

Energy
Legislation

2015 West Virginia Legislature

2015 Legislature



42 New Legislators

House—(32-new) **64R**-36D

Senate—(10-new) **18R**-16D

**First Time Republicans Have
Controlled State Legislature in 83
Years**

**First Time Governing in State
Capitol Building**



State of Coal

West Virginia Coal Vital Statistics 2008-2014

Categories	2008	2012	2014
Total Production (Tons)	165,750,817	129,107,370	122,630,508
Underground	97,378,703	89,210,479	92,578,437
Surface	68,372,114	39,896,681	30,052,071
Number of Mines	259	184	122
Underground	161	114	97
Surface	98	70	25
Direct Mining Employment	24,427	22,351	18,159
Underground	14,678	16,868	14,073
Surface	6,249	5,483	4,086
Coal Handling Facilities	3,500	2,150	1,940
Contractors	32,000	29,375	28,940
Total	56,427	53,934	49,039
Average Annual Coal Wage	\$68,000	\$68,500	\$72,000
Coal Severance/WC Tax Paid	\$458.1 Million	\$451.8 Million	\$407.4 Million
Estimated Production Value	\$11.6 Billion	\$7.75 Billion	\$6.87 Billion
Share of State GDP	13%	13%	13%

The Coal Severance Tax

- Since 1970, West Virginia has collected 8.5 billion dollars in coal severance tax.
- In 2014 our total state revenue was \$4,336,489,303.00, with \$451,760,614 of that revenue derived from coal severance, roughly 10%

Prioritizing Energy

- One of the first acts of the 2015 legislature was to promote the Energy Committee from minor to major status.
- Major duties of this committee are to oversee the coal, oil and natural gas industries.

- In 2009 a cap and trade system was implemented in West Virginia.
 - As a coal producing state we firmly believe that the use of fossil fuels should be determined by market forces.
- In 2015, HB 2001 repealed our system of cap and trade (2001 = first bill of the session)
 - Wide bi-partisan support
 - Only 4 no votes between house and senate

HB 2004

121/134 voted yes.

- Creates a new subsection (b) that establishes that DEP may not submit a state plan pursuant to Sec. 111(d) of the Clean Air Act without legislative authorization.
- Sets forth the timing of a proposed state plan to the Legislature, including requiring DEP to make certain determinations of feasibility of a state plan. The Legislature may approve the state plan in either regular session or special session.
 - No later than one hundred eighty days after a rule is finalized by the Environmental Protection Agency that requires the state to submit a state plan under Section 111(d) of the Clean Air Act
 - The report must make at least two feasibility determinations: (i) Whether the creation of a state plan is feasible based on the comprehensive analysis; and (ii) whether the creation of a state plan is feasible before the deadline to submit a state plan to Environmental Protection Agency under the Section 111(d) Rule, assuming no extensions of time are granted by Environmental Protection Agency.

HB 2004 Cont'd

- Provides that if the EPA rule is withdrawn, then the requirements of this section are void, and no state plan is necessary.
- Provides that if the Legislature refuses to approve the DEP's proposed state plan, it is to submit a modified plan for reconsideration by the Legislature.
- There are now three states who are not going to submit a plan
 - More on this later

Senate Bill 357 Coal Jobs & Safety Act

WEST VIRGINIA LEGISLATURE
EIGHTY-SECOND LEGISLATURE
REGULAR SESSION, 2015

—●—
ENROLLED

COMMITTEE SUBSTITUTE

FOR

Senate Bill No. 357

(SENATORS MULLINS, BLAIR, BOLEY, BOSO, FERNS, GAUNCH,
D. HALL, M. HALL, KARNES, CARMICHAEL, KIRKENDOLL,
LEONHARDT, MAYNARD, NOHE, PLYMALE, PREZIOSO,
STOLLINGS, SYPOLT, TAKUBO, TRUMP, WALTERS
AND WILLIAMS, *ORIGINAL SPONSORS*)

[PASSED MARCH 3, 2015; IN EFFECT NINETY DAYS FROM PASSAGE.]

Most Comprehensive
Coal-Related Legislation
in 30+ Years

- 22 Sponsors
- 26 Senators Voted Yes
- 73 House Members Voted Yes
- Bill Becomes Effective June 1

Senate Bill 357 Coal Jobs & Safety Act

Safety Provisions

- Eliminated the Diesel Commission
- Distance of Track to the Underground Working Face
- Drug Testing (Collective Bargaining)
- Sideboards & Cameras
- Movement of Mining Equipment Underground

Senate Bill 357 Coal Jobs & Safety Act

Environmental Regulatory Provisions

- Emergency Rule to Implement Hardness-based Aluminum WQStds
 - Rulemaking for 2016 to Revise Inactive Status
 - Rulemaking for 2016 to Revise Contemporaneous Reclamation
 - NPDES Permit Penalty Conformity
- Additional Language in State CWA Regarding Compliance w/ Effluent Limits as Compliance w/ CWA

SCR 63 – In Support of SB 357 Coal Jobs and Safety Act

- The Legislature has authorized the Board of Coal Mine Health and Safety to promulgate rules and regulations governing coal mining activities, including rules and regulations governing safety for all mining operations in the State of West Virginia.
- That the Legislature of West Virginia hereby urges the Board of Coal Mine Health and Safety to review and assess the provisions of 36 CSR 4 and to develop a series of comprehensive safety regulations governing the movement of mining equipment underground.
- That the Board of Coal Mine Health and Safety, in consultation with the Director of the Office of Miners' Health, Safety and Training, shall develop and enact these new safety rules and regulations on or before June 2, 2015.

Natural Gas

- West Virginia is sitting on one of the largest, most accessible and untapped reserves of natural gas in the united states
- Drilling offers our state a window into a new economic future
 - Must maximize production both environmentally and economically
 - Must maximize downstream opportunities
 - Cracker plant, chemical manufacturing, exporting

Lease Integration

- Modern technology allows one single pad to extract gas from up to 640 acres of Marcellus/Utica Shale
- West Virginia is the only state with substantial gas reserves to have no integration law

Lease Integration, CONT'D

- 2015 legislature proposed law to allow that, if 80% of mineral owners in a 640 acre tract signed leases, the other 20% could be integrated into the total lease
- No post production costs assessed to 20% who were integrated into lease
- Most liberal law in the country
- Passed both houses, but failed on procedural vote in the house, final night, 50-50 vote

Lease Integration Cont'd

- Look for this law to make a comeback either in special session or in the 2016 session
- Necessary to maximize production and protect those who want to lease
- Necessary ensure that minerals are fully utilized, and surface disturbance is minimized
- Buy in from all stake holders

Recap

- Energy is the past and future of the West Virginia Economy
- Legislative leadership is committed to using our vast resources to move our economy forward, bringing unseen prosperity to our struggling state
- Petition (SLC) and Resolution (SSEB, Greenbrier)