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Natural Gas Hits a Roadblock in New Energy Bill

By [CLIFFORD KRAUSS](#)

HOUSTON — The [natural gas](#) industry has enjoyed something of a winning streak in recent years. It found gigantic new reserves, low prices are encouraging utilities to substitute gas for [coal](#), and cities are switching to buses fueled by natural gas.

But its luck has run out in Washington, where the industry is having trouble making its case to Congress as it writes an energy bill to tackle [global warming](#).

For all its pronouncements that gas could be used to replace aging, inefficient coal-fired power plants — and reduce greenhouse gas emissions in the process — lawmakers from coal-producing states appear committed to keeping coal as the nation's primary producer of power.

Those influential lawmakers, from both parties, say that new technologies under development to capture and bury emissions of coal are a better bet than gas for long-term solutions to climate change.

The difference of opinion is about more than what is best for the environment, of course. Industry profits are riding on the outcome of the discussion — a rich mix of politics, environment, science and business.

A climate-change bill that passed the House in June, intended to cap greenhouse gas emissions, delivered benefits to renewable fuels like wind and solar and strengthened building codes to conserve energy.

But the cost of emitting carbon dioxide emissions under the terms of the bill remained at levels that would continue to provide a price advantage for coal in many regions of the country.

The Senate is planning to begin writing its own bill later this month.

“The Senate is more open to natural gas as a transition fuel than the House was,” said Senator [Charles E. Schumer](#), Democrat of New York, “but the senators from the coal states who are crucial votes are going to want first consideration for coal.”

The gas industry's leaders say they will descend on Capitol Hill in coming weeks to press their case about the advantage of gas, including that it emits about half the greenhouse gases as coal.

The industry has formed a new lobbying group, and it is planning a national campaign that includes television advertising. Executives want fewer allowances for coal. They also want legislation that gives incentives for companies to convert truck fleets from diesel to natural gas.

“Never in my life have I been confronted with something so obviously easy and good to do and have such Congressional apathy,” said Aubrey McClendon, chief executive of [Chesapeake Energy](#) and a leading voice in the industry. He added that he was still hopeful the Senate can improve the House bill.

But the coal industry will also be active. Vic Svec, a senior vice president at [Peabody Energy](#), a large coal company, said coal was still a better fuel because its price is more stable than gas.

“Coal with carbon capture and storage is the low cost, low carbon solution and has fantastic implications for the nation’s energy security,” he said.

But it is not only coal-industry lobbyists and their Congressional supporters who favor the concept of carbon sequestration. David Hawkins, a climate change expert at the [Natural Resources Defense Council](#), said simply replacing coal with natural gas for power generation was “not a viable strategy” because that would merely delay climate change by a few decades.

“A coal plant with carbon capture and storage is a cleaner plant than an uncontrolled natural gas plant,” he said.

Natural gas gets some benefits from the House bill, which includes a [cap-and-trade](#) system that sets limits on emissions of greenhouse gases while requiring manufacturers and utilities to acquire pollution permits.

Utilities that burn natural gas would earn \$30 billion over 10 years in pollution credits that could be sold on the carbon-trading market. But utilities that burn coal will receive tens of billions of dollars worth of free pollution credits, savings that will be passed on to consumers but may serve to delay the closing of some coal plants.

The House bill also offers \$10 billion for research and development of techniques to capture and store carbon dioxide emissions, which would help keep some coal plants open that might otherwise close.

The [Environmental Protection Agency](#) projects that if the House bill became law, electricity generation from gas would increase by less than 1 percent from 2015 to 2025, while generation from coal would remain nearly unchanged.

There will be more use of renewables, but power generation as a whole is expected to decline because of conservation efforts, including tightening of building energy codes.

“By allowing free emission allowances to maintain coal production from existing coal plants, while providing mandates that there be more wind and solar, you squeeze gas out in the middle,” said William F. Whitsitt, an executive vice president at [Devon Energy](#), a major natural gas producer.

Without any new legislation, and if current policies remain in place, gas would beat out coal by a far larger margin, according to E.P.A. projections.

There would be nearly 30 percent more power generated by gas by 2025 than in 2015, while coal fired generation would grow by a more modest 7 percent.

Many legislators believe that carbon capture and sequestration — a largely untested system that would bury

carbon at power plants so it does not escape into the atmosphere — can be made to work.

Developing the technology was particularly important for any global solution to climate change, since China and India depend on coal for their energy and growing economies, said Paul W. Bledsoe, director of communications and strategy at the National Commission on Energy Policy, a bipartisan research organization.

Currently, coal provides almost half the electrical power in the United States while natural gas provides more than 20 percent.

Proponents of natural gas say they can deliver immediate reductions in greenhouse gases, an advantage that should not be discarded for an untested technology.

Senate officials and energy officials say it will be difficult to develop legislation that benefits both the gas and coal industries and reduces greenhouse gases.

Gas executives say their day in Washington will come, especially as more jobs are produced in gas fields that now stretch across 32 states.

“The politics of natural gas are going to change dramatically,” predicted Rodney Lowman, president of the American Natural Gas Alliance, the new gas lobby group. But, he added, “it won’t be overnight.”

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