

MR. PALMER: THANK YOU VERY MUCH. IT IS A
13 PLEASURE TO BE HERE.

14 IT'S INTIMIDATING TO BE HERE IN FRONT OF
15 ALL THIS INTELLECTUAL FIRE POWER, AND IT IS ALSO AN HONOR
16 TO BE HERE. PART OF THE REASON THAT PEABODY IS
17 CO-SPONSORING THIS EVENT IS BECAUSE OF ALL THE HARD
18 WORK THAT YOU DO AND THE IMPORTANT WORK THAT YOU DO
19 IN TERMS OF FOCUSING ON THE ENVIRONMENT AND FOCUSING
20 ON EMISSIONS.

21 BUT THERE IS ANOTHER SIDE TO THIS STORY.
22 ONE REASON WE ARE HERE TODAY IS TO TALK TO YOU ABOUT
23 ENERGY SUPPLY BECAUSE THE FOCAL POINT OF THE
24 ENVIRONMENTAL DISCUSSIONS THAT ARE GOING ON
25 INTERNATIONALLY AND, INDEED, IN OUR OWN COUNTRY FOCUS

0206

1 ON EMISSIONS. BUT THE EMISSIONS COME FROM SOMEWHERE,
2 AND THE EMISSIONS ARE THERE FOR A REASON. THE
3 ACTIVITY THAT CREATES THE EMISSIONS
4 IS NORMAL PEOPLE LIVING THEIR
5 LIVES, WHETHER IT IS HERE IN HAWAII, WHETHER IT IS
6 ACROSS THE UNITED STATES, WHETHER IT IS OVERSEAS IN
7 THE DEVELOPING NATIONS. IT'S THE NATURAL EVOLUTION,
8 THE INDUSTRIAL EVOLUTION OF THE HUMAN COMMUNITY THAT
9 IS CREATING THE EMISSIONS AND CREATING THE CONCERNS
10 OVER GLOBAL CLIMATE CHANGE, WHICH IS THE
11 ENVIRONMENTAL ISSUE.

12

13

14 SO I THOUGHT I WOULD BE PROVOCATIVE, AND
15 GIVE YOU A SLIDE THAT SHOWS AN 80-FOOT WALL OF
16 COAL IN WYOMING.

17 PEABODY OWNS MORE CARBON THAN ANY COMPANY
18 ON EARTH, MORE THAN EXXON MOBIL. I HAVE PERSONALLY
19 BEEN INVOLVED IN THE COAL INDUSTRY SINCE 1980, FOR
20 27 YEARS. I'M PROUD OF WHAT WE DO. I'M PROUD OF THE
21 COAL INDUSTRY. I KNOW THE GOOD THAT USING
22 COAL DOES FOR THE AMERICAN PEOPLE AND FOR THE WORLD
23 COMMUNITY. BUT WE ALSO RECOGNIZE THE CONCERNS AND
24 THE CONCERNS THAT YOU ALL HAVE, AND THAT'S WHY WE'RE
25 HERE.

0207

1 WE START OUT WITH THE VERY BASIC PREMISE,
2 AND THAT IS ENERGY IS KEY TO ALL HUMAN ACTIVITY. IT
3 IS KEY TO OUR BEING HERE TODAY, KEY TO OUR GETTING
4 HERE. IT IS KEY TO THE WAY WE LIVE WHEN WE'RE AT
5 HOME. IT'S KEY TO THE GROWING WORLD COMMUNITY AND
6 THE ECONOMIC PHENOMENON THAT IS SOUTHEAST ASIA.

7 IT IS A SECOND INDUSTRIAL REVOLUTION.
8 THERE IS NO OTHER WAY TO DESCRIBE IT. I HAVE BEEN TO
9 CHINA ON A NUMBER OF OCCASIONS NOW. I WAS IN
10 MONGOLIA FOUR WEEKS AGO.

