PLATTS
McGRAW HILL FINANCIAL
www.platts.com
[COAL]
COAL TRADER
INCORPORATING COAL OUTLOOK
www.twitter.com/PlattsCoal
Friday, February 6, 2015

Front-month CAPP barge coal continues to climb, PRB seen maybe finding floor

Houston—The price of the front-month, physically-settled Central Appalachia barge thermal coal contract continued to rise in the US over-the-counter market Friday, as participants seem to settle on the idea the contract was oversold.

Although no trades were heard Friday, the contract did trade late Thursday at $50/st. On Friday afternoon, broker marks for the front-month (March) contract were reported at $50.50/st, $51/st and $51.10/st.

"The market was extremely oversold," said a trader. Prices, said the trader, "were going to pretty artificial levels, and now we're seeing the bounce back. The market got to levels that weren't sustainable in the short term."

Platts assessed the front-month CAPP barge contract Friday at $50.65/st, up $1.75 from Thursday, based on broker marks.

Based on Friday's price, the front-month contract is up 4.3% from the start of the year, having bounced 12.2% from its year-to-date low of $45.15/st on January 20.

(continued on page 12)

Depressed US coal prices make physical deals difficult: executives

Miami—US coal industry leaders who gathered at the 15th annual Coaltrans event this week in Miami say depressed prices have made physical deals difficult to seal.

"A number of companies are interested in doing deals, but don't want to do them at [over-the-counter] prices," said one Eastern fuel buyer. "Traders are willing to do them, but producers can't take that risk."

OTC Central Appalachia barge and CAPP rail (CSX) prices in 2015 through Thursday as assessed by Platts have averaged $46.66/st and $48.33/st, respectively. The two prices are down 21% and 23.1%, respectively, compared with the full quarterly average from 2014.

That drop has made OTC prices just a "starting point" for making physical deals, Colin Marshall, CEO of Gillette, Wyoming-based Cloud Peak Energy, said in an interview after a presentation at the conference.

"It's a very thin market," Marshall said. "It can get moved by a single trade of 15,000 st of coal. When we look at bidding stuff, we look at the relation of where the OTC is and go from there."

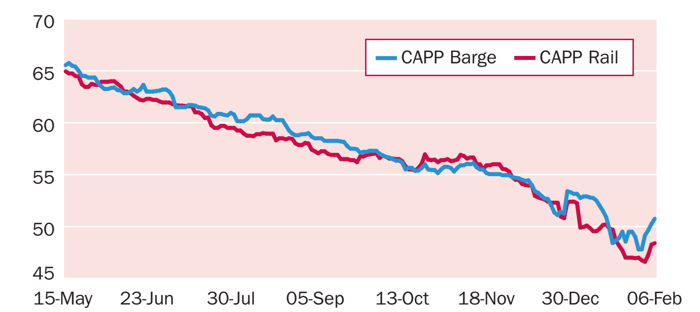
(continued on page 14)

Platts Daily OTC Assessments, trade date Feb 6 ($/st)

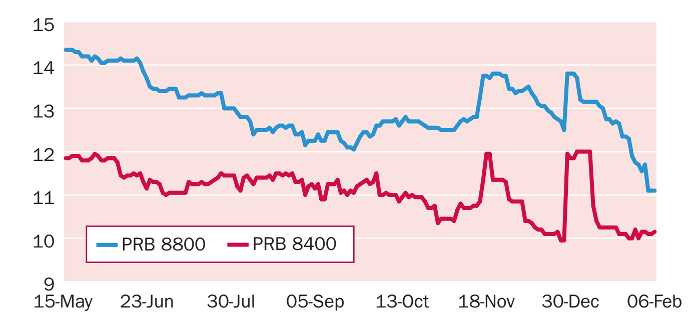
	CAPP rail (CSX) OTC		CAPP barge OTC		CIF ARA ($/mt)	
Mar 15	46.50	0.70	50.65	1.65	62.20	1.20
Apr 15	46.05	0.35	49.50	0.40	62.10	0.60
Q2 15	46.25	0.15	49.70	0.50	62.20	0.30
Q3 15	46.40	0.15	49.85	0.50	61.60	-0.05
Q4 15	46.90	0.15	50.10	0.50	62.35	-0.05
CY-16	48.40	0.15	50.75	0.50	62.50	-0.50
	PRB 8,800 OTC		**PRB 8,400 OTC**		**IB 11,500 OTC**	
Mar 15	10.15	0.00	8.60	0.05	32.30	0.00
Apr 15	9.90	0.00	8.55	0.05	32.60	0.00
Q2 15	9.95	0.00	8.65	0.05	32.65	-0.05
Q3 15	10.20	0.00	8.95	0.05	33.35	0.00
Q4 15	10.45	0.00	9.20	0.05	33.85	0.00
CY-16	11.10	0.00	10.15	0.05	34.25	0.00

See Platts Methodology and Specifications Guide at Platts.com for details.

CAPP Barge v CAPP Rail Calendar Year ($/st)



PRB 8800 v PRB 8400 Calendar Year ($/st)



Inside this issue

US' Foresight sets records for coal produced, plans expansion: officials

Houston—Foresight Energy set company records for coal produced and sold in 2014, and will expand its coal mining operations with two new longwalls and another mine in the Illinois Basin during the next few years, officials said during a conference call Friday.

The St. Louis, Missouri-based company reported coal production in 2014 at about 22.5 million st, up 25% from the 18 million st mined last year. Michael Beyer, president and CEO, said coal from a second longwall started in June in the Sugar Camp mine boosted overall production at the company's four operations, despite the Hillsboro mine being shut down for most of August after a fire.

Foresight's Hillsboro, Williamson and Sugar Camp operations were ranked as the most productive underground US mines in 2014 by the Mine Safety and Health Administration, as measured by clean tons produced per man hour. That efficiency helped Foresight to limit its mining costs for the year at an average of $20.80/st, an industry-leading number, according to Oscar Martinez, senior vice president and CFO.

The company also set a quarterly revenue record in Q4 with $300 million in coal sales, up 12% from the previous year, on 5.9 million st produced.

For 2014, coal sold generated $1.1 billion for Foresight, a 16% increase over 2013 revenue.

Looking ahead to 2015, Martinez said Foresight already has 20.8 million st committed for delivery with plans to be active in the spot market.

"Although the markets are challenging, we expect that, similar to recent years, we'll be able to place additional tons in the spot markets," Martinez said. "Depending on market conditions, we currently expect to sell an additional 2 [million]-4.4 million tons, which will result in 2015 coal sales ranging from 22.8 [million]-25.2 million tons."

With lower operating costs than competitors in Appalachia, Beyer said there will be an expanding market for Illinois Basin coal, especially in Illinois.

"There is still more market for Illinois Basin coal, generally," he said. "There is still Central App coal at higher prices that is going into scrubbed plants, which is our primary market, that's taking longer to push out than you would

Platts Daily Metallurgical Coal Assessments, February 6

Atlantic Coking Coal ($/mt)

	FOB US East Coast	Change	VM	Ash	S
Low Vol HCC	111.000	-0.250	19%	8%	0.80%
High Vol A	111.500	0.000	32%	7%	0.85%
High Vol B	105.000	-0.250	34%	8%	0.95%

US low-vol HCC Penalties & Premia; Differentials ($/mt)

	Within Min-Max	% of US low-vol HCC FOB USEC assessment price	Net value ($/mt)
Per 1% CSR	50-64%	0.50%	0.56
	40-49%	0.50%	0.56
Per 0.1% S	0.70-1.05%	0.75%	0.83
	1.06-1.25%	1.00%	1.11
Per 1% TM (as received)	6-11%	1.00%	1.11
Per 1% Ash	5-10%	1.25%	1.39

Detailed methodology and specifications are found here: http://platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/metcoalmethod.pdf

Dry Bulk Freight Assessments, February 6

	Freight Rate ($/mt)	Change
Capesize		
Queensland-Rotterdam	7.05	-0.05
Queensland-Japan	4.55	-0.05
New South Wales-Korea	6.50	-0.05
Bolivar-Rotterdam	6.30	0.05
Roberts Bank-Japan	6.90	-0.05
Richards Bay-Rotterdam	4.55	0.00
Panamax		
Richards Bay-Rotterdam	7.25	0.00
Bolivar-Rotterdam	8.00	0.00
USEC-China	20.00	0.00
USEC-India	18.00	0.00
USEC-Rotterdam	7.00	0.00
USEC-Brazil	5.50	0.00
Mobile-Rotterdam	9.00	0.00
Mobile-Taranto	10.50	0.00
Roberts Bank-Rotterdam	12.30	0.10
Roberts Bank-Japan	10.05	0.15
Queensland-Rotterdam	10.35	0.05
New South Wales-Rotterdam	9.60	0.05

OTC Broker Index, trade date Feb 06 ($/st)

Coal Product Specifications	Jan Final Monthly Average	Feb Final Monthly Average	Mar Daily Assessment	Daily Change	Q2 2015 Assessment	Daily Change	Q1 Average
NYMEX look-alike – 12,000 Btu/lb. -1%	51.30	46.82	50.65	1.65	49.70	0.50	53.70
CSX BS/K – 12,500 Btu/lb. -1%	51.99	49.86	46.50	0.70	46.25	0.15	54.37
PRB – 8,800 Btu/lb.	12.58	12.20	10.15	0.00	9.95	0.00	12.42
PRB – 8,400 Btu/lb.	9.78	9.29	8.60	0.05	8.65	0.05	10.22
Illinois Basin 11,500 OTC	36.30	36.08	32.30	0.00	32.65	-0.05	35.99
CAPP 1% vs. Compliance spread	1.75	1.75	1.75	0.00	1.75	0.00	1.75

have expected. But the Central App guys … they're probably selling at or below cost just to hang on to the mines to avoid shutting them down and experience the cost you get with a shutdown mine."

