

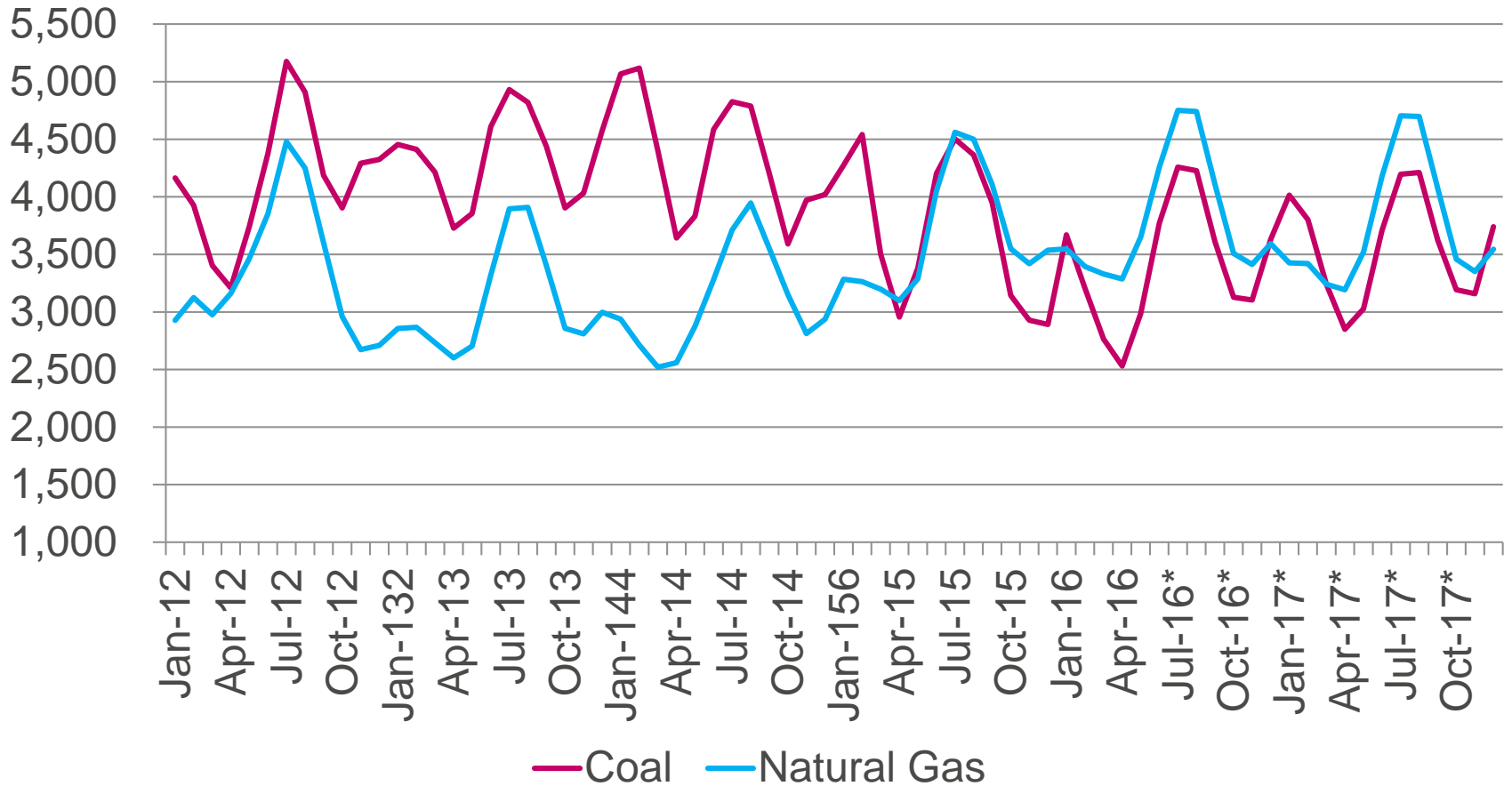
COAL AT THE BOTTOM

How are current coal market fundamentals driving supply and demand

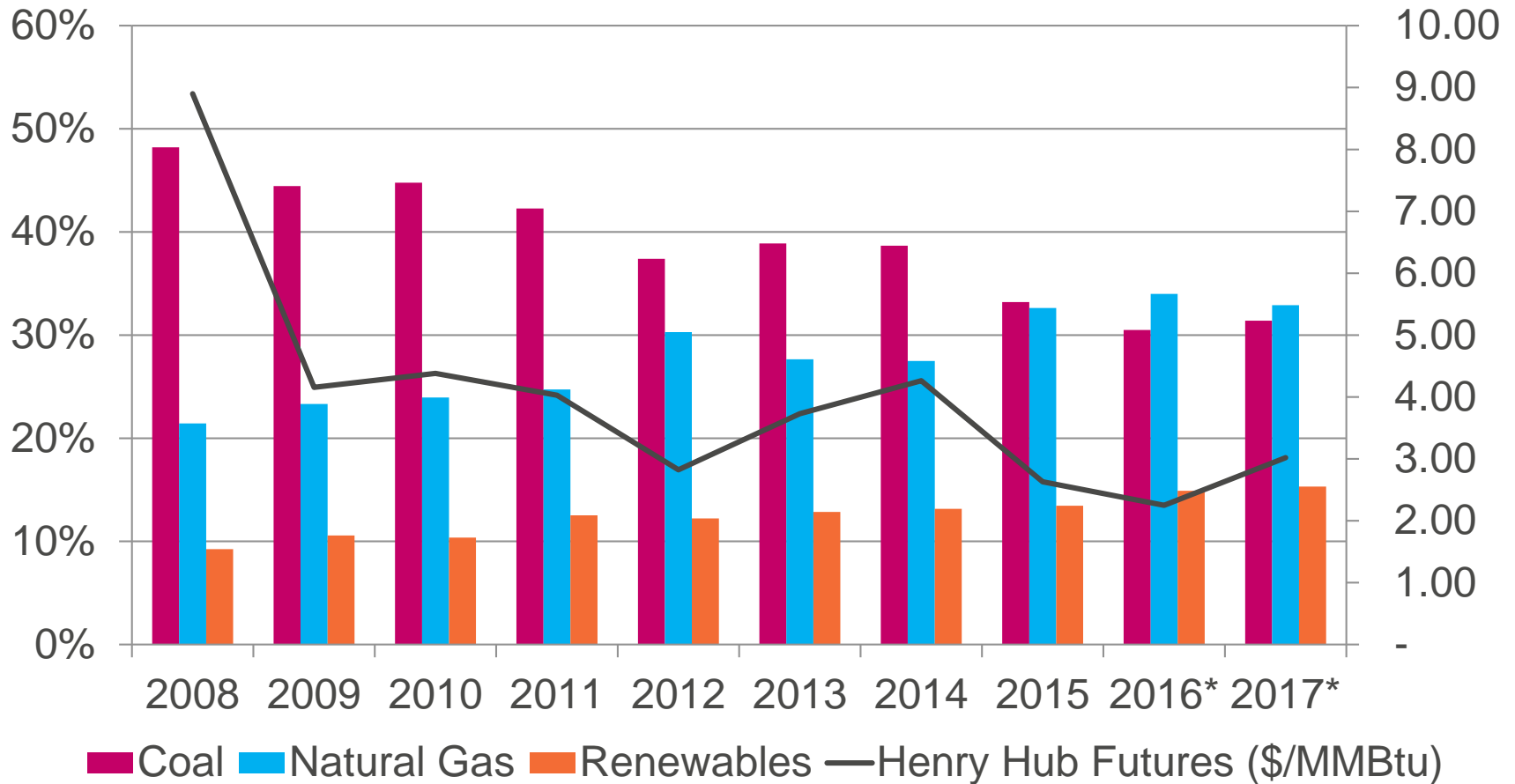
Andrew Moore
Managing Editor
Platts Coal Trader
S&P Global Platts



Coal vs Gas Generation (Thousand MWh/day)



Annual Generation by Fuel Source (Thousand MWh/d)



