



Alpha Natural Resources



Southern States Energy Board Annual Meeting

Jonathan Wood

Vice President of Government & External Affairs

Richmond, VA

October 16, 2011



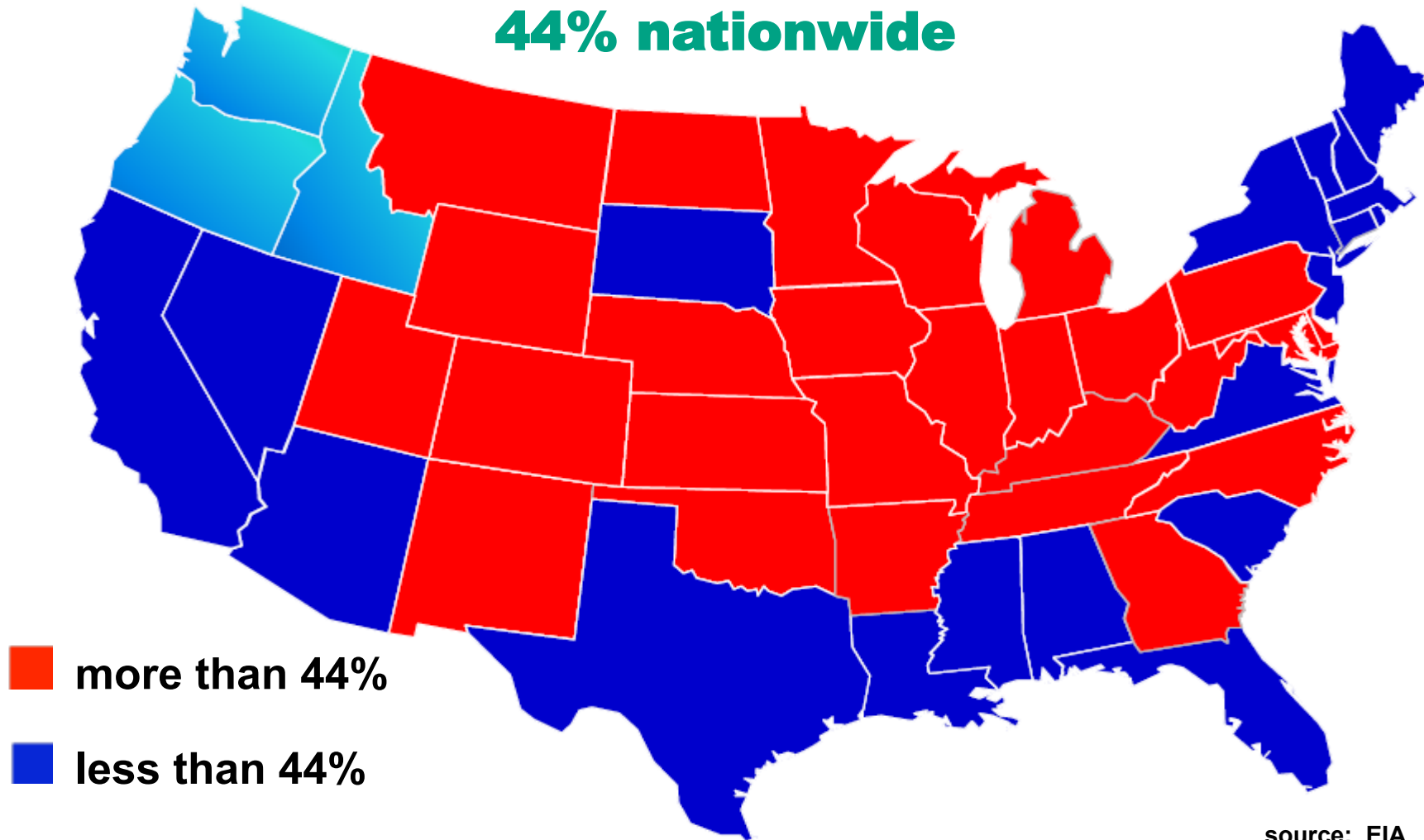
Why It **Coal** Matters and

EPA's Assault on It

The “Train Wreck”
The “Permitorium”



