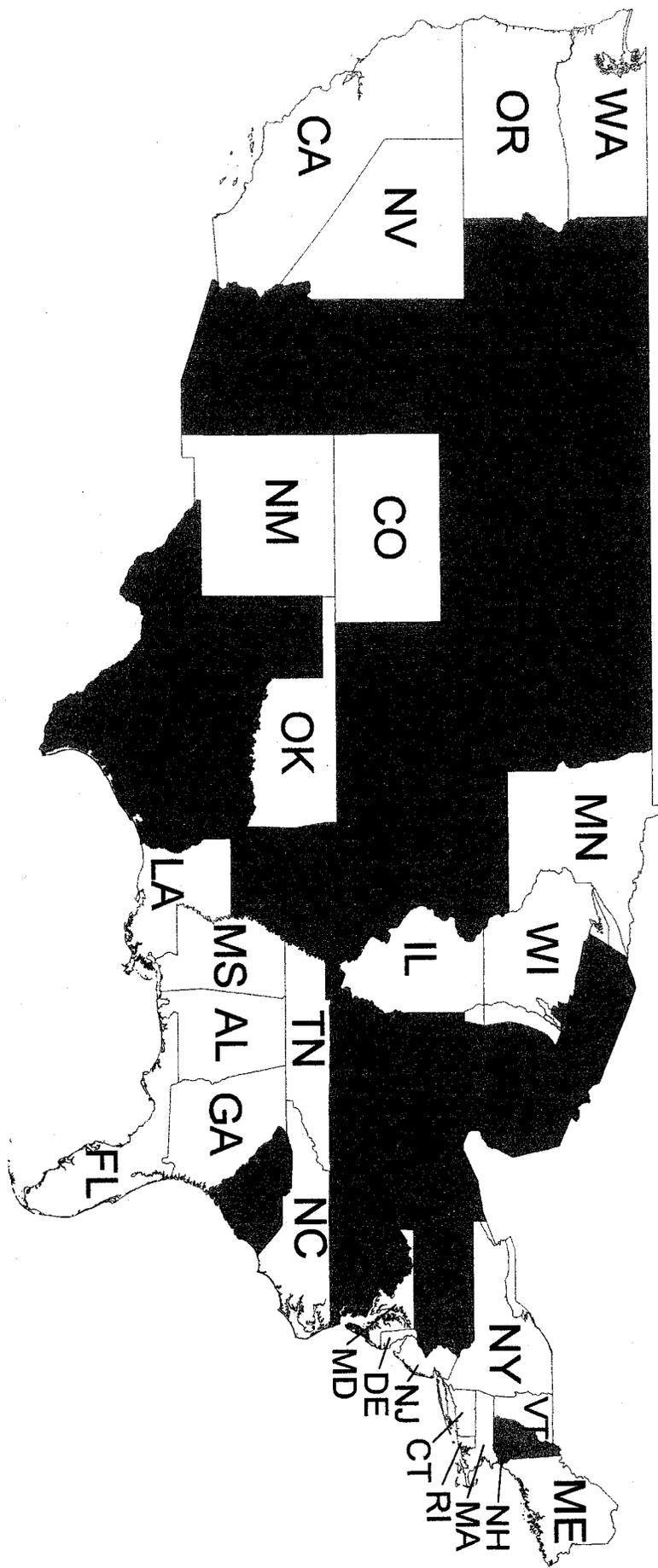


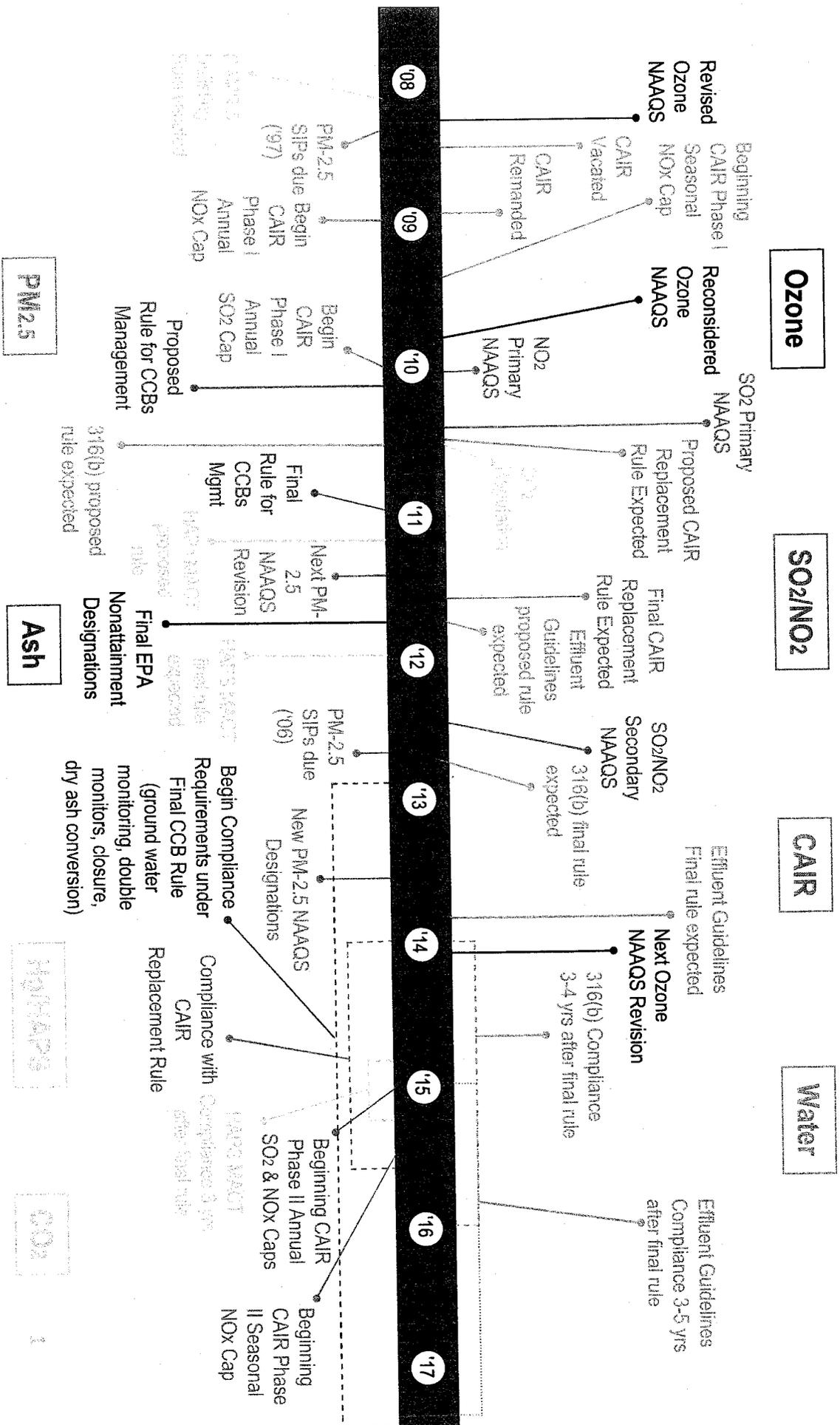
COMMITTEE NO. 1

DATE 2/4/11

BILL NO. 5510



The EPA Regulatory Train Wreck: Regulatory Timeline for Coal-Fueled Power Plants





CLOUD PEAK
ENERGY™

Colin Marshall

President and Chief Executive Officer

July 1, 2010

The Honorable Max Baucus
United States Senate
511 Hart Senate Office Building
Washington, DC 20510

RE: Requested Support for S 3072, Stationary Source Regulations Delay Act

Dear Senator Baucus,

I enjoyed meeting with you when I was in Washington in April. Thank you also for sending me the photograph which was taken after our meeting. I look forward to seeing you again at your Montana Economic Development Summit in September.

Today I am writing you in support of Senator Rockefeller's legislation S 3072, which would place a moratorium on EPA regulation of greenhouse gases for two years while Congress works to achieve what we hope is a reasonable legislative solution. We are very concerned that the EPA, through regulation, does not have the "tools" to achieve a balanced pathway to reduce US greenhouse gas emissions without creating damaging economic dislocations.

Our advocacy for S 3072 is not based on an erroneous view that this issue will "go away" if S 3072 is enacted. In fact, Cloud Peak Energy would strongly prefer certainty in the marketplace to allow ourselves and utilities to be able to invest in long-term projects. We believe the best way to achieve that certainty is through considered legislation in which Members like you, who recognize the importance of coal generation to your state's and the nation's economy, take leadership roles in its crafting. Only Congress can give fair consideration to the national economic consequences of this issue, its impact on the electricity consumer and its potential for major economic dislocation if not done properly. We applaud your efforts and would continue to strongly support provisions in legislation to stimulate and deploy carbon capture and sequestration technologies.

We recognize the strong support in Congress to incentivize renewable energy generation like wind and solar. However, just as carbon capture and sequestration (CCS) technologies need time and resources to be developed and successfully deployed, politically popular wind and solar generation have huge reliability and transmission challenges. This can mean that over their full life cycles, taking into account their impact on fossil fuel generation, they currently offer limited