal** plant with \$1 **billion** in emission control technologies that "is among the nation's cleanest **coal** plants," according to the **company**. In a similar vein, Peabody is a founding member and partner in the FutureGen Alliance, a U.S. Department of **Energy** funded effort by a consortium of companies developing a near-zero emissions **coal**-fired power plant in Illinois that will capture carbon dioxide emissions.

The **company** also holds up its role as the only non-**Chinese equity** partner in the GreenGen power plant and carbon research center in **China**. That project gasifies **coal** and is expected to be one of the largest near-zero emissions power plants in the world.

Peabody has also donated \$18 **million** to the Coal21 Fund to develop **coal** technologies, founded the U.S. **Energy** Cooperation Program and the Consortium for Clean **Coal** Utilization and is a member of the Global Carbon Capture and Storage Institute in Canberra, Australia. At its own global **operations**, the **company** says it reduced its greenhouse gas intensity by 10% in 2013.

"Peabody's credentials on today's advanced **coal** are extensive, and next-generation carbon capture, use and storage has been called the low-cost low-carbon solution, with the European Union and others noting that there is no reasonable way of tackling of carbon goals without carbon capture and storage," Svec said. "Reasonable people can disagree on the urgency of addressing **energy** poverty, but it's hard to question the crisis we face when **millions** die annually from indoor air pollution. We should use all fuels to alleviate **energy** poverty and spend less time debating and more time taking action to create **energy** access for those who need it most."

Australia Institute attacks **coal** industry claims

Initiatives to address global **energy** poverty are brought up frequently by the industry in its efforts to alleviate domestic regulations. It is also becoming a focal point in the argument to opening up new export capacity for **coal**.

The Australia Institute report aims to dismantle Peabody's claims that **coal** demand is increasing rapidly, **coal** causes economic growth, **coal** use increases life expectancy, **coal** use improves quality of life and that **coal** is getting cleaner. The report's rebuttal of those claims suggests Peabody has cherry-picked the most optimistic estimates for **coal** use, improperly drawn conclusions based on correlation versus causation, and otherwise inaccurately represented data in their campaign.

The report also says that while it could not find direct financial support of global poverty initiatives on behalf of Peabody, it does note several non**coal** projects being supported by players in the global **coal** sector. The report highlights several global **energy** initiatives by other global **mining** companies, none of which centers on **coal**, but instead utilizes **solar** street lights, **solar** panels, platinum-methanol fuel cells, hydrogen, gas and off-grid diesel.

The report acknowledges that **coal** will be a significant component of global **energy** production for some time, but dismisses claims that **coal** is vital to economic growth, quality of life or environmental improvement. Peabody's efforts to promote the idea, the report suggests, is a hindrance to effective policy solutions to address **energy** poverty.

"We could not find a single example of a **coal company** supporting an **energy** poverty alleviation project that uses **coal**-fired power, despite extensive searching and contact with companies and industry associations," the report states. "This shows that **coal** industry public relations materials relating to **energy** poverty are just that — public relations spin. The claims that **coal** is vital to economic growth, quality of life and environmental improvement are not supported by data or analysis, but are designed to influence public opinion and government policy."

The ideas that Peabody has touted in its campaign have been gaining traction among **coal** supporters. A bulk of the research that Peabody has touted in support can be found in an industry-commissioned report released Jan. 22 by Roger Bezdek titled "The Social Costs of Carbon? No, the Social Benefits of Carbon."

The report, and subsequent references to the report and similar arguments of **coal** as a solution to **energy** poverty has been cast by environmentalists as flawed and a "last gasp" of the struggling industry.

Alex Epstein, author of the "The Moral Case for Fossil Fuels," touts **coal** and other carbon-heavy fuel sources as "ethical and progressive," but added that campaigns such as Advanced **Energy** for Life

struggle because the audience perception of fossil fuels as an addiction shuts down the conversation. Without addressing a host of other issues first, Epstein told SNL **Energy**, people will assume to themselves the **coal** industry is "just taking advantage of **energy** poverty to skirt by all of your other unethical and unsustainable behavior."

Nancy Gravatt, senior vice president of communications for the National **Mining** Association, called the Australian Institute report "flimsy and poorly documented" and suggested the report fails its own pledge to "foster informed debate." She pointed out the International **Energy** Agency's support and praise of **coal** as a "backbone of electricity generation."

"Without electricity, the **energy** poor are deprived of fundamental advantages of civilization," Gravatt told SNL **Energy**. "Consider the World Health Organization estimates that 2.6 **billion** people who lack reliable electricity are forced to rely on crop and animal waste and wood for cooking and heating. Private studies have estimated that as many as 290 **million** children currently attend primary schools without electricity. In sub-Saharan Africa, almost a third of health facilities lack electricity, affecting more than 250 **million** people."

A report from Robert Bryce, a senior fellow with the conservative Manhattan Institute think tank, includes an analysis of data on electrification rates around the developing world that conclude that between 1990 and 2010, about 832 **million** people gained access to electricity from **coal**-fired sources. Bryce's report, "Not Beyond **Coal**: How the Global Thirst for Low-Cost Electricity Continues Driving **Coal** Demand," says that for every one person gaining electricity access in the period from renewable sources, four gained access to electricity from hydroelectricity, six gained access to due to natural gas and 13 gained access from **coal**.

"Today, the love-hate relationship with **coal** continues," Bryce wrote. "We love the electricity it produces, but abhor the pollution, ash, **mining** deaths and many other problems it creates. ... Despite these myriad problems, countries continue to produce electricity from **coal** because it is the cheapest fuel available."

**CO** pbdy : Peabody Energy Corp | taiact : The Australia Institute

**IN** i16101 : Electric Power Generation | i1 : Energy | i16 : Electricity/Gas Utilities | iutil : Electric Utilities | iutil : Utilities | i111 : Coal Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

**NS** gpov : Poverty | gcat : Political/General News | gcom : Society/Community/Work | gsoc : Social Issues

**RE** austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**IPD** Electric Generation

**PUB** SNL Financial LC

**AN** Document DCOAL00020141113eaba00004