Looking further ahead, Foresight plans to file permits to start mining a third and fourth longwall at Sugar Camp starting sometime in 2017-18 and will soon file a permit for a new low-sulfur mine near its Macoupin facility, Beyer said.

"As we think about our expansion and the portfolio of organic expansion opportunities we have, we don't look at exactly what is the market this quarter or what is the market over the next half year," Beyer said. "We are looking out to where the market is going to be, and we measure ourselves against our competition at that point, and that's how we make the decision. That's why we are moving forward with these projects."

— Jim Levesque

Big Rivers' Green coal plant to remain open after MATS extension

Louisville, Kentucky—Big Rivers Electric has received an additional year to place its 454-MW Green coal-fired power plant into compliance with new pollution control rules, a spokesman for the Henderson, Kentucky-based generation and transmission co-op said Friday.

Big Rivers is also evaluating the possible conversion of the idled 444-MW Coleman baseload coal plant to natural gas.

The co-op's total generating capacity of about 1,800 MW has been in flux since its two largest customers — aluminum smelters in western Kentucky owned by Century Aluminum — switched to the wholesale power market during the past 18 months, stripping away more than 60% of Big Rivers' load.

In recent months, Big Rivers has attempted to bounce back by securing sufficient off-system power sales with Nebraska utilities to keep its newest baseload coal plant, the 417-MW D.B. Wilson, running indefinitely. But it idled Coleman last May and was facing an Environmental Protection Agency deadline this year for Green to meet the EPA's new Mercury and Air Toxics Standards.

Spokesman Marty Littrel said Big Rivers has won a one-year reprieve from MATS requirements for both Green and Wilson, ensuring they will not be shut.

The co-op plans to spend about $28 million during the next year or so to install both activated carbon injection and dry-sorbent injection technology on Green's two units and on Wilson's single unit to lower mercury emissions, Littrel said.

Pollution controls at Green, located near Sebree in Webster County, will be installed later this year and at Wilson, near Matanzas in Ohio County, next year. Wilson went into commercial operation in the mid-1980s, and Green's two units in 1979 and 1981.

Coal Trader Spark Spreads

Coal

	—Plus transport—		——Plus SO2——	
	$/st	$/MMBtu	$/st	$/MMBtu
CAPP barge OTC spark	56.90	2.37	56.91	2.37
CAPP rail (CSX) OTC spark	58.50	2.34	58.51	2.34
PRB 8,800 OTC spark	21.90	1.24	21.90	1.24

Emission Allowances

	SO2	NOx
Current vintage	0.57	5.00

	Cincinnati	Atlanta	Kansas City
Natural Gas ($/MMBtu)	2.48	2.54	2.34
Electricity ($/MWh)	29.54	24.50	28.98

Generating Hub ($/MWh)

	Gas	Coal Alone	Coal Plus: SO2
Cincinnati	19.84	23.71	23.71
Atlanta	20.28	23.40	23.40
Kansas City	18.72	12.44	12.45

Spark Spreads Hub

	Gas	Coal Alone	Coal Plus: SO2
Cincinnati	9.70	5.83	5.83
Atlanta	4.22	1.10	1.10
Kansas City	10.26	16.54	16.53

Assumptions: Heat rate of 10,000 Btu/kWh (34% efficiency) for typical coal plant, 8,000 Btu/kWh (45%) for typical gas plant. "Without controls" assumes neither SO2 nor NOx controls. Assumed NOx rate: with controls, 0.15 lb/MMBtu; without controls, 0.60 lb/MMBtu

Coals are: CAPP barge OTC (12,000 Btu/lb, 1.67 lb SO2/MMBtu), barged to Cincinnati at $6.25/st ; CAPP rail (CSX) OTC 12,500 Btu/lb, 1.5 lb SO2/MMBtu), railed to Atlanta at $12/st; PRB 8,800 OTC (8,800 Btu/lb, 0.8 lb SO2/MMBtu), railed to Kansas City at $11.75/st

Plants in Georgia (Atlanta) and Missouri (Kansas City) not yet subject to NOx SIP Call limitations; numbers are illustrative of NOx costs only.

Standard coal products and associated spark spreads were renamed Dec. 20, 2010. CAPP barge OTC spark was previously named NYMEX; CAPP rail (CSX) OTC spark was CSX 1%; PRB 8,800 OTC spark was PRB 8,800.

Petcoke Spot Price Assessments

Origin	Sulfur	HGI	Current price range
US Gulf	6% – 6.5%	40	50.00-55.00
	5% – 6%	<50	56.00-60.00
	4% – 5.5%	50	58.00-62.00
US West Coast	4%	50	70.00-74.00
Venezuela	4%	45	57.00-61.00

Editor's Note: All petroleum coke prices are quoted in metric tons

Weekly Coal Production Totals

	Week Ended		Year-to-Date	
	01/31/15	01/31/14	01/31/15	01/31/14
Bituminous and Lignite	20,066	18,368	85,677	82,811
Anthracite	34	34	147	153
U.S. Total	20,101	18,402	85,824	82,964
Railroad Cars Loaded	116,794	105,670	495,463	477,932

For state breakdowns, visit:
www.eia.doe.gov/cneaf/coal/weekly/weekly_html/wcppage.html

Options being weighed for Coleman station

Meanwhile, all options are on the table at Coleman, along the Ohio River near Hawesville in Hancock County, including a change in fuels.

"We're evaluating the conversion of Coleman to natural gas," said Littrel, adding Big Rivers recently formed a team to consider a variety of scenarios for the baseload plant built around 1970.

Coleman also remains on the selling block, where it has drawn a smattering of interest, but not at prices deemed high enough by Big Rivers.

"We don't just want to give the plant away," he said. "It has value."

Altogether, Big Rivers burns more than 4 million st of thermal coal annually, mostly supplied by area coal mines.

— Bob Matyi

Consumers Energy starts year with coal inventory at 36 days: filing

Louisville, Kentucky—Consumers Energy entered 2015 with an average 36-day coal inventory to supply the Michigan electric utility's 2,783 MW of coal-fired generation capacity, a regulatory filing showed.

The utility typically does not release information publicly about its coal burn or stockpiles. Consumers mostly burns low-sulfur Powder River Basin coal or Eastern US coal.

In November, the most recent data available from the US Energy Information Administration, plants burning subbituminous coal had stockpiles averaging 51 days of burn, down 20% from the five-year average of 63.6 days of burn. In addition, 40% of non-lignite coal-fired plants had average days of burn of between 30 and 60 days in November, compared with 35% in November 2013.

CMS Energy, Consumers' parent, said in a Thursday filing with the US Securities and Exchange Commission that the the Jackson-based utility burned 9 million st of thermal coal in 2014 at its Campbell, Karn-Weadock, Cobb and Whiting baseload power plants.

At the end of last year, Consumers had 88% of its expected coal requirements under contract for 2015, CMS said. As of December 31, 2014, Consumers had contracts to purchase an unspecified amount of coal through 2017, with payment obligations under the contracts totaling $178 million.

Consumers electricity generation down in 2014

Most of Consumers' rail-supplied coal contracts have fixed prices, CMS said, although some contain market-based pricing. Consumers' vessel-supplied coal contracts have fixed base prices that are adjusted monthly to reflect changes to the fuel and vessel transportation, CMS added.

In conjunction with its coal supply agreements, CMS said Consumers leases a fleet of rail cars and has transportation contracts with various unspecified companies to provide rail

NYMEX Henry Hub gas futures contract, Feb 6

	Settlement	High	Low	+/-	Volume
Mar 2015	2.579	2.632	2.574	-2.1	131277
Apr 2015	2.602	2.648	2.596	-1.2	60811
May 2015	2.645	2.679	2.634	+0.0	31716
Jun 2015	2.695	2.726	2.682	+0.1	15754
Jul 2015	2.756	2.780	2.742	+0.4	11600
Aug 2015	2.772	2.792	2.756	+0.6	4807
Sep 2015	2.765	2.786	2.745	+0.6	4910
Oct 2015	2.798	2.820	2.778	+0.5	14705
Nov 2015	2.911	2.927	2.890	+1.0	2066
Dec 2015	3.106	3.113	3.080	+1.5	2208
Jan 2016	3.244	3.248	3.213	+1.8	6494
Feb 2016	3.238	3.238	3.206	+1.7	1026
Mar 2016	3.208	3.219	3.178	+1.7	1328

Natural gas futures commentary

NYMEX March natural gas settles lower despite colder forecast

Houston—The NYMEX March natural gas futures contract fell 2.1 cents to settle at $2.579/MMBtu Friday, as the market shrugged off forecasts for colder weather amid continued strong production growth.