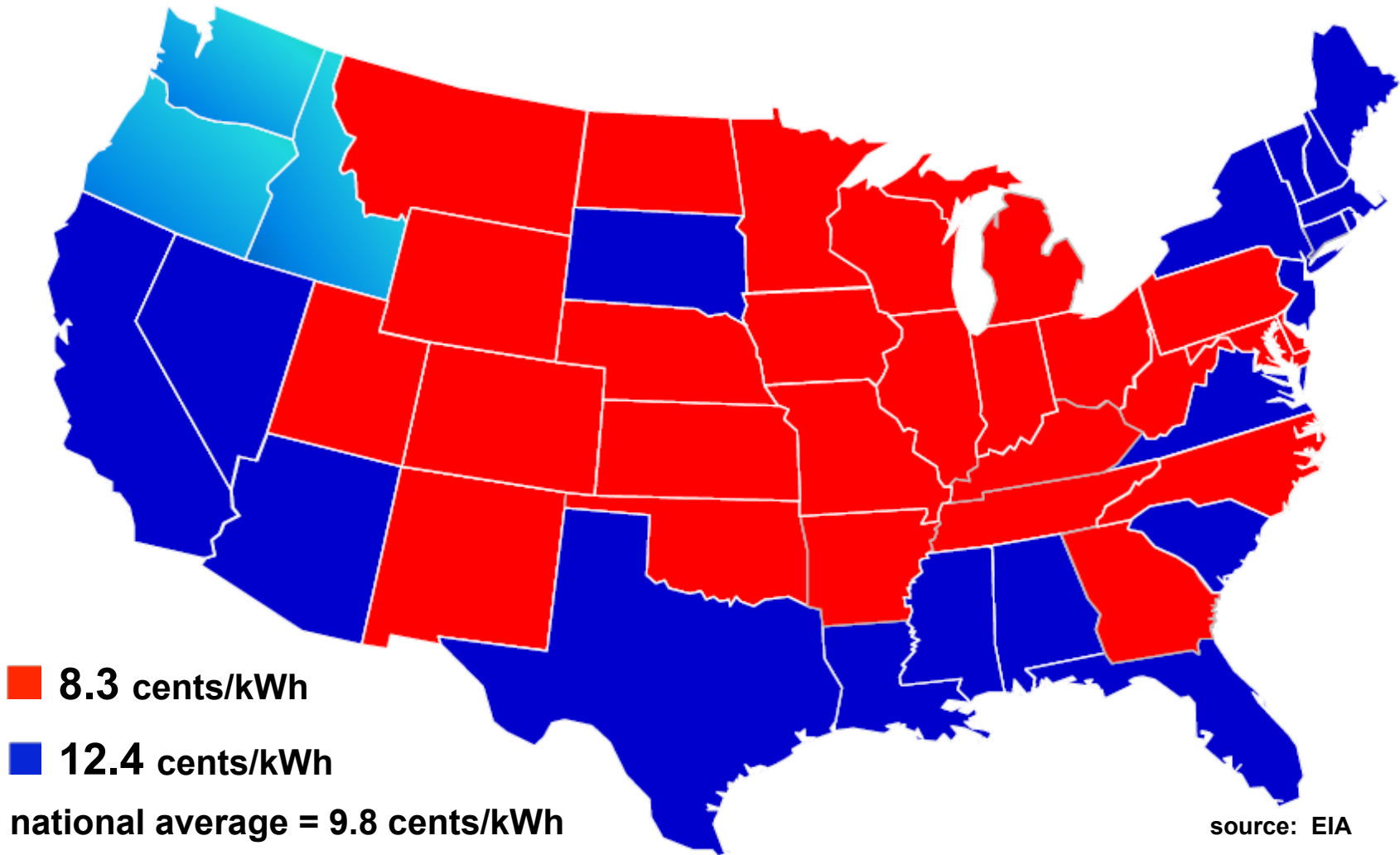
% of Electricity Generated from Coal 44% nationwide



