

Do a few coal jobs trump salmon streams?

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What is worth more to Alaska -- healthy wild salmon, or coal to fuel Asian economies?

A comprehensive report by the Center for Sustainable Economy aims to answer that question as the state moves forward with permitting and environmental analyses for the Chuitna coal project on Cook Inlet, 45 miles west of Anchorage.

The project, developed by PacRim coal of Delaware, would be the largest coal mine in Alaska. It would include a 5,050-acre open pit coal mine, a 12-mile overland coal transport conveyor, a 4.5-mile power line, mine access roads, a housing and airstrip facility and a coal export terminal at Ladd Landing that will use a 10,000-foot trestle built into Cook Inlet to load the low grade coal onto ships destined for Asia. At full production, the mine is expected to produce 12 million metric tons per year for 25 years.

The Chuitna coal project would set a state precedent by removing more than 11 miles of active salmon streams that support five species of Pacific salmon. According to PacRim's own filings, the strip mine would dump more than 7 million gallons of mine waste a day into the Chuitna River.

"So we set out to answer a question. What is the total net benefit of a large coal strip mine versus the intact natural systems that support our wild salmon? The bottom line is that when all the costs of the project are accounted for, it will cost three to six times more in economic losses than the opportunity it creates," said Bob Shavelson, director of Cook Inletkeeper, which commissioned the report titled "Net Public Benefits of the Chuitna Coal Project."

Based on publicly available information, the report compares the net revenues PacRim will most likely receive from the sale of Chuitna coal on the Asian market; the jobs, income and tax revenues received by Alaskans with the cost of developing and operating the mine and transporting the coal to Asia, and the cost associated with lost fisheries, wetlands, forests, marine areas, air pollution and carbon emissions.

"Under the most optimistic scenario, Alaskans may receive roughly \$50 million a year from the mine in direct and indirect income and tax revenues," said Dr. John Talberth, a Center economist and lead author of the report.

However, a conservative estimate of costs to Alaska from lost fisheries and lost economic values associated with forests, wetlands, rivers and marine ecosystems destroyed by the project is almost \$77 million a year, or at present value, nearly \$2.1 billion over 50 years.

"Taking an even broader view of costs and benefits, and taking into account PacRim's revenues as well as carbon and air quality damage where the coal will be burned, social costs are likely to exceed benefits by a factor of 3 to 6. This is a finding consistent with a number of other studies that consider the net benefits of new coal mine development," Talberth said during a recent teleconference.

The economics are especially true given the uncertain nature of future coal markets. As China and the rest of the world increasingly turn away from fossil fuels toward renewable energies, demand for coal is likely to fall and with it, prices.

Talberth said the economic analysis for the Chuitna project cannot simply calculate the revenues from the sale of the coal, profits to PacRim, or jobs and incomes generated from the mine's employees. It must

include the interests of all Alaskans by quantifying the economic damages from lost fisheries, wetlands, scenic areas, subsistence use, carbon emissions and air pollution in areas where the coal will be burned.

"By law the Army Corps of Engineers, the EPA and all the various state and federal agencies involved with the permitting and analysis process has a clear obligation to quantify costs and benefits of a project from a public, not a private, perspective. That means everyone's costs and benefits matter here. So this is not an option, it is a requirement," he said.

"It makes no sense risking certain economic damages to thousands of jobs supported by Cook Inlet's fisheries for the sake of a few hundred jobs that have a good chance of being eliminated once the world gets more serious about dealing with the effects of climate change," said Shavelson.

"It is alarming to see Alaska going down the road of a colonial model of economic development," he added, "shipping raw materials and energy resources overseas to support manufacturing elsewhere, and then buying those goods back. Does Alaska really want to become Asia's colony? I believe the state would be better served by development that values and protects natural resources that are keys to its economic prosperity -- clean water, clean air and healthy fisheries."

The Kenai Peninsula Borough holds the lease to the area where the coal mine would be developed. Payments by PacRim to the borough are estimated at \$70,000 a year, or about \$2 million over the lease term of 30 years.

Last summer the Kenai Borough Assembly passed by a 7-2 vote an ordinance that creates a setback on all recognized salmon streams in the borough, including the coal mine region.

"That comes back to the central issue behind the Coastal Zone Management Act, which centered around local control," said Shavelson. "The state got rid of it and this is a response by the borough to that local voice."

He added that he expects there will be a fight to see if the state can trump the Kenai Borough's ordinance.

"It is yet to be determined if local residents have the right to protect their salmon resources or can the state and federal bureaucracies come in and steamroll them."

The state has yet to respond to a January 2010 citizens' petition that asks the Department of Natural Resources to designate lands within the Chuitna River watershed as unsuitable for large-scale surface coal mining. DNR promised a decision by June 3, 2011, 45 days after the statutory deadline.

DNR Deputy Commissioner Ed Fogels said in an Oct. 14 email, "There is simply nothing more for DNR staff to say right now. The Commissioner is still reviewing all the information presented to him for making his decision. I anticipate he will make his decision very soon."

Fogels added that he hadn't had a chance to review the "Net Public Benefits" report so he couldn't offer an opinion yet.

You can read the Center for Sustainable Economy's report on their website at www.sustainable-economy.org

FRANKENFISH GETS FDA LOVE

The Food and Drug Administration has brushed aside a congressional opinion opposing the approval of genetically modified Atlantic salmon, and instead given a favorable evaluation of Frankenfish.

Alaska's delegation and six other senators sent a strongly worded letter to the FDA in August urging the agency to immediately stop its approval process. Sens. Murkowski and Begich and Rep. Don Young all have introduced legislation to keep Frankenfish from ever going to market.

The fish, made by Aqua Bounty Technologies of Massachusetts and Canada, would be the first man-made animal product ever approved for dinner plates. It is created by splicing an anti-freeze gene from an ocean pout into the growth gene of a Chinook salmon and then transplanting it into the fertilized eggs of an

Atlantic salmon. The result is a fish that grows up to 30 times faster than normal.

If the "Aqua Advantage" fish does go to market, consumers won't know it. The FDA has classified genetically modified traits under "veterinary drugs," allowing producers to shield details of their products from the public. In congressional testimony, the FDA declined to comment on the status of the Frankenfish application, or on the number of applications it has been getting for genetically modified animals in general.

[Seafood.com](#) reports the FDA has forwarded the plan to the Office of Management and Budget for more review.

CASH FOR CRAB TAGS

Three hundred adult male red king crab and snow crab were tagged and released in the Bering Sea in 2009 and last winter. The tags will track the crabs as they travel throughout the year.

"If you see crabs at a certain depth over a certain migration corridor and habitat, you might anticipate that other similar areas might also have crab. By viewing how, where and why these crab move, it allows us to anticipate where they are going and what types of things they like to move across," said Merrick Burden, director of the Marine Conservation Foundation, a partner with state and federal fishery managers on the tagging project.

Ultimately, the tag information can help provide data for more accurate crab stock assessments. Burden said the project is relying on input from Bering Sea fishermen.

Crabbers are asked to be on the lookout for yellow or pink spaghetti tags, archival tags, or both. The tagged crabs may also show up in processing lines or as bycatch in other fisheries. Retain the crab with the tags and take them to any Fish and Game office. Tag finders get \$200 and a crab ballcap. Find out more at www.mcafoundation.org

Laine Welch is a Kodiak-based fisheries journalist. Her Fish Radio programs can be heard on stations around the state. Her column appears Sundays in the Daily News. This material is protected by copyright. For information on reprinting or placing on your website or newsletter, contact msfish@alaska.com.

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