11 MONGOLIA HAS 3 MILLION
12 PEOPLE. IT'S HALF THE SIZE OF THE UNITED STATES. IT
13 HAS 120 BILLION TONS OF COAL, WHICH IS HALF THE
14 RESERVES OF THE UNITED STATES. AND IT'S WITHIN
15 CLOSE REACH OF MAJOR INDUSTRIAL AREAS IN CHINA.

16 MONGOLIAN COAL IS GOING TO GET DEVELOPED. IT'S

17 GOING TO GET USED, AS SURELY AS YOU'RE SITTING HERE.
18 MONGOLIA ALSO HAS URANIUM, COPPER, IRON ORE, GOLD,
19 SILVER. THEY ARE ON THE CUSP OF A HUGE EXPLOSION IN
20 MINERAL ACTIVITY IN MONGOLIA, THE 3 MILLION PEOPLE
21 THERE, BECAUSE OF THE DEMAND COMING FROM SOUTHEAST
22 ASIA. IT IS A REALITY.

23 THIS IS FROM PIRA.

24 THIS WAS LAST YEAR. THIS PROBABLY IS UNDERSTATED;
25 NOT IN TERMS OF CHINA, BUT IN TERMS OF INDIA, WHICH

0208

1 IS JUST GETTING UP AND COMING ON STRONG.

2 CHINA SURPASSED THE UNITED STATES THIS YEAR
3 AS THE LARGEST EMITTER OF GREENHOUSE GASSES. AND AS
4 SURE AS YOU ARE SITTING IN THE ROOM, THEY WILL
5 CONTINUE TO GROW EMISSIONS. THE UTILITY EXECUTIVES, I MET
6 LAST WEEK WITH A PARTNER OF OURS, HUANENG GROUP,
7 TOLD ME
8 THAT CHINA WILL BE INSTALLING AS MUCH COAL CAPACITY
9 IN THE NEXT FOUR YEARS IN THE NORTHERN PART OF THE
10 COUNTRY THAT EXISTS IN THE UNITED STATES TODAY.
11 ANOTHER BILLION TONS OF CONSUMPTION PER YEAR IN CHINA
12 WILL COME ON LINE BY 2010, 2011.

13

14

15 I KNOW IF YOU WALK AROUND BEIJING, THE
16 GROWTH IS INEXORABLE, IT IS IN FRONT OF YOU, YOU CAN
17 TASTE IT, YOU CAN FEEL IT. THE T CRANE THERE IS THE
18 NATIONAL BIRD IN BEIJING. THERE'S NO QUESTION ABOUT
19 IT.

20 WHY DO WE USE COAL IN THE UNITED STATES?

21 IT IS WHAT WE

22 HAVE. IT'S 50 PERCENT OF OUR ELECTRICITY GENERATION,
23 AND IT IS 85 PERCENT OF OUR FOSSIL FUEL BASE.

24 ELECTRICITY IS THE MIRACLE OF THE 20TH CENTURY. ALL
25 OF US DEPEND ON ELECTRICITY. IT IS THE COMMODITY

0209

1 THAT DRIVES OUR LIVES, THAT DRIVES INDUSTRIAL
2 CIVILIZATION. IT IS WHAT'S GOING ON IN SOUTHEAST
3 ASIA TODAY, ELECTRICITY, IT'S WHAT IT'S ABOUT.

