

United States Senate

WASHINGTON, DC 20510

December 1, 2015

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington DC 20500

Dear Mr. President,

We commend your continued leadership in working to address climate change by reducing U.S. carbon pollution. Thanks to the historic policies you have put in place, we are on a path to reduce our carbon pollution by 17 percent by 2020. Your continued leadership demonstrates the commitment of the United States to combating climate change to our international allies as world leaders prepare to meet in Paris to forge the next international climate agreement.

However, at the same time that the United States is making so much progress on climate change through actions such as the Environmental Protection Agency's Clean Power Plan, the Department of the Interior's federal coal program has the potential to significantly undermine the Administration's larger goals with respect to combating climate change both here at home and abroad. This is especially troubling given that this coal is located on public lands and owned by the American people. We urge you to consider taking the following three actions, which can all be completed through executive action, in order to ensure that we properly account for the full cost to human health and the environment of producing any publicly-owned coal and ensure that we are not undermining our climate goals by subsidizing the production and possible export of this public resource by leasing it below market value.

1. **DIRECT THE SECRETARY OF THE INTERIOR TO INCREASE ROYALTY RATES SIGNIFICANTLY TO ACCOUNT FOR THE SOCIAL COST OF CARBON POLLUTION FROM COAL PRODUCTION ON PUBLIC LANDS.**

The Department of the Interior has the authority under the Mineral Leasing Act (MLA) to increase the royalty rate paid by coal companies to extract coal that belongs to American taxpayers from public lands. We therefore encourage you to direct Interior Secretary Jewell to exercise this Administrative authority to significantly increase the royalty rate charged to companies to extract this public resource in order to more accurately account for the social costs associated with burning this coal.

Between 400 and 450 million tons of coal are produced from public lands in the United States each year. Roughly 90 percent of this federal coal is produced from the Powder River Basin (PRB) in Wyoming and Montana. Past estimates by the U.S. Geologic Survey have concluded that there are 25 billion tons of publicly-owned coal in the PRB that can be mined economically.

Currently, for surface mining operations in the PRB, companies pay 12.5 percent of the value of the coal to the American people. However, this royalty rate does nothing to take into account the destructive costs for our climate and human health associated with burning this coal. Increasing the royalty rate for federal coal production from surface mining operations to 50 percent would help ensure a more full accounting of the full cost of producing and burning this resource for public health and our planet. Such an increase would also bring in billions of dollars a year in additional revenue for the federal government. We therefore encourage you to direct the Secretary of the Interior to significantly increase the royalty rate for coal produced from surface mines on federal lands.

2. USE EXISTING AUTHORITY TO PROHIBIT THE EXPORT OF COAL PRODUCED FROM PUBLIC LANDS TO FOREIGN NATIONS.

Section 103 of the Energy Policy and Conservation Act of 1975 gives the President the authority to restrict the export of certain energy commodities, including coal. While exports of coal produced from public lands in the PRB have only been a small percentage of total U.S. coal production in recent years, the possibility of exports of coal from public lands to increase significantly in the future exists. When we allow companies to extract coal from public lands at below market value prices and then export that coal abroad, it becomes a de facto subsidy from the American people to send our coal overseas where it will be burned to worsen climate change.

As we seek to reduce power plant carbon pollution here in the United States through the Clean Power Plan, we should ensure that we do not allow this federally owned coal to instead be exported overseas and add to global carbon pollution. We therefore encourage you to utilize the authority provided by the Energy Policy and Conservation Act to promulgate regulations prohibiting the export of coal produced from public lands.

3. DIRECT THE SECRETARY OF THE INTERIOR TO SUSPEND ALL NEW COAL LEASING UNTIL THESE REFORMS ARE IMPLEMENTED.

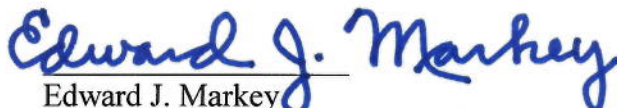
Recent evaluations of the federal coal program by the Government Accountability Office and the Interior Department Inspector General (IG) have found numerous deficiencies with the federal coal program. While the Interior Department has announced that it is taking some steps based on these recommendations, more needs to be done. Some have previously called on the Interior Department to suspend any future lease sales until all of the reforms recommended by the IG and GAO have been fully implemented. Until that time, we cannot be assured that taxpayers are receiving a fair return on this public coal resource and not, in effect, subsidizing companies to extract this fuel that is tremendously damaging for the climate.


However, we encourage you to direct the Interior Department to suspend all additional leasing of coal on public lands until steps have been taken to ensure that we fully account for the cost of producing and burning this resource and that it will not be simply exported to undercut the Administration's climate goals. Specifically, the Interior Department should halt all new lease sales of publicly-owned coal until the royalty rate for federal coal has been increased significantly and regulations have been issued to prevent the export of this public coal.

The Interior Department's federal coal program does not exist in a vacuum. It has a direct impact on our ability to reduce carbon pollution. We should ensure that we do not undercut our country's larger goals for reducing heat trapping emissions by allowing this massive, publicly-owned coal resource to be sold without a full accounting of the cost to human health and the environment. And we should ensure that as we seek to implement the Clean Power Plan and reduce our power sector emissions that we do not simply allow this federal coal to be sent overseas in ever growing quantities.

We thank you for your attention to this matter.

Sincerely,


Edward J. Markey
U.S. Senator


Richard Blumenthal
U.S. Senator


Sheldon Whitehouse
U.S. Senator