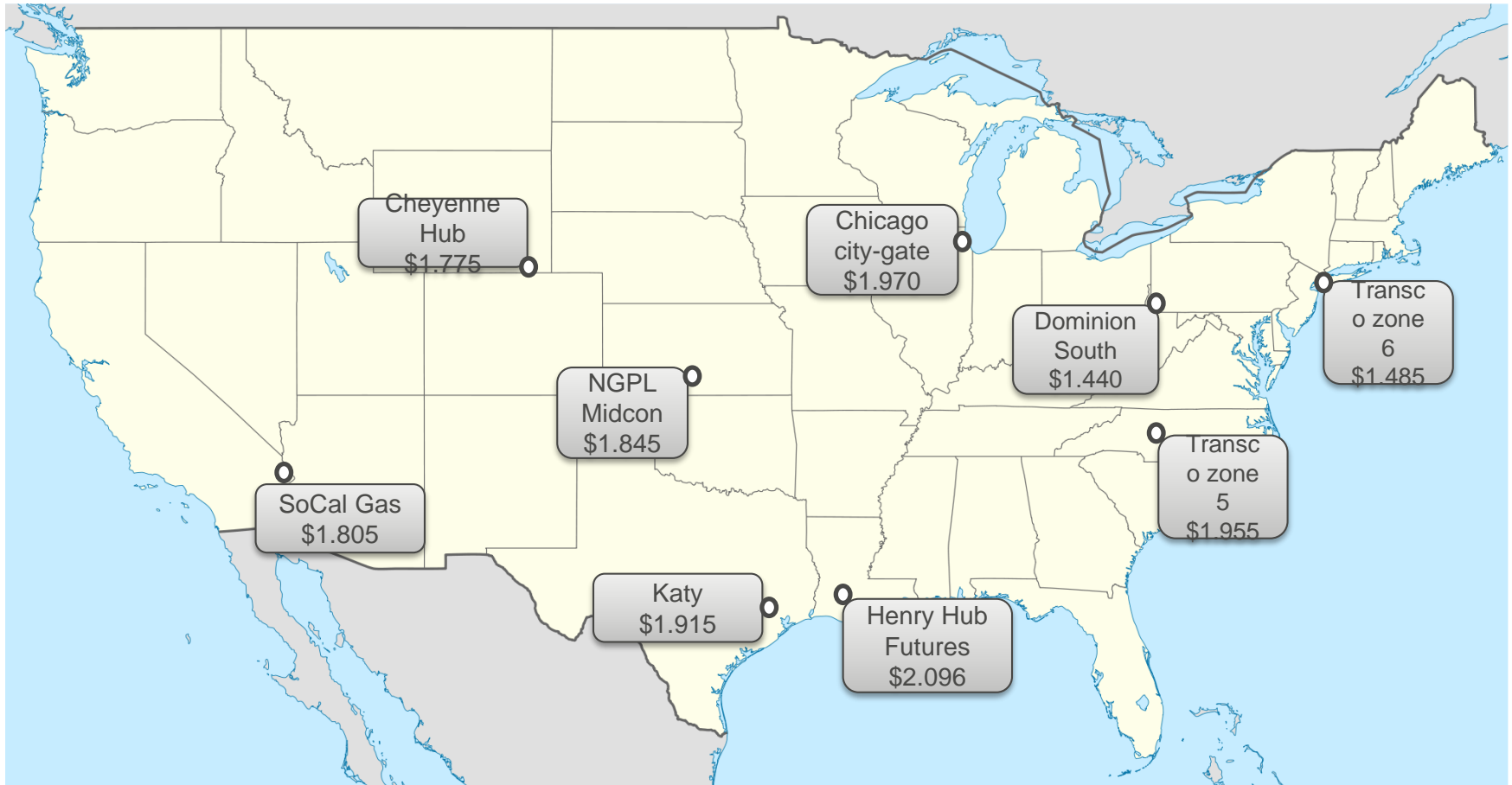
Fuel Cost Comparison

	PRB	IB	NAPP	CAPP	Nat Gas	Nat Gas	Nat Gas
Btu/lb	8,731	11,367	12,118	12,320			
Delivered Cost (\$/st)	\$33.67	\$52.86	\$66.10	\$73.84			
Delivered Cost (\$/MMBtu)	\$1.93	\$2.33	\$2.73	\$3.00	\$2.50	\$3.50	\$4.50
Heat Rate, or Efficiency (Btu/KWh)	10,080 (33.9%)	10,080 (33.9%)	10,080 (33.9%)	10,080 (33.9%)	7,658 (44.6%)	7,658 (44.6%)	7,658 (44.6%)
Dispatch Price (\$/MWh)	\$19.44	\$23.44	\$27.49	\$30.21	\$19.15		
Dispatch Price (\$/MWh)	\$19.44	\$23.44	\$27.49	\$30.21		\$26.80	
Dispatch Price (\$/MWh)	\$19.44	\$23.44	\$27.49	\$30.21			\$34.46

(Coal averages derived from 2015 EIA Form 923; average tested heat rates from 2014)

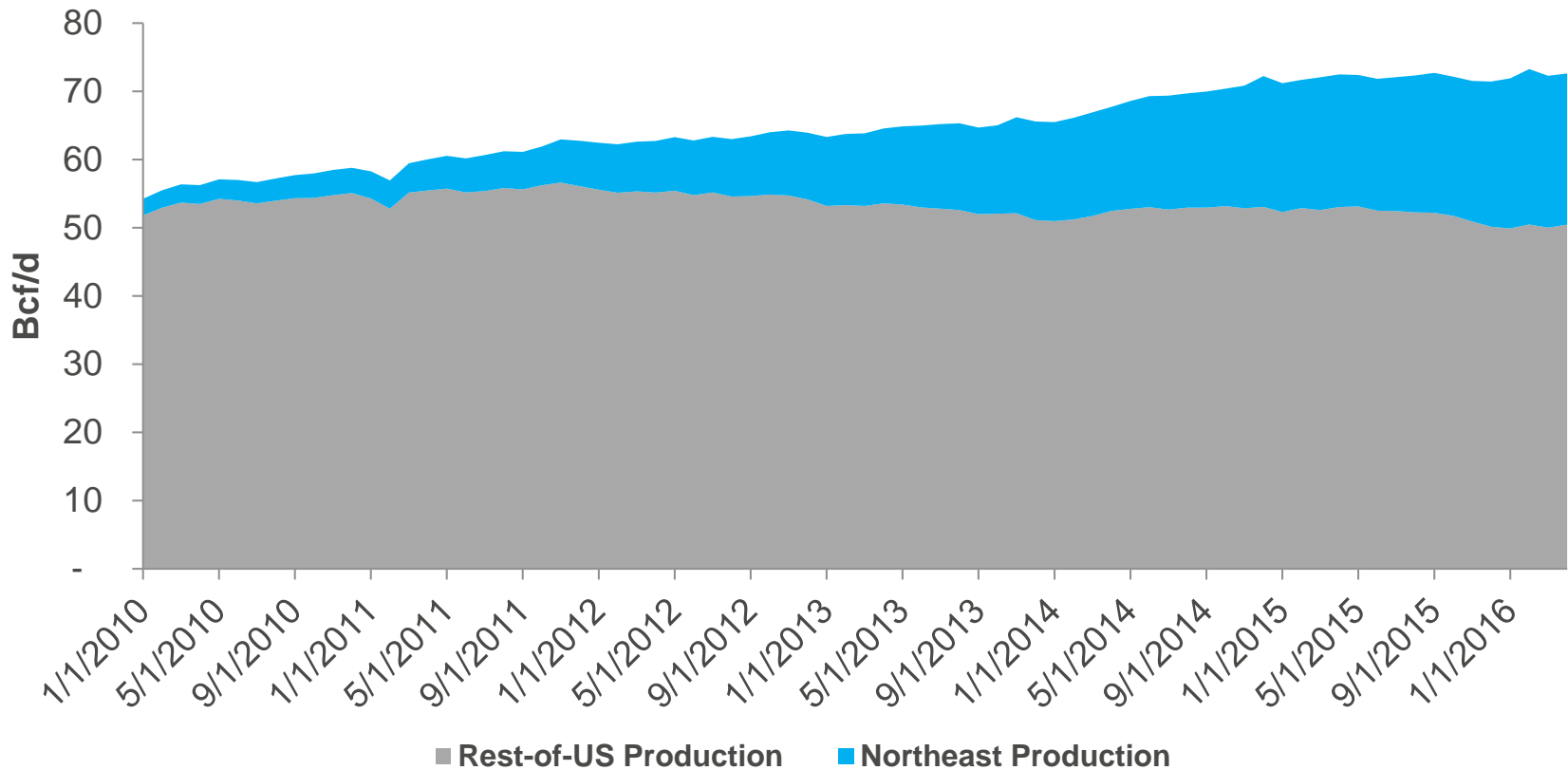
Source: EIA, Platts

Regional Natural Gas Prices (\$/MMBtu, as of May 16)

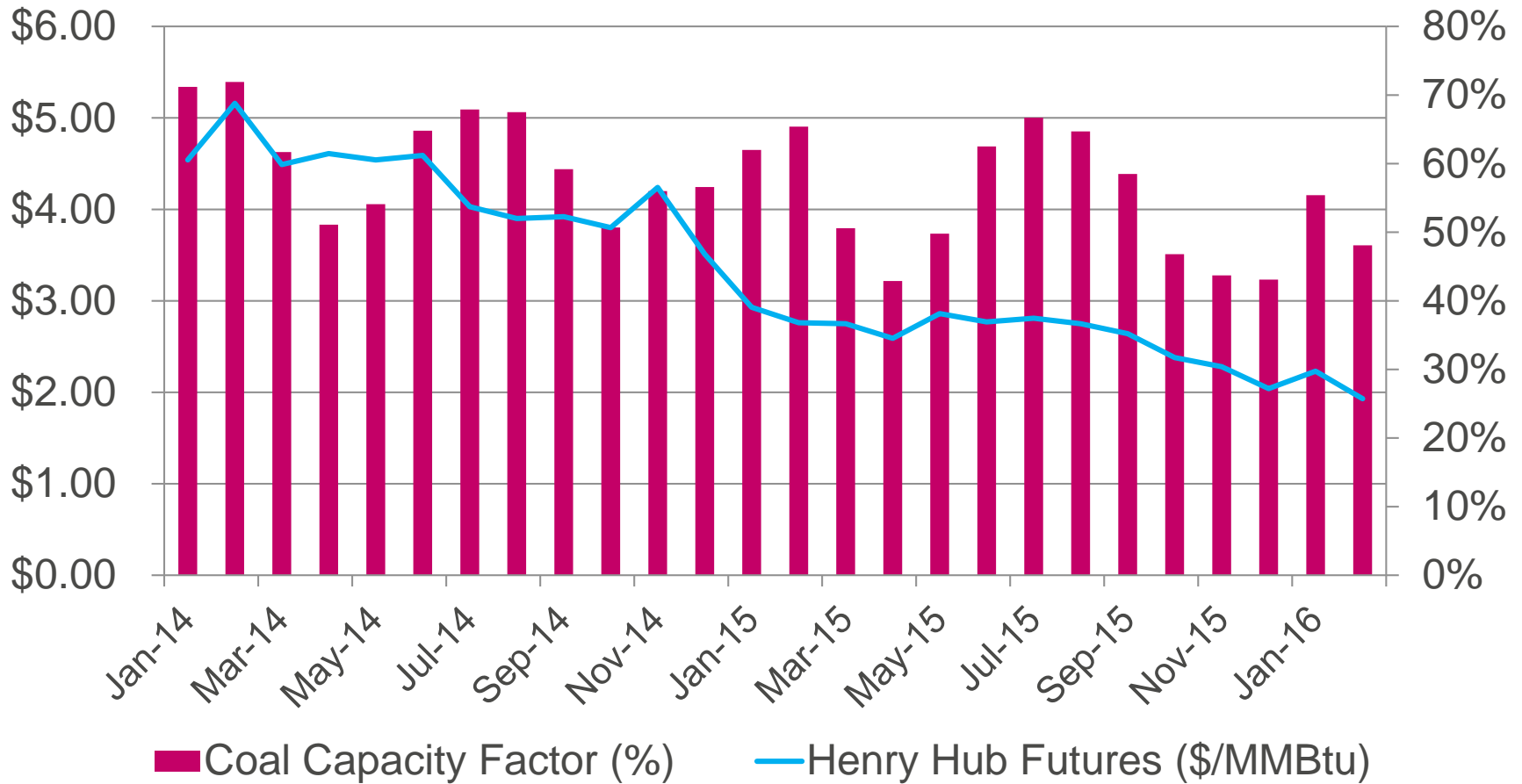


What's To Blame For The Glut Of Gas?

