

Not in my backyard: US sending dirty coal abroad

NEWPORT NEWS, Va. (AP) — Coal from Appalachia rumbles into this port city, 150 railroad cars at a time, bound for the belly of the massive cargo ship Prime Lily. The ship soon sets sail for South America, its 80,000 tons of coal destined for power plants and factories, an export of American energy — and pollution.

In the U.S., this coal and the carbon dioxide it will eventually release into the atmosphere are some of the unwanted leftovers of an America going greener. With the country moving to cleaner natural gas, the Obama administration wants to reduce power plant pollution to make good on its promise to the world to cut emissions.

Yet the estimated 228,800 tons of carbon dioxide contained in the coal aboard the Prime Lily equals the annual emissions of a small American power plant. It's leaving this nation's shores, but not the planet.

“This is the single biggest flaw in U.S. climate policy,” said Roger Martella, the former general counsel at the Environmental Protection Agency under President George W. Bush. “Although the administration is moving forward with climate change regulations at home, we don't consider how policy decisions in the United States impact greenhouse gas emissions in other parts of the world.”

This fossil fuel trade, which has soared under President Barack Obama, threatens to undermine his strategy to reduce the gases blamed for global warming. It also reveals a little-discussed side effect of countries acting alone on a global issue. As the U.S. tries to set a global example by reducing

demand for fossil fuels at home, American energy companies are sending more dirty fuels than ever to other parts of the world, exports worth billions of dollars every year. In some cases, these castoffs of America's clean energy push are ending up in places with more lax environmental standards, or where governments are resistant to tackling the emissions responsible for global warming.

It's a global shell game on fossil fuels that at the very least makes the U.S. appear to be making more progress on global warming than it actually is, because it shifts some of the pollution — and the burden for cleaning it up — onto another country's balance sheet.

“It's not taking responsibility,” said Thomas Power, a research professor at the University of Montana who has worked for environmental groups and clean energy foundations and has pushed for a more honest accounting of emissions. “It's shifting the responsibility to someone else.”

With companies looking to double America's coal exports, the nation's growing position in the global energy trade could make global warming worse, fueling the world's demand for coal when many experts say most fossil fuels should remain in the ground to avert the most disastrous effects of climate change.

In 2012, about 9 percent of worldwide coal exports originated in the U.S., the latest data available.

White House officials say the U.S. will continue to be a small player with a negligible global footprint and the best way to address global warming is to reduce coal's use globally. In the meantime, they're considering adding crude oil and natural gas to the menu of U.S. energy exports shipped abroad.

“There may be a very marginal increase in coal exports caused by our climate

policies,” said Rick Duke, Obama’s deputy climate adviser, in an interview with The Associated Press. “Given that coal supply is widely available from many sources, our time is better spent working on leading toward a global commitment to cut carbon pollution on the demand side.”

But as companies plan new coal export terminals, the Obama administration has resisted evaluating the global fallout of those decisions.

It says that if the U.S. didn’t supply the coal, another country would.

In Oregon and Washington state, where three proposed terminals would double U.S. coal exports, the Democratic governors are pressing the administration to assess the global-warming impact of that coal when it is burned abroad. The administration has refused to do so.

Guidance drafted by White House officials in 2010 did outline how broadly federal agencies should look at carbon emissions from U. S. projects. Four years later, that guidance is still under review.

Carbon dioxide, regardless of whether it enters the atmosphere in Germany, India, or Brazil contributes to the sea level rise and in some cases severe weather that is linked to global warming.

The nexus of the challenge, and its international conundrum, can be found here, in Norfolk, Virginia, a low-lying coastal community that exports more coal than any place in the U.S. One of the region’s three coal export terminals, Dominion Terminal Associates, says that it supplies “Coal for the World.” At the same time, Norfolk is already experiencing one of the fastest rates of sea level rise in the country.

“Ultimately we would like to leave the coal in the ground. That is the best place for it,” said Joe Cook, a local resident and Sierra Club activist. He is

fighting a much more local side effect of coal exports: dust released as it travels along rail lines, is dumped in massive piles by the dock and loaded onto ships. Cook believes that the dust is threatening people's health.

When asked about the emissions from exports harming the planet, he said, "We have no control over that."

As for the president, in recent speeches promoting his plan to reduce global warming Obama has highlighted the progress his administration has made driving down emissions at home.

"Together, we've held our carbon emissions to levels not seen in about 20 years," he recently told the League of Conservation Voters. "Since 2006, no country on earth has reduced its total carbon pollution by as much as the United States."

But that's only part of the story.

The U.S. has the largest recoverable coal reserves in the world. Over the past six years, as the country has cut its own coal consumption by 195 million tons, about 20 percent of that coal was shipped abroad, according to an AP analysis of Energy Department data.

