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CBER
CENTER FOR BUSINESS
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Center for Business and Economic Research Releases Coal Production Forecast for 2014

Huntington, WV – The Center for Business and Economic Research (CBER) at Marshall University recently released the West Virginia Consensus Coal Production Forecast for 2014. The forecast is used in planning analysis to provide the best expectation of future production-based tax to be collected for mandatory reclamation activities conducted through the Special Reclamation Fund and the Special Reclamation Water Trust Fund.

Compared to the 2013 Consensus, WV coal production is expected to be between three and eight million tons lower in each year of the forecast. The lower expectations are due largely to revised production forecasts reflecting plant retirements and increasing competition from natural gas-fired power generation, renewables and coals from other basins.

“Four forecasts are used to create the consensus forecast. The near-term consensus is that West Virginia will produce 101 to 102 million tons of coal in 2020, a decline of ten percent from 2013 production. Production declines through 2030 are projected to be slower, with 96.5 million tons forecast for that year,” Christine Risch, Director of Resource and Energy Economics at CBER, said.

Along with other factors, the forecast is used to establish the per ton production tax necessary to sustain the reclamation obligations of the two reclamation funds. The tax is based on expected levels of future coal production as well as the capital and operating costs necessary to reclaim bond forfeited mining permits. Other important factors such as such as bond release rates, expected rates of forfeiture, and inflation are also incorporated into the tax calculation.

“The analysis looked at trends in the main market segments for coal – domestic power generation, industrial demand and exports – to identify important market conditions that will influence future demand for West Virginia coal,” Dr. Jennifer Shand, CBER Director, said.

CBER provides economic research to public, private and non-profit sectors, specializing in the areas of energy, policy, education and health. For more information about CBER and the West Virginia Stock Index visit marshall.edu/cber.

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