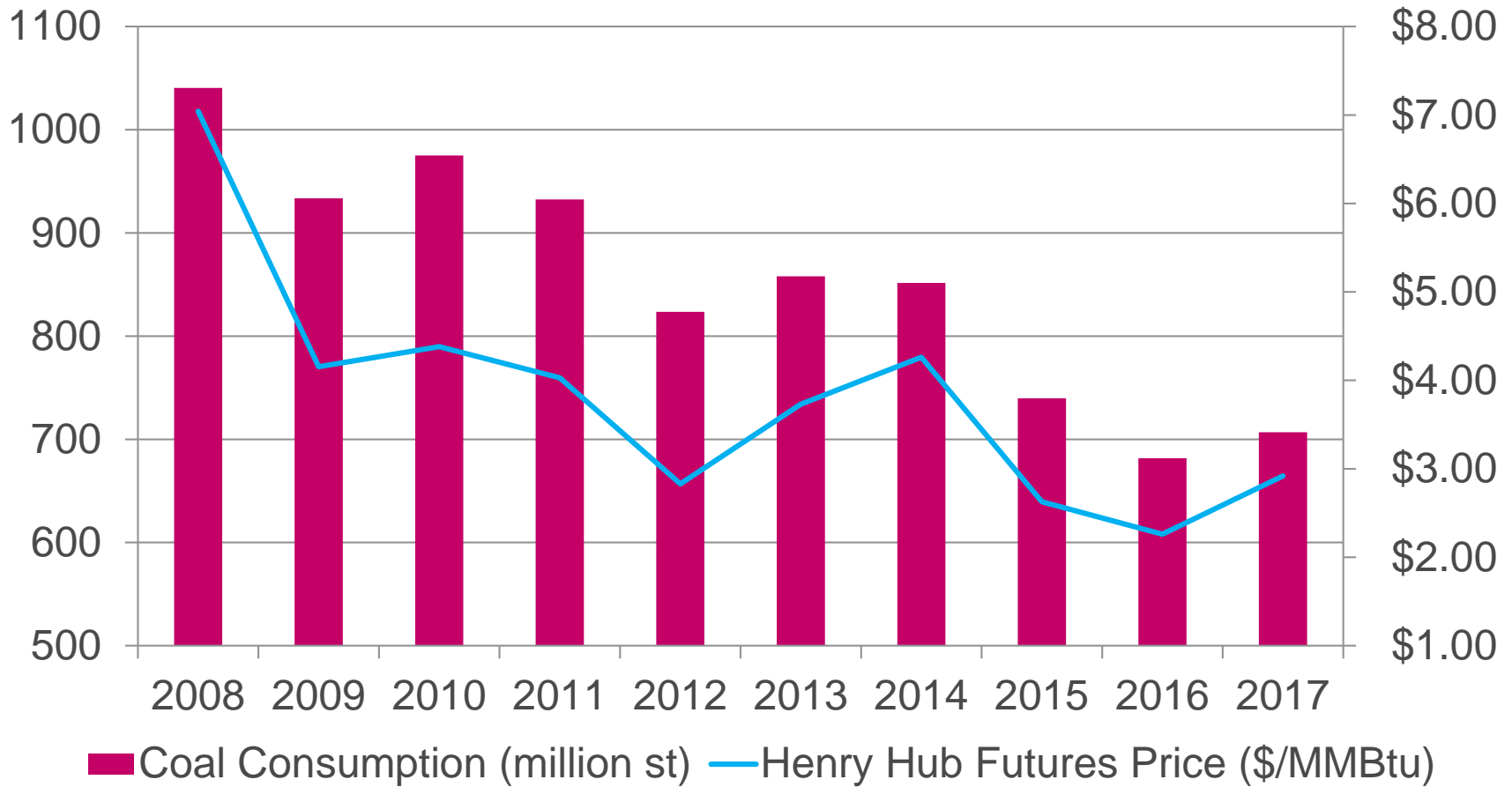
US Natural Gas Production



Coal Capacity Factor vs Henry Hub Futures



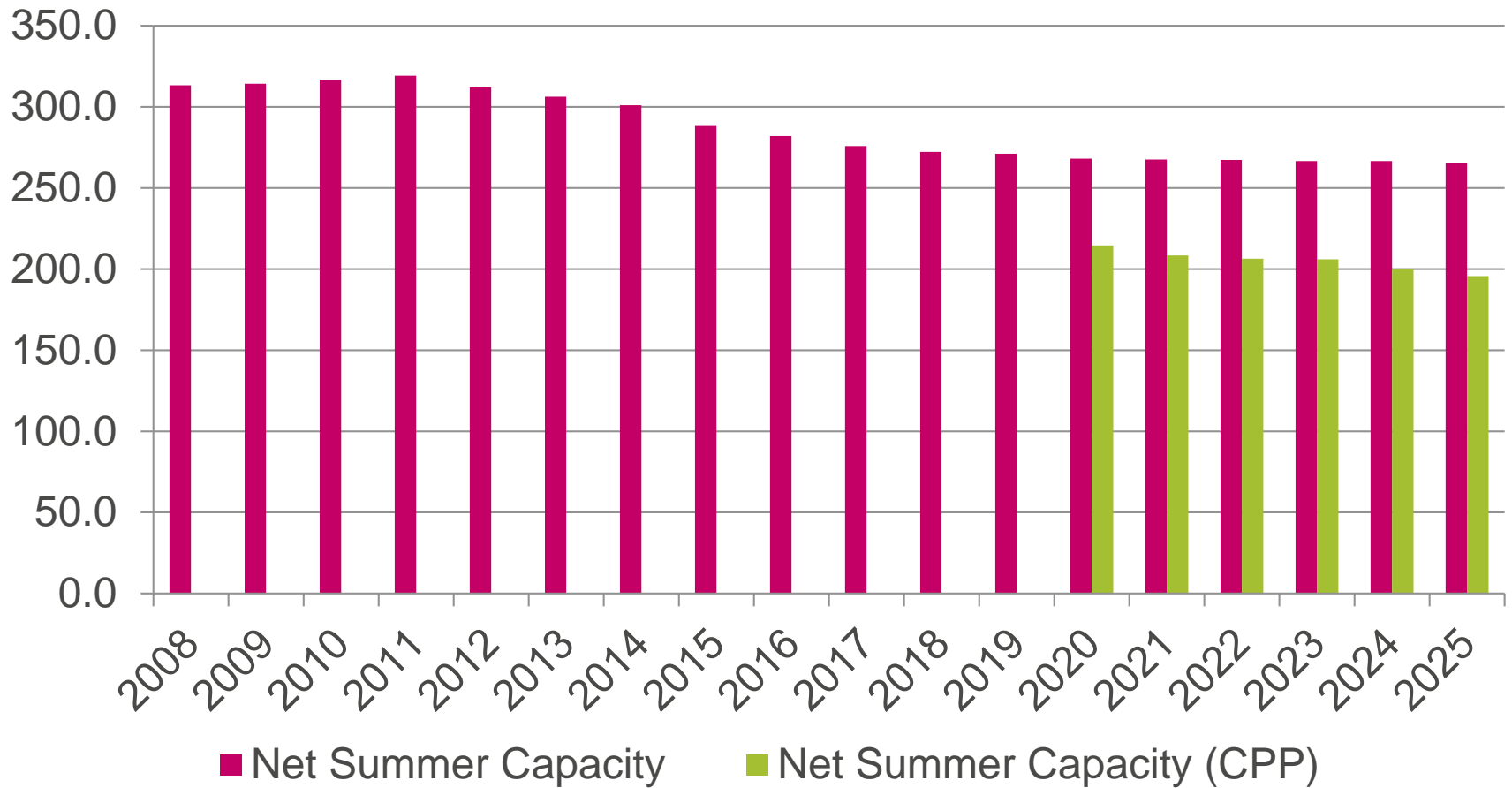
Power Sector Coal Consumption vs Henry Hub Futures