source: EIA

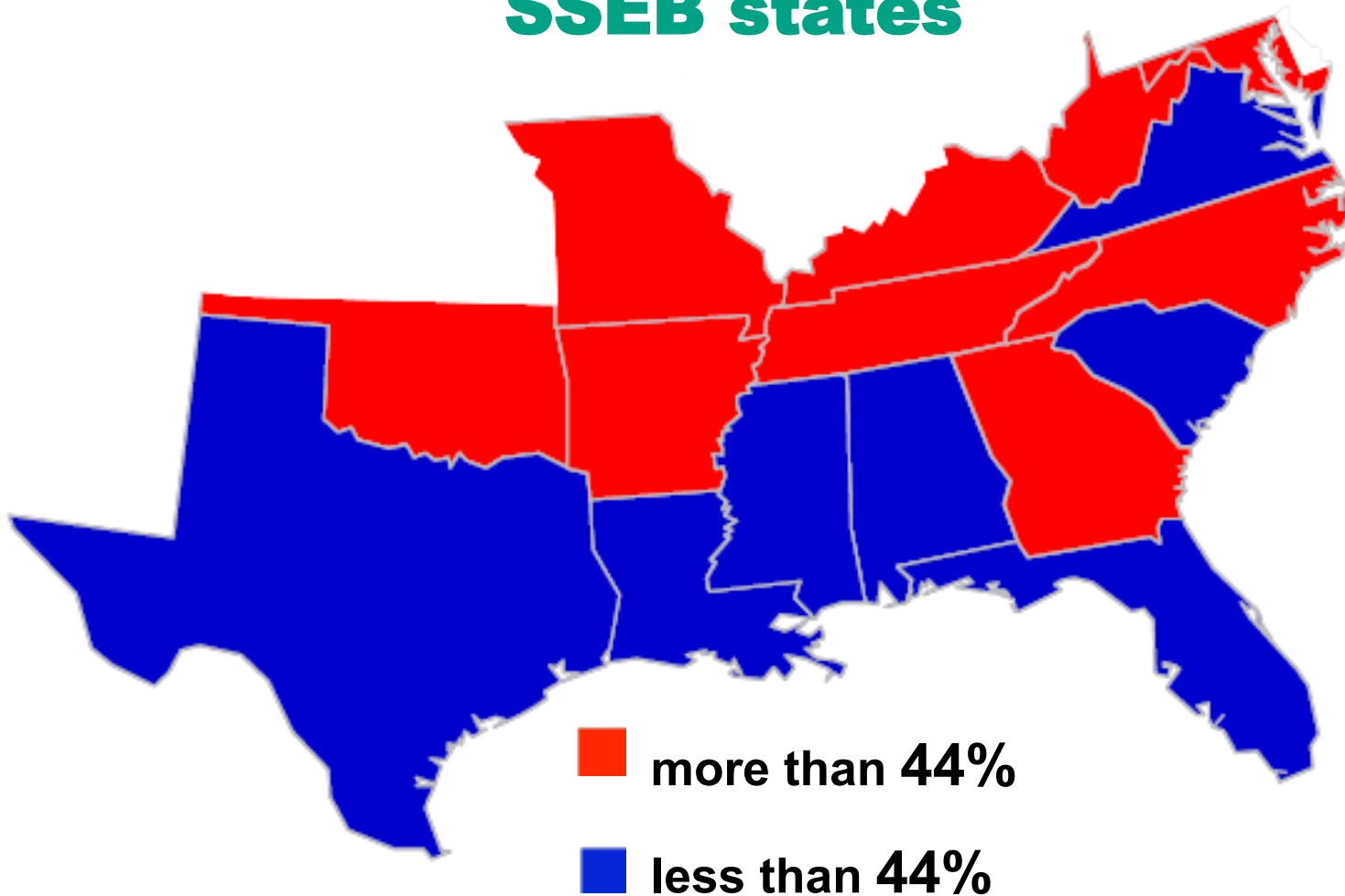


Average Retail Price of Electricity





% of Electricity Generated from Coal SSEB states



Average Retail Price of Electricity, per kWh SSEB States

below nationwide average

Kentucky	6.52 cents
West Virginia	6.65 cents
Oklahoma	6.94 cents
Louisiana	7.06 cents
Missouri	7.35 cents
Arkansas	7.57 cents
South Carolina	8.42 cents
North Carolina	8.48 cents
Tennessee	8.69 cents
Georgia	8.81 cents
Alabama	8.83 cents
Mississippi	8.85 cents
Virginia	8.86 cents