"In contrast with the volatility on display in the petroleum world, the US natural gas market looks quite calm, even in the face of forecasts for colder than normal temperatures in the eastern US and eastern Canada over the next two weeks," Tim Evans of Citi Futures said in a daily note.

Despite the forecasts for colder weather in the Northeast, heating demand is failing to rival last year's spike, while growing natural gas production is keeping the market well supplied, Evans added.

Aaron Calder, senior market analyst at Gelber & Associates, noted that: "Traders are not enthusiastic to enter into new shorts when weather models are poised to add even more cold to their forecasts over the weekend."

Though Calder acknowledged that cold weather in the Northeast has driven up cash prices at key regional hubs, "the cold needs to be more widespread for it to start making a difference in cash pricing outside of New England and the overall futures market," he said in a daily market commentary.

— Arjun Sreekumar

and vessel services to deliver coal to its power plants. Those transportation deals expire through 2019 and represented total payment obligations of $430 million for Consumers at the end of 2014.

Consumers' coal plants generated 15.6 million MWh last year, down slightly from 15.9 million MWh in 2013, the filing said.

Consumers plans to continue operating its five largest coal units, totaling 1,975 MW at Campbell and Karn-Weadock, but is retiring its older "classic seven" coal units at Cobb, Whiting and Karn-Weadock in the coming years to comply with more stringent US Environmental Protection Agency regulations, in particular the new Mercury and Air Toxics Standards rule.

— Bob Matyi

US met coal mine divestments depend on coal price: Suncoke

Miami—For the slew of operating and idled US met coal mines up for sale, successful closure may depend on a rebound in global met coal pricing, according to industry executives speaking Thursday at the Coaltrans USA conference in Miami.

To make deals work the industry needs to "find operator synergies or have private equity come in for short term pain for long term gain," said Mike Hardesty, senior vice president of sales and commercial for Suncoke Energy.

Suncoke's Appalachian met coal mines are up for sale, and the company had offered incentives such as offtake contracts and financial aid to any potential buyer. As coal prices fell it has become less generous.

Overseas appetite for acquisition s may have ebbed as low global prices remove some concerns over hedging supply of key raw materials, according to sources, including coal buyers.

"Demand for met coal for US coke is stable," Hardesty said. He sees an "incremental growth story over time for coke," despite concerns on steel import substitution in the US cutting coke demand.

Mines flagged for sale include the Cliffs Natural Resources' Oak Grove and Pinnacle units, and an IPO of the Buchanan mine of Consol Energy. Mechel's Bluestone mines in West Virginia are idled and the company was previously open to offers.

Further, widespread industry concern about a depleting choice of met coal grades may help provide some appetite for a deal or entice support.

"As a buyer who survives and what quality and grades survives," is important, said Hardesty, who described "the structural deposition of Appalachian coal market."

As for prices, an increase later this year may aid deals," he said. "There will be a correction; we will see a rebound."

— Hector Forster

Platts Physical Thermal Coal Assessments, Feb 6

	CV (kcal/kg)	Basis	Sulfur	$/mt	Change
FOB US East Coast	6,500	NAR	1%	65.25	1.25
FOB USGC Eastern Coal	6,000	NAR	3%	47.75	0.00
FOB USGC Western Coal	5,000	GAR	0.5%	49.00	-0.25
FOB Canada/USWC	5,000	GAR	0.5%	58.50	-0.50

*Note: Loading 14-45 day basis

Daily 90-Day Prices

CIF ARA	6,000	NAR	1%	61.20	1.35

See Platts Methodology and Specifications Guide at Platts.com for details.

Platts Daily OTC Assessment Rationales

CAPP Barge OTC: Platts assessed the front-month CAPP barge contract Friday at $50.65/st, up $1.75 from Thursday, based on broker marks.

The above commentary applies to the following market data code: CTNM001

CAPP Rail (CSX) OTC: Platts assessed the front-month CAPP rail (CSX) contract Friday at $46.50/st, up 70 cents from Thursday, based on the midpoint of a reported bid/offer spread

The above commentary applies to the following market data code: CAKM001

PRB 8,800 OTC: Platts assessed the front-month PRB 8,800 price Friday at $10.15/st, unchanged from Thursday, based on a trade at that price.

The above commentary applies to the following market data code: CTAM001

US utility stock piles estimated at 133.1 million st: Bentek

Houston—US utility coal stockpiles totaled an estimated 133.1 million st in the week that ended February 5, down 0.8% from the prior week, said Bentek Energy on Friday.

US utility coal stockpiles totaled an estimated 133.1 million st in the week that ended February 5, down 0.8% from the prior week, said Bentek Energy on Friday.

Coal consumption is up week-over-week as coal generation jumped in several regions. For the week, electric consumption was up 4%, or 615,000 st. All regions had increases except PJM, where coal consumption fell 1%. The largest gains were in MISO and SPP, up 229,000 st and 173,000 st, respectively.

Unlike coal consumption, coal production is down this week to 18.6 million st, or 7%. The decline follows four weeks of consecutive growth. The production declines were across every region with the most significant drops in PRB and CAPP, down 732,000 st and 329,000 st, respectively.

Coal stockpiles also declined this week, falling 0.8%, or 1.08 million st to 133.08 million st. The decline follows two weeks on increased stockpile levels and is back to Jan. 22 levels. Compared to the same week last year, stockpiles remain 4.3% higher.

— Jim Levesque

EMISSIONS

CSAPR Group 1 SO2 allowances move lower based on broker marks

Houston—No deals were heard in the federal emissions market during the week

Platts assessed the spot price for vintage 2014 SO2 allowances Friday at 57 cents, unchanged from the previous week.

Broker marks for Cross State Air Pollution Rule allowances show a low bid of $50/st and a high offer of $150/st for the 2015 Group 1 SO2 allowances, down $25 and $50, respectively, from the prior week.

For CSAPR 2015 Group 2 SO2 allowances, broker marks show a low bid of $150/st and a high offer of $300/st, flat from last week and down $25, respectively, from the prior week.

Broker marks for the 2015 Seasonal and Annual NOx allowances show low bids of $100/st for each allowance, down $50 from the prior week, and high offers for both allowances at $250/st, also down $50 from the prior week.

— *Andrew Moore*

Daily CAIR allowance assessments, Feb 6

	Bid	Offer	$/allowance	Change	$/st
SO2					
2014	0.38	0.75	0.57	0.00	1.14

Daily CSAPR allowance assessments, Feb 6 ($/st)

	2015 Range	Mid	2016 Range	Mid
SO_2 Group 1	50.00-150.00	100.00	45.00-145.00	95.00
SO_2 Group 2	150.00-300.00	225.00	145.00-295.00	220.00
NOx Annual	100.00-250.00	175.00	95.00-245.00	170.00
NOx Seasonal	100.00-250.00	175.00	95.00-245.00	170.00

All prices in $/st

Daily CSAPR allowance assessments, last 5 days

	02/05	02/04	02/03	02/02	01/30
SO_2 Group 1 2015	100.00	125.00	137.50	137.50	137.50
SO_2 Group 1 2016	95.00	120.00	132.50	132.50	132.50
SO_2 Group 2 2015	225.00	225.00	237.50	237.50	237.50
SO_2 Group 2 2016	220.00	220.00	232.50	232.50	232.50
NOx Annual 2015	175.00	175.00	175.00	175.00	175.00
NOx Annual 2016	170.00	170.00	170.00	170.00	170.00
NOx Seasonal 2015	175.00	175.00	175.00	175.00	175.00
NOx Seasonal 2016	170.00	170.00	170.00	170.00	170.00

All prices in $/st

THIS WEEK IN REVIEW

MARKETSCOOP

Southern says gas use rose in Q4; pipeline investments likely

Boston—Southern Company's utility subsidiaries sharply increased their use of natural gas in the fourth quarter as gas prices fell in relation to coal, CEO Tom Fanning said Wednesday.

Fanning, during a conference call with energy analysts, also said Southern is "absolutely" interested in investing in natural gas pipeline assets, particularly in projects on which Southern's utilities would be anchor tenants.

For 2014 as a whole, Southern's four utility subsidiaries — Georgia Power, Alabama Power, Mississippi Power and Gulf Power — together secured about 40% of their power from coal-fired units and 40% from units fired by gas, Fanning said. The other 20% of the utilities' energy needs came from nuclear power and renewables.

He noted that the utilities' flexible generation portfolios enabled them to ramp up their use of coal — and lower their use of gas — during the two polar vortices last winter, when gas prices soared.

"We saw $125 million in fuel savings because of that flexibility," he said.