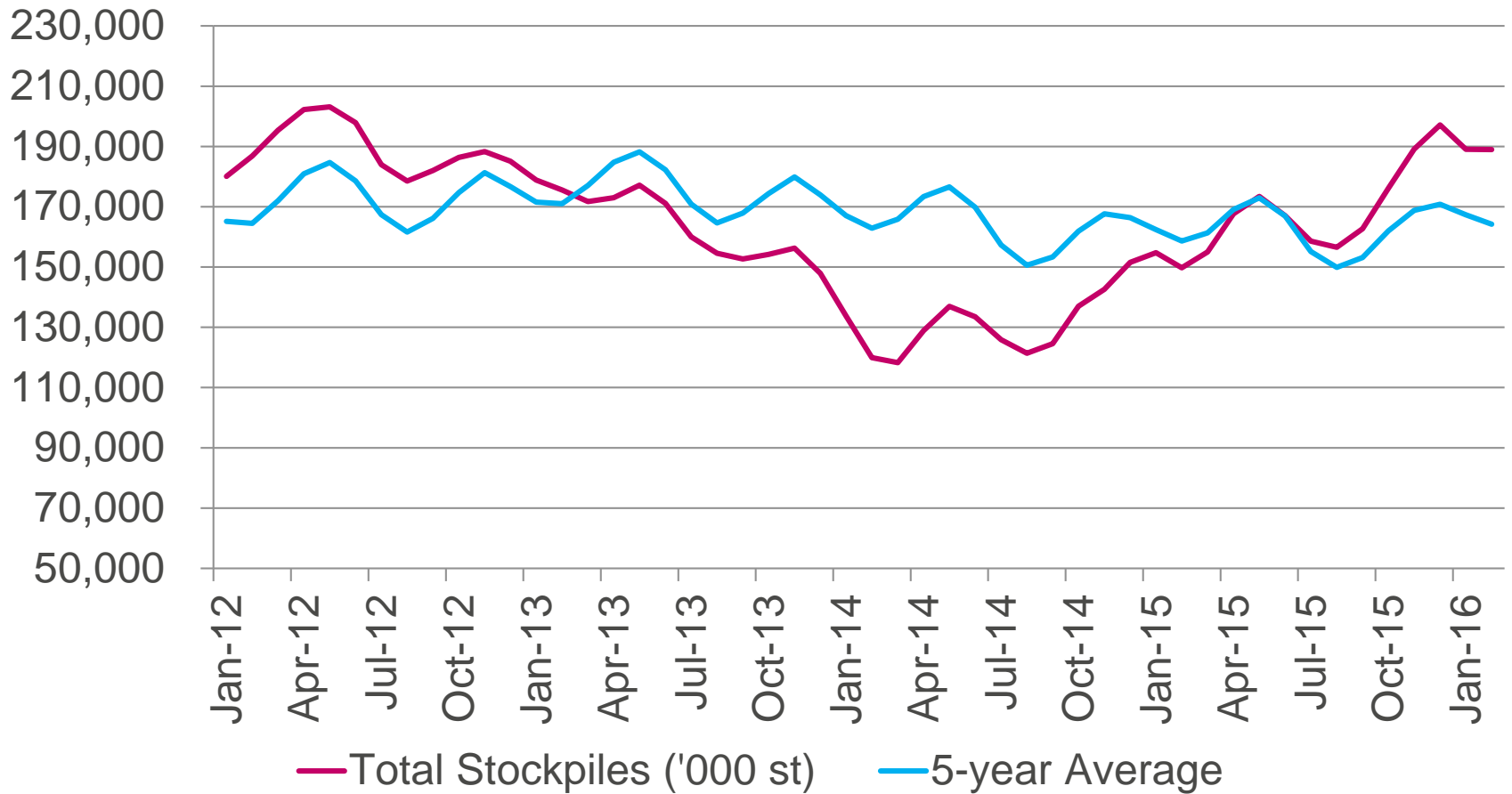
Changes to the Power Fleet



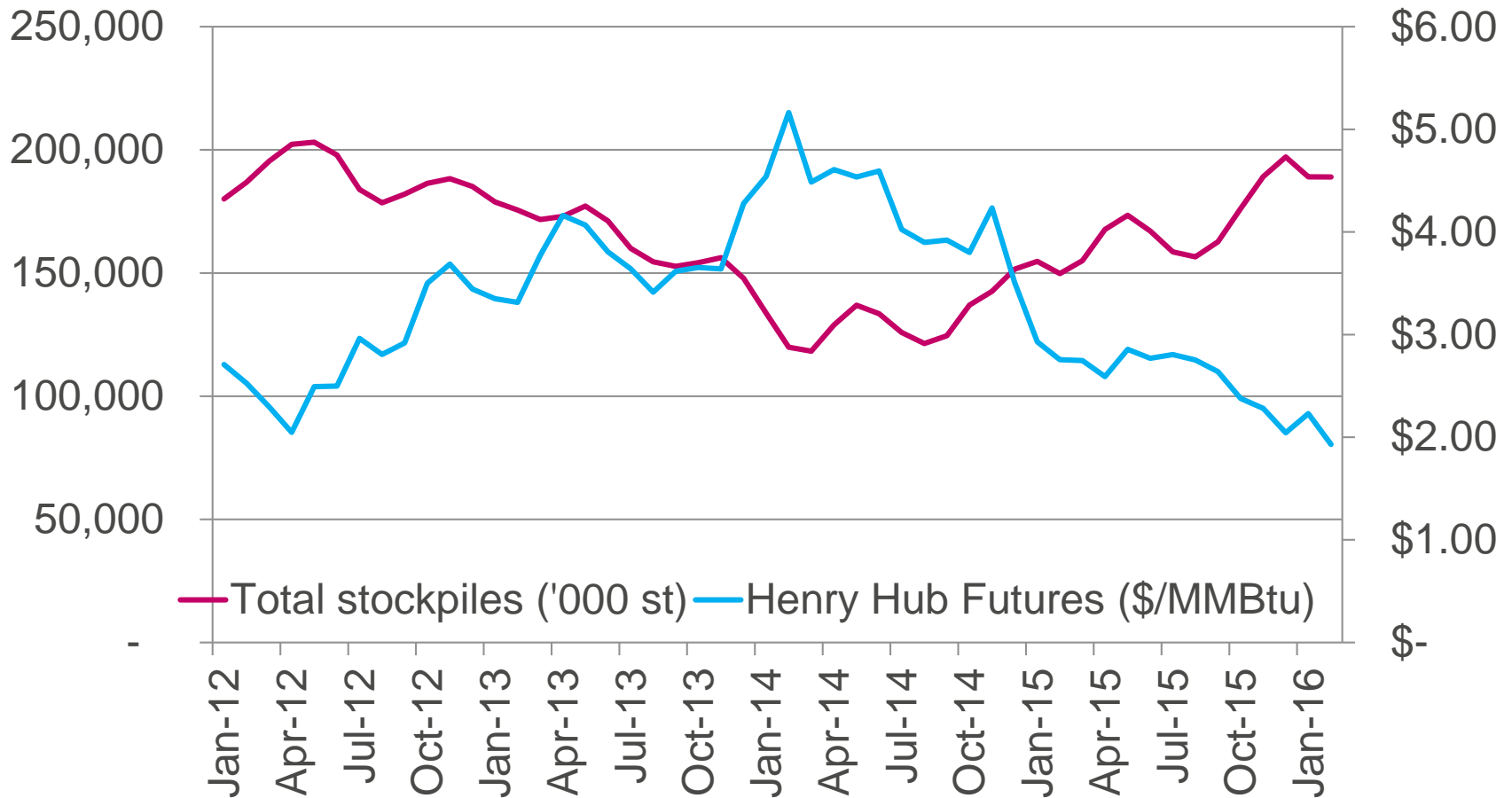
Coal Generation Capacity (GW)



