The Obama administration is about to kneecap its own efforts to reform coal leasing

by David Roberts, Vox on April 1, 2016

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Over the past year or so, the Obama administration has shown increasing sympathy toward the new climate activism mantra: "Keep it in the ground."

In November, Barack Obama rejected the Keystone XL pipeline, **saying**, "If we're going to prevent large parts of this Earth from becoming not only inhospitable but uninhabitable in our lifetimes, we're going to have to keep some fossil fuels in the ground."
Earlier this month, he surprised everyone by announcing that there would be **no offshore oil drilling in the Atlantic after all**.
And perhaps most notably, in January the administration announced an immediate moratorium on all new leasing of coal on federal land, pending a comprehensive review of the leasing program that would consider, in part, its environmental impacts.
That temporary moratorium — a more aggressive response to critics of the program than anyone expected — seemed to signal that Obama had turned the page on his conviction that only demand-side remedies (new efficiency standards, renewable energy subsidies) could address the fossil fuel problem. He seemed to be acknowledging that the supply side matters too.

So why, then, are lawyers from the Department of Justice preparing to argue, on behalf of the Bureau of Land Management, that the leasing of 2.3 billion tons of coal will have *zero impact on carbon pollution*?

That argument seems almost custom-designed to undermine the coal leasing reforms Obama has **set in motion**. What's going on?
It is a puzzlement. Let's review some quick background.

Coal leasing is under review, with climate in mind

US federal land, especially in the West, contains enormous coal reserves. For decades, the government has leased that land to private developers so they can exploit that coal.
Recently, concerns about the coal leasing program have broken through into the mainstream. One worry is that taxpayers are getting ripped off, leasing land at below market value. Another is that the leasing program is not taking the coal's environmental impacts — specifically, its impacts on climate change — into account. (You can read **this Brad Plumer Vox post** for more on the criticisms.)
These worries led Interior Secretary Sally Jewell to announce in January (via **Secretarial Order 3338**) that she was imposing a moratorium on new coal leases while the program undergoes a top-to-bottom review. Last Thursday, the Department of Interior issued a **Notice of Intent** that formally kicked off the review, which will eventually result in a "programmatic environmental impact statement" (PEIS).
In her order, Jewell recounts five listening sessions DOI conducted to hear concerns about the program from various stakeholders. The oral and written comments DOI received, she says, showed "several recurring themes." First on the list was "concern about global climate change."

She expanded:
Many stakeholders highlighted the tension between producing very large quantities of Federal coal while pursuing policies to reduce U.S. GHG emissions substantially, including from coal combustion. Critics also noted that the current leasing system does not provide a way to

systematically consider the climate impacts and costs to taxpayers of Federal coal development.

In response to those concerns, Jewell instructed the department to include, in the PEIS, an assessment of the program's impacts on climate change:

With respect to the climate impacts of the Federal coal program, the PEIS should examine how best to assess the climate impacts of continued Federal coal production and combustion and how to address those impacts in the management of the program to meet both the Nation's energy needs and its climate goals, as well as how best to protect the public lands from climate change impacts.

Climate concerns regarding the program are premised on the commonsense notion that making enormous quantities of cheap coal available leads to more coal combustion than otherwise would have occurred — and in doing so, boosts carbon emissions.

Both Obama and Jewell have acknowledged that climate impacts are one of the primary motivations behind the review.

So that's what the administration's left hand is doing. Now let's check in with the right hand.

Meanwhile, the Wright Area leases

The North Antelope Rochelle and Black Thunder mines, in northeastern Wyoming, are the nation's two largest coal mines. Together, on an annual basis, they are responsible for fully 20 percent of the coal burned for electricity in the US.

The "Wright Area leases," a set of four leases from BLM, would expand those two mines.

Cumulatively, the leases are enormous — BLM's biggest single lease since 1990, representing 16,000 acres of unmined federal land and 2.3 billion tons of coal, enough to fuel every coal-fired plant in the US (at 2010 levels) for 2.5 years.