With what Fanning called "very cheap" gas prices in the fourth quarter of 2014, "gas-fired generation went to 49% and coal slipped back to 31%."

Southern's current expectation is that for 2015 as a whole, units fired by gas will provide 44% of the Southern utilities' energy needs, while coal units will provide 36%.

Appetite for gas infrastructure

Regarding possible investments in gas pipelines, Fanning said Southern has "an appetite for gas infrastructure."

"We could see ourselves getting involved in gas pipelines now because gas is more synergistic with our business than where we were five, six, seven years ago," when Southern's utilities were more focused on coal-fired power, he said.

Southern has been evaluating possible gas pipeline investments and is "seeking those aggressively," Fanning said, adding it's likely Southern's utilities "would be an anchor tenant in whatever [pipelines] we invest in."

He declined to provide any specifics about possible deals.

Southern's top executive said with tightening federal emissions rules pushing Southern to rely more heavily on gas-fired power, "we will need more [gas] infrastructure."

"We're pretty much filled up now," he said, referring to the nearly full use of existing gas pipelines into the Southeast during high-demand periods.

Fanning added that Southern would likely establish a new subsidiary to own any gas pipeline assets.

Utilities investing in pipelines

Southern is the latest of several electric utilities in the Southeast to consider investments in gas pipelines in the region. Duke Energy said in September its Commercial Power business unit will hold a 40% ownership interest in the proposed 550-mile Atlantic Coast Pipeline, which will move 1.5 Bcf/d of natural gas from the Marcellus Shale region in West Virginia through Virginia to eastern North Carolina.

Two Duke utilities, Duke Energy Carolinas and Duke Energy Progress, will buy a portion of the gas the pipeline transports.

The balance of the Atlantic Coast Pipeline will be owned by Dominion, with a 45% stake, Piedmont Natural Gas with 10%, and AGL Resources with 5%.

The pipeline is expected to begin commercial operation in late 2018.

Duke's announcement of the investment in the pipeline followed a previously announced plan by a subsidiary of NextEra Energy — the corporate parent of Florida Power & Light — to co-develop the 465-mile, 1 Bcf/d Sabal Trail gas

Weekly Price Survey, Traditional Physical Market, week ending Feb 6

Origin/Product	Btu/lb	SO2 lb	Transport Mode	Prompt Quarter	Q3 2015	Q4 2015	Cal. Yr. 2016
Northern Appalachia							
Pittsburgh Seam	13,000	<3.0	RAIL	52.75*	53.00*	53.55*	54.60*
	13,000	4	RAIL	47.00*	47.25*	47.50*	48.70*
Upper Ohio River	12,500	6+	BARGE	43.50	43.75	44.00	45.60
Central Appalachia							
CAPP barge physical	12,000	1.67	BARGE	49.70*	49.85*	50.10*	50.75*
Big Sandy/Ohio River	12,000	1.2	BARGE	55.60*	55.50*	55.60*	57.40*
CAPP rail (CSX) physical	12,500	1.6	CSX	46.25*	46.40*	46.90*	48.40*
Big Sandy/Kanawha	12,500	1.2	CSX	53.10	53.40	53.80	54.30
Thacker/Kenova	12,500	1.5	NS	49.20	49.50	49.80	50.50
Thacker/Kenova	12,500	1.2	NS	55.25	56.20	57.00	56.95
Illinois Basin							
	11,800	5	RAIL	43.70*	43.95*	44.20*	44.10*
	11,500	2.5	RAIL	46.65	46.90	47.15	47.00
	11,500	5	BARGE	41.40*	41.65*	41.90*	41.75*
	11,000	5	BARGE	37.50*	37.75*	38.00*	37.90*
	10,500	6+	RAIL	34.50*	34.75*	35.00*	34.90*
Powder River Basin							
	8,800	0.8	RAIL	9.95 *	10.20*	10.45*	11.10*
	8,400	0.8	RAIL	8.65 *	8.95 *	9.20 *	10.15*
Rocky Mountain							
Colorado	11,700	0.8	RAIL	31.65*	32.00*	32.35*	33.75*
	11,000	0.8	RAIL	29.30	29.55	29.80	29.70
Utah	11,500	0.8	RAIL	37.70	37.95	38.20	38.10

Two assessments in this table were renamed effective Dec. 20, 2010: CAPP barge physical was previously named NYMEX look-alike; CAPP rail (CSX) physical was Big Sandy/Kanawha with the same, unchanged specifications listed in the table. *Price change from previous week.

pipeline from west-central Alabama to near Orlando with Spectra Energy. Sabal Trail is expected to be operational by mid-2017.

— Housley Carr

Administration backing away from TVA sale; Q4 coal generation up

Birmingham, Alabama—The Obama administration is retreating from the possibility of selling the Tennessee Valley Authority as a means of getting its debt off the government's books now that the federal power producer has improved its operating and financial performance.

In the fiscal year 2016 budget released Monday, the administration said that TVA has committed to resolve its capital financing constraints, but said it will continue to monitor TVA's performance, including achieving critical milestones defined in TVA's long-term financial plan.

"The administration continues to believe that reducing or eliminating the federal government's role in programs such as TVA, which have achieved their original objectives, can help mitigate risk to taxpayers," the budget said.

"TVA remains financially healthy and we continue to improve our overall financial metrics," John Thomas, TVA's CFO said Tuesday in a statement. It is on track to reduce operating and maintenance costs by $500 million by the end of September.

In its budget released two years ago, the Obama administration said it planned to consider selling TVA in part or as a whole as an option for addressing its financial situation.

TVA at the time was bumping up near its statutory $30 billion cap on indebtedness, but had plans to spend more than $25 billion on capital projects over the next 10 years and was likely the cap, the 2014 budget said.

TVA's debt now is hovering around $23.5 billion, Scott Brooks, a TVA spokesman said Tuesday.

TVA is a self-financing government corporation that funds its operations through electricity sales and bond financing, but its borrowed funds are counted in the federal deficit.

TVA Q4 coal generation up

In its Q4 statement filed Wednesday with the Securities and Exchange Commission, the TVA said coal-fired generation made up 33% of its power supply during the quarter, up from 32% in the year-ago quarter. Nuclear generation topped the list, at 38% in the recently-concluded quarter compared with 35% in 2013.

TVA has retired 19 coal-fired units in the past several years in accordance with two environmental agreements. It is scheduled to retire Paradise Units 1 and 2 and Allen Units 1-3 upon completion of natural gas-fired replacement units, and is also planning to retire its Colbert plant and Widows Creek Unit 8 in the coming years.

— Mary Powers

Coal production in Kentucky dips in 2014 on flat market

Louisville, Kentucky—Kentucky coal production fell in 2014 and in the fourth quarter in both its eastern and western regions, although several traditional coal-producing counties managed to post increases, according to a new report.

Preliminary data compiled by the Kentucky Energy and Environment Cabinet showed the state's coal mines produced 77.5 million st of thermal and metallurgical coal last year, a 3.7% decrease from 80.4 million st in 2013.

In Q4, total output was 18.2 million st, down 8.9% from 19.1 million st a year earlier.

Bill Bissett, president of the Kentucky Coal Association, said in a Thursday interview the report, to him, indicates "we remained relatively flat with production and employment in both coalfields, compared to where we were in 2012 and 2013."

He said the loss of about 4 million st of production and 700 jobs at Highland 9 is "not an overall market trend, but an issue with an individual company changing its direction."

"I think we'll know far more of our long-term condition after the first quarter" of this year, he added. "We hope to remain around 80 million" st of production annually.

OTC Hedge Price Monitor, Friday-Thursday average of Platts Daily OTC Assessments

Delivery: Within Calendar Period Specified.

Region/Product	Btu/lb	Sulfur Lbs/ MMBtu	Sulfur Percent	Q2 2015	Q3 2015	Q4 2015	Cal. Yr. 2016
Central Appalachia							
CAPP barge OTC	12,000	1.67	1.00	47.85*	48.05*	48.30*	48.95*
CAPP rail (CSX) OTC	12,500	1.6	1.00	45.00*	45.50*	46.00*	47.15
Powder River Basin							
PRB 8,800 OTC	8,800	0.8	0.35	10.00*	10.35*	10.65*	11.45*
PRB 8,400 OTC	8,400	0.8	0.35	8.60*	9.00*	9.30*	10.10

The four assessments in this table were renamed effective Dec. 20, 2010; the underlying specifications and methodology were not changed. CAPP barge OTC was previously named NYMEX/barge; CAPP rail (CSX) OTC was CSX – Big Sandy/Kanawha; PRB 8,800 OTC was Wyoming/Rail 8,800; and PRB 8,400 OTC was Wyoming/Rail 8,400. Price change from previous week.

Eastern Kentucky producton down

Declines continued to hit eastern Kentucky, part of embattled Central Appalachia, with the region producing 37.5 million st in 2014, down 5.3% from 39.6 million st extracted in 2013, the report said. Surface mines accounted for 51% of the region's production in 2014 compared with 49% for underground mines.

