

Committee on Resources

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Statement of Mr. Robert E. Murray

Before the

Committee on Resources of the

United States House of Representatives

Field Hearing on the

"Kyoto Global Warming Treaty's Impact

on Ohio's Coal Dependent Communities"

St. Clairsville, Ohio

May 13, 2003

Chairman Pombo and Congressman Ney, my name is Robert E. Murray, and I am President and Chief Executive Officer of Murray Energy Corporation ("Murray Energy"), which employs about 2,500 persons in the most economically depressed areas of the United States. Our Subsidiaries, American Energy Corporation, Maple Creek Mining, Inc., and The Ohio Valley Coal Company, employ about 1,400 persons in the tri-State Ohio River Valley area, and nearly 1,000 people here in Belmont County.

Studies at The Pennsylvania State University have shown that up to eleven (11) secondary jobs are created for each coal industry position that we provide, thus making our Companies responsible for almost 17,000 jobs in this tri-State area, and nearly 12,000 positions in Eastern Ohio.

But, this is not where our tremendous beneficial impact on this region stops. Our mining employees typically earn twice the average household wage in Ohio and two-and-one-half times the median wage for this area. American Energy Corporation's Century Mine here in Belmont County is the largest single economic development in Ohio in recent years, representing an over \$300 million investment in our area.

The subject of the "Kyoto Global Warming Treaty" is a human issue, not an environmental matter, to me, Chairman Pombo and Congressman Ney. You see, I know the names of many of the people whose jobs, standards of living, and lives would be destroyed in this area if the United Nations' "Kyoto Global Warming Treaty" were ever adopted by the United States.

This region is desperate for good paying and well-benefited jobs. Our people just want to earn a reasonable living with honor and dignity. Our young people want to stay in the area and have good employment. Many times grown men and women have broken down and cried in my office when I told them that we had a job for them. They know that, with the high pay and excellent benefits provided by coal mining, they can build the lives of their dreams, be with their families, and retire with dignity.

But, this region came close to being economically devastated, as the Administration of Bill Clinton and Albert Gore signed the United Nations' Kyoto Protocol on so-called global warming and for years urged its passage by the United States Senate. Wisely, the Senate would not ratify their draconian treaty. Passage of the United Nations Kyoto Protocol would have eventually eliminated the U. S. coal industry and the 17,000 primary and secondary jobs for which my Companies are responsible in this tri-State area. Indeed, the Clinton/Gore Administration had a motto that they were going to "dial out coal."

Fortunately, President George W. Bush condemned the United Nations' Kyoto Protocol soon after he took office and announced that our Country would no longer be a part of this flawed agreement. On March 13, 2001, President Bush said:

"As you know, I oppose the Kyoto Protocol because it exempts eighty (80) percent of the world, including major population centers, such as China and India, from compliance, and would cause serious harm to the U.S. economy."^[1]

President Bush has chosen an entirely different way to address the climate issue, one based on research, technology, and voluntary action. This path will encourage economic growth, not stifle it. It will allow greater use of our Nation's most abundant and lowest cost energy source, coal, rather than devastate the industry

and this area.

The President has received much pressure from radical environmentalists and no-growth advocates in the U.S., as well as the international community, to reverse his decision. But, even the most ardent of supporters of the Protocol, the members of the European Community, who are using this issue to gain economic advantages over the U.S. for their products in the global marketplace, are having difficulty achieving the mandatory carbon dioxide emissions reductions that they set for themselves. And, it is important to point out that the Kyoto Treaty has yet to go into force.

Very importantly, there is no scientific consensus that so-called global warming is even occurring. Moreover, there is no scientific evidence that human activities are responsible.

As an engineer, I have followed the so-called global warming matter for more than two decades. The best analysis that I have read is that prepared by Professor Bjorn Lomborg, an academic who is a former Greenpeace member and devoted environmentalist. Dr. Lomborg has compared the projected changes in the world's temperatures for the next one hundred years – both with the Kyoto Treaty and without. Dr. Lomborg has concluded that:

- If we observe the Kyoto Treaty by enforcing all of its provisions, by the year 2100 (when our new granddaughter will be 97 years old), the temperature is expected to increase by 1.92 degrees Celsius.
- Without implementation of the Kyoto Treaty, the temperature will reach that level by 2094 (when our granddaughter will be 91 years old), six (6) years sooner than with the Protocol.
- In 2010, compliance with the Kyoto Treaty will cost \$350 billion per year, increasing to nearly one trillion dollars annually by 2050. To put this into perspective, Professor Lomborg calculates that, for \$200 billion per year, every human being on Earth could have clean drinking water and sanitation, saving two million lives each year.

Mandatory restrictions on carbon dioxide emissions, whether imposed by the United Nations' Kyoto Protocol or by restrictions such as those currently being proffered by some Senators, would have a devastating effect on the communities in this tri-State area. The Kyoto Treaty would require a reduction of greenhouse emissions to seven percent (7%) below 1990 levels by 2008, notwithstanding that there is no scientific evidence that proves that such reductions are beneficial or necessary. Our Nation would have to reduce emissions by close to forty percent (40%) from current levels in just five (5) years to meet the draconian Kyoto Treaty goals. We applaud President Bush for recognizing the Kyoto Treaty for what it is, a political agreement pushed by the Clinton/Gore Administration with no regard for America's economy or citizens, and particularly those in this area.

