

A blow to coal

WASHINGTON, DC

New rules look set to speed the move from coal to natural gas

BARACK OBAMA likes to say that he has an "all of the above" energy policy. But it is hard to see how one fuel, at least, has much of a future under the restrictions on emissions of greenhouse gases from new power plants set out by his administration this week. The proposed limit, of 1000lb (454kg) of carbon dioxide per megawatt hour of electricity generated, would in practice bar the construction of any new facilities powered by coal.

In theory, the rules make an effort to accommodate future coal-fired plants, by allowing them to exceed the emissions cap for the next ten years, provided that they subsequently make up the difference by installing especially effective pollution controls. That is a bureaucratic way of admitting that the technology needed to limit emissions, by extracting carbon dioxide from power plants' smokestacks and storing it underground, is not yet commercially viable.

The problem is that carbon capture and storage (ccs), as the technology is known, is not likely to be commercially viable in ten years' time either. Thanks to new techniques that have made it possible to extract natural gas relatively cheaply from shale beds in recent years, America's domestic gas supply has increased dramatically and prices have slumped. Gas is also a less climate-threatening fuel than coal: efficient new gas plants can easily meet the proposed carbon-emissions standard. That makes the already questionable economics of ccs seem downright implausible.

Lobbyists for the coal industry immediately declared that the Obama administration was "driving up energy prices and destroying jobs". In fact, low gas prices, along with sluggish demand for electricity in the aftermath of the recession, have kept power prices subdued (petrol prices are another matter). For some time now utilities, faced with falling gas prices and the prospect of stricter environmental regulation, have been favouring gas over coal anyway. So the new rules will only formalise a shift that had already been under way, with little immediate economic impact.

Nonetheless, the proposal raises other concerns, according to Paul Bledsoe, of the Bipartisan Policy Centre, a think-tank. First, it does little to incentivise the development of ccs, which will be needed if emissions from existing coal plants, both in America and in sooty places such as China and India, are ever to be reduced.

- Second, in the absence of an overarching plan to diminish America's contribution to global warming, individual steps such as this one, or the administration's rejection of the Keystone XL pipeline, begin to seem arbitrary and ineffectual.

Mr Obama, of course, had called for such an overarching plan, in the form of a cap-and-trade scheme for all big sources of emissions, only to be rebuffed by the Senate, thanks not just to Republicans but to a number of conservative Democrats too. The current Republican majority in the House of Representatives, as well as the party's potential presidential nominees, are especially hostile to any attempts to cut greenhouse-gas emissions. (Mitt Romney, the Republican front-runner, used to favour reductions when he was governor of left-leaning and greenish Massachusetts, but that was then.)

Yet Mr Obama's administration, having determined that greenhouse gases are a threat to "public health and welfare", and having had its authority to regulate them affirmed by the Supreme Court, is now obliged under the Clean Air Act to follow through. In addition to the rules about new power plants, it will soon have to produce an emissions policy for existing facilities. It is a safe bet that the Republicans will respond by heckling about "job-killing regulations" instead of working across the aisle to craft less murderous ones. •