reductions in greenhouse emissions. We are pragmatic and understand the popularity of a mandated renewable energy standard. However, such a standard, if and when enacted, should actually reduce total carbon emissions. To do this it should be gradual, in recognition of the technological, reliability and infrastructure challenges facing those eligible renewable sources of energy. Further, it should recognize that our economy will continue to need low sulfur coal power generation now and for the foreseeable future by including

The Honorable Max Baucus

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July 1, 2010

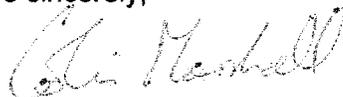
aggressive credits for CCS as part of any renewable standard. We believe it will not be possible to reduce US greenhouse gas emissions and maintain economic growth without the widespread deployment of CCS over the next thirty years.

Funding research and development of new and improved technologies, including CCS, should be a national priority. However, legislation needs to provide enough time to accommodate technological progress in this area to avoid damaging economic dislocations.

Cloud Peak Energy will strive to be progressive and not parochial in its view of national energy policy. We believe in a diverse American energy mix, not just coal, but also nuclear, oil and gas, hydro and the development of economic renewable energy sources. We believe that in all energy sectors, the safety of workers and the responsibility for environmental remediation should be paramount priorities. We also believe that adequate funding and resources should be available to continue to give policy makers the best scientific foundation to move forward in the enactment of legislation. I would be happy to further discuss with you in greater detail the kinds of provisions our company could support in legislation.

As I was pleased to advise you in our meeting, our company is proud to have the best safety record of any major coal producer in the country. We are also proud of our environmental stewardship and the contributions we make to the communities in which we live and work. We know that time is limited in this Congress and that you are involved in the highest levels of decision-making relative to the next steps on energy policy. I would hope that you would support and consider cosponsoring S 3072, which would give you and other leaders adequate time to enact legislation.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Colin Marshall".

Colin Marshall