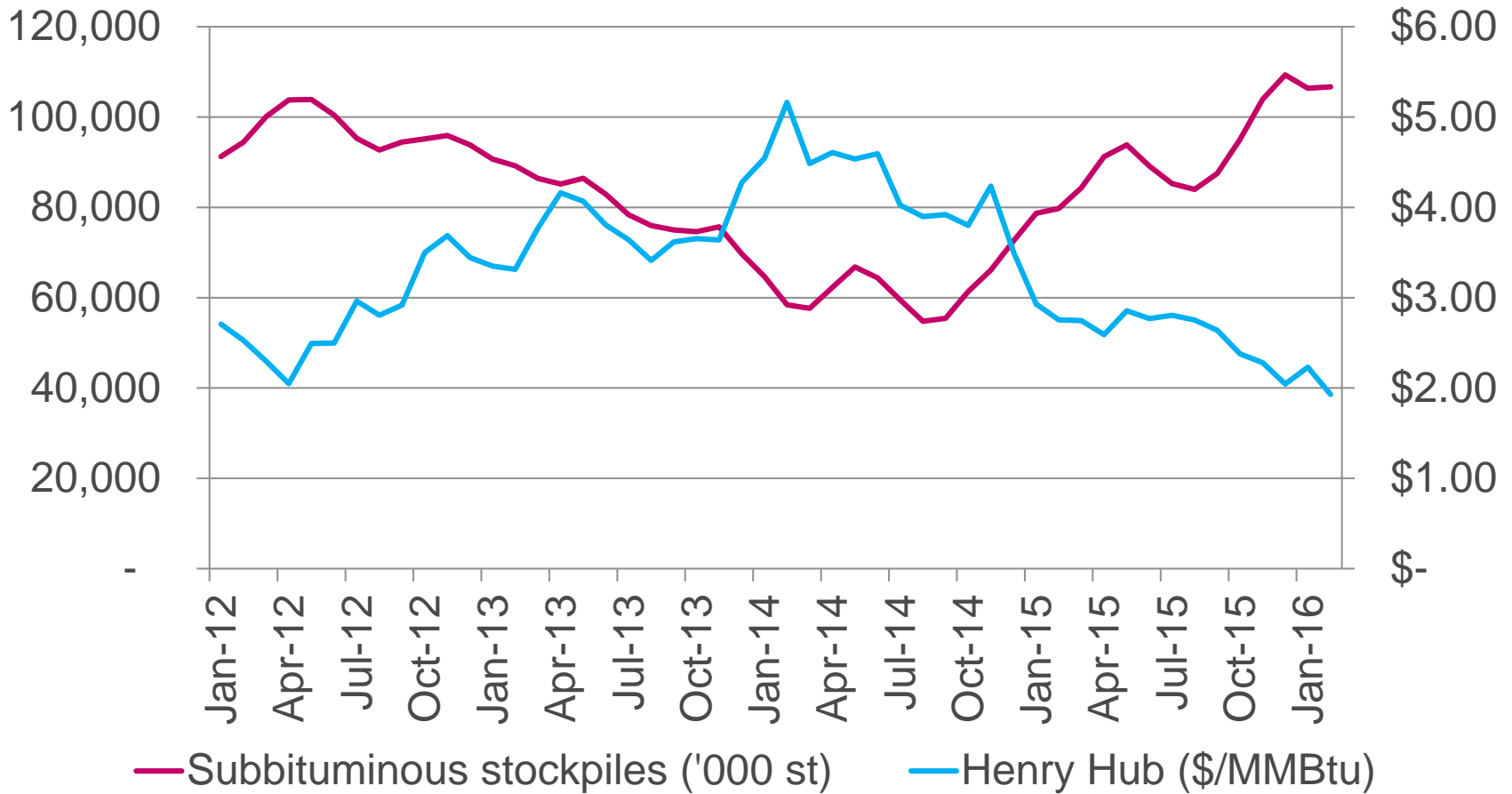
Power Sector Coal Stockpiles



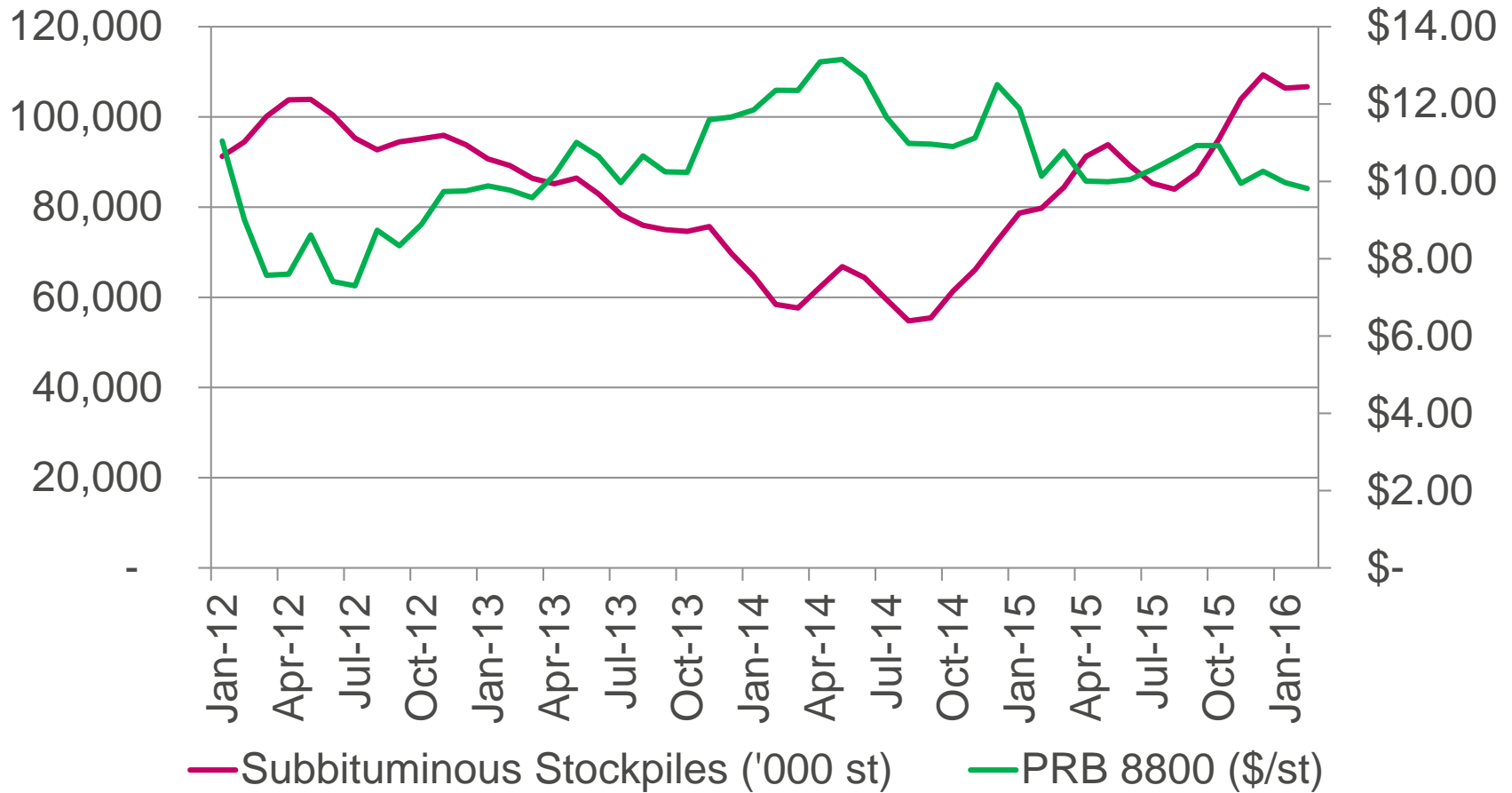
Total Stockpiles vs Henry Hub Futures



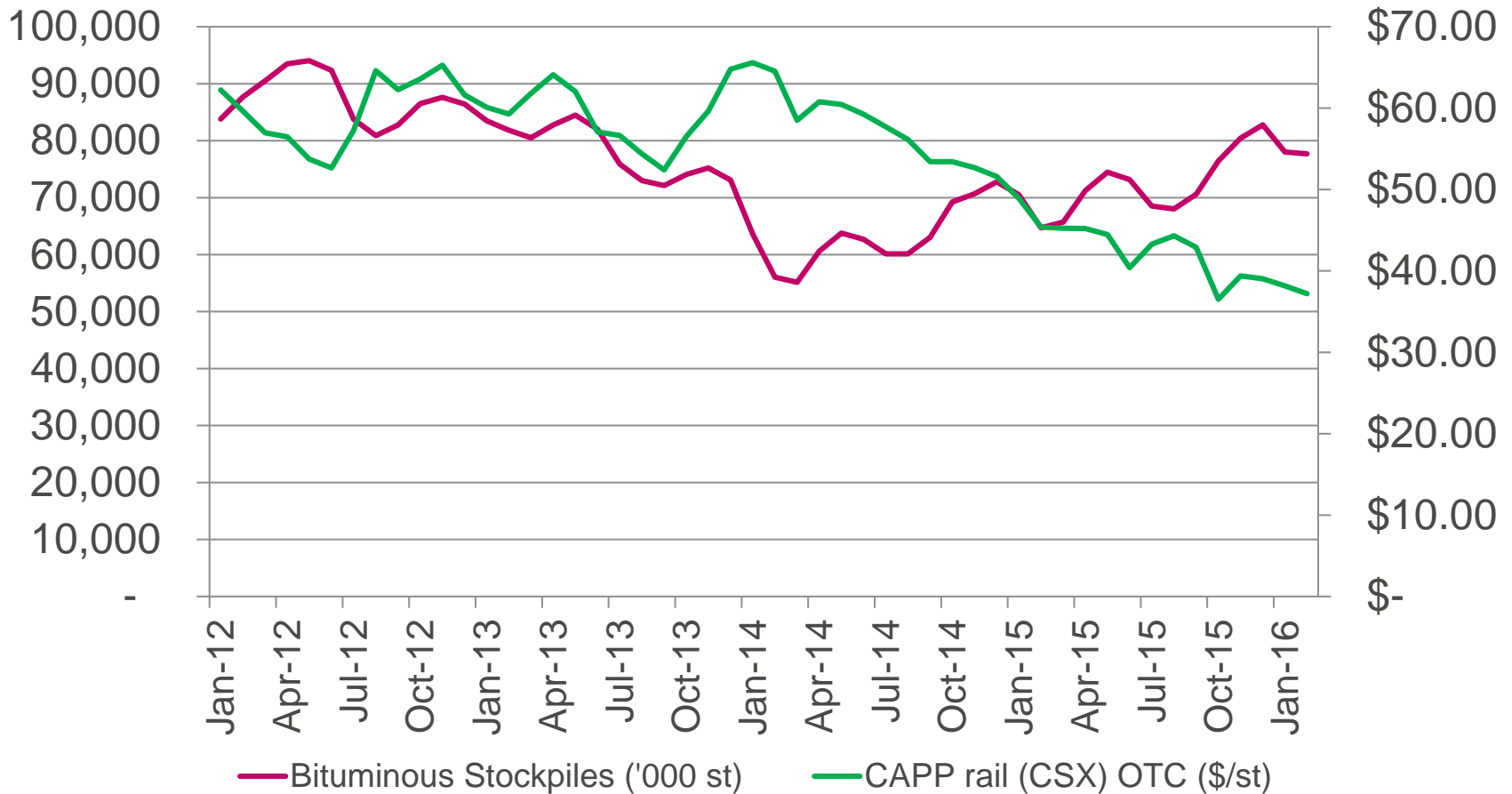
Subbituminous Stockpiles vs Henry Hub Futures



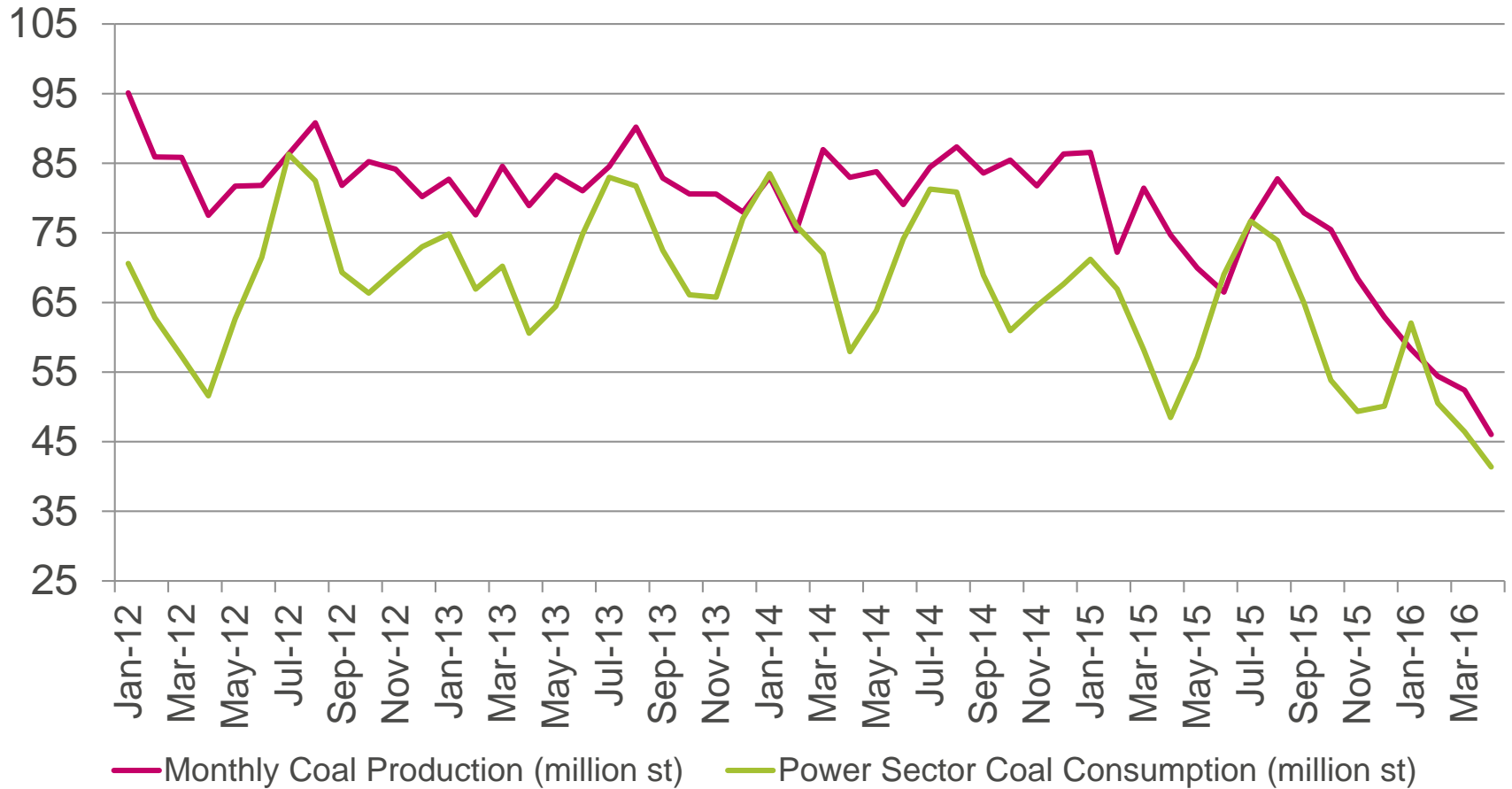
PRB 8,800 OTC vs Subbituminous Stockpiles



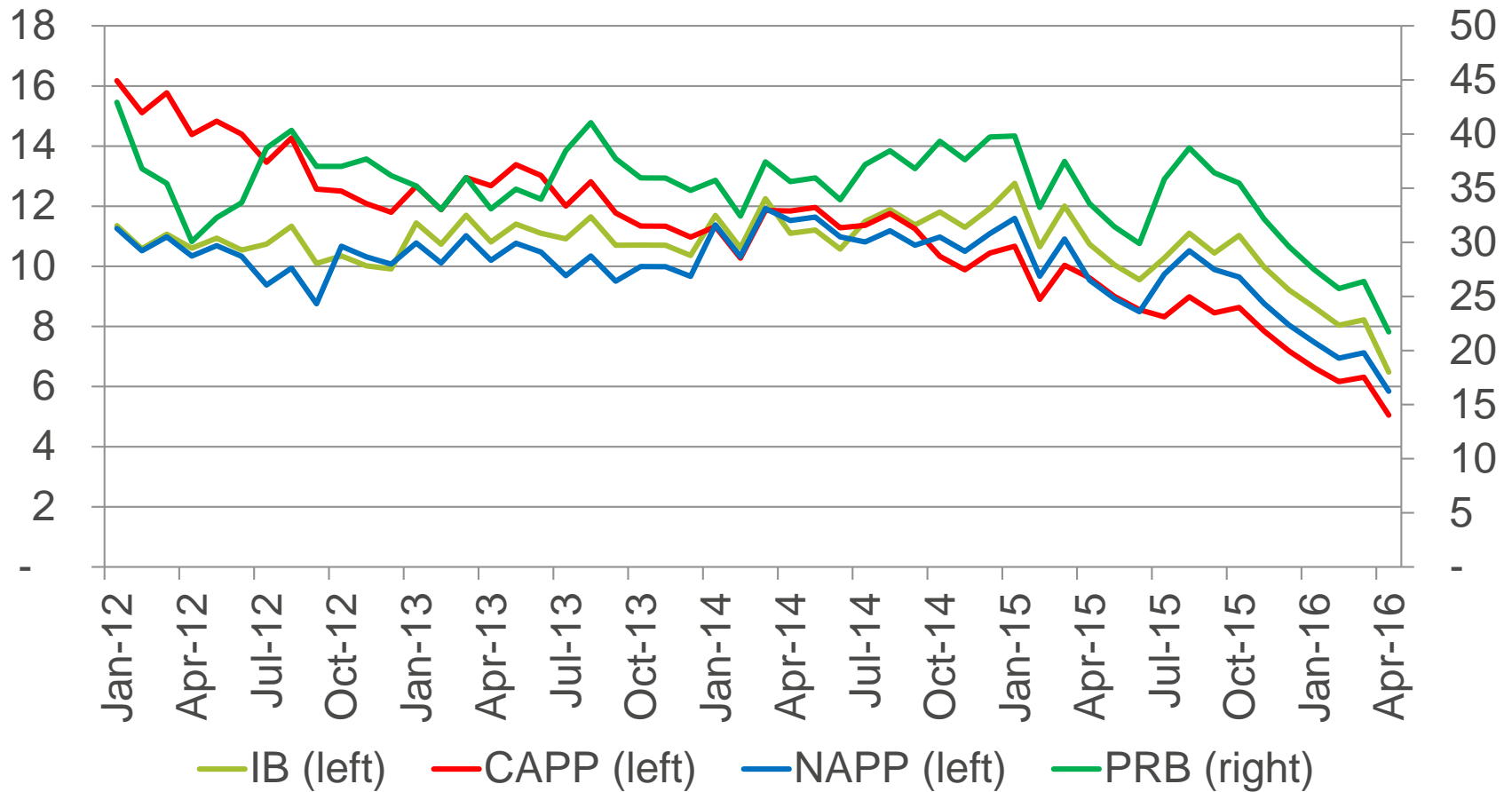
Bituminous coal stockpiles vs coal prices



