



Coal – A Vital Canadian Resource

Dry Bulk & Commodities Conference
Vancouver, Canada
November 17, 2016

About the Coal Association of Canada

- Vision:
 - Canadians understand role and value of coal in Canada
- Mission:
 - Support Association members in development, growth and advancement of a safe, socially responsible and economically sustainable Canadian Coal Industry



What Do I Know?

- 4th generation coal miner
- 30+ years in the coal industry – miner, UMWA local and international
- Environmental and Government Policy – former provincial Minister of the Environment, also Aboriginal Relations and Finance
- Now: President of the Coal Association of Canada

What Do We Use Coal For?

Power Generation (thermal coal) & Steel Making (metallurgical coal)



Image courtesy of <http://www.capitalpower.com/>



Image courtesy of <http://thetelegram.com/>

Coal Production – Alberta and BC

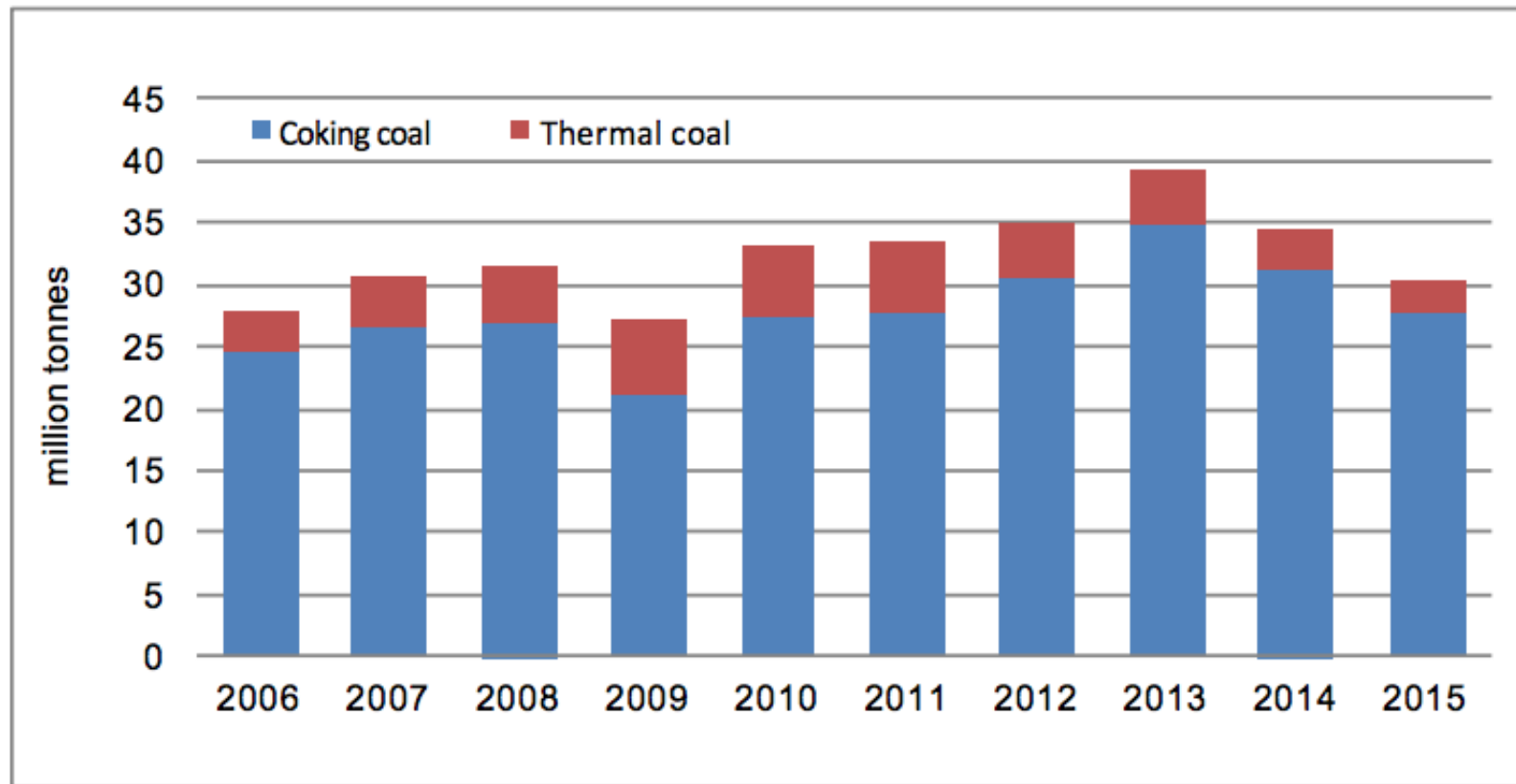
- **Alberta**

- ~ **31 Mt** production until 2015
- Majority is subbituminous (thermal) for domestic use
- Remainder is export – metallurgical and thermal

- **British Columbia**

- **25Mt** production in 2015
- Majority is bituminous for export
- BC exports almost all of produced coal

Figure 6. Canadian Coal Exports, 2006-15



Sources: Natural Resources Canada; Statistics Canada.

Coal Production – Canada and the World

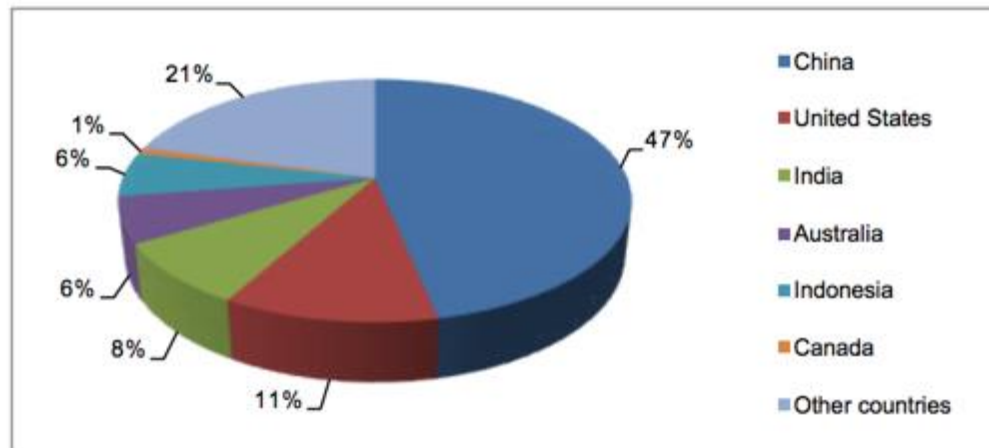
- **Canada**

- ~ **70 Mt** production 2014
 - 50% thermal, 50% metallurgical
- ~**62 Mt** production 2015
- 90% of exports are metallurgical
- ~**30MT** of coal exported annually

- **Global**

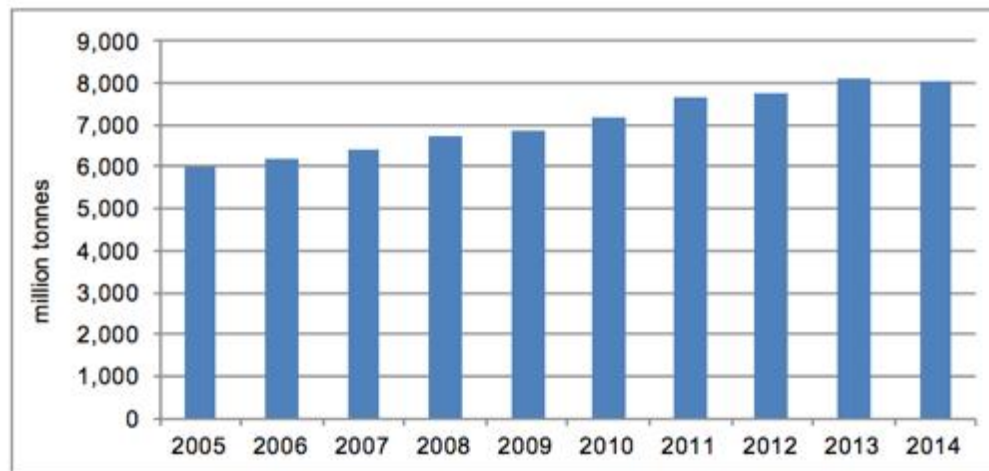
- ~ **8,000 Mt** produced in 2014
- Canada is the **3rd largest metallurgical coal** exporter in the world