Quarterly production decreased to 8.4 million st from 9.2 million st in the fourth quarter of 2013.

In western Kentucky, part of the high-sulfur Illinois Basin, production dipped by 2.2% last year, to 39.9 million st from 40.8 million st in 2013.

Q4 production totaled 9.6 million st, versus 9.9 million a year ago.

Underground mining remained dominant in western Kentucky, representing a full 86% of overall production.

Traditional eastern Kentucky powerhouse Pike County retained that region's top rank, producing 10.4 million st in 2014, but 4.3% less than in 2013.

Perry, Martin and Letcher counties also mined less coal last year, but Harlan, Floyd, Knott and Bell counties had increases.

Union County top-producing county

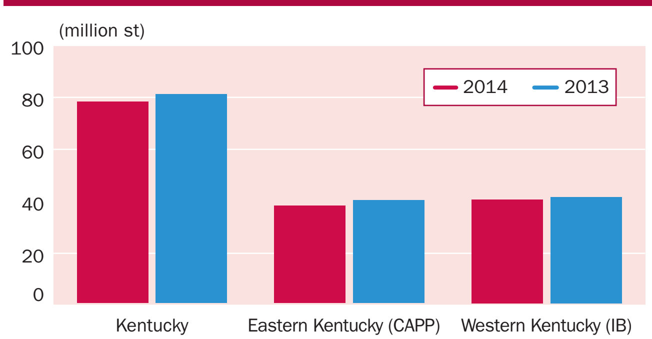
Across the state, Union County, home to Alliance Resource Partners' big River View underground thermal coal mine, was the top county, producing nearly 13 million st in 2014, down 2.2% from 2013.

The decrease may be related to Patriot Coal's idling in December of its Highland No. 9 underground mine near Waverly. The St. Louis-based company subsequently closed the mine, selling most of its reserves to Alliance.

Hopkins County production also decreased in 2014 but output rose in Webster and Ohio counties. McLean County became a coal producer last year when Rhino Resource Partners opened its new Pennyrile underground thermal coal mine near Calhoun.

— Bob Matyi

Kentucky Coal Production



Source: Kentucky Energy and Environment Cabinet

TRANSPORTATION

Coal carloads reach year-highs for three major US railways: AAR

Houston—US railroads originated 116,794 coal carloads during the week ended January 31, up 4.4% from the year-ago week and up 1.2% from the prior week, the Association of American Railroads said.

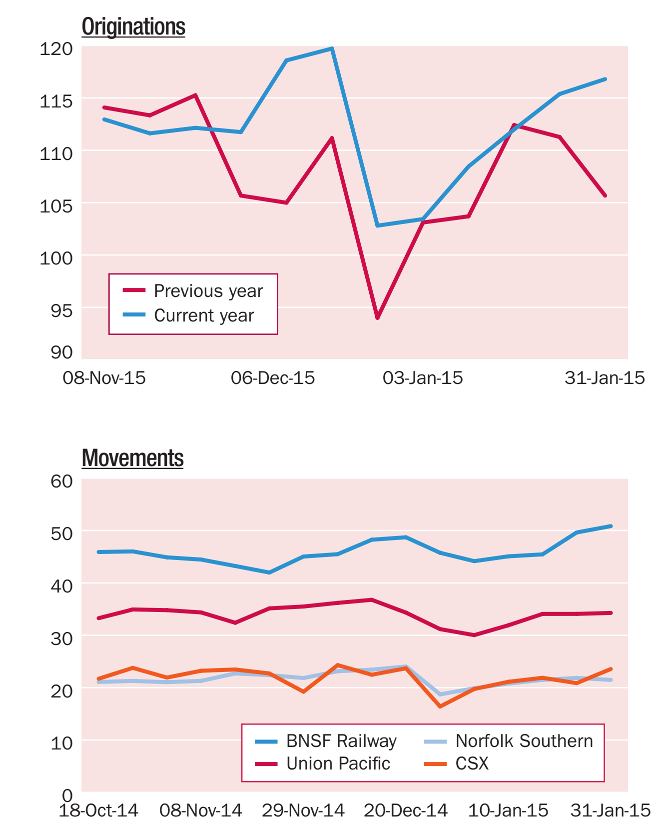
Coal carloads made up 10.5% of all US rail traffic during the week, on an overall volume of 548,478 carloads. In 2014, coal carloads made up 20.3% of all US rail traffic.

Year-to-date US coal carload originations totaled 452,594, up 4.4%, or 19,078 carloads, compared with the same period last year.

"January was a good start to the year for US railroads, helped by the fact that the winter so far this year hasn't been nearly as bad as it was last year," AAR Senior Vice President John T. Gray said in a statement Wednesday.

"The AAR recently estimated that US railroads spent a record $27 billion on capital spending and maintenance

Weekly US coal carloads ('000 carloads)



Source: Association of American Railroads, BNSF Railway, Union Pacific, CSX and Norfolk Southern expenses in 2014, and we're projecting $29 billion in 2015. This massive spending is making it possible for railroads to move their customers' freight more efficiently and reliably and steadily recover from 2014's service issues."

BNSF weekly carloads at three-year high

For the week, coal carloads for the four largest US railroads, which include originations and interchange movements, were mostly up, with three railroads reaching yearly highs.

BNSF Railway reported a year-high 50,838 weekly coal carloads, up 2.4% from the prior week and up 12.7% from the year-ago week. Coal carloads made up 25.7% of all traffic during the week, and year-to-date coal carloads are up 4.2% compared with the same period last year.

It was the most weekly coal carloads for BNSF since a count of 50,874 the first week of January 2012.

Union Pacific reported a year-high 34,263 weekly coal carloads, up 0.5% from the prior week and up 4.8% from the year-ago week. Coal carloads made up 18.4% of all traffic during the week, and year-to-date coal carloads are up 2.6% compared with the same period last year.

CSX reported a year-high 23,558 weekly coal carloads, up 12.9% from the prior week and up 23% from last year. Coal carloads made up 17.8% of all traffic during the week, and year-to-date coal carloads are up 7.5% from the same period last year.

Norfolk Southern reported 21,469 weekly coal carloads, down 1.8% from the prior week but up 7.7% from 2014. Coal carloads made up 14.9% of all traffic during the week. Year-to-date carloads are up 1.2% compared with a year ago.

Canadian railroads — which include the US operations of Canadian National, which serves several mines in the Illinois Basin, and Canadian Pacific — originated 7,532 coal carloads during the week, down 7.7% from the prior week and down 9.1% from last year.

— Jim Levesque

PETCOKE

Indian petcoke buyers show interest in imports as freight rates fall

New Delhi—Indian end-users showed buying interest for imported fuel-grade petcoke amid falling dry bulk freight rates, which had made landed cost economically viable, sources said this week.

A west India-based trading source said there were some inquiries for US petcoke from Indian cement makers and he was also in discussions to close some deals. He said offers for Panamax vessels of US petcoke with 6.5% sulfur were hovering at around $77-78/mt CFR India.

"Current prices are lucrative and several cement companies may consider buying imported petcoke," he added.

An east India-based trading source also said there was ample interest for imported petcoke among Indian end-users and he had also received an inquiry from an Indian company. Petcoke demand was poised to go up if end-users could get US petcoke with 6-7% sulfur at sub-$75/mt CFR levels, he added.

"Imported petcoke is very likely to replace Richards Bay 6,000 kcal/kg NAR thermal coal," he said.

Several cement companies are already consuming imported petcoke and gradually other industries like power generators might also start using it as newer boilers are designed to burn fuel of various grades, the east India source said.

Offers weakening

A south India-based trading source said offers for US petcoke with less than 7% sulfur were at around $78-79/mt CFR Panamax vessels but buyers were looking at low $70s/mt CFR. He said many end-users in India dealt directly with US refineries or suppliers.

Another source from the west of the country said petcoke prices were softening mainly due to oversupply and offer prices had fallen from low $80s/mt CFR a week ago to high $70s/mt CFR this week on Panamax vessels.

"Even though coal prices have fallen significantly, buyers still calculate the cost per CV and they find petcoke makes more economical sense," he said.

This source said that his company was covered until March and might float an inquiry for an April shipment of US petcoke with 6-7% sulfur.

Another end-user source from north India said that although current price levels were attractive, his company was also covered until March. He pegged the price of US petcoke with 6.5% sulfur on a Panamax vessel at around $74-75/mt CFR. Panamax freight rates from the US Gulf to India were hovering at around $22-23/mt, he said.

Meanwhile, sources said petcoke from the Middle East with over 8% sulfur might entice Indian buyers if they were able to get significant discounts.

"There should be a discount of around $8-10/mt vis-a-vis US petcoke," the north India-based end-user source said, referring to Middle East material.

— Sapna Dogra

Turkey's OYAK Group buys 45,000 mt cargo of mid-sulfur petcoke

London—Turkish cement maker OYAK Group has bought one 45,000 mt cargo of mid-sulfur (4-5.5% sulfur content dry basis) petcoke for February loading to supply its Iskenderun plant, market sources said.