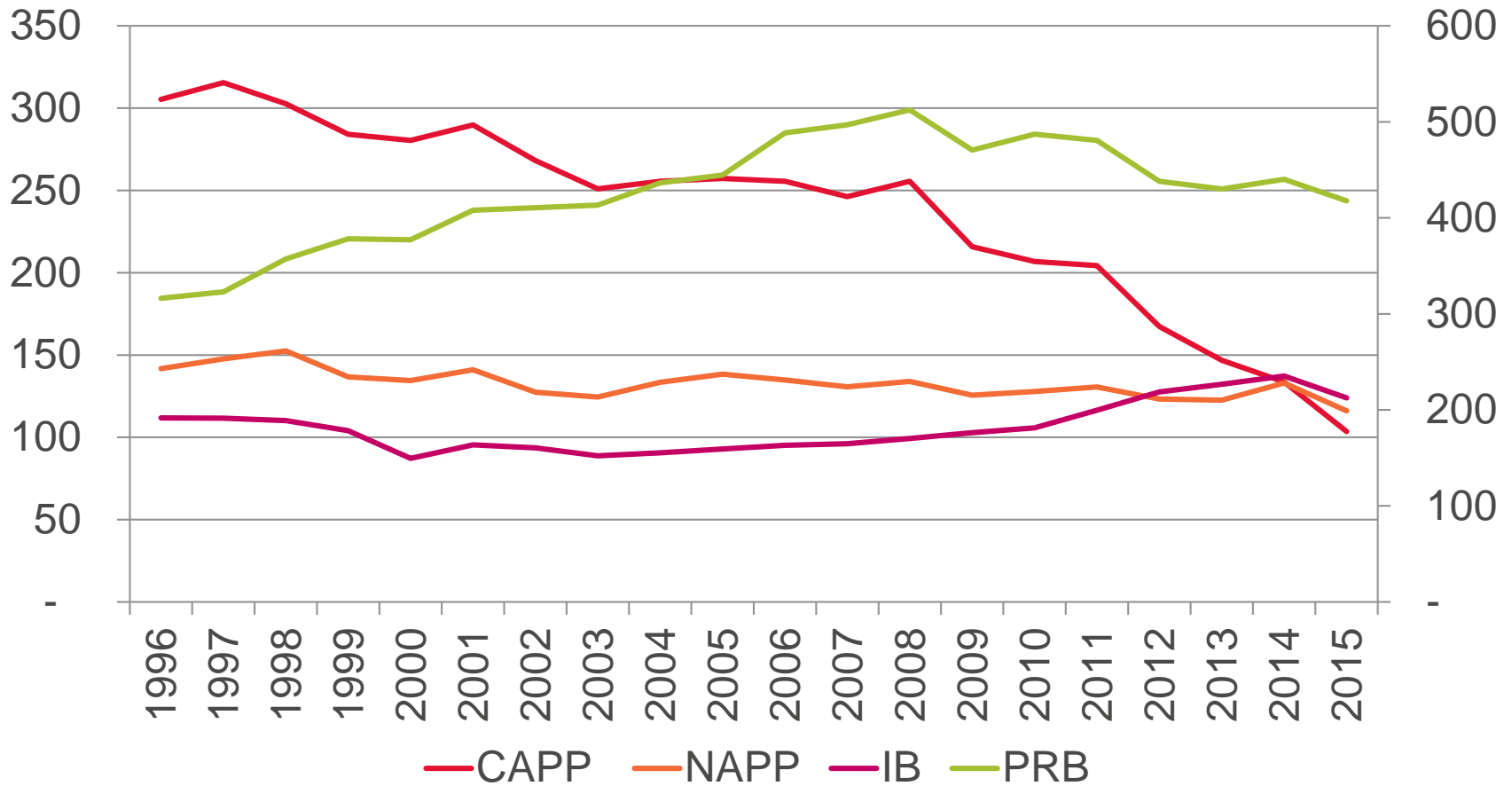
Monthly US Coal Production (million st)



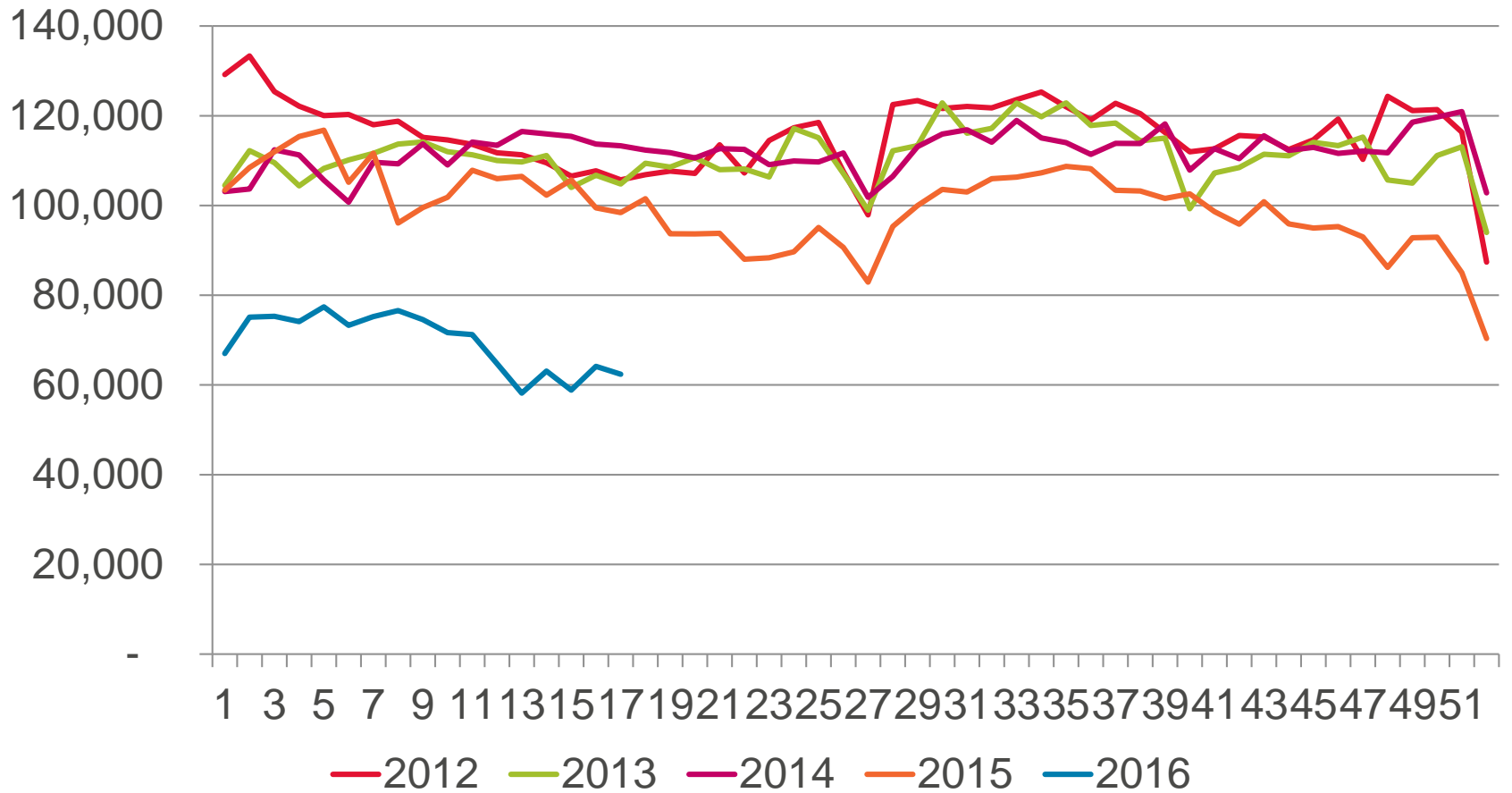
Monthly Coal Production by Basin (million st)