In its final environmental impact statement (FEIS) on the leases in 2010, BLM acknowledged that the leased coal was almost certainly going to be burned to create electricity, and that in the process it would create some 3.3 billion tons of carbon dioxide emissions. It

acknowledged that emissions from coal are a major driver of climate change and that climate change is, y'know, bad.
However! While BLM acknowledged that the leased coal would be burned, and that burning coal is bad for the climate, it maintained that the Wright Area leases would have no impact on climate.

How can that be? BLM's logic was simple: If coal plants didn't get the coal from these leases, they would get it from somewhere else. Other mines would boost their output to compensate. There would be a simple one-to-to substitution and the same amount of coal would end up getting burned anyway — thus, no avoided carbon emissions.
WildEarth Guardians and Sierra Club immediately **sued**, contesting BLM's analysis.

The troubling implications of BLM's argument

There are two things to note about this argument.
First, it completely undermines the notion that the federal coal leasing program has a negative impact on climate change, thus negating the concerns expressed by Obama, Jewell, and the program's critics.
If 2.3 billion tons of new coal won't affect carbon emissions, what lease possibly could? Taken to its logical conclusion, the argument implies that *no* leasing decision can boost carbon emissions — that the leasing program is innocent of all climate charges. Any coal mined anywhere would just be mined somewhere else anyway. What can you do?
That seems like an off-key message for Obama and Jewell to be sending just as leasing reforms get underway. It threatens to box them in. And there's no doubt that the leasing program's defenders will seize on BLM's FEIS to argue that leasing should continue unabated.
Why hamstring the program's critics before the review has begun?

The second thing to note about the argument is that it's pretty obviously wrong.
It is, in fact, incredible to think that the introduction of 2.3 billion tons of cheap, high-quality Western coal to the market will not drive down coal prices and thus boost demand.

To support its argument, BLM cited the Energy Information Administration's **2008 Annual Energy Outlook**, which projected that coal's share in the US electricity mix would rise from 2010 levels all the way through 2030. With demand rising, they reasoned, supply would rise to meet it, whether or not these particular leases were granted.

But this won't do at all. First of all, EIA's modeling is just modeling, **not a prediction**, much less a destiny. Second of all, EIA's own modeling, in that report, shows that changes in the supply of coal lead to changes in prices and thus changes in demand (in other words, that the basic economic principles of supply and demand apply to coal markets).

And finally, we now know how woefully wrong EIA's 2008 forecasts were. Coal use is not rising in the US electricity sector — it is falling. Demand is weak. Export markets are collapsing. Coal companies are going bankrupt.

*(**Bloomberg**)*Seems like a trend.

In that environment, power producers, denied a giant flood of cheap coal from Wyoming, are just as likely to turn to natural gas or wind.

In other words, common sense, economics, and everything we know about current US electricity markets indicates that an infusion of 2.3 billion tons of cheap coal *would* boost demand and thus *would* boost carbon emissions.

(Exactly how much would it boost emissions? There's no way to know until someone runs a proper analysis. It's not zero, since more coal would be burned relative to baseline. But it's not the full 3.3 billion tons of carbon dioxide either, since *some* amount of coal would have been burned anyway. It's somewhere in the middle.)

Defending BLM's argument will be an own goal for Obama

As I **wrote in January**, another agency — the US Forest Service — did an environmental impact statement on a much smaller coal lease (170 million tons) last November and concluded that it *would* raise carbon emissions, enough to swamp the value of the coal. It did that analysis because it was forced to by a lower court ruling.

WildEarth Guardians et al v. BLM is being decided by a higher court, the 10th Circuit, which includes Wyoming. If the court rules in BLM's favor, it could swamp any precedent set by that lower court ruling. It could give critics of the Forest Service EIS ammunition with which to overturn it.

And it could make things very difficult for those who want climate change honestly accounted for in the federal coal leasing program — including, supposedly, Obama and Jewell.

On April 4, the Department of Justice will file a brief before the 10th Circuit, supporting BLM's argument. It's a big mistake.