Sources said the company bought the non-blended cargo at "close to $75/mt" CIF Iskenderun, basis 7,500 kcal/kg NAR.

Some participants believed that the seller was a US oil refiner, but Platts could not confirm this.

Taking into account Platts weekly assessment of US Gulf petcoke with 4-5.5% sulfur content and HGI 50 of $58-62/mt last Friday and the Houston US Gulf Coast to Aliaga, Turkey petcoke route, basis 50,000 mt, $12.75/mt Thursday, delivered Turkey prices would be priced at around $70.75-$74.75/mt.

Recently, Turkish cement producer Kipas Cimento bought a Supramax 50,000 mt vessel of mid-sulfur petcoke at $75-76/mt CIF Toros, while earlier in the month cement maker Akcansa bought a spot cargo at "low $80/mt CIF Marmara."

New OYAK tender for Marmara port

OYAK Group has launched a new spot tender looking for a half Supramax cargo of mid-sulfur petcoke for delivery to Marmara port. The tender closes next week.

One Turkish procurement manager said cargoes destined for Marmara are usually $1-2/mt higher than those delivered to Iskenderun port due to "discharge conditions" at Marmara.

However, due to the oversupply of material and the willingness of Turkish traders to share a Supramax ship for the route, currently there is no price difference between the ports, the source said.

— *Jaime Concha*

India, Turkey growth drives 2014 US petcoke exports

London—Increased deliveries to India and Turkey helped push US exports of non-calcined petcoke up 8% on the year to 32.83 million mt in 2014, according to Census Bureau statistics released late Thursday.

The country's petcoke exports to India last year totalled 4.28 million mt, a 73% jump on 2013 while deliveries to Turkey advanced 54% on the year to 3.4 million mt.

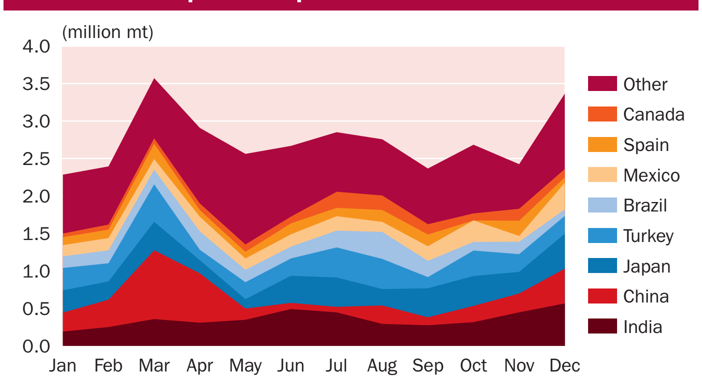
China was the second most popular destination for US petcoke, taking delivery of 3.79 million mt, although this was a 41% decline from 2013.

Japan was the third largest recipient in 2014, taking receipt of 3.73 million mt, a modest 3% increase year-on-year.

US December petcoke exports reached a nine-month high of 3.37 million mt, up 12% on the year and 39% higher than November.

— *Gareth Carpenter*

US non-calcined petcoke exports 2014



Source: Census Bureau

EXPORT MARKETS

CIF ARA thermal coal spot prices climb with short-coverings

London—The European-delivered CIF ARA physical thermal coal spot market rose another $1.50 Friday, with sources citing short-covering and higher morning paper prices.

Platts assessed the price of CIF ARA thermal coal basis 6,000 kcal/kg NAR and for delivery within the next 15-60 days at $61.85/mt, up $1.55 on-day and rising $4.10 from last Friday.

One European trader said that the market still seemed to be "jittery" after rumors emerged that Colombian rail company Fenoco might start halting night railings from this weekend.

However, Platts reported Thursday that the ban would be implemented later due to the lack of official notifications, according to a source in Colombia.

A London-based trader said the market had reverted back to its previous behavior, with large players covering short positions.

He added that there had been increased selling interest in the physical market after prices rose above the $60/mt level for the first time in a month, but offers had fallen away once swaps prices fell during the afternoon.

Three 50,000 mt DES Amsterdam-Rotterdam multi-origin cargoes traded via globalCOAL during the morning, a March deal at $63.50/mt and two April clips with US optionality at $62.75/mt, one with exchange of futures for physical (EFP) terms attached.

The deals were $2.50 and $1.75 higher on the day, respectively.

Toward market close, March was bid at a lower $62.50/mt against no offers, while April saw bids at $61.50/mt against no offers. February cargoes were bid at $59.10/mt with no offers, compared to a trade at 57.50/mt Thursday.

Richards Bay FOB tradeless for sixth day

Meanwhile, South African Richards Bay FOB 6,000 kcal/kg NAR coal spot prices edged higher after a two-day downtrend, with no trades for the sixth consecutive day.

Platts assessed the FOB price of physical Richards Bay thermal coal basis 6,000 kcal/kg NAR and for loading within the next 7-45 day period at $64.15/mt, rising $1.60 from Thursday and $1.25 on the week.

February-loading 35,000 mt cargoes were bid at $64.50/mt FOB against no offers, March 30,000 mt parcels were bid at $63.10/mt FOB with no offers, while April 50,000 mt April shipments were bid at $62/mt FOB and offered at $62.50/mt FOB.

Sources said that there was some buying interest from Indians for South African coal, but railing issues continued to hinder imports.

Sources in the Turkey market noted that there had been "no interest" for South African coal during the week, even with offers around the $65-$66/mt CIF Turkey levels earlier in the week.

Platts on Friday assessed the weekly CIF Turkey 6,000 kcal/kg NAR 90-day price at $70/mt, basis 6,000 kcal/kg NAR, $1 higher on the week.

One Turkey-based trader said that, with CIF ARA financial prices rising, oil also having gained and price direction uncertainty, Turkey buyers were waiting to see what would happen before stepping in to buy.

"For the first quarter, spot prices may fluctuate close to current levels, but I have no hope for Q2," he said.

The Turkey-based trader noted that, even though he had seen an offer below $70/mt — although most higher than $70/mt — buyers were still not interested in concluding any business.

A second Turkey-based trader agreed that there was not much taking place in the CIF Turkey market, adding that, "people have been put off" with pricing related to a rising CIF ARA index.

— Jacqueline Holman

Front-month CAPP *... from page 1*

CSX price also up Friday

The CAPP rail (CSX) financial market was active Friday, including two trades for the Cal 2016 contract, which went through first at $49.50/st then later at $49.75/st. The last trade for the Cal 2016 contract prior to Friday was a Thursday trade at $48.25/st.

The Q4 2014 CSX financial contract traded early in the day at $48.10/st, then $48.50/st before ending at $48.25/st. The Q2 2015 contract traded at $46.50/st, then at $46.75/st before dropping back to $46.50/st.

No physical deals were heard Friday, but the physical March contract was reported framed at a bid price of $46/st and an offer of $47/st. The physical March contract last traded on Wednesday at $45.65/st.

Platts assessed the front-month CAPP rail (CSX) contract at $46.50/st, up 70 cents from Thursday, based on the reported bid/offer spread.

Given Friday's price, the front-month contract is down 6.8% from the start of the year and down 28.1% from its year-ago price. The year-to-date front-month low is $45/st, assessed on February 2.

PRB finding a floor: broker

In the West, the front-month Powder River Basin 8,800 Btu/lb physical contract was heard to trade Friday at $10.15/st for one train (15,000 st). Platts assessed the front-month PRB 8,800 price at $10.15/st, unchanged from Thursday, based on the trade there.

The contract has been assessed at $10.15/st, its year-to-date low, every day this week save Tuesday, when it was assessed at $10.25/st.

At Friday's price, the contract is down 3.3% from the start of the year, and down 18.1% from its year-ago price.

"It might come up a few cents next week, not a huge ride, but I think it's found its floor," said the broker.

— Andrew Moore

Subscriber notes

Platts proposes to rename coal products in OTC Broker Index

Platts is proposing to change the name of the US over-the-counter thermal coal products listed in the OTC Broker Index table to match the names of the same products listed in the Platts Daily OTC Assessment table, both of which are printed daily in Coal Trader.

Platts proposes to implement this change effective June 26, 2015.

The proposed name changes to the OTC Broker Index would be as follows:

NYMEX look-alike - 12,000 Btu/lb. -1% would be renamed CAPP barge OTC

CSX BS/K - 12,500 Btu/lb. -1% would be renamed CAPP rail (CSX) OTC

PRB - 8,800 Btu/lb. would be renamed PRB 8,800 OTC

PRB - 8,400 Btu/lb. would be renamed PRB 8,400 OTC

Please address questions or comments by March 31 to coal@platts.com and pricegroup@platts.com.

Platts proposes to stop publishing second trailing final monthly average

Platts proposes to stop publishing the second trailing final monthly average for the over-the-counter coal products and the CAPP 1% vs. Compliance Spread listed in the daily OTC Broker Index table in Coal Trader, effective June 26.

Platts is proposing to eliminate the second trailing final monthly average because it does not believe there is sufficient market interest in its continued publication. In addition, Platts would like to add in its place content it believes would be more relevant to market participants.

