

## 2023 Metallurgical Coal Producers Association 2nd Annual Conference Attracts Over 200



Bob Cline



Ben Beakes

Over 200 attended the 43<sup>rd</sup> Annual Conference & Expo, which in effect was the 2<sup>nd</sup> Annual Convention of the Metallurgical Coal Producers Association (MCPA) The Conference was held at Stonewall Resort, Roanoke, WV May on 20-23, 2023 with the theme being ‘Sustaining Met Coal’.

MCPA was formed in 2022 and comprises coal producers: Alpha Metallurgical Resources, Coronado, Metinvest, Ramaco Resources, and Robindale Energy. There are also over 100 associate and affiliate members supporting the coal industry.

The importance of met coal in today’s global economy was the major theme of discussion during the Conference. Over three days, there would be a Coal Executive Panel discussion, a Mine Safety Panel, and sessions on Transportation and Coal Markets, as well as a Market Overview of Met Coal and Steel. The Conference concluded with the MCPA Government Affairs Panel and MCPA General Council Roundtable.

### Sunday Evening



Bob Cline



Ben Beakes



Barbara Altizer

At the reception and dinner Sunday night, May 21, 2023, Bob Cline, VP Engineering & Business Development, Coronado Global Resources, who serves as the current MCPA chairman, welcomed attendees to the conference noting that the MCPA has grown in membership to now include more than 100 associate members in addition to its coal producers.

“Our association is growing and expanding and developing into a larger presence,” he said. “We need to communicate more than ‘Met Coal Makes Steel’ and we need to continue to strengthen our outreach in educating legislators and the overall population.” Cline said it is important to continue initiatives already started related to outreach in the schools and through increased presence on social media.

“It’s time to start talking about it,” said Cline. “With the teamwork we have, we are going to achieve our goals to educate our legislators and the public, to grow our organization with new members, to develop the workforce and to develop a strong stance with the present administration. There are so many requirements and regulations we face now.

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We can't sit back and wait for them to make laws, we need to be ahead of them. We have got to step up our game and do even better."

MCPA President, Ben Beakes, gave a brief presentation on metallurgical coal importance and noted while the organization has adopted 'Met Coal Makes Steel' as its slogan, it is that simple message that drives home the point that steel is essential to everyday life. Cars, buildings, ships, bridges, houses, refrigerators and medical equipment all require steel and he added, steel is an indispensable material in almost every product used today.

Beakes noted that 74 percent of the 62.5 metric tons of met coal sold in 2022 was exported. The top three ports from which it leaves the country are Norfolk, VA, 60 percent; Baltimore, MD, 17 percent; and Mobile, AL, 16 percent. The majority of the coal exported goes to Europe, followed by Asia, South America, Brazil, North America, Canada and China.

### Monday Session



Scott Kreutzer



Andy Eidson



J.P. Richardson



Jeff Bitzer



Kevin Dempsey



Randy Moore



Frank Foster



Don Jones



Aaron Price



Brian Keaton



Bill Murray



Brad Yeatts



Joe Forkum



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As the Monday session of the conference opened, Virginia Senator Travis Hackworth and Virginia Del. Will Morefield spoke briefly about the importance of met coal in rebuilding America and the duty they have as legislators from a coal producing area to educate their colleagues about the realities of and importance of coal. Newly appointed Virginia Department of Energy Director Glenn Davis also addressed attendees briefly via a Zoom call.

Conference attendees had the opportunity to hear from the Coal Executive Panel comprised of Andy Eidson, CEO & Director, Alpha Metallurgical Resources; Jeff Bitzer, COO-US, Coronado Global Resources; J.P. Richardson, VP of Operations, MetInvest-United Coal; and Scott Kreutzer, Chief Administration Officer, RAMACO Resources, each of whom gave a brief introduction of their companies.

All agreed that metallurgical coal has a bright future given the myriad of uses it has in everyday life. They discussed growth management strategies, optimization, logistical constraints and the rearranging and prioritization to maximize growth within their companies. Also discussed were innovations and finding new ways to use met coal through various research initiatives underway. Capitalizing on productivity and safety and continued work in emissions reductions were additional areas of improvement.

The importance of continued education and outreach was stressed with Bitzer noting the country cannot achieve a net zero emissions status without met coal. He noted that steel is needed to make windmills and solar and that to accommodate those energy types, it will take 75,000 new miles of power line and the infrastructure to support those to be built.

"We are not going to get there without met coal," Bitzer said. He also talked about the land mass needed to scale windmills and solar to contribute significantly to energy production. Combined, he said, those would cover the land mass of eight states.

