



Ohio Valley Environmental Coalition

P.O Box 6753
 Huntington, WV 25773-6753
 Ph. 304-522-0246

www.ohvec.org
 Fax 304-522-4079

Coal-to-Liquid

<i>The Issue</i>	<i>They Say</i>	<i>The Facts</i>
National Security	CTL will increase our national security by providing a domestic source of fuel. We will no longer need to rely on oil from the politically unstable Middle-East.	Even the most expansive proposals for CTL will replace only 10% of our petroleum consumption. Also, according to the Pentagon, global warming is a bigger threat to our security than terrorism—CTL increases greenhouse gas emissions.
Clean Coal	This fuel will burn more cleanly than diesel.	Making liquid coal is a highly polluting process that results in double the greenhouse gas emissions of diesel or gasoline.
Price	The price will stabilize at somewhat lower than current gas prices, around \$40 per barrel.	That price does not take into account the probability of regulations on carbon, which would greatly increase the price.
Carbon Sequestration	Sequestering the carbon dioxide cleans up the process, removing environmental concerns. The plants will be designed for carbon capture.	Carbon capture and sequestration is an unproven (and <i>very</i> expensive) technology that has never been used on a large scale. We don't know if it will work. Industry actually opposed a bill that would have granted tax benefits and federal funding to CTL, but required carbon sequestration.
Tax Dollars	Wall Street is afraid of risks, and the market responds to needs too slowly. Tax breaks and federal investment will help us make the necessary large-scale changes.	Investors know CTL is environmentally and economically risky, so industry wants taxpayers to bear the costs. Start-up costs are high, and increased awareness of environmental risks could make the fuel unusable in a few years.
Jobs	The industry will create thousands of new, high-paying jobs.	Any new power source will create new jobs—this one requires high taxpayer investment and still pollutes heavily. We want jobs with a future!



OR



The Issue

The Basics:

Coal-to-Liquids (CTL) is a technology that converts dry coal into a liquid fuel to replace diesel and jet fuels. There are multiple methods, but the process proposed for use in the US would first use heat and pressure to gasify the coal, then cool the gas to form a liquid—an energy-intensive process.

The Legislation:

- Two competing bills were defeated in the Senate in June 2007, but 69 Senators supported one of the bills—if that support were consolidated behind one bill, it would have passed. The issue is likely to arise again this fall as part of energy and climate change legislation.
- One piece of legislation, promoted by Senator Bunning of KY, mandated production, offered millions in loans and grants to industry, and provided price guarantees and a buying contract with the defense department.
- The other Senate bill, introduced by Democrat Jon Tester of Montana, would have offered similar incentives, but included environmental provisions for the sequestration of carbon dioxide and an overall 20% reduction in emissions compared to petroleum. Industry, not surprisingly, supported the Bunning bill and not the Tester bill.

The Problems

The Environment:

- CTL produces nearly TWICE as much carbon dioxide as petroleum. As the League of Conservation Voters put it, CTL “turns a compact car into an SUV from a global warming perspective.”
- Around 5 barrels of our precious fresh water resources are needed to produce each barrel of fuel.
- One ton of coal (2000 pounds) produces only two barrels of fuel (84 gallons). *graphic: Coal truck: 20 tons, 40 barrels-- oil tanker-80-130 barrels



- Sharp increases in demand for coal will encourage mining companies to cut even more corners to produce coal quickly and cheaply—meaning even less regard for the safety of workers, communities and the environment.
- CTL refineries use loads of energy. Proponents of CTL gloss over this fact and don't have hard figures on the energy conversion rate: that is, how much energy goes into creating CTL versus how much energy is yielded. It would be much more efficient and pollute much less to burn the coal in power plants and use electric cars.
- Industry refused to support legislation that would have helped fund Coal-to-Liquid because of a clause mandating that 85% of CO₂ be sequestered and greenhouse gas emissions average 20% lower than petroleum emissions.

The Costs:

- The highly expensive carbon sequestration is not usually included in the budgets for CTL facilities, yet start up costs are still in the billions—\$1-7 billion per plant, depending on the output. Legislation to encourage investment in CTL forces much of that expense on taxpayers.
- CTL will cost around \$40 per barrel, not including any environmental restoration efforts—less than current gas prices, but still not cheap.
- Many investors are wary due to the probability of more stringent environmental regulations or a carbon tax in the near future, which would significantly increase costs.
- The National Coal Council envisions a doubling of national coal production and a \$211 billion investment in Coal-to-Liquid plants over the next 20 years in order to meet only 10% of the current US oil demand.

Health:

- Sasolburg, South Africa has been the center of CTL production for years and is cited by supporters as an example of the commercial viability of the fuel. It also demonstrates the great costs born by local citizens.
- Air samples taken in Sasolburg showed very high levels of benzene, which can lead to anemia and leukemia, and hydrogen sulfide, which is linked to respiratory problems, and statistics do indicate high rates of anemia, asthma and other respiratory problems in the communities near Sasolburg.

Local Impact

Mingo County, West Virginia:

- A Coal-to-Liquid plant is in the planning stages for Mingo County, WV.
- It is being developed by Rentech, a Colorado based corporation, and the Mingo County Redevelopment Authority.
- Rentech's senior Vice President Richard Sheppard calls the project an "exciting opportunity for devastated coalfield communities." Has he thought about why they are devastated?
- Output is to be 20,000 barrels per day, with a start-up cost of 2-3 *billion* dollars.
- Much of that cost is likely to be borne by citizens, both through direct subsidization and through tax benefits given to the corporation. Citizens, of course, would also bear the environmental costs of increased mining and the accompanying pollution and health problems.
- 60% of citizens in Mingo County rely solely on well water in their homes. The CTL supporters do not address the issues of the waste that the plant will produce or the health impacts to the community.

**Get Involved Locally! Call Patricia Feeney at the Mingo County
OHVEC office: 304-235-2618**

The Solutions

Alternatives:

- Burning the same amount of coal to produce electricity to power plug-in hybrids would replace twice as much oil without generating nearly as much greenhouse gas.
- Such vehicles would also be able to take advantage of truly renewable resources, including wind, solar, and hydroelectric power. Fuel cell vehicles may be marketable by 2010.
- Policies that promote public transportation, energy efficiency and conservation could help reduce our energy usage.

Take Action:

- Write to your state and federal representatives and tell them how you think your tax dollars should be spent. As a group of national environmental organizations put it, “Every dollar invested in coal-to-liquids is a dollar unavailable for investment in efficient vehicles, improved transportation systems, smart growth and sustainably-made renewable fuels.”
- Join the OHVEC to work for justice in the coalfields and promote better policies for our future.
- Get organized! Talk to your friends and neighbors about your concerns and about what you envision for your community.
- Write a letter to the editor.

If we are going to invest time and tax dollars in alternative energy sources—and we should—wouldn't it be wiser to focus on truly cleaner renewable energy, rather than switching from one expensive polluter to another?



West Virginians and Kentuckians speak out against coal to liquid.