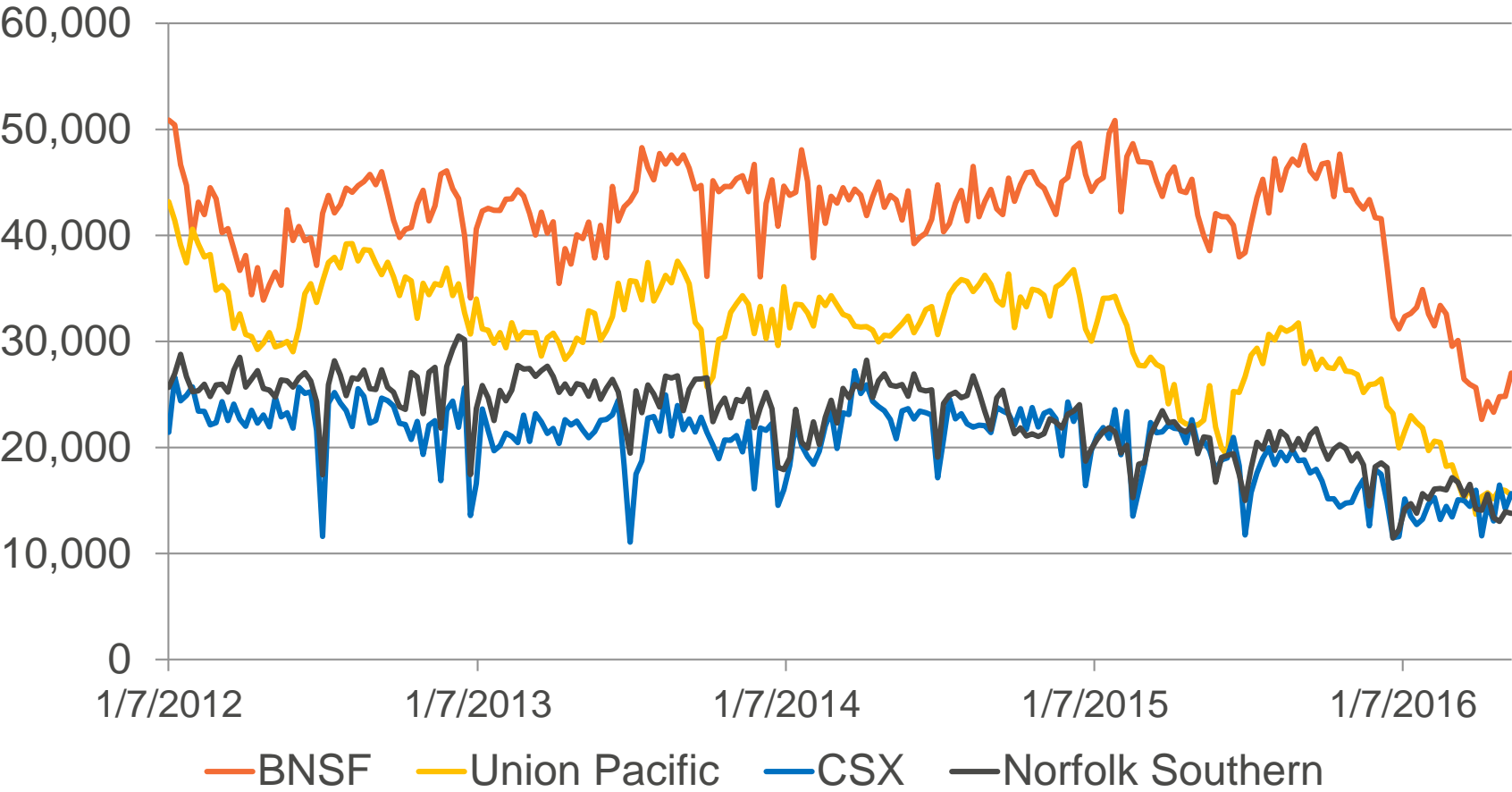
Historical Coal Production (million st)