Last year, global coal use grew by 3 percent, faster than any other fossil fuel, according to the 2014 BP Statistical Review of World Energy.

And while less coal being burned here has helped the power sector reduce carbon emissions by 12 percent and left more U.S. coal in the ground, a growing share is finding its way to the rest of the world.

The proportion is expected to get larger as global demand for coal rises and the U.S. continues to clean up its power plants, boost energy efficiency and move to less-polluting sources of energy such as wind and solar. The latest

EPA proposal on power plants envisions even less coal being used to make electricity.

The Obama administration, and the world, account only for coal burned inside their own borders when charting their progress on global warming.

“Energy exports bit by bit are chipping away at gains we are making on carbon dioxide domestically,” said Shakeb Afsah, who runs an energy consulting firm in Bethesda, Maryland. Pollution from coal exports has wiped out all the carbon pollution savings the U.S. achieved by switching from coal to natural gas, according to an analysis he published earlier this year. A 2012 report from the Tyndall Centre for Climate Change Research in England said the carbon contained in coal exports put back half the pollution.

On the other side of the Atlantic, in a town on the edge of Germany’s coal-mining region, sits a new power plant burning some of America’s coal. The 750-megawatt Trianel power plant in Luenen relies completely on coal imports, about half from the U.S.

“American coal is simply very attractive for us because of its price, and therefore we’re using a high percentage of it,” Stefan Paul, executive director of the Trianel Kohlekraftwerk Luenen GmbH & Co. plant, told AP.

During a recent visit by an AP reporter, workers unloaded South African coal from two barges docked in an adjacent canal. The canal was built in 1914 to send coal from the Ruhr Valley through Rotterdam to ports overseas. Now the coal comes the other way.

German coal mining has been a dying tradition. The government will end subsidies in 2018, effectively killing it.

However, Germany is experiencing a resurgence in coal-fired power. Five

German coal plants have been built since 2008, and more are coming. While the new plants are more efficient and much cleaner than older plants being phased out, they are also larger and are replacing some of the nuclear power that the country has been phasing out since the Fukushima disaster in Japan.

The result: In 2013, Germany's emissions of carbon dioxide grew by 1.2 percent.

This has happened even as the European continent has clamped down on the emissions blamed for global warming by increasing the use of renewable energy and instituting a cap-and-trade pollution system similar to one the U.S. Congress rejected in Obama's first term.

Coal is cheaper than alternatives in Germany, particularly natural gas. So, too, are the prices on the carbon market in Europe. Companies can afford to buy the right to release more pollution.

"When coal is available, it is kind of like crack. It is the cheapest, biggest high that an industrial consumer can get," said Kevin Book, an energy analyst at Washington,-based ClearView Energy Partners LLC.

In the U.S., the opposite is happening. Until recently, coal was more costly than natural gas, which is booming. Environmental regulations also are pushing the oldest and dirtiest coal-fired plants to retirement by adding more costs, and any new coal-fired power plants will have to capture carbon dioxide and bury it underground if the Obama administration gets its way. Few if any new coal plants are expected to be built.

But the U.S. and other countries have no problem supplying Germany and the world with coal. Last year, the U.S. exported coal worth \$11 billion.

Of the top five countries receiving power plant-grade coal from the U.S. in

2013, four were in Europe: the United Kingdom, Netherlands, Italy and Germany. All have seen their coal imports more than double from the U.S. since 2008.

German environmental officials say the reliance on coal-fired electricity will make it hard for the country to meet its climate-protection goals. Activists partly blame the U.S.

“This is a classic case of political greenwashing,” said Dirk Jansen, a spokesman for BUND, one of Germany’s most influential environmental advocacy organizations. “Obama pretties up his own climate balance, but it doesn’t help the global climate at all if Obama’s carbon dioxide is coming out of chimneys in Germany.”

It’s unclear just how much pollution the U.S. is sending abroad or its overall effect on global greenhouse gas emissions. No one, including the administration, has calculated it. It’s a complex equation that includes global demand, natural gas prices, cheaper sources of coal from other countries, even weather. For instance, coal exports are down this year after a colder-than-average winter and higher natural gas prices in the U.S. caused power plants here to use more coal. Exports are forecast to be down slightly for several years before resuming an upward trajectory through 2040.

U.S. coal producers, and the companies that move and sell coal for export, are laying the groundwork for more exports. They see a growth market globally, in spite of efforts by the Obama administration to curb it. The administration has placed restrictions on U.S. financing of coal plants overseas that don’t control for carbon dioxide.

No such limits are in place for coal exporters.

In 2012, the U.S. Export-Import Bank backed \$90 million in loans to XCoal

Energy & Natural Resources LLC, a Pennsylvania-based exporting company, which plans to increase coal shipments to Japan, South Korea and China for use in steel and other industrial facilities.