above nationwide average

Texas	9.86 cents
Florida	11.49 cents
Maryland	13.08 cents

- more than 44% coal
- less than 44% coal

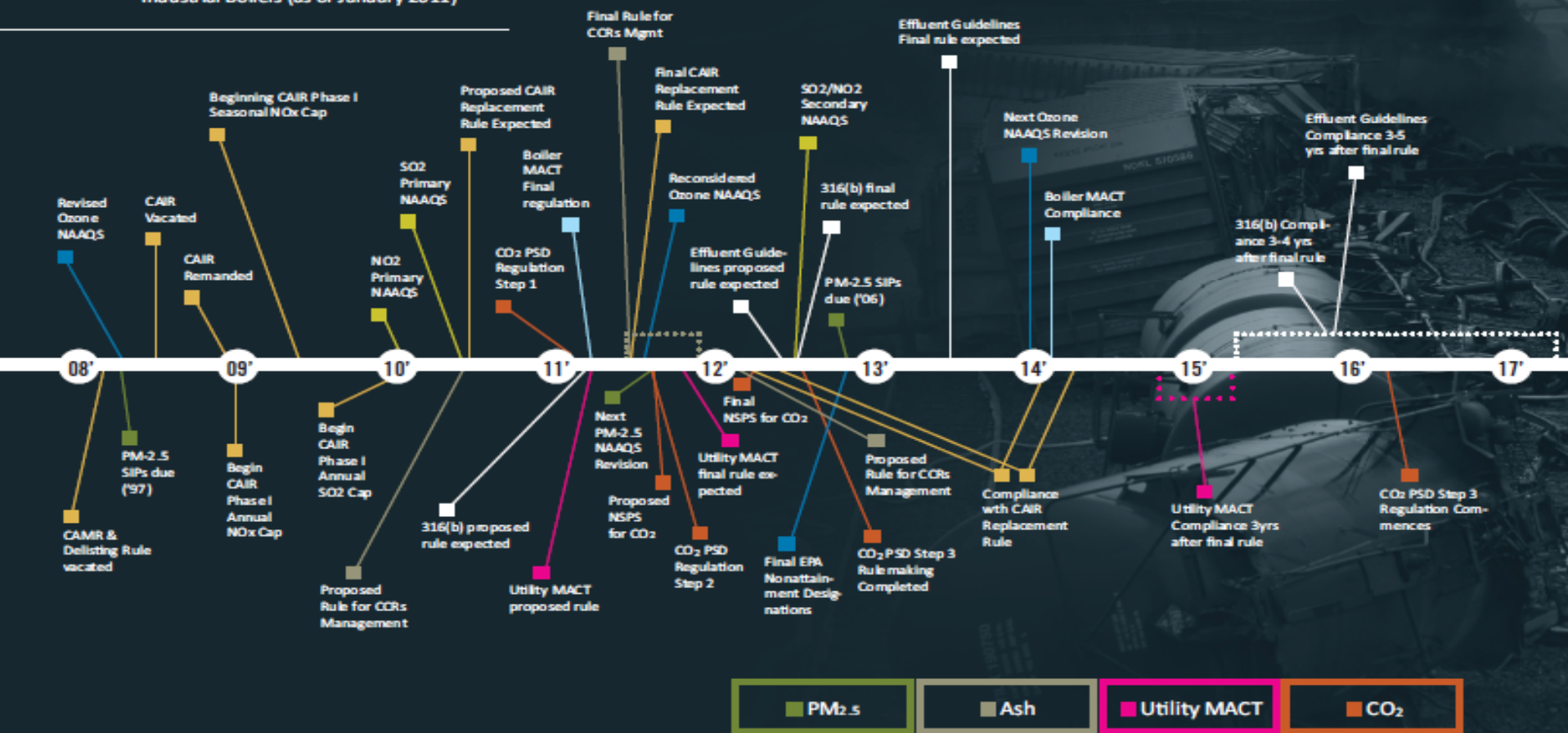
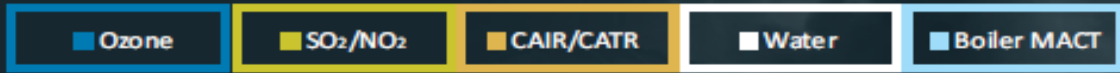
source: EIA



The “Train Wreck”

EPA's Regulatory Train Wreck

Currently Estimated Regulatory Timeline for Coal-Fueled Power Plants and Commercial Industrial Boilers (as of January 2011)