Figure 3. World Coal Production, by Country, 2014



Source: International Energy Agency, *Coal Information 2015*.

Figure 4. World Coal Production, 2005-14



Source: International Energy Agency, *Coal Information 2015*.

Canadian Coal is the Cleanest, Safest Coal

- Heavily regulated industry, from mining to transportation
- Numerous reclamation success stories
- Innovator of clean coal technology
- Alberta – first jurisdiction to put a price on carbon

What about Mining?

- Coal mining is a temporary use of the land
- Reclamation plans made years before mine is operational – very strict conditions
- Over 75% of land disturbed by coal mining in Alberta is already reclaimed
- Over 42% of mines in British Columbia have already been reclaimed
- New recreation areas, fishing lakes, agricultural areas created



Sphinx Lake Project (Luscar)

Photo: AB Chamber of Resources



Highvale Mine Reclaimed Land

Photo: AB Chamber of Resources

Coal Consumption

- **China, USA and India accounted for 70% of global coal usage** in 2014, according to International Energy Agency's *Coal Information 2015*.

Meanwhile... **Canada consumed less than 0.5%**

Future Outlook...

- Coal is not going away anytime soon
- Coal remains 2nd largest global energy source until 2030, and 3rd largest until 2040, according to IEA's Outlook 2016
- Essential ingredient in steel – makes 90% of steel worldwide

Challenges facing the coal industry

- Canada
 - Stricter environmental policy
 - Rising costs versus moderate profits
 - Lack of understanding of value of the industry
- Global
 - International environmental agreements – COP21, Morocco
 - Saturated coal market

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What's happening around the world? Why does it need coal?

- People are moving into cities - # of urban dwellers to double to 7.3 billion by 2050, 96% of which will be in developing countries
 - Will need electricity and infrastructure – both thermal and metallurgical coal
- Rapid development requires affordable steel

Why do we need Canadian coal?

- Important part of maintaining strong trade economy
- Ensures that steel we *import* is manufactured from coal we *export*
- Canadian coal is high quality, both metallurgical and thermal

What Are We Doing?

- Increased advocacy in public affairs to increase awareness of value of industry
- Increased cross-industry collaboration
 - *ie. CoalAlliance, Act For the Future*
- Increased conversation with stakeholders