Eidson noted that getting past 20 years of being vilified as an industry was no easy task, but he said as more and more realize what met coal makes possible, there is beginning to be momentum built to get that message out. "We are going in the direction we need to go and we need to keep the pressure up," he said.

Turning to discussion surrounding the push to go electric with vehicles or to increase wind and solar production, it was noted all require electricity which will further increase overall electrical demands.

"All the 'solutions' require electricity to work," Bitzer noted. "Infrastructure rebuilding", Richardson added, "requires steel". Eidson also pointed out the value severance taxes paid by coal producers have in local, state and national economies.

Kevin Dempsey, President & CEO, American Iron & Steel Institute, addressed conference attendees, noting met coal was key to the making of steel, but said at present only 4 percent of the global steel produced is actually made in the United States. He noted the outlook for steel is good with projected demand growth this year of 1.3 percent and next year, 2.5 percent. As electric cars become more in the mainstream, he said steel to protect the battery pack becomes an important downstream product. Non-building construction is also expected to account for some of the demand to include uses for energy production, highway infrastructure, sewage and water, water supply and conservation and development.

Dempsey spoke briefly about the importance of carbon capture and utilization in the future and suggested the expansion of carbon capture tax credits could be a game changer, which in the end would strengthen both the coal and the steel industry. He noted there has been much new investment in the steel industry since tariffs were put into place. Additional incentives, he said all position steel for growth.

The Mine Safety Discussion Panel featured comments from Randy Moore, Director, Virginia Department of Energy and Frank Foster, Director, West Virginia Office of Miners' Health, Safety and Training about their state's initiatives. Company perspectives from Brian Keaton, Alpha Metallurgical Resources; Aaron Price, Coronado Global Resources; and Don Jones, MetInvest-United Coal focused on improving incident rates and integrated safety and productivity initiatives. Technological advancements and utilizing those were also components of the discussion. The importance of continued training, especially as the coal industry has changed in a post-COVID world to have more new miners involved, was also discussed. Panelists agreed that was one of the biggest challenges facing the industry in the next five years as older miners retire and new ones come in to take their place.

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Bill Murray, Sr. VP Corporate Affairs, Dominion Energy, addressed conference attendees noting that without electricity producers doing their jobs, no one else can do theirs. The importance of met coal to produce the steel for building the infrastructure needed to be in place for energy production, he said is critical and he added that thermal coal also remains important to serve customers as rough winter weather, like that experienced at Christmas this past year, illustrate again that without coal, there would not have been enough electricity to meet needs. He added that when people lose electricity, they are not concerned about what is being used to provide it again, just that it is working again.

“Thanks for everything you do to keep the grid operational,” Murray said, addressing Conference attendees.

The final discussion of the day was on Rail Transportation. Brad Yeatts, Norfolk Southern; and Joe Forkum, CSX Corp., talked about their respective companies and their focus on enhancing safety, recruiting and retaining workforce and reliability and resiliency in meeting the needs of their customers in hauling product from point A to the ports.

“We’re bullish on met coal,” Yeatts said. “The world needs it and we’ll be here for you.”

Forkum agreed, noting CSX has the capacity the met coal industry needs. He noted the company works on building positive relationships with its employees and its customers as well as all CSX stakeholders to achieve what he referenced as a collective success for the coal and the rail industry.

### Tuesday Session



Ernie Thrasher



Lucas Pipes



John Savage



Elizabeth Parker



Joe Reidy



Brooks Smith



Tyler Adams



Chris Anderson



Roger Nicholson

The conference resumed on Tuesday. Market Overviews for Coal and Steel and Roundtable Discussions on the Governmental and Legal landscape of coal were topics of discussion as the MCPA 43<sup>rd</sup> Annual Conference & Expo in Roanoke, WV, continued.



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Ernie Thrasher, founder, President & CEO, Xcoal Energy & Resources and Lucas Pipes, of B. Riley Securities, spoke to conference attendees about the current markets for coal and steel with Thrasher beginning his comments noting that steel – and consequently the coke which comes from metallurgical (met) coal used to make it -- is a critical component on the journey to net zero emissions. Steel, he pointed out, is needed to fabricate wind turbines and wind tunnels.

Thrasher gave an overview of met coal prices, noting that while currently pricing is down from a year ago, the spikes seen in pricing in seaborne coal markets a year ago were created by supply side challenges. He projected that prices are likely to rebound later in the current year. The three major suppliers of coking coal, he said are Australia, Canada and the United States. He suggested globally the area to watch is in Mongolia where the use of coal mined there is now going to China, who he noted continues to increase its use of coal.

He touched briefly on thermal coal exports, noting that the only way the thermal market is likely to increase is if utilities subsidize the resale of coal they have already purchased. A slowing global economy, he added, can push the market lower, but he said current coal pricing in the \$200 range sustains the long-term viability of the United States met coal industry.