Regarding the economic devastation of the ill-conceived Kyoto Treaty, the most recent study by the Heartland Institute[2] showed that if emissions had to be reduced to 1990 levels - and that is not as low as the Kyoto Treaty would have required - the Ohio state government would lose a minimum of \$1.2 billion in revenue annually, and consumers and businesses in our State would pay \$3.2 billion and \$32 billion, respectively, more for federal and state programs to reduce carbon dioxide emissions.

Furthermore, based on the Heartland Institute study, each household in Ohio would pay over \$8,000 per year for just the reduction to 1990 levels, and reaching the Kyoto Treaty targets would cost every Ohio household \$14,000 annually. Clearly, these numbers prove the folly of even thinking about agreeing to mandatory carbon dioxide controls in any form.

As for coal, there would be very little production of this fuel in the United States under a Kyoto type regime. The Energy Information Administration of the U. S. Department of Energy, analyzed the affects of a Kyoto Treaty on the energy markets and determined that it would cause a sixty-seven (67%) reduction in National coal production levels by 2010, and a 90% drop by 2020.[3]

In short, by 2020 there would be no coal industry in Ohio, from which eighty-seven percent (87%) of the State's electricity is generated. Furthermore, coal fired electricity costs about one-third (1/3) that from natural gas fired generation, and is even more economical than this over nuclear generated electricity.

A better way to address the climate issue is by the plan outlined by President Bush in February, 2002, which, as I have stated before, is based on science, research, technology, efficiency, and voluntary actions. Such an approach will determine whether carbon dioxide emission reductions are beneficial or necessary, or not. If carbon dioxide reductions are proven to be necessary, we will be on our way. If they are not, we will still be moving well down the road to the more efficient use of coal with new technologies.

There currently are several initiatives in Washington that will directly keep coal in the energy mix. On the Congressional front, the U. S. House of Representatives has just passed H. R. 6, the Energy Policy Act of 2003. This legislation includes two important provisions that we need to get advanced clean coal

technologies into existing coal fired electricity generating plants and to build new ones. H. R. 6 also includes authorization for basic coal research and for the President's \$2 billion Clean Coal Power Initiative, which will demonstrate advanced clean coal technologies.

The aforementioned two provisions are also included in the Senate Bill, S. 14, that is now being debated on the Senate floor. But, S. 14 includes a third important element that was left out of the House passed legislation. The Senate Bill will include very important production and investment tax credits for a limited number of plants to encourage rapid use of new advanced clean coal technologies. It is important, Mr. Chairman and Congressman Ney, that you support the inclusion of these tax provisions in the final bill that goes to the President's desk.

Another important initiative that the Administration has announced is the FutureGen Program, which is a \$1 billion, ten (10) year, demonstration project to create the World's first coal-based, zero emissions, electricity and hydrogen power plant. The plant will capture carbon dioxide emissions and will be coupled with carbon sequestration so that it is literally a zero emissions plant. Over the long term, coal can be the major source for hydrogen energy for our Country.

Mr. Chairman, not only is the coal industry opposed to mandatory reductions of carbon dioxide emissions, we are also opposed to programs that would require mandatory reporting on emissions, as well as schemes that would lead to carbon dioxide emissions trading. The voluntary approach that the industry is supporting will be the best way to preserve Ohio and tri-State area jobs and hold down electric rates for our households and our factories that must compete in the global marketplace.

The coal industry in the United States, at this time, is being economically devastated. Practically all of the major eastern U. S. coal producers are unprofitable or are currently in bankruptcy. This is largely the result of the depressed economy, huge amount of construction of new natural gas fired electricity generating units during the Clinton/Gore years, and importation of cheap coal from South America. This is the worst possible time for some in Congress to be advocating any mandatory requirements regarding carbon dioxide emission measuring, reductions, or trading.

Mr. Chariman and Congressman Ney, we commend you for holding this field hearing on the devastating effects that any attempt to put restrictions on carbon dioxide emissions would have on the people and communities in this tri-State area of the Ohio River Valley. As I stated previously, the Kyoto Treaty and proposed carbon dioxide emission reductions is a human issue with me, rather than environmental, as I know the names of many of the individuals in this area whose jobs, lives, and quality of life would be destroyed under the Kyoto Treaty or any other program for mandatory reductions in carbon dioxide emissions.

Thank you.

[1] Letter from President Bush to Senator Chuck Hagel, March 13, 2001.

[2] Blast, J. L., Taylor, J. M., Lehr, J. (2003). State Greenhouse Gas Programs: An Economic and Scientific Analysis. The Heartland Institute. Policy Study 101.

[3] Energy Information Administration (1998). Impacts of the Kyoto Protocol on U.S. Energy Markets and Economic Activity. U.S. Department of Energy. SR/OIAF/98-03.