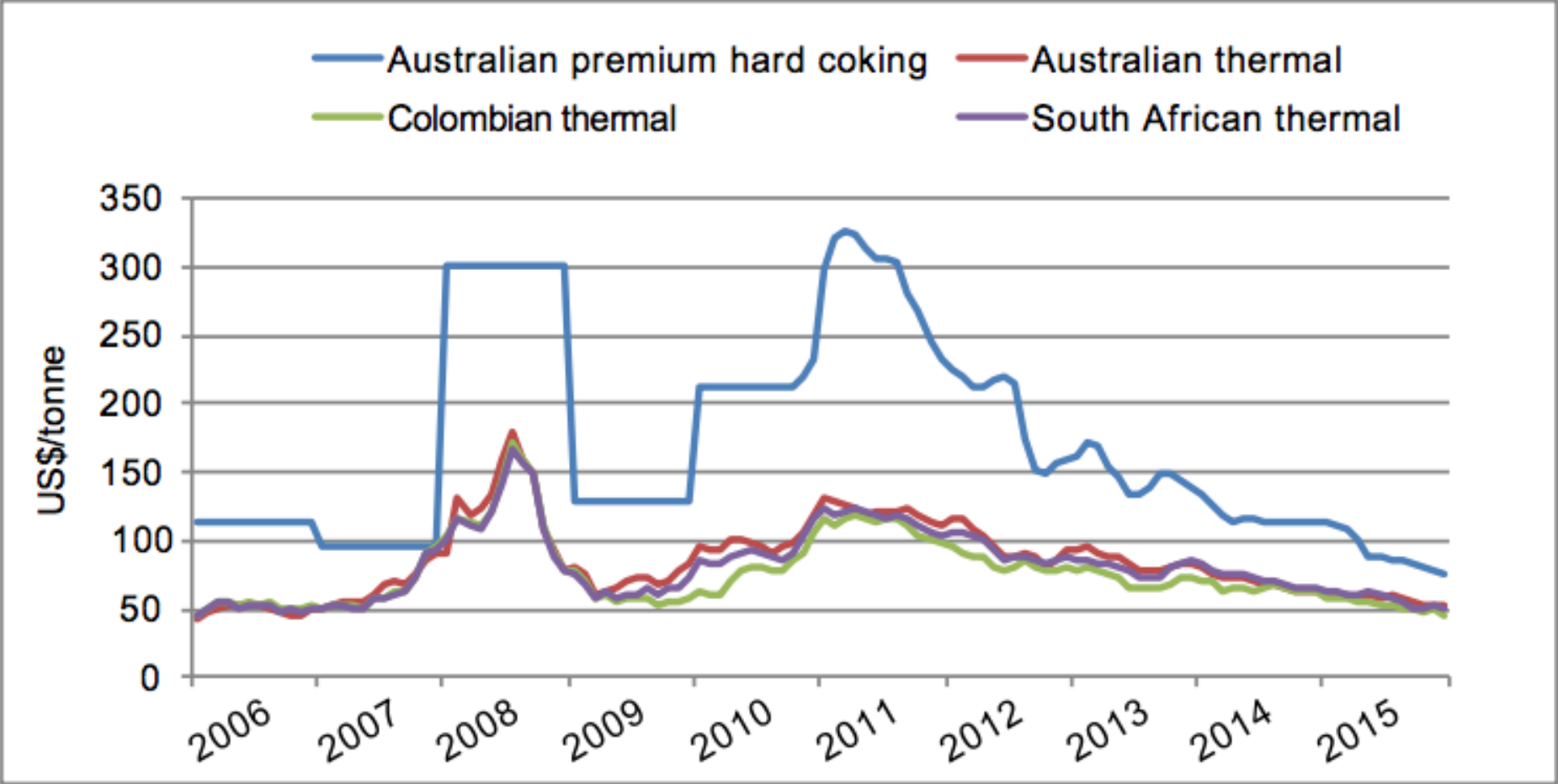
What impact will the current US election have on the Canadian coal industry?

- President-Elect Trump has promised to revive the coal industry
- Interpretations:
 - Expanded leases on public lands
 - Rolling back the EPA power plan
 - Relaxation of federal regulations
 - Potential of pulling out of NAFTA

What We Don't Know

- Will it increase investment?
- Will it improve the economy in mining states?
- What would a new bilateral trade agreement look like?
- Will it increase exports?

Figure 7. Coal Prices, 2006-15



What are we saying?

- Coal has a place in the global energy mix for decades to come, and is essential in our trade relationships
- Canada is an important trade partner, not just for the high quality exports, but as a supporter of environmental innovation
- Important that we increase awareness of the great work the Canadian Coal industry does
- Industry, at all points in supply chain must be proactive

Questions?

- www.actforthefuture.ca
- www.coal.ca

References

- <http://www.worldenergyoutlook.org/resources/energydevelopment/energyaccessdatabase/>
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