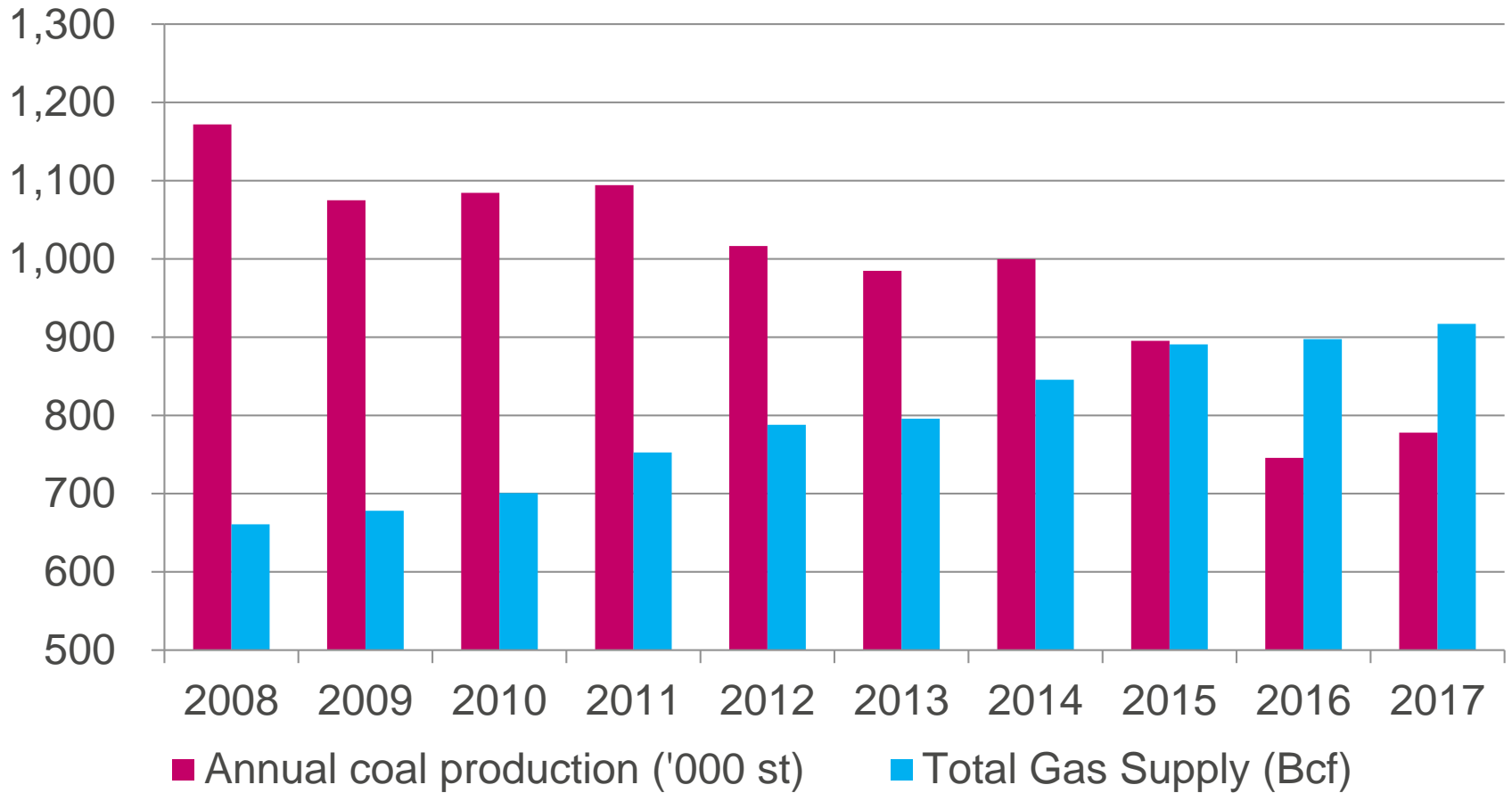
Weekly Coal Carloads



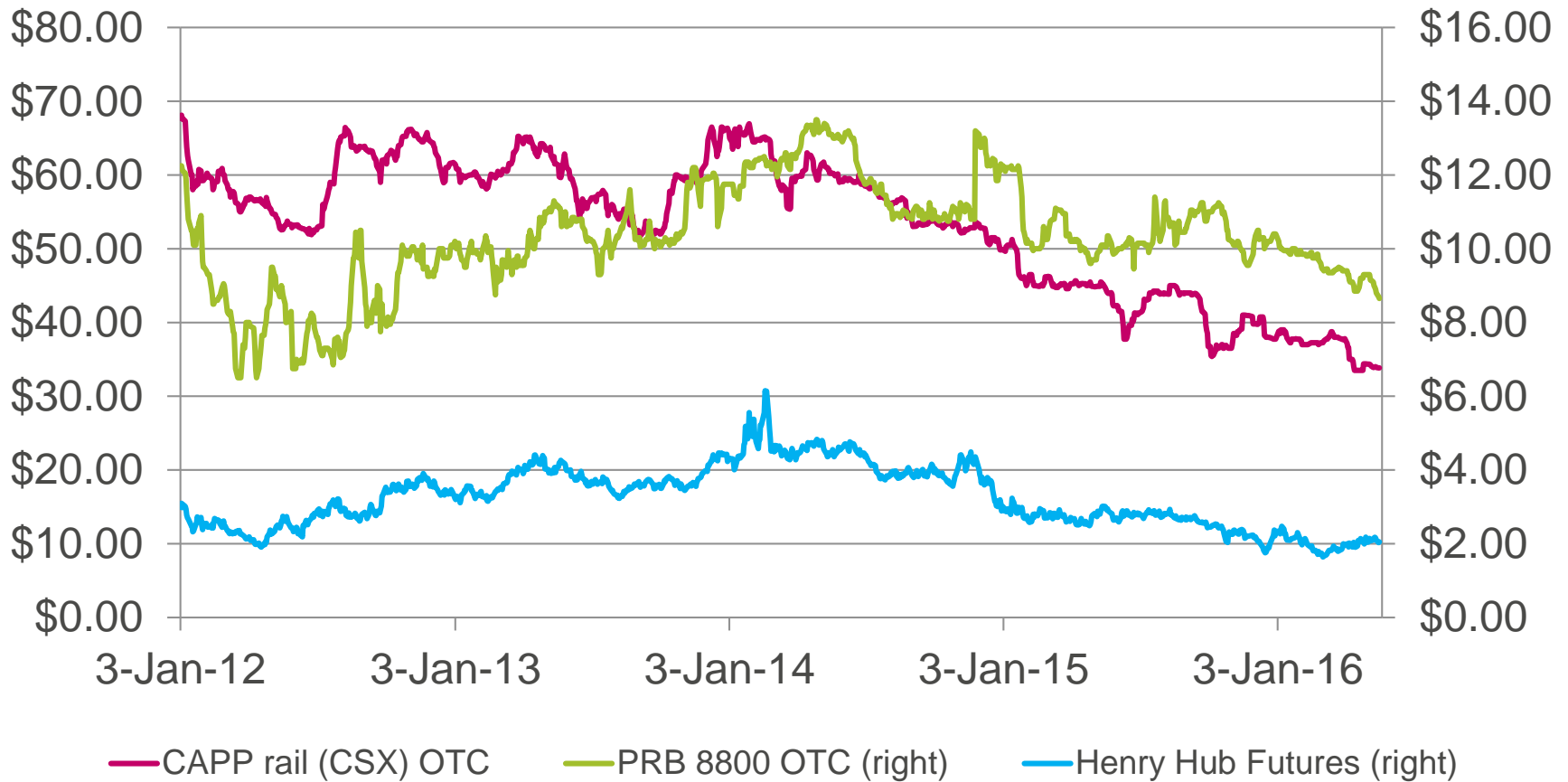
Coal Carloads by Railroad



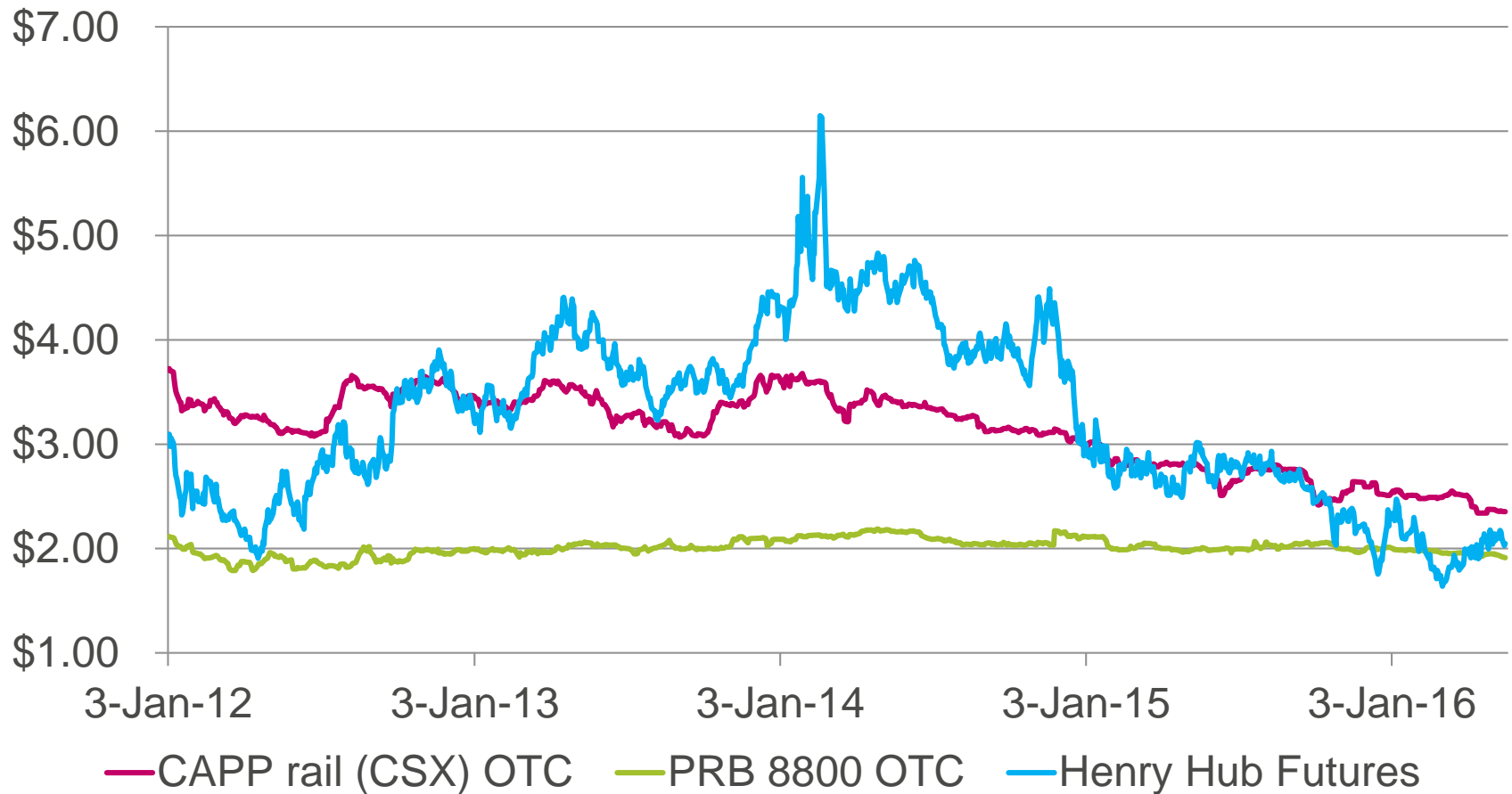
Annual Coal/Gas Production



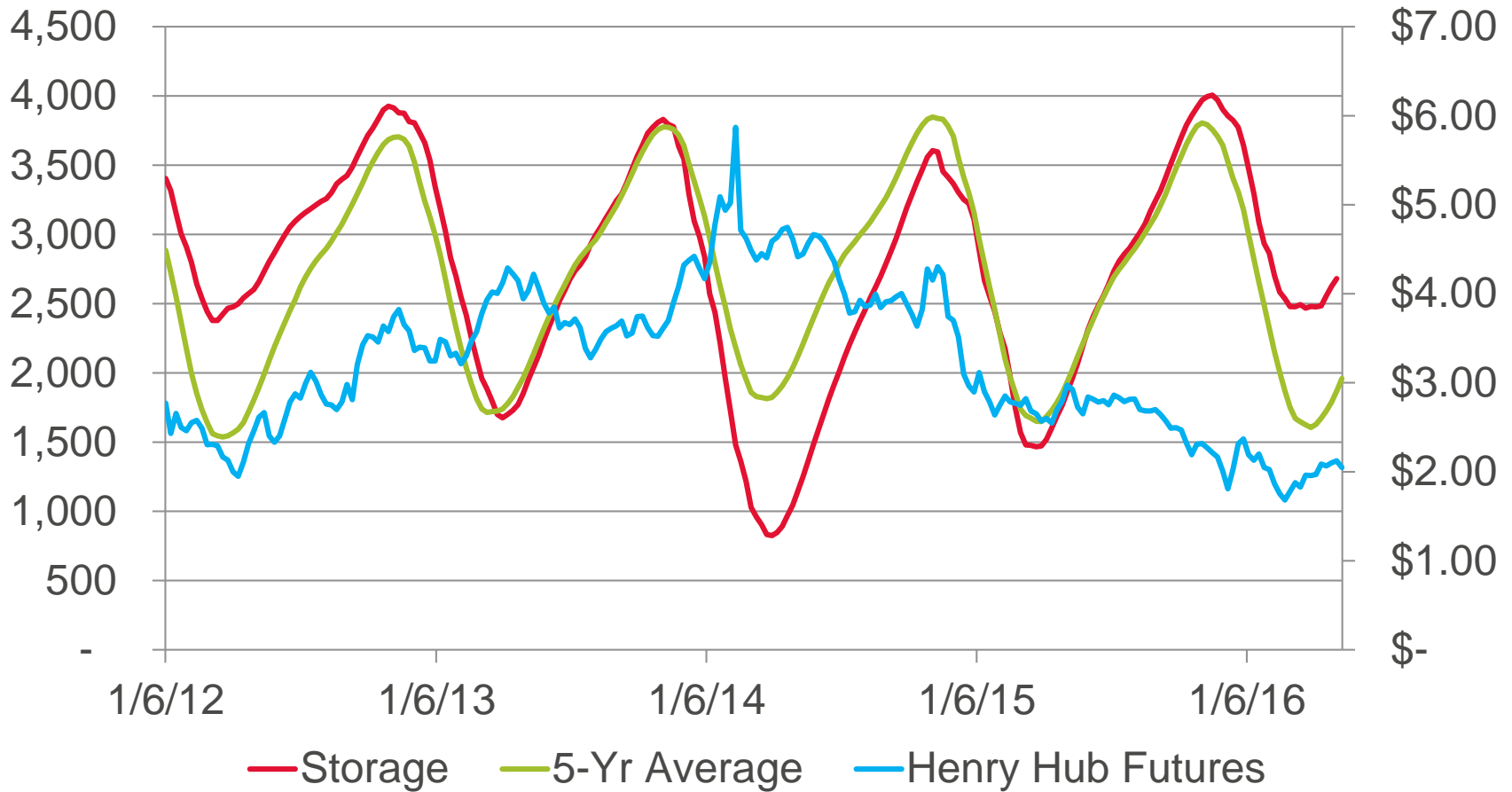
Nominal Coal Prices (\$/st) vs Henry Hub Futures (\$/MMBtu)



Coal vs Natural Gas (\$/MMBtu, Delivered Basis, assumes \$25/st delivery cost)



Natural Gas Stockpiles (Bcf)



Conclusion

Coal is not going away, but will have less market share

Uncertainty will continue, especially until fate of the Clean Power Plan is decided

Prices will take some time to rebound, driven largely by natural gas

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COAL TRADER

Wednesday, May 11, 2016

CSX contract gains strength on physical, financial trades

Houston—The resurgence of the US over-the-counter coal market continued Wednesday with the first physical trade reported in almost three weeks.

Brokers on Wednesday reported a deal for the Central Appalachian (CSX) rail front-month physical contract at \$34/st for one train (11,000 st). The CSX front-month contract last traded April 19 for May delivery at \$33.50/st.

The last physical deal heard in the market came April 22 for the physically settled CAPP barge contract.

S&P Global Platts on Wednesday assessed the CSX front-month physical contract at \$34/st, up 10 cents from Tuesday, based on the day's trade.

CSX pricing along the curve gained strength Wednesday on financial deals.

Seen to clear was a CSX Q4 2016 futures contract at \$36.75/st. The same contract cleared 25 cents lower on Tuesday.

A trio of spread trades rounded out the day's action. A pair of CSX Q4 17 over Cal 18 spreads cleared Wednesday, the first at minus \$3 on legs of \$47/st and \$50/st, and the second at minus \$3.50 on legs of

[\(continued on page 7\)](#)

Alpha's reorganization looks more like a liquidation: US Trustee

Houston—Alpha Natural Resources' proposed plan of reorganization doesn't provide a clear path forward for the company and reads more like a liquidation, said a US Trustee in an objection filed with the federal court overseeing Alpha's bankruptcy proceeding.

"Although this case was originally represented to the court and the creditors as a reorganization, the proposed plan makes clear that the end-game here is more in the nature of (if not a complete) liquidation," the US Trustee for Region Four, which includes the Eastern District of Virginia, where Alpha filed for Chapter 11 bankruptcy protection last August, said in the Tuesday filing.

Neither Alpha nor its attorneys responded Wednesday to requests for comment from S&P Global Platts.

The filing notes that while Bristol, Virginia-based Alpha has proposed selling its core assets to creditors as well as its natural gas rights, the company's plan to keep its non-core assets "leaves entirely unclear ... what assets are being retained and what business the reorganized debtor will conduct."

The trustee points out that Alpha's "principal purpose" after reorganization, to reclaim its mining properties, doesn't provide

[\(continued on page 8\)](#)

PLATTS DAILY PHYSICAL OTC ASSESSMENTS, MAY 11

Prompt month price	Btu/lb	Mode	\$/st	Change
CAPP barge OTC	12,000	Barge	43.00	0.00
CAPP rail (CSX) OTC	12,800	Rail	34.00	0.10
PRB 8,800 OTC	8,800	Rail	8.95	-0.05
PRB 8,400 OTC	8,400	Rail	7.80	0.00
IS 11,800 ⁰⁰ OTC	11,800	Barge	28.00	0.00
IS 11,800 ⁰⁰ OTC	11,800	Barge	31.25	0.00

*Maximum 0.25% change. The full physical forward curve is listed on Page 2. See Platts Methodology and Specifications Guide at Platts.com for details.

PLATTS DAILY PHYSICAL ASSESSMENTS, MAY 11

Prompt price	Kcal/kg	Basis	\$/mt	Change
CIF ARA	6,000	NAR	48.80	0.80

CAPP BARGE V CAPP RAIL FRONT-MONTH SPREAD (\$/st)



PRB 8800 V PRB 8400 FRONT-MONTH SPREAD (\$/st)



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