Written Statement of

Michael Carey
President, Ohio Coal Association

Before the

United States House of Representatives
Committee on Energy and Commerce
Subcommittee on Energy and Environment

"The Future of Coal under Climate Legislation"

"The Effect of Cap and Trade Climate Change Legislation on Ohio Consumers"

March 12, 2009

Chairman Markey and members of the subcommittee, thank you for the opportunity to provide testimony today on the potential impact of climate change proposals on America's working and middle class.

My name is Mike Carey, and I serve as president of the Ohio Coal Association, a non-profit trade association representing the interests of Ohio's underground and surface coal mining producers. Our association represents nearly 40 coal producing companies and more than 50 associate members, which include suppliers and consultants to the mining industry, coal sales agents and brokers and allied industries.

It is because of these stakeholders – and the thousands of Ohioans who rely on the state's coal industry for their livelihoods and the millions of Ohioans who enjoy lower-than-average electricity rates because of coal – that I am here today to speak with you.

In the coming weeks, you will be asked to consider a number of proposals that purport to address the perceived man-made climate change issue. Many of those proposals offer extremist approaches that threaten the very consumer protections set forth by the U.S. Congress.

You have a unique opportunity to learn from our history and make decisions that will not negatively affect consumers.

In the 15 years following the 1990 passage of the Clean Air Act, which imposed drastic reductions in coal production, Ohio alone lost nearly 120 mines, costing more than 36,000 primary and secondary jobs. These impacted areas of my state that have spent years recovering, and some never will.

I can tell you firsthand that protecting consumers today means not repeating the mistakes of our past. No where is that more true than in Ohio, a state that is hemorrhaging jobs and where employers large and small are shutting their doors.

When you consider the basic facts, the picture is even clearer. Coal-fired power plants produce about 40 percent of the world's electricity – more than 50 percent of the electricity consumed in the United States, and nearly 90 percent of Ohio's electricity. The U.S. Energy Information Administration has predicted that electricity usage in the United States will increase by about 40 percent by 2025.

There are three core reasons that climate change legislation must be considered in the context of consumer protection: One, the effect that an extremist proposal would have on coal production and on those who work directly or indirectly in the industry; two, the effect that a loss of coal production would have on the region's employers – particularly those in the energy-intensive manufacturing sector; and three, the impact that eliminating or drastically reducing the use of coal as a resource for electricity would have on electric rates – and on the consumers who pay them.

Some climate change legislative proposals would force us to limit the use of coal, and yet, there is no source of power that can replace coal at the same cost. The same groups who oppose the use of coal also oppose the use of nuclear power. Natural gas is expensive, at three times the cost of coal, and it has supply and distribution issues. And some continue to encourage the subsidizing and use of alternative energy sources like wind or solar power, it is clear that these still carry with them limited capability and high costs. While increasing the role of renewable energy is a laudable goal, it simply is not a comprehensive solution to addressing our nation's rapidly growing demand for electricity.

First and foremost, proposals for cap and trade legislation constitute little more than an energy tax on Ohio's coal producers. Mandatory carbon-emission reductions will bring deep and sweeping reductions in coal production, and will wreak much greater economic carnage and reductions in the quality of life and standards for the thousands of Ohio workers who rely on the coal industry.

Coal is a major industry in Ohio, and yet coal production has remained stagnant over the past few years. The fear of restrictive Cap and Trade legislation has led to canceled coal projects across the country. We cannot afford to lose any more high-paying coal jobs, particularly in economically challenged areas of our state like Appalachia. Our industry provides miners and their families with exceptional salaries and benefits, and pays millions of dollars in taxes to state and federal governments every year. Without a doubt, legislation that places unreasonable emissions standards on electricity generation would put those jobs – and that revenue – in jeopardy.

Second, coal impacts many industries, including trucking, railroads, manufacturing and utilities. It is a key player in keeping Ohio competitive.

Cap and trade legislation will hurt not only those Ohioans in the coal industry itself, but will further damage the agricultural and chemical industries and the thousands of workers they employ. The loss of American manufacturing jobs, which depend on low-cost electricity, also will be accelerated.

Finally, and perhaps most importantly, it cannot be overstated what reducing or eliminating the use of coal for electricity will have on consumers overall. The human toll will be substantial.

Regardless of the specific provisions of any cap and trade proposal, one thing is certain: if these measures are passed, consumers will pay more for electricity. And during an economic crisis, that's about the last thing our working families need. Even supporters of this type of plan – including President Obama himself – acknowledge there will be significant price increases for electricity customers.

Even the bipartisan Congressional Budget Office agrees. In an analysis of the effects of cap and trade legislation on American households, the CBO found "most of the cost of the cap would ultimately be borne by consumers" and that the poorest fifth of the U.S. population would suffer the worst, losing about three percent of its take-home household income. Clearly, our most vulnerable populations cannot withstand any more hardship. The CBO concluded that in a rebate system for low-income families, similar to that being proposed by the Obama administration, the cost to the nation's economy as a whole would almost *triple*.

Today, low-cost electricity is a staple of life for all Americans. Further, coal-fired electricity is, by far, the lowest-cost option available for consumers.

Our message to you is that coal presents our nation with tremendous economic benefits and even greater potential for the future. And threatening that potential would have far-reaching ramifications on our economy – and on the consumers who today are struggling toward recovery.

Our industry has made significant environmental progress since the Clean Air Act became law in the 1970s. One major reason for our improved air quality is the development and deployment of clean coal technologies – technologies being researched right in my home state of Ohio.

You as lawmakers must consider carefully the impact that climate-change legislation will have, not only on the environment, but on citizens, too. This is a human issue as well as an environmental one.

I want to leave you with a final thought: Access to reliable, affordable energy supplies is a core tenet of economic growth, and any U.S. energy policy change must be feasible to implement, economically beneficial and environmentally sound. That can be achieved without the passage of unreasonable measures that would put my industry out of business, threaten job providers who need a ready supply of low-cost electricity to power their operations and eliminate the affordable electricity that our region's working families have come to count on, especially in these difficult economic times.

Again, I thank you for the opportunity to be here today, and I would be glad to take any questions you have at this time.

###