January 15, 2016

Colorado Roadless Rule
740 Simms Street
Golden, CO  80401
Submitted via Internet at: go.usa.gov/3JQwJ

Re:  Forest Service Should Reject Proposal that Displaces Clean, Renewable Energy (Project #46470)

Dear Forest Service:

Your agency is currently weighing a decision on an amendment to the Colorado Roadless Rule that would allow mining 170 million tons of coal on publicly owned lands in Colorado. In evaluating that proposal, the administration, for the first time, analyzed the potential impact that encouraging coal mining would have on other forms of energy production, including clean renewable resources like wind and solar. The administration’s precedent-setting analysis shows that mining the coal at issue could result in displacing a total of 40,000 gigawatt-hours of renewable energy from the grid over a 38-year period. For that reason, and for others detailed below, we oppose the proposed amendment and urge adoption of the “no action” alternative.

Background

Western Resource Advocates (WRA) is a non-profit regional environmental law and policy center serving states within the Interior West of the United States. WRA works to protect and restore the natural environment of the Interior West. WRA’s Clean Energy Program develops and implements policies to reduce the environmental impacts of the electric power industry in the Interior West by advocating for a western electric system that provides affordable and reliable energy, reduces economic risks, and protects the environment through the expanded use of energy efficiency, renewable energy resources, and other clean energy technologies.

In 2012, the Forest Service adopted a rule to manage national forest roadless areas in Colorado. The rule differed from the national rule governing forests in other states in that it contained an exception expressly allowing road construction through roadless areas in a 20,000-acre area near Paonia, Colorado for the purpose of expanding underground coal mines. Mines in that area cannot operate without venting combustible methane from coal seams; to vent methane, the mine operators must construct a web of roads and scrape drill pads throughout the forest.

As a result of a lawsuit filed by local and nation conservation groups, a federal court in 2014 invalidated the coal mining loophole provisions, concluding that the Forest Service failed to disclose the climate impacts of the decision to open up hundreds of millions of tons of taxpayer-owned coal that would otherwise stay in the ground. The court ordered the agency to analyze the impact of a decision that encourages federal coal development on competing forms of power,
including renewable energy. The court invalidated the coal mining loophole provisions but left the remainder of the rule intact.

Responding to that 2014 ruling, the Forest Service published a supplemental draft EIS, which is the focus of these comments. The EIS evaluates the market and climate impacts of opening up more than 170 million tons of federally owned coal over a 10-to-30-year period.

**Market Impacts**

The Forest Service’s market analysis attempts to quantify the impact of additional coal mining on the resource mix of electricity production. WRA believes this is a valuable consideration, and thanks the Forest Service for its thoughtful evaluation of these issues.

The Forest Service’s analysis shows that mining this Colorado coal would displace 40,000 gigawatt hours (GWh) of renewable energy production nationwide over the period 2016-2054. This is equivalent to a 270 MW wind farm constructed in the first year and operated continuously. Suppressing 40,000 GWh of renewable energy is a significant impact on the power sector, as well as the renewable energy industry.

The analysis found that the new supply of coal would lower the market price of coal and, at the margin, increase utilities’ preference for coal compared to other potential fuel sources. For comparison, Public Service Company of Colorado, Colorado’s largest utility, in recent years sold about 30,000 GWh of renewable energy to its customers per year.

**Climate Impacts**

The Forest Service also calculates that this proposal would result in a net increase of 130 million tons of carbon dioxide pollution between 2016 and 2054, and that this pollution will cause billions of dollars in costs to the global environment and economy.

However, it appears the Forest Service’s analysis underestimates the climate impact of additional coal mining in two ways.

First, the analysis limits its evaluation of the social cost of climate change to carbon dioxide emissions. This analysis therefore excludes the social cost of climate change associated with methane emissions, which appear to be substantial at the local level. Pound for pound, the comparative impact of methane on climate change is more than 25 times greater than carbon dioxide over a 100-year period. While the Forest Service states this approach is in line with social cost of climate change accounting practices, this is an obvious underestimation of possible environmental impacts.

Second, the Forest Service assumes electricity demand will remain constant, regardless of price changes. Yet higher electricity prices do reduce volumetric consumption. This is expressed through the economic concept of price elasticity. As noted by respected rate design expert Jim Lazar, economists utilize varying estimates of price elasticity of demand for electricity, in the range of -0.1 to -0.7, with some long-run estimates even higher. Mr. Lazar notes “an elasticity of
-0.2, meaning that a 1% increase in price results in a 0.2% decrease in the quantity demanded, is considered a conservative estimate of long-run price elasticity.”

Thus, it appears this element of the Forest Service’s analysis underestimates the climate impact of additional coal mining. If an increased supply of coal will reduce electricity prices, as assumed by the Forest Service, one can also assume this decrease in price will lead to an increase in volumetric electricity consumption, which would, in turn, increase emissions associated with electricity production.

**Recommend Adoption of the “No Action” Alternative**

WRA works to ensure a rapid transition to a clean energy future. Opening 20,000 acres of Colorado’s roadless lands to coal mining would, by the agency’s own analysis, result in more coal burning at the expense of the production and sale of renewable energy over a period of more than three decades. The resultant net increase in emissions would move our nation in the wrong direction from a climate change perspective, and damage our international credibility.

A prompt transition to clean, renewable energy gives us a fighting chance to protect present and future generations from the worst impacts of climate change. As President Obama stated in August 2015, “we’re the first generation to feel the impact of climate change, and the last generation that can do something about it.”

Opening 20,000 acres of publicly owned roadless forest to coal mining would undermine forward-thinking climate policies, including the Paris Accord, EPA’s Clean Power Plan, and recently announced changes to federal coal leasing policies. We therefore urge the Forest Service to adopt Alternative A, the “no action” alternative.

We appreciate the Forest Service’s analysis of the impact of increased federal fossil fuel mining on renewable energy, and thank you for the opportunity to comment.

Respectfully,

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