



October 7, 2024

The Honorable Robert Primus  
Chairman, Surface Transportation Board

The Honorable Patrick Fuchs  
Member, Surface Transportation Board

The Honorable Karen Hedlund  
Member, Surface Transportation Board

The Honorable Michelle Schultz  
Member, Surface Transportation Board

*Via electronic mail*  
C/O Elizabeth McGrath, [elizabeth.mcgrath@stb.gov](mailto:elizabeth.mcgrath@stb.gov)

**Re: Comments for Oct. 9, 2024, Surface Transportation Board Rail Energy Advisory Committee, 89 Fed. Reg. 73,488 (Sept. 10, 2024).**

Dear Chairman Primus, and Members Fuchs, Hedlund, and Schultz,

The National Mining Association (NMA) writes to the Surface Transportation Board (Board) expressing our support for the Coal Producer Statement at the Board's Rail Energy Transportation Advisory Committee Meeting (RETAC) on Oct. 9, 2024 from Arch Resources, Inc. CEO, Paul Lang. Coal is produced throughout the United States and is reliant on Class I rail carriers, and other smaller carriers, to transport products to domestic steel mills and utilities, as well as to our allies across the globe. Rail continues to be the primary mode of transportation for coal across the United States whether the customer is domestic or international.

Given the inherent volatility in U.S. domestic energy markets, we believe it is critical for the railroads to maintain sufficient spare capacity to respond to rapid shifts in demand for coal. Such spare capacity hinges on maintaining hard assets as well as sustaining adequate human capital – both at the administrative and operating levels. Investment in and maintenance of hard assets and human capital have been lagging for years, as expressed by many parties who testified at the recent two-day Rail Growth Hearing in September. Despite declines in the overall volumes of coal shipped, we have seen uneven service that often comes into conflict with other commodities. It has been encouraging to see better performance this year, albeit while experiencing lower than anticipated coal demand from our customers.

The recent and projected growth in U.S. power demand – due to A.I. and associated data center requirements – makes significant rail flexibility even more prudent and essential. The newest data centers, so large they are called hyperscale, will use as much electricity as the city of Seattle. In Virginia, the nation’s data center capital, Dominion Power, expects power demand in its service territory to jump 85% in the next 15 years. Similarly, AEP has reported that companies representing 15 gigawatts of new power demand – mainly from data centers – are seeking new service by 2030.

On the other side of the country, Pacific Gas & Electric in California expects electricity demand to rise 70% in the next 20 years. New York’s grid operator expects so much new power demand that the state will need to more than triple installed generating capacity by 2040. And not to be outdone, Texas’ grid operator now estimates its peak summertime power demand to hit 160 gigawatts in 2030, an unprecedented 40 gigawatts higher than the expectation just a year ago. To put that into perspective, it’s the equivalent of adding 40 large-scale coal power plants of new power demand in just six years.

In the face of surging demand, we are already seeing utilities begin to slow or delay planned coal plant closures – saying they cannot afford to have these plants go offline and maintain a reliable supply of power. That is already happening in Wisconsin, Ohio and even in Maryland. Electricity Capacity prices in the PJM Power Market – the nation’s largest – just jumped 800%. Every megawatt of coal capacity that entered that auction cleared – an important signal of the fleet’s importance. All this new demand means the U.S. could well be facing an electricity reliability crisis, and the coal industry will only be able to step into the breach to the extent that adequate rail capacity is maintained.

America’s friends and allies rely heavily on the U.S. as a source of high-quality coals for steelmaking, cement manufacturing and other industrial

uses, as well as for power generation. For example, global coal consumption hit another all-time high – at 8.5 billion tons – in 2023. Total U.S. coal exports grew by 17% in 2023 and are currently on pace to increase an additional 10% in 2024. According to Wood Mackenzie, seaborne metallurgical coal demand is projected to grow for decades, driven by the build-out of new steelmaking capacity in Southeast Asia.

The U.S. produces 70 million tons of metallurgical coal but only consumes 16 million tons, making thousands of U.S. coal industry jobs dependent on an efficient export supply chain. As critical constituents in the production of steel and cement, U.S. metallurgical and high-rank thermal coals play an essential role in infrastructure development around the world.

In this capacity, U.S. coal exports can act as key building blocks in the construction of a new, low-carbon, global economy. High-quality metallurgical coals are critical inputs in the construction of wind turbines, solar farms, electric vehicles, data centers, mass transit systems, and other decarbonization tools. High-rank U.S. thermal coals are also an ideal fuel for a new generation of High Efficiency, Low Emissions (HELE) coal-based power plants now operating or under construction in Asia

U.S. coal producers are almost entirely reliant on a high-performing U.S. rail network to access U.S. and global markets and will need the continued support and flexibility of U.S. railroads to capitalize on these market opportunities and drive value for the U.S. economy. Increased coal exports are well-aligned with U.S. economic objectives, including a more favorable trade balance, more stable global energy markets, and full employment.

However, U.S. coal producers are missing out on significant export opportunities today – and in fact have been missing out for several years – due to inadequate rail service in the Western U.S. We implore the Class I railroads to make it an urgent priority to address these shortcomings with all due haste. The U.S. is uniquely equipped to assist its allies and to calm roiled energy markets – but doing so will require a well-functioning logistics chain.

Finally, the NMA and the U.S. coal industry want to be part of the solution – that is why we are here. We hope this constructive collaboration between coal producers, shippers, and rail carriers will continue for these challenged lanes and in fine-tuning and developing needed future shipping lanes across the United States and internationally.

All this depends on a high-performing and cost competitive rail system, and the NMA and its member companies stand ready to assist with this significant national priority.

Thank you for the opportunity to provide these comments. If you have any questions regarding these comments, please contact me at [kmills@nma.org](mailto:kmills@nma.org).

Sincerely,

*Katie Mills*

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Katie Mills  
Associate General Counsel