Economic Impact of the “Train Wreck” 2012 – 2020¹

	<u>annual average</u>	<u>cumulative</u> ²
Employment, net	- 183,000	- 1.65 million ³
Gross Domestic Product	- \$29 billion	- \$190 billion
Disposable Personal Income	- \$34 billion	- \$222 billion
per family of four	- \$419	- \$2,713
Utility Sector Costs	\$21 billion	\$127 billion
Coal-Unit Retirements, net		39.1 GW
Electricity, average retail price		+ 6.5%
Natural Gas, Henry Hub price		+10.7%

¹ all dollar figures are constant 2010\$ ² discounted Present Value ³ job-years

Regional Retail Electricity Price Impacts

by NEMS Region

<u>NEMS region</u>	<u>includes all or portions of</u>	<u>peak increase</u>	<u>average increase</u>
SRCE	AL, GA, KY, MS, TN	18.6%	13.6%
SPSO	AR, LA, OK, TX	16.0%	12.6%
SRGW	MO	14.1%	11.1%
RFCE	MD	13.1%	10.7%
RFCW	MD, WV, VA	10.2%	8.6%
SRSE	AL, FL, GA, MS	11.9%	8.2%
SPNO	MO	12.0%	8.1%
SRDA	AR, LA, MS, TX	9.9%	7.3%
ERCT	TX	12.2%	7.0%
	U.S average	7.7%	6.5%
SRVC	NC, SC, VA	6.3%	5.1%
FRCC	FL	4.2%	3.9%

source: NERA



The
Unknown Impact
of the
“**Train Wreck**” Regulations
on
GRID
Reliability

A Cause to Pause?

“The results of this assessment show a significant impact to reliability should the four potential EPA rules be implemented as assumed in this assessment.”

**North American Electric Reliability Corporation (NERC)
2010 Special Reliability Scenario Assessment
October 2010**

“[T]he timing of the EPA regulations does not conform to the relevant planning horizons in the electric sector of our economy, one of the most capital-intensive sectors of industry.”

**FERC Commissioner Philip Moeller
letter to Senator Lisa Murkowski,
August 1, 2011**



Who turned the lights out?