Please address any questions or comments by March 31 to coal@platts.com and pricegroup@platts.com.

Platts to publish front-month, front-quarter averages for OTC coal

Effective June 26, Platts will publish a daily average of the front-month and front-quarter price assessments for each of the five over-the-counter coal products it currently assesses in the OTC Broker Index table in Platts Coal Trader.

For example, on March 5, Platts would publish the average of the April daily assessments published from February 26 through March 5. On the same date, Platts would publish the average of the front-quarter (which will be the third calendar quarter) daily assessments published from February 26 to March 5.

The daily front-month and front-quarter averages will show the direction of the underlying prices through the course of the referenced period, providing market participants with more visibility as to the direction of the final monthly settle for both terms.

Please address questions or comments to coal@platts.com and pricegroup@platts.com.

Platts to publish CME Group open interest for OTC coal products

Effective June 26, Platts will publish the open interest for the front-month CAPP barge, CAPP rail (CSX), PRB 8,800 Btu/lb coal futures contracts as listed by the CME Group, as well as the total CME open interest for each contract and all terms, in the daily OTC Broker Index table in Platts Coal Trader.

The open interest data will lag by one day due to the fact it becomes available each day after Coal Trader's daily publishing deadline.

Please address any questions or comments to coal@platts.com and pricegroup@platts.com.

Platts to discontinue compliance coal spread

Platts will discontinue listing the CAPP 1% vs. compliance coal spread currently listed in the daily OTC Broker Index table in Platts Coal Trader effective June 26, 2015.

Due to evolving market conditions, there is no longer a premium for low sulfur Central Appalachia thermal coal, as the spread was envisioned to illustrate. Over-the-counter trades for compliance coal have not been reported since February 2012, when the spread last showed a change. The affected code is CTMM001.

Please address any questions or comments to coal@platts.com and pricegroup@platts.com.

Platts to adjust US petcoke assessments

Platts will adjust the sulfur content and discontinue the Hardgrove Grindability Index (HGI) factor reflected in its existing US Gulf Coast and West Coast petcoke assessments effective March 11, 2015.

In addition, Platts will launch a new US West Coast petcoke assessment to reflect sulfur content of less than 2.5%.

The change in sulfur content is as follows:

US Gulf Coast 6%-6.5% sulfur (code CPAAA00) will change to reflect sulfur content greater than 6%.

US Gulf Coast 4%-5.5% sulfur (code CPAAF00) will change to reflect sulfur content of at least 4% but less than 5%.

US Gulf Coast 5%-6% sulfur (CPAGF00) will remain unchanged, reflecting petcoke with sulfur content of 5%-6% (inclusive).

US West Coast 4% sulfur (code CPAAC00) will change to reflect sulfur content of greater than or equal to 2.5%.

Platts will continue to review all specifications including but not limited to the timing of the loading window, volumes and terminal and locations reflected in the assessments.

The sulfur parameter changes and the new assessment will be effective and launch on March 11, 2015. Please address any questions or comments to coal@platts.com and pricegroup@platts.com.

Please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received, and will make comments not marked as confidential available upon request.

Platts proposes change to weekly petcoke assessment schedule

Platts proposes to change the publishing schedule for US weekly petcoke assessments to reflect market value at 11 am US Eastern time each Wednesday with effect on March 11, 2015.

Platts weekly petcoke assessments currently reflect market value at 11 am US Eastern time on the final trading day of the week.

As part of the publishing schedule change, Platts would extend weekly assessments for the week starting March 2 to March 11, instead of reflecting weekly value on March 6.

Please address any questions or comments by February 13 to coal@platts.com and pricegroup@platts.com.

Please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available upon request.

Platts to discontinue CAIR allowance assessments

Platts will discontinue its daily assessments for Clean Air Interstate Rule (CAIR) allowances for each year 2014 and 2015 created by the Environmental Protection Agency.

CAIR allowances for 2015 (Platts symbol EDSO215) will be discontinued effective immediately while CAIR allowances for 2014 (Platts symbol EDSO214) will be discontinued on March 2 with the last daily assessment to be published on February 27.

These assessments are being discontinued following a return to relevancy of the federal emissions program due to the lifting of a stay by the US Court of Appeals for the District of Colombia Circuit on the US Environmental Protection Agency's Cross State Air Pollution Rule (CSAPR) in October 2014.

Platts has since January 17, 2012, published daily values for each year, starting with allowances for CAIR 2013. The assessments appear daily in Coal Trader and Megawatt Daily.

Please email comments and questions to coal@platts.com with a CC to pricegroup@platts.com.

For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available upon request.

Depressed US coal *... from page 1*

Utilities worried about volatile gas prices

Utilities, meanwhile, are concerned about the impact of volatile natural gas prices on their customers, who could see energy prices increase if more gas goes into the generation mix.

"From a utility perspective, we are all for a more diverse fuel portfolio," the Eastern fuel buyer said. "What happens when gas goes to $10/MMBtu? Can ratepayers handle going from 10 cents/kWh to 15 cents/kWh?"

But gas-fired plants have become the "only viable alternative that regulators will allow [utilities] to build," the fuel buyer said.

In Appalachia, producers are oversupplied and stuck with physical coal that is difficult to unload, one CAPP producer said.

"We've got our thermal coal contracts in place — our focus is on metallurgical coal production," the producer said. "If you don't have your thermal coal sold yet, you've got a problem."

Prices have been relatively stable recently, however, giving US producers a better option than for export or domestic thermal coal.

The price for FOB US East Coast low vol met coal has averaged $110.75/mt since the start of 2015, compared with $112.92/mt in the fourth quarter of 2014 and $133.16/mt in the fourth quarter of 2013.

— Jeffrey McDonald

PLATTS
McGRAW HILL FINANCIAL

COAL TRADER

Friday, February 6, 2015

ISSN# 1555-3485

Editor-in-Chief
James O'Connell, +65-6530-6476
james.oconnell@platts.com

Managing Editor, US Coal
Andrew Moore, +1-713-655-2295
andrew.moore@platts.com

Markets Editors
Jim Levesque, +1-713-655-2217
jim.levesque@platts.com

Jeffrey McDonald, +1-713-655-2213
jeffrey.mcdonald@platts.com

Global Editorial Director, Power
Sarah Cottle

Platts President
Larry Neal

Coal Trader is published every business day by Platts, a division of McGraw Hill Financial. Registered office: Two Penn Plaza, 25th Floor, New York, NY 10121-2298

Officers of the Corporation: Harold McGraw III, Chairman; Doug Peterson, President and Chief Executive Officer; Lucy Fato, Executive Vice President and General Counsel; Jack F. Callahan, Jr., Executive Vice President and Chief Financial Officer; Elizabeth O'Melia, Senior Vice President, Treasury Operations.

To reach Platts
E-mail: support@platts.com

North America
Tel:800-PLATTS-8 (toll-free)
+1-212-904-3070 (direct)

Latin America
Tel:+54-11-4121-4810

Europe & Middle East
Tel:+44-20-7176-6111

Asia Pacific
Tel:+65-6530-6430

Manager, Advertisement Sales
Kacey Comstock

Advertising
Tel:+1-720-264-6631

COAL TRADER ANALYTICS

POWERED BY BENTEK

Friday, February 6, 2015

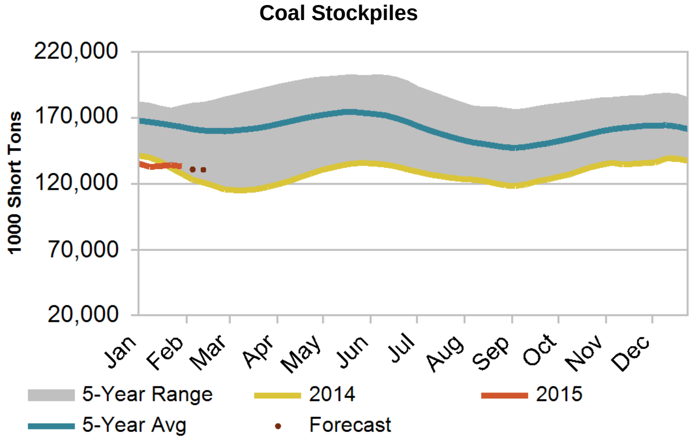
Coal consumption on the rise, stockpiles and production down

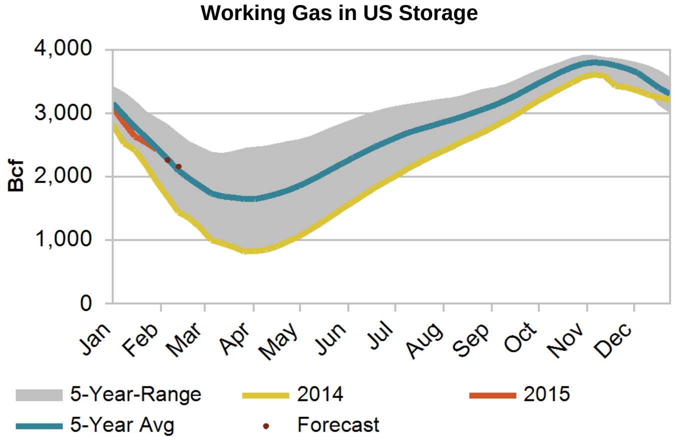
• Coal consumption is up week-over-week as coal generation jumped in several regions. For the week ending Feb. 5, electric consumption is up 4%, or 615,000 short tons. Regionally, all regions had increases except PJM, where coal consumption fell 1%. The largest gains were in MISO and SPP, up 229,000 short tons and 173,000 short tons, respectively.