Kinder Morgan, which owns one of the three terminals in the Norfolk area, earlier this year expanded its facilities to handle 1.5 million more tons of coal there. The company also spent \$388 million to boost exports from Louisiana and Texas, mostly for thermal coal, the type of coal burned in power plants.

In Virginia, a coal-friendly state, the expansion has barely caused a stir. Coal has been leaving these shores for 130 years from Norfolk Southern Corp.'s enormous terminal.

The politics in the Pacific Northwest have been less favorable for coal. Three terminals proposed for Oregon and Washington would double U.S. exports, sending coal mined from mostly federal land in Montana and Wyoming to China and other markets in Asia. The plans have drawn fierce opposition from environmental groups, tribes and others.

And they've prompted some of Obama's allies in the climate fight, the Democratic governors of Oregon and Washington, to point to what they describe as contradictions in the administration's energy and climate policy and ask for a full analysis of the environmental impact both at home and abroad.

In a 2012 letter, Oregon Gov. John Kitzhaber said, "The impacts of United States coal exports on climate change are an issue of national concern that merits a hard look by a federal agency."

The administration seems unwilling.

The lead federal agency in charge of evaluating the terminals' environmental

impact, the Army Corps of Engineers, has refused to analyze the contribution that coal from the terminals will have on global warming, despite calls by the Environmental Protection Agency to consider them.

The Council on Environmental Quality, the White House office in charge of overseeing environmental matters, has stood on the sidelines, though saying that the law allows emissions abroad to be part of the analysis.

A 2010 guidance aimed at clarifying how agencies should evaluate greenhouse gas emissions for major projects is still being reviewed.

“They have sat on their hands,” said George Kimbrell, a senior attorney for the Center for Food Safety, which has sued the administration over this delay.

Meanwhile, the state of Washington has decided to estimate on its own the quantity of greenhouse gases its two terminals will generate in the U.S. and in the countries that receive the coal.

Independent analyses have come to different conclusions about the impact the West Coast terminals will have.

A study by Power, the Montana professor, found that exports of cheap-to-produce Powder River Basin coal to Asia would depress prices, driving up demand and increasing the amounts of gases blamed for global warming. But another, by the Washington, D.C.,-based think tank Energy Policy Research Foundation Inc., said that expanding U.S. exports will have no impact on world coal consumption or global greenhouse gas emissions, because it will replace higher-cost coal that would come from somewhere else.

A federal judge last month faulted the administration for using similar logic when it failed to fully analyze the greenhouse gases from the expansion of a Colorado coal mine.

“The production of coal ... will increase the supply of cheap, low-sulfur coal,” wrote Judge R. Brooke Jackson of the U.S. District Court for the District of Colorado. “At some point, this additional supply will impact the demand for coal ... and coal that otherwise would have been left in the ground will be burned.”

Changing the global system to start looking at the flow of carbon out of the ground would carry political risks, especially for the U.S., which is trying to boost energy production and exports even as it addresses global warming. America is an outlier among the top coal exporters worldwide, making the most significant public strides to combat climate change. Secretary of State John Kerry, in a visit to Indonesia in February, the largest coal exporter in the world, told the country that if it didn't do something on climate it would put its entire way of life at risk.

Australia, the world's second largest coal exporter, recently repealed its carbon tax, in part because the coal industry argued it was making it more expensive to do business.

“The U.S. needs to be pragmatic on this,” said Jason Bordoff, director of Columbia University's Center on Global Energy Policy. “If our coal exports are very small and having no or little impact on global greenhouse gas emissions ... the government has to take into account the economic and foreign policy costs of restricting exports.” He was a National Security Council energy and climate change adviser to Obama until January 2013.

The United Nations' climate chief earlier this year warned that three-quarters of all fossil fuels must remain in the ground if the world has any hope of containing the planet's temperature rise to 2 degrees Celsius, as the international community, including the U.S., agreed to in 2009.

Norfolk is caught in the middle.

In 2013 alone, coal shipped from here for foreign power plants contained 48 million tons of carbon dioxide, pollution that could come back to haunt this city. The sea level here is expected to rise an additional 1.5 feet in 50 years, even if the world stops releasing carbon dioxide into the atmosphere tomorrow.

Bob Parsons lives on a half-mile-wide sandbar, just miles from two coal export terminals, and keeps a chart on his garage door chronicling a decade's worth of battles with rising water.

The highest line marks the 2006 nor'easter that submerged his backyard in more than three feet of salt water from the bays and inlets. Another mark, around a foot, was the brush with Hurricane Ernesto the same year.

“Sure, there is a connection between them, what gets exported out of here and burned and the sea level rise,” said Parsons. “They are still burning it. They are still polluting the atmosphere.”

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