

Commercial Shipping on the Mon

Deane Orr

Vice President of Operations, CONSOL Energy

Deane Orr, Vice President of Operations at CONSOL Energy, returned for his second presentation to Mon River Summit participants in 2008. He'd been on the speakers' roster for the initial summit in 2006.

"Commercial traffic on the Mon is paramount for Morgantown and the surrounding areas," Orr said, mentioning the completion of the Pt. Marion dock, the Greer Limestone loading facility and referring to Vance Coal as "the pebble in the water."

However, Orr outlined several factors that are working against commercial shipping's expansion on the Mon and on other waterways, too.

He first cited the general strain on U.S. Army Corps of Engineers' operations and maintenance (O&M) budget.

"We're always lobbying the feds to increase their funding," he said. "We talk with our legislators about the new jobs waterways can create."

He also touched on the "herky-jerky" federal funding schedule for O&M projects.

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"The appropriations are allocated according to a 10-month schedule," he said. "They're not project-driven."

"Finally, money that's allocated for specific O&M gets moved around," Orr added. "For example, O&M scheduled for the Locks 2, 3 and 4 on the Mon were supposed to be performed in 2006. Now, that work has been pushed back to 2016."

Following these observations, Orr reiterated his view that the Army Corps of Engineers, which is responsible for the operation and maintenance of the nation's extensive system of locks-and-dams, is "the most efficiently run professional organization in the world."

Referring to his participation on the Inland Waterway Users board of directors, he requested support for the IWU's position against adding locking fees to the 20-cent per gallon fuel tax commercial river users currently pay. He voiced his support for a strategy suggested by Bill Barr, a vice president with Amherst Coal, that would adjust the Corp's

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existing 50/50 split of IWF/federal funds to a 25/75 match, but conceded "it probably won't fly." He said the U.S. needs to adopt a more global perspective to capitalize on the broader market for U.S. commodities, especially coal. He cited as an example a Jan. 2008 Australian monsoon that adversely affected that country's production of met coal - previously shipped to Japan and China in addition to being burned domestically.



According to Orr, markets in Brazil, Russia, India and China consume approximately 50 million tons of met coal annually: unable to access Australian coal following the January monsoon, the Chinese begin mining and burning their own.

He added that several years ago, South Africa had launched a national “all electric home” campaign to support its domestic coal market. The campaign was so successful that now the country’s power-generating infrastructure is insufficient to meet the country’s domestic demand and many South Africans are subjected to phase power availability. Before domestic demand peaked, South African coal also was exported to Brazil. Now the South Africans have zero coal inventory and exports are at a stand-still.

“We haven’t been competitive globally because our transport costs have kept us out of the game – but not now,” Orr said. “If the global market continues to expand, U.S. coal exports will be very strong. We’ve waited 25 to 30 years for this market shift. But is our domestic transportation system positioned to allow us to take advantage of this opportunity?”

Orr then cited the current situation at the Port of New Orleans, one of the nation’s largest international ports, which is operating well over-capacity.

“They just can’t move any more coal out of there,” he said.

Returning his observations and projections to conditions on the Mon, Orr said, “But there’s opportunity here.

“We have to get organized. At the Port of Pittsburgh, for instance, we need to develop a database of information and access for new industry.

“We also need to promote tourism and recreational waterway use by increasing access to boater services, like marinas and restaurants.”

Orr anticipates the regional coal market will “open up” with the installation of federally-required scrubbers on the nation’s power plants. Equipped with the mandatory scrubbers, which need limestone to operate, power plants will be better equipped to burn coal from North Central West Virginia.