• Unlike coal consumption, coal production is down this week to 18.6 million short tons, or 7%. The decline follows four weeks of consecutive growth. The production declines were across every region with the most significant drops in PRB and CAPP, down 732,000 short tons and 329,000 short tons, respectively.

• Coal stockpiles also declined this week, falling 0.8%, or1.08 million short tons to 133.08 million short tons. The decline follows two weeks on increased stockpile levels and is back to Jan. 22 levels. Compared to the same week last year, stockpiles remain 4.3% higher.

	US Coal						Weekly Chg		Total MTD Change				Total YTD Change			
Region	1/1	1/8	1/15	1/22	1/29	2/5	Chg	% Chg	Feb-15	Feb-14	Chg	% Chg	2015	2014	Chg	% Chg
Production (1000 Short Tons)	17,373	18,461	19,164	19,674	19,977	18,551	-1,426	-7.0%	15,390	15,106	284	2.0%	100,899	97,439	3,460	4.0%
Electric Consumption (1000 Short Tons)	16,970	18,728	19,579	17,001	17,025	17,640	615	4.0%	15,192	17,106	-1,914	-11.0%	95,313	103,156	-7,843	-8.0%
Other Consumption (1000 Short Tons)	1,862	1,979	2,054	2,109	2,141	1,989	-153	-7.0%	1,650	1,322	328	25.0%	10,816	9,447	1,369	14.0%
Stockpile (Million Short Tons)	137.5	135.25	132.78	133.35	134.16	133.08	-1.08	-0.8%	133.08	127.59	5.49	4.3%	133.08	127.59	5.49	4.3%

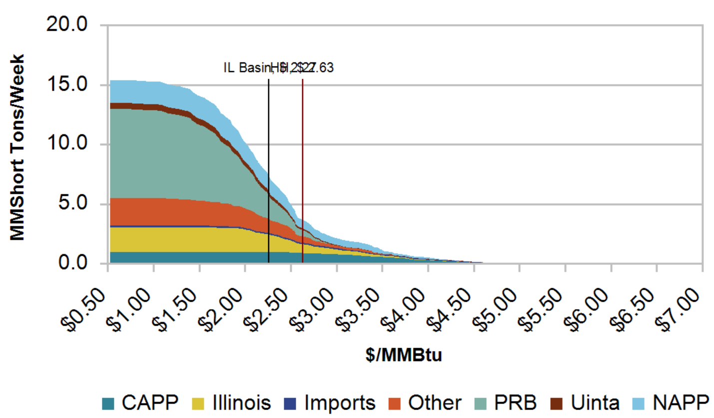




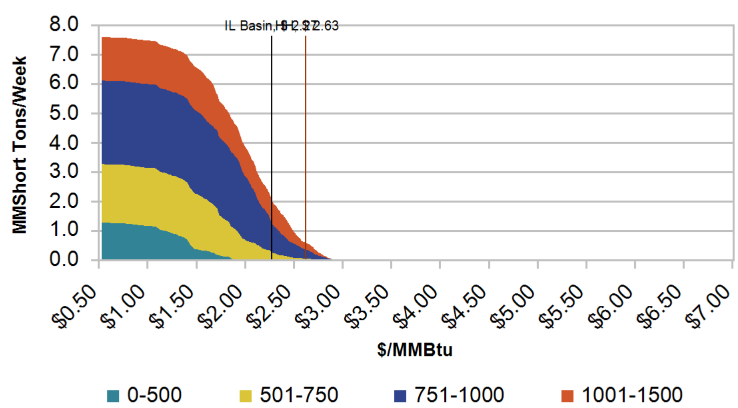
	Weekly Thermal Coal Consumption (1000 Short Tons)						Weekly Chg		Total MTD Change				Total YTD Change			
Region	1/1	1/8	1/15	1/22	1/29	2/5	Chg	% Chg	Feb-15	Feb-14	Chg	% Chg	2015	2014	Chg	% Chg
MISO	4,042	4,575	4,948	4,256	4,072	4,301	229	6%	3,703	4,934	(1,231)	-25%	23,319	29,439	(6,120)	-21%
ERCOT	1,984	2,110	2,361	1,866	1,828	1,910	82	4%	1,697	1,576	121	8%	10,659	9,502	1,157	12%
PJM	2,831	3,341	3,581	3,129	3,313	3,282	(31)	-1%	2,786	2,694	92	3%	17,549	16,948	601	4%
SPP	1,773	1,891	1,767	1,590	1,489	1,662	173	12%	1,410	1,613	(203)	-13%	8,916	9,508	(592)	-6%
ISO NE	128	181	186	159	190	203	13	7%	188	119	69	58%	986	622	364	58%
NYISO	86	143	131	97	105	127	22	21%	111	86	25	29%	637	505	132	26%
Total-ISO	**10,844**	**12,241**	**12,974**	**11,097**	**10,997**	**11,485**	**488**	**4%**	**9,895**	**11,022**	**(1,127)**	**-10%**	**62,066**	**66,524**	**(4,458)**	**-7%**
Southeast	3,867	4,472	4,659	4,031	4,188	4,261	73	2%	3,674	3,977	(303)	-8%	22,827	24,290	(1,463)	-6%
West	2,260	2,014	1,948	1,873	1,840	1,893	53	3%	1,623	2,107	(484)	-23%	10,419	12,342	(1,923)	-16%
Total US	**16,970**	**18,728**	**19,579**	**17,001**	**17,025**	**17,640**	**615**	**4%**	**15,192**	**17,106**	**(1,914)**	**-11%**	**95,313**	**103,156**	**(7,843)**	**-8%**

EIA Weekly Thermal Coal Production (1000 Short Tons)							Weekly Chg		Total MTD Change				Total YTD Change			
Region	1/1	1/8	1/15	1/22	1/29	2/5	Chg	% Chg	Feb-15	Feb-14	Chg	% Chg	2015	2014	Chg	% Chg
CAPP	2,355	2,556	2,667	2,738	2,780	2,451	(329)	-12%	1,985	2,066	(81)	-4%	13,864	13,346	518	4%
NAPP	2,263	2,455	2,562	2,630	2,671	2,598	(73)	-3%	2,199	2,078	121	6%	13,611	13,351	260	2%
Illinois	2,301	2,443	2,537	2,604	2,644	2,574	(70)	-3%	2,179	2,137	42	2%	13,497	13,750	(253)	-2%
PRB	7,728	8,130	8,417	8,641	8,774	8,042	(732)	-8%	6,632	6,528	104	2%	44,222	42,174	2,048	5%
Uinta	760	800	828	850	863	758	(105)	-12%	613	597	16	3%	4,310	3,875	435	11%
Texas	799	848	880	904	918	821	(97)	-11%	670	636	34	5%	4,598	4,112	486	12%
Other	1,167	1,229	1,273	1,307	1,327	1,307	(20)	-1%	1,112	1,064	48	4%	6,797	6,831	(34)	-1%
Total US	**17,373**	**18,461**	**19,164**	**19,674**	**19,977**	**18,551**	**(1,426)**	**-7%**	**15,390**	**15,106**	**284**	**2%**	**100,899**	**97,439**	**3,460**	**4%**

Coal Deliveries by Basin



Coal Deliveries by Distance from PRB (miles)



Methodology:

- Bentek's coal production numbers are derived from EIA's weekly coal production report and a multiplicative time series forecasting model. Note that whenever EIA's state level weekly production is not available, basin level production is a ratio to EIA's region level weekly production.
- Bentek's coal consumption numbers are derived by using a combination of Bentek's modeled daily ISO coal generation numbers and the historical Fuel Heat Content's obtained from EIA 923.
- Both consumption and production numbers are summed by EIA gas storage week.
- Coal stockpiles are derived from a combination of historical EIA coal stockpiles at electric utilities and Bentek's modeled coal production and consumption number Weekly supply/demand balances are established and applied to historic EIA numbers in order to arrive at up to date and forecasted stockpile levels.
- The coal deliveries graphs are cumulative distributions of EIA 923 data. The bins are created from records that have delivered costs, and these bins are grossed up to reflect the total deliveries from each basin for electric generation.
- Illinois basin price includes a $15/short ton rail cost. No added cost for Henry Hub. The distance bands in the PRB graph are estimated by line of sight distance from basin to plant.

For more questions related to data, methodology, and analytical content please contact coal_analytics@platts.com

Price Source: Platts, assumed rail cost
Coal Delivery Source: EIA