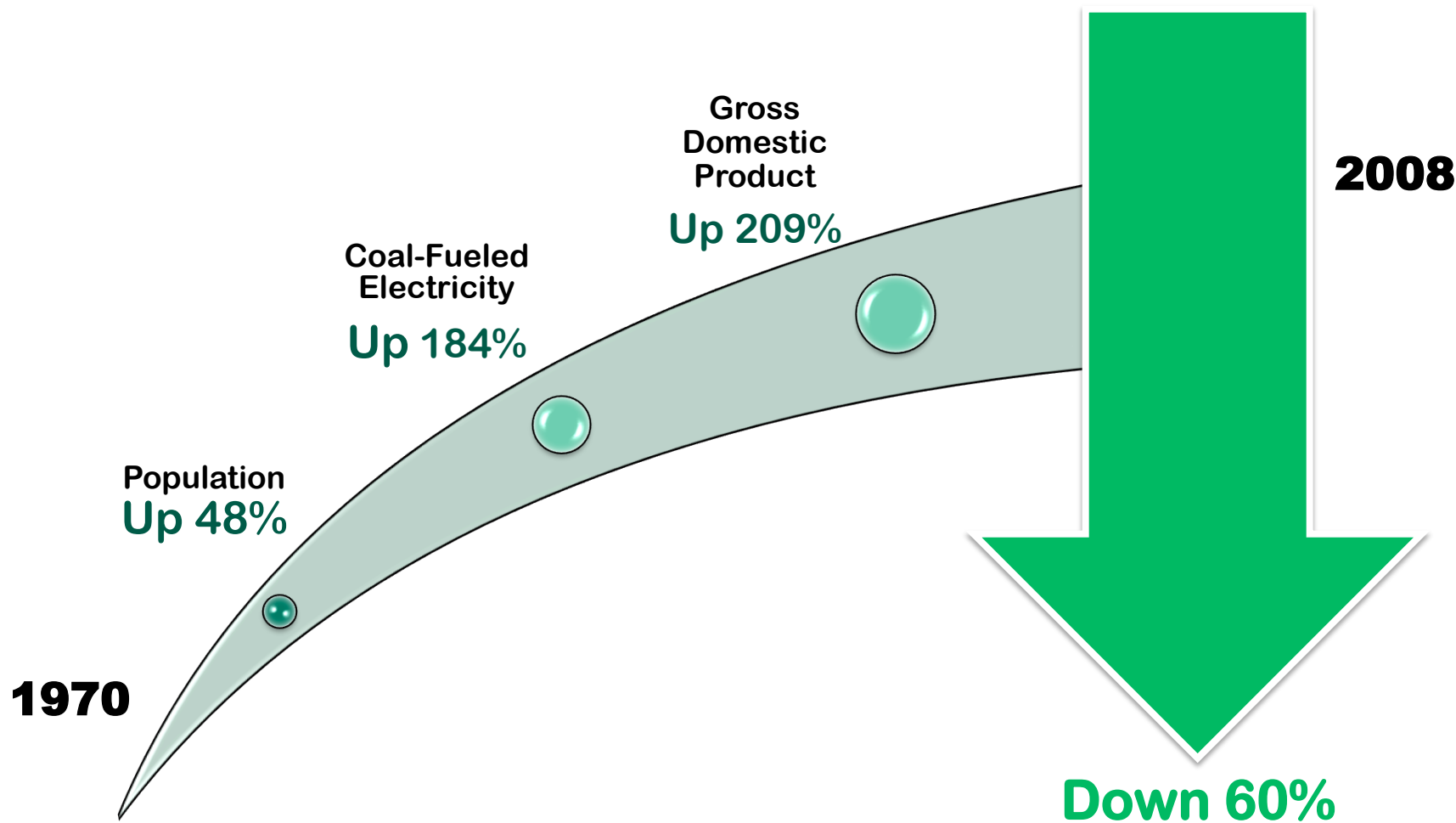
The Costs

- **higher energy costs**
- **lost jobs**
- **lost GDP**
- **lost personal income**
- **potential, if not likely, loss of reliability**

The Benefits

??????

Coal's Emissions Footprint



source: <http://www.epa.gov/airtrends/images/comparison70.jpg>, [epa.gov/air/emissions and http://www.eia.doe.gov/emeu/aer/pdf/pages/sec8_17.pdf](http://www.eia.doe.gov/emeu/aer/pdf/pages/sec8_17.pdf)

The “Benefits” of the Utility MACT

“EPA’s analysis demonstrates that average mercury deposition attributable to U.S. EGUs represents only 2% of total deposition in the U.S.”

Thomas Lewandowski, Ph.D.

Diplomate of the American Board of Toxicology

Report to the American Coalition for Clean Coal Electricity (August 2, 2011)

According to Dr. Lewandowski, EPA’s own analysis also indicates that the increased cancer risk caused by coal-fueled power plants is only three ten-thousandths of one percent (0.0003%).

He further reports that, with respect to non-mercury hazardous air pollutants (HAPs), EPA’s own analysis indicates that non-cancer health effects are well below what EPA considers a “level of concern.”



The “Benefits” of the Utility MACT

- EPA claims health benefits of \$53 – \$140 billion.
- EPA’s own figures reveal that only 0.004% of these monetized health benefits are the result of controlling hazardous air pollutants.
- According to the EPA’s own figures, 99.996% of the claimed health benefits are due to reductions in fine particles, which is not the statutory purpose of the Utility MACT rule.
- Moreover, according to EPA’s own figures, 99% of avoided premature mortalities claimed occur in areas that are already in compliance with EPA’s national ambient air quality standard for fine particles.