Pipes also addressed coal markets, noting companies mining met coal are well-positioned to manage volatility in the market, having done a good job in positioning themselves to be ready and maintaining their operations. He projected little to no growth supply side. On a global scale he suggested the market to keep an eye on is in Chinese funding of Russian projects.

Pipes suggested ore-based metallic demand is a factor in looking at the steel market, adding there he expected demand growth to outpace supply growth over time.

John Savage, of NextEra Energy Marketing, addressed conference attendees, focusing on the impact of ESG reporting on publicly traded companies. ESG, which refers to environmental, social and governance issues, is essentially a scorecard kept on companies across non-financial measures which he said is becoming an essential performance metric for the investment community.

Specifically, he talked about an SEC published draft rule that could require all public companies to report greenhouse gas emissions. The final rule is expected to be issued by the end of the year.

Savage noted that more than 2,000 companies have made “carbon neutral,” “net zero,” or similar commitments to reduce emissions by target dates between now and 2050. In looking at those emissions, he said there are calculations considering three scopes of operation -- direct emissions; indirect emissions; and indirect emissions from upstream and downstream activities related to the transportation and use of product. The third scope, he suggested, is a difficult one to calculate and one he said companies are putting pressures on their suppliers upstream to lower emissions to help in scoring better in the Scope Three category. The purchase of renewable energy credits, he said, is another measure being utilized.

Mitigating gas emissions, Savage said, is one of the best ways to address ESG for coal mines. He pointed specifically to a methane abatement project at the Buchanan Mine in Virginia as being one such project.

The Government Affairs panel gave an update on the state of politics in Virginia and West Virginia, as well as an outlook on state and federal environmental regulatory processes. Panelists included Elizabeth Parker, of Troutman Pepper; Joe Reidy, of Three Point Strategies; and Brooks Smith, of Troutman Pepper.

Parker and Reidy both gave overviews of the political landscape in their respective states of Virginia and West Virginia while Smith addressed the evolving environmental front and focus on environmental justice, permit protections and rulemaking changes in federal entities including the Office of Surface Mining.

The final panel of the conference featured the MCPA General Council Roundtable discussion, featuring Roger Nicholson, Executive VP & Chief Administrative Officer, Alpha Metallurgical Resources; Tyler Adkins, of Ramaco Resources; and Chris Anderson, of Robindale Energy. All three agreed in their roles as counsel, their primary mission is to serve the commercial mission of the company they work for, to have an awareness of the markets in which they

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are operating and to look for ways they can help companies to avoid the avoidable and how to add value for the company from their actions.

Anticipating potential problems, they all agreed, can further help their clients. They also touched on ESG reporting and preparations underway at their operations to address the potential rules coming out related to that.

They wrapped up the discussion sharing their views of met coal and its future, noting there is a distinct difference between met coal and thermal coal in today's markets.

Also discussed was the generational nature of coal and the current influx of new miners and other employees coming into the industry. Ways to fill the generational gaps occurring as older workers exit the industry taking with them institutional knowledge and finding ways to mentor the new wave of people coming into the industry, they agreed is critical as the industry moves forward.

As the Conference ended, Bob Cline, of Coronado Global Resources, the current MCPA chairman, noted that throughout the two days of industry discussions at the Conference, there had been a lot of good news shared as well as some candid discussion related to challenges the industry faces.

The Conference technical sessions were held in the large ballroom at Stonewall Resort. A number of companies supplying products and services to the coal industry, located on the perimeter of the ballroom, exhibited their wares during the events and at the networking breaks. These exhibitors comprised: AMR PEMCO, Chemtreat, Cramer Security & Investigation, Encova Insurance, FennerDunlop, Nexans AmerCable, Vance Graphics, Virginia e-Region, and Smith & Weston. In a separate room the Friends of Coal, Ladies Auxiliary displayed numerous items of apparel complete with MCPA and FOC logos and the ladies reported doing a brisk trade during the days of the Conference.

"As I listened to the panels, I saw such a bonding of our groups and that shows the MCPA is working," said Bob Cline. "We want to continue to make it better. We have a lot of education we have to do for the public, and that takes all of us to tell the story that 'Met Coal Makes Steel.' We've got to be bold, We've got to be strong and we have to stick together as a team."

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Sunday Evening Dinner



Friends of Coal Ladies Auxiliary



Cramer Security & Investigation



Richwood



Joe Rasnake, Dave Gruber, Charles Howard



Dr Richard, VT Coal & Energy Research



Vance Graphics, Matthew Vance



ChemTreat , Marty Gillian and Trevor Cheek