4 WE USE COAL BECAUSE WE HAVE IT AND BECAUSE
5 OF WHERE IT IS LOCATED.

6 WYOMING'S POWDER RIVER BASIN IN THE
7 NORTHEASTERN PART OF THE STATE IS THE MOST PROLIFIC
8 COAL FIELD IN THE COUNTRY, 400 MILLION TONS OF COAL A
9 YEAR, WITH COAL MINES IN A RADIUS OF ABOUT 80 MILES
10 AROUND THE COMMUNITY CALLED GILLETTE, WYOMING. THEY
11 PRODUCE OVER A MILLION AND A HALF TONS OF COAL IN A
12 DAY THAT IS CARRIED IN GO OUT OVER 100 MILES OF RAIL CARS PER DAY
13 TO POWER PLANTS ALL OVER THE
14 COUNTRY. PEABODY IS THE LARGEST PRODUCER IN THAT
15 MARKET. THE ILLINOIS BASIN -- ILLINOIS, INDIANA,
16 KENTUCKY -- HUGELY IMPORTANT. APPALACHIA IS IN
17 DECLINE, BUT THE NORTHERN HALF, HUGELY IMPORTANT.
18 YOU CAN SEE DOWN IN THE SOUTHEAST, IN THE SOUTH, IN
19 TEXAS, HUGE AMOUNTS OF LIGNITE. THAT COAL IS GOING
20 TO GET USED. YOU CAN ALSO SEE IT UP HERE IN THE
21 ROCKY MOUNTAIN WEST, THERE ARE IMPORTANT COAL

22 DEPOSITS. THAT COAL IS GOING TO GET USED.
23 WE'RE USING MORE COAL. IT IS
24 CONTROVERSIAL. POWER PLANTS ARE PROPOSED; THEY'RE
25 TURNED DOWN. POWER PLANTS ARE PROPOSED; THEY'RE

0210

1 GOING FORWARD. LAST WEEK FIVE WENT FORWARD. TODAY
2 THE STATE OF WASHINGTON TURNED DOWN ONE. KANSAS AND
3 OKLAHOMA TURNED THEM DOWN ABOUT THREE OR FOUR WEEKS
4 AGO. TEXAS UTILITIES IN TEXAS PULLED BACK FROM
5 BUILDING EIGHT, THEY'RE ONLY BUILDING THREE, BUT
6 THEY'RE GOING FORWARD. AND THE DEPARTMENT OF ENERGY
7 ESTIMATES, WITHIN THE NEXT SIX OR SEVEN YEARS, WE'LL
8 HAVE ANOTHER 100 MILLION TONS OF COAL PRODUCTION AND
9 CONSUMPTION IN THE UNITED STATES FROM NEW COAL
10 PLANTS.

11 THERE ARE OTHER WAYS TO USE COAL TO MEET
12 OUR ENERGY NEEDS IN THE FUTURE. AND WHEN WE SAY THIS
13 IN TERMS OF THE TOP LINE THERE, THAT CLEAN COAL
14 TECHNOLOGIES ARE THE ONLY PATH FOR AFFORDABLE AND
15 ADEQUATE ENERGY SUPPLY, WE DON'T SAY IT IN A
16 POLLYANAA-ISH WAY. WE DON'T SAY IT IN A BOASTFUL
17 WAY. WE DON'T SAY IT AS A SALESPERSON. WE SAY IT
18 BECAUSE IT'S A REALITY.

19 NOW, THAT'S NOT TO SAY THAT THERE AREN'T
20 OTHER EXTREMELY IMPORTANT SOURCES OF ENERGY THAT WE
21 NEED. NUCLEAR IS ONE, AND WE WILL HEAR ABOUT
22 NUCLEAR. RENEWABLES ARE, AS WELL, SOLAR, WIND,
23 ET CETERA, AND WE WILL HEAR ABOUT THAT.

24 BUT THE MASSIVE SCALE OF ENERGY PRODUCTION
25 AND CONSUMPTION IN THE UNITED STATES

0211

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2 IS
3 AT A LEVEL THAT AS WE GROW, AS WE GO AND WE GROW, AND
4 PARTICULARLY IN A PEAK OIL WORLD, AND PARTICULARLY
5 BECAUSE OF THE SECURITY ISSUES SURROUNDING IMPORTED
6 OIL, AND NOT JUST OIL BUT LIQUEFIED NATURAL GAS.