Are we
Leaping

before
we

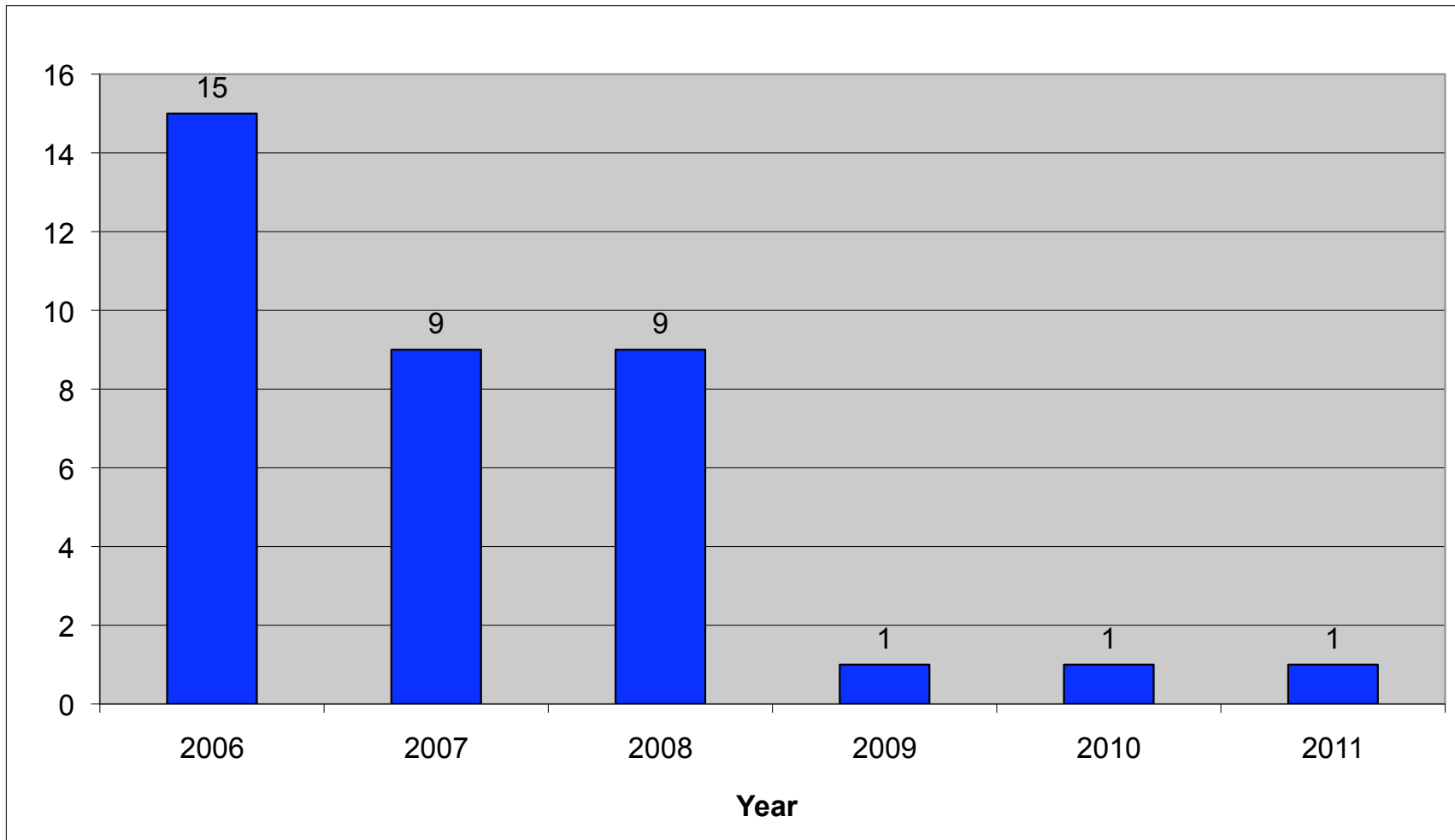
Look?



The “Permitorium”



CWA Section 404 Permits Issued Norfolk (VA) District



Urban Development vs. Surface Coal Mining Stream Impact Comparison

	total acres	miles of impacted streams	impacted feet of stream per acre of land
Pigeon Forge, TN	7,341	89	64
Seven Pines Mine Wainville, WV	1,744	9	27
White Flame Mine Delbarton, WV	1,046	6	32

source: www.TruthAboutSurfaceMining.com

Highway Fills – Interstate 68

Hancock, MD to Morgantown, WV

112 miles of roadway
approximately 32 miles of impacted stream segments

	<u>pH</u> (S.U.)	<u>Conductivity</u> (umhos @ 25C)
Fill A	3.88	4,510
Fill B (before treatment)	4.50	4,720
(after treatment)	6.30	2,460
Fill C (before treatment)	4.69	2,480
(after treatment)	7.54	2,720
Fill D	7.20	141

source: www.TruthAboutSurfaceMining.com



Alpha Natural Resources
RUNNING RIGHT

Fire!



www.alphanr.com