

Arch Coal Expresses Serious Concerns about EPA's Proposed GHG Regulations

December 1, 2014 3:45 PM ET

ST. LOUIS, December 1, 2014 – Arch Coal, Inc. (NYSE:ACI) filed comments today expressing deep and serious concerns about the EPA's proposed Clean Power Plan.

"Already promulgated regulations are expected to drive the shut-down of as much as 20 percent of America's coal-based fleet, which is the primary source of base-load power generation in the United States," said Deck S. Slone, Arch's senior vice president of strategy and public policy. "That's an unprecedented change to America's power system in what constitutes the blink of an eye in energy markets – creating enormous potential for market disruptions, supply shortages and rate spikes."

"Now, before this current round of closures has even run its course, EPA is preparing to step on the regulatory accelerator once again with the proposed Clean Power Plan," Slone said. "Such a move threatens to ratchet up the risk still further. The grid is already showing signs of strain, as we saw last winter when large sections of the U.S. were pushed to the brink by bitterly cold weather and surging power demand."

In addition to increasing the likelihood of "rolling blackouts or cascading outages," in the words of one regional transmission organization, the Clean Power Plan is expected to drive double-digit increases in electricity rates in most states, according to Slone. Given the long lead times and high capital costs required when adding capacity, the damage associated with another wave of power plant closures could take years to address and reverse.

"Along with the huge risks it poses to the grid and the economy, the Clean Power Plan is also likely to prove counterproductive to the EPA's stated objective of addressing global climate concerns," Slone continued. "Every serious forecast projects that fossil fuels will supply more than two-thirds of the world's primary energy needs through mid-century and beyond. As a result, low-carbon fossil fuel utilization technologies will be indispensable to any real effort to stabilize greenhouse gas concentrations in the atmosphere. But the EPA is proposing a rule that will undermine new power sector investments in coal as well as natural gas even as it slows economic growth and damages U.S. competitiveness."

"As the Administration has acknowledged, the proposed Clean Power Plan won't have any discernible impact on greenhouse gas concentrations," Slone said. "There is a way forward for addressing climate concerns, and that is through robust investment in advanced technologies for coal and other fossil fuels. We strongly encourage the Administration to withdraw its proposal and move towards a more rational and effective approach."

Forward-Looking Statements: This press release contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from changes in the demand for our coal by the domestic electric generation industry; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from operational, geological, permit, labor and weather-related factors; from fluctuations in the amount of cash we generate from operations; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. For a description of some of the risks and uncertainties that may affect our future results, you should see the risk factors described from time to time in the reports we file with the Securities and Exchange Commission.