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COAL: THE COMING DECADE

THE HONORABLE JENNINGS RANDOLPH*

The OPEC oil embargo in 1973 brought home to every American the extent of our dangerous dependence on foreign nations for much of the oil that fuels our economy. The price of imported oil has increased over 1600 percent during the past decade. This past year we sent nearly \$100 billion abroad to import an average seven and one half million barrels of oil each day. These imports account for half of the oil we consume.

Other nations are even more dependent on oil imports to meet their energy needs than the United States. This dependence has strategic as well as economic consequences for both the United States and the majority of the industrialized nations.

Recent events in Iran, Iraq and Afghanistan have underscored the political instability of the area around the Persian Gulf. Half the world's oil exports travel through the Strait of Hormuz, the narrow passage at the neck of the Gulf. Ensuring the stability of that region is a central strategic concern of all nations whose economies depend on oil.

The repeated price increases of imported oil have contributed to the unprecedented inflation now weakening the economy. The lesson of the OPEC embargo and subsequent events is clear: America must reduce its dependence on imported oil. Although there is no single solution, America's vast domestic coal reserves can and must play a more important role than they have to present.

The 1980's: A Decade of Limited Options

In the years ahead, our growing population and economy will create even greater demands for energy, which must be met if we are to continue our role as a world leader. Yet, at the same time,

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we must reduce our reliance on foreign oil as a primary energy source. This challenge of reducing oil imports while simultaneously meeting the requirements of growth is formidable, and unfortunately the options are limited. To meet this challenge we must strive to reach two goals—increase the efficiency of current energy use through conservation and new technologies and increase the production of energy from traditional as well as new sources.

The nation has made great strides in achieving this first goal. We are conserving energy—gasoline consumption has declined five percent and electricity demand has slowed considerably. Further efforts to conserve energy are required and will aid considerably in reducing our dependence on foreign oil, although conservation has its limits.

As for the development of new technologies, most of the newer technologies that hold promise for the future are not expected to produce significant quantities of energy before the 1990's. The same is true for synthetic fuels, except for methanol processes, which are already commercially viable. Solar power is not expected to play a major role in easing our dependence on foreign oil before the turn of the century. In addition, while other forms of energy are likely to become more important in the years ahead, during the 1980's we will have to continue to rely upon oil, natural gas, nuclear power, and coal to provide the lion's share of America's energy requirement.

Beyond conservation then, America has no choice in the 1980's but to increase domestic production of oil, natural gas, and coal. Moreover, because these fuels are not perfectly interchangeable, and because significant oil and natural gas production increases will be difficult to achieve, we must rearrange the way in which these fuels are used. A restructuring of the use of oil, natural gas, and coal must be the central goal of the nation's overall energy strategy. Coal should replace oil and natural gas in utility power stations and large industrial boilers because it is in these situations that coal can be burned in compliance with environmental regulations and yet be cost competitive with the other forms of energy. Natural gas should replace oil in home heating and in those commercial and industrial situations where it is a clean and feasible alternative to oil. Oil should be reserved largely for transportation purposes where it enjoys a unique advantage.

This restructuring of fuel use during the 1980's clarifies the role of coal in reducing dependence on foreign oil. Despite its domestic abundance and despite the great promise of synthetic fuels in the years beyond this decade, coal's primary contribution during the 1980's will continue to be as a boiler fuel, both as a direct feedstock and in coal-oil mixtures. If we intend to identify coal as a major weapon in the fight to reduce oil imports, then we must vigorously proceed to replace oil and natural gas-fired boilers with coal. We must convert our oil or natural gas power stations to coal.

The 1980's: Using Coal to Replace Oil

America can reduce imported oil demand by more than two million barrels per day over the next ten years if we take the necessary steps now. This nation must turn talk of utilizing America's vast coal reserves into a program for action. Strategic and economic benefits would ensue. Importantly, the increased use of domestic coal to fuel our power stations and fire large industrial boilers can be accomplished without an undue effect on our environment. Also, because of the relatively low cost of coal as a boiler fuel, the conversion to coal is economically attractive when the cost of such a conversion is spread over the lifetime of the plant, and in many instances, the economic benefits would be received much sooner.

The report of the President's Commission on Coal, on which I served as one of the Senate members, has developed a program which, if adopted as our national policy, will go far toward reducing our dependence on foreign oil. The Commission's Report recommends a ceiling on oil and natural gas consumption by electric utilities of forty percent of present levels, which would be imposed as of 1990. Generating stations capable of burning coal would be prohibited from burning oil or natural gas by 1985. These two steps alone could reduce oil imports by 1.7 million barrels of oil per day. Similar steps to replace oil and natural gas in large industrial boilers could save an additional 400 thousand barrels of oil per day.

The Negative Images of Coal

Despite the seriousness of the nation's energy situation, the acceptance of an expanded role for coal has been slow. One of the

major reasons for this is that the images that surround coal are too often negative, although in many respects the concerns of the public are legitimate and deep-seated.

The reservations harbored by the public fall generally into three categories: environmental effects, safety and health of the miners, and uneasy labor relations between management and the work force. The principal environmental concern is the effect of increased coal use on total air emissions of sulfur oxides, nitrogen oxides, and particulates. However, several studies have found that the nation could turn to coal immediately and not exceed present or future Clean Air Act standards. Indeed, because of the strict pollution control requirements that apply to newly constructed coal-fired powerplants, there will be a decrease in the national emission level over the next decade and beyond, despite increased coal consumption.

However, despite this encouraging finding, the air quality concern will remain. We have only recently come to recognize the phenomenon of acid rain, which is possibly associated with the long-range transport of emissions from fossil fuel combustion. It is imperative for the nation to immediately address this and related issues. Problems must be identified and understood so that we can expeditiously implement cost effective remedial measures. It is important that all interested parties work together in this effort.

In addition to the clean burning of coal, acceptance of increased coal use will require that coal be mined and processed without endangering the health or safety of the work force. Underground coal mining involves risk—three times the risk of surface mining and twice the risk of the manufacturing industry. Despite the fact that the fatality incidence rate in underground mining increased in 1979 for the first time in ten years, there is clear evidence that mines can be operated safely. In an eighteen-month period beginning in January, 1978, twenty-five percent of all underground coal came from mines with safety records better than surface mining. Bringing all underground mines up to the level of safety in the safest mines now operating will permit increased coal production and use without needless sacrifice of life or limb.

Industrial relations in the coal fields continue to mature. The mistrust and suspicion which once characterized coal field labor

relations are rapidly waning. Over the past two years, coal operators and the United Mine Workers of America have participated in an open, constructive dialogue on a wide range of issues of common concern. Lost workdays from wildcat strikes have decreased markedly. Coal users are becoming increasingly confident that coal will be a reliable source of energy in the future. Lost markets, most notably the export steam coal markets, are being regained.

Conclusion

The outlook for coal is bright. Following a twenty-year depression in the industry beginning in the late 1940's, coal production has been increasing. The growth in the nation's demand for electricity, while slower than in years past, will continue to spur a long-term growth in coal demand. By the 1990's, the synthetic fuels industry will require significant additional coal tonnage. World coal trade is expected to expand greatly in the middle 1980's and beyond as the industrialized European nations turn to coal to fuel their economies and to United States coal as a stable source of supply. New technologies for the clean combustion of coal, the expeditious transport of coal, and the production of synthetic fuels from coal will further improve coal's future in the last decade of the century. However, the nation must begin now to utilize coal to its full potential, for until we do so we shall remain dependent upon other countries to supply our energy needs.

