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Sally Jewell, Secretary
U.S. Department of the Interior
1849 C Street NW
Washington, DC 20240

Neil Kornze, Director
Bureau of Land Management
1849 C Street NW, Room 5665
Washington, DC 20240

In Re: *Programmatic Environmental Impact Statement to Modernize the Federal Coal Program*

Submitted via: BLM_WO_Coal_Program_PEIS_Comments@blm.gov

Dear Secretary Jewell and Director Kornze:

On January 15, 2016, the U.S. Department of the Interior (DOI) issued Order No. 3338 directing the Bureau of Land Management (BLM) to conduct a broad, programmatic review of the federal coal leasing program, which is administered by the BLM. This order was issued in response to a range of concerns about whether American taxpayers are receiving a fair return from the development of publicly owned resources, markets for coal, the consequences for coal-dependent communities, and whether the production of coal under the federal program is consistent with the nation's goals to reduce greenhouse gas emissions and mitigate climate change.

In response, the BlueGreen Alliance, a national coalition of labor unions and environmental organizations representing more than 15 million workers, environmentalists, consumers, and tax-paying citizens, today expresses appreciation for the administration's effort to reform the federal coal leasing system and to offer comments as to how the system can best serve a wide range of stakeholder interests.

The BlueGreen Alliance believes that the federal coal leasing program is broken and long overdue for an update that ensures fairness to taxpayers and better accounts for environmental impacts. The contemplated overhaul of this program is, however, not only an opportunity to fix a broken system, but also an opportunity to take a hard look at how coal-dependent communities, regional economies, and individual workers can transition to new economic models. It is also imperative that coal companies reclaim public lands that they have developed to mitigate the land and water impacts of coal mines and to assist communities in transition through the jobs which reclamation work provides.

The contemplated review of the federal coal leasing systems must evaluate BLM authority and opportunities—as well as actions other agencies and Congress could take—to help ensure a just transition for workers and communities to a clean energy economy. Such actions should include robust investment in community economic development, protection of worker livelihoods, and development of new tax revenue sources for local economies.

Coal has been an important domestic energy source for decades and that fact will continue in the years ahead. Production of this energy resource has been facilitated by the federal government, as roughly 40 percent of all U.S. coal production occurs on taxpayer-owned federal land.

However, over time, it has become clear that the decades-old regulations governing the federal coal program have become outdated and do not necessarily reflect modern day market and environmental realities. It is imperative that taxpayers and local communities receive a fair return from any extraction of these publicly owned resources, through a program that is transparent, competitive, and designed to serve the public interest, rather than that of a narrow sub-set of the energy extraction industry.

Given the serious concerns that have been raised about the federal coal program, and the enormous reserves of coal already under lease, the BlueGreen Alliance agrees with the BLM's decision to institute a pause on new coal leasing on public lands while this review is taking place. Future coal leases should benefit from all of the lessons learned and public comment gathered during the course of this programmatic review process.

Key to our support for this pause is the fact that companies that are already producing coal from existing federal leases have enough coal leased to be able to continue mining operations without interruption during the span of this program review and beyond. A comprehensive review of this broken system is needed. Nevertheless, as part of that review, the BLM should consider provisions to protect communities supported by existing mines.

A Fair Return for a Public Resource

Regulatory gaps that allow coal companies to effectively sell coal to themselves for below market values to avoid paying full royalties, allow massive deductions for the processing and transportation of coal, and create effective royalty rate reductions, amount to a form of federally subsidized corporate welfare benefiting a select few companies to the detriment of American taxpayers who must carry this expense.

Coal companies that sell coal to themselves at intentionally depressed prices in order to mathematically reduce the royalties that would otherwise be payable to the federal government are, in effect, receiving a subsidy by having their production costs lowered and simultaneously depriving the public of a source of useful revenue. In an era already characterized by political unwillingness to grapple with low corporate tax rates and dropping government revenues on the one hand, and a decaying, under-maintained national infrastructure on the other, revenue rightly due from the extraction of public resources must not be left unclaimed. Taxpayers deserve their fair share from any development of coal on public lands.

Ensuring a Just Transition

Powerful economic forces continue to influence a shift in the U.S. energy sector. A combination of factors is forging a new reality where lower natural gas prices, rising coal costs, and the competitive cost of renewable energy sources are driving a shift to clean energy. The new energy technologies coming on-line will create hundreds of thousands of new jobs and will continue to do so in communities across the country. But, as our nation makes this transition, some workers and communities may be impacted.

Coal mines, coal-fired power plants, coal transportation infrastructure, coal handling facilities, and their associated supply and maintenance industries are often the lifeblood of small towns, providing significant employment and contributing to their communities' tax base. Moving toward clean energy could result in fewer jobs at a local level and a reduction in the tax stream going to local governments, cutting into funding for public schools, hospitals, and infrastructure projects.

Therefore, as the BLM works to capture a fair return for American taxpayers generally, it must also consider that the economic impacts of a reduction in coal usage over the coming years will not be shared equally across the American public. We must consider what authority and opportunities it possesses—having succeeded in capturing a fair return for extracted coal—to ensure that some portion of this increased return is put to use ensuring a just transition for workers, communities, and regional economies. It will be necessary for some workers to obtain new skills and employment and for some communities to redevelop and diversify their economies.

In protecting the interests of the American public, BLM must also seek to protect the interests of those populations that will be disproportionately impacted by the gradual transition away from fossil energy resources. Reform of the federal coal leasing system provides an opportunity to secure a stable source of funding to provide the tools and resources necessary for workers to transition to new jobs, and to diversify local and regional economies.

Consistency with U.S. Climate Change Goals

As a part of this programmatic review, BLM has sought comment as to whether the extraction of fossil resources from federal lands is consistent with U.S. climate goals. With the proper accounting and transparency, the BlueGreen Alliance believes that modernizing the management of public energy resources should and can be in harmony with the need to significantly reduce the nation's climate emissions. Managing these two areas in concert, first and foremost, requires scientific data to understand what the impacts are, and how they should be environmentally and economically accounted for.

In order to better understand and manage carbon emissions from public lands, the U.S. Geological Survey (USGS) intends to establish and maintain a public database to account for annual carbon emissions from fossil fuels developed on federal lands. As there is currently no dedicated, official measure of these emissions, the BlueGreen Alliance supports this effort to ensure a transparent process that accounts for costs, which would otherwise be externalized.

Such transparent carbon accounting by the USGS will provide critical information for the public and the federal government to manage carbon emissions as part of the administration's Climate Action Plan, and to better enable an assessment of the true market value of extracted resources, accounting for all externalized costs.

Conclusion

In summary, we thank the Bureau of Land Management and U.S. Department of the Interior for seeking to improve the federal coal leasing system and look forward to continuing to work with your agencies on the eventual implementation of a modernized and improved system built to serve the interests of American communities, workers, taxpayers, and our natural environment.

Respectfully,

Kimberly Glas

Kim Glas
Executive Director
BlueGreen Alliance