7
8
9

10 I KNOW FOR A FACT THAT WE HAVE TO USE MORE
11 COAL. AND WE CAN USE IT CLEANLY, AND WE CAN USE IT
12 IN A CARBON-FREE WAY. IF YOU LOOK AT OUR BOOTH OUT
13 THERE, YOU'LL SEE THE STATEMENT: "WE ARE WELL ON THE
14 PATH TO ZERO EMISSIONS." AND THAT'S OUR GOAL. IT'S
15 CALLED CARBON CAPTURE AND SEQUESTRATION. THIS IS HOW
16 WE SEE A POLICY FRAMEWORK DEVELOPING. WE NEED THE
17 NEW COAL PLANTS NOW THAT ARE BEING BUILT. THEY'RE
18 STATE-OF-THE-ART, ULTRA-SUPERCRITICAL, AND INTEGRATED
19 GASIFICATION COMBINE CYCLE UNITS, WITH LOWER CO2
20 EMISSIONS, BUT NO CARBON CAPTURE AND SEQUESTRATION.
21 IT'S NOT PROVED OUT YET.

22 FUTUREGEN, AEP IS IN THE ALLIANCE WITH US
23 AND WILL TALK ABOUT IT IN A SECOND. THAT GOES
24 OPERATIONAL IN 2012, ZERO-EMISSION COAL PLANT UNDER AN
25 INITIATIVE OF PRESIDENT BUSH AND THE ALLIANCE IS IN

0212

1 PARTNERSHIP WITH THE UNITED STATES. THAT GETS BUILT.
2 RETROFITTING THE EXISTING COAL BASE STARTING IN
3 2020 OR SOME TIME THEREAFTER.

4 HERE IS FUTUREGEN WITH A LIST OF PARTICIPATING COMPANIES.
5 THERE ARE 12 OF US. YOU WILL SEE CHINA HUANENG
6 GROUP. CHINA HUANENG GROUP IS THE LARGEST COAL USER
7 IN CHINA.
8 CHINA IS ON THE TECHNOLOGY PATH, AS
9 WE ARE. AND YOU'LL SEE THE OTHER COAL PRODUCERS AND
10 UTILITIES REPRESENTED THERE.

11 FUTUREGEN, IT'S OUR PROMISE. WE HAVE A
12 HUGE AMOUNT OF CAPACITY TO SEQUESTER CARBON IN THE
13 UNITED STATES, 3.5 TRILLION TONS ACCORDING TO DOE, A
14 THOUSAND YEARS. FUTUREGEN WILL SHOW THAT WE CAN DO
15 IT SAFELY SO WE HAVE ZERO-EMISSION COAL PLANTS, WE
16 HAVE THE BROADER USE OF COAL, BUT MORE IMPORTANTLY WE
17 HAVE ENERGY SO THAT THIS CONTINUES, THESE METRICS
18 CONTINUE.

19 IN THE ENVIRONMENTAL DEBATE, WE ARGUE OVER
20 NEGATIVE EXTERNALITIES. WE TEND TO IGNORE THE
21 POSITIVES.

22 GREATER COAL USE HAS MEANT MORE PEOPLE
23 LIVING BETTER AND LIVING LONGER IN THE UNITED STATES
24 BECAUSE GREATER COAL USE IS CORRELATED WITH
25 ELECTRICITY IN THE UNITED STATES. THE NATIONAL

0213
1 ACADEMY OF ENGINEERING IN 2000 RECOGNIZED ELECTRICITY
2 AS THE GREATEST ENGINEERING ACHIEVEMENT OF THE
3 20TH CENTURY. COAL AND ELECTRICITY IN THE UNITED
4 STATES ARE LINKED. ABUNDANT, AFFORDABLE,
5 ALWAYS-AVAILABLE ELECTRICITY IS ESSENTIAL FOR OUR
6 LIVES. WE NEED TO USE IT CLEANLY, AND WE WILL.

7 THANK YOU.
8 MY COLLEAGUE, BRUCE.
9