

COAL TRADER INTERNATIONAL

Volume 21 / Issue 91 / Thursday, May 13, 2021

INTERVIEW: Coking coal developer CCL looks to ESG strategy for growth

- CCL plans to lower carbon emissions, use offsets
- CCL expansion to pursue underground US coking coal mines
- Review on graphite product use, rare earths in Virginia

London—Mining group Coking Coal Pty Ltd. (CCL) said May 13 it plans to grow met coal production capacity while pursuing a broad strategy to manage carbon emissions, helping customers lower their Scope 3 emissions.

CCL expects to expand from initial high-vol hard coking coal mining

and processing operations at the former Pardee Complex in Virginia, on the border with Kentucky via further acquisitions.

“CCL’s ultimate plan is to expand via further acquisitions of underground mines, to reach total coking coal production across low-vols, mid-vol and high-vols of 7 million-8 million mt/year,” CCL co-founder James Chisholm said in an interview from Calgary.

The company is looking at mining opportunities across the US, he added.

CCL is a new coal mining group founded by executives from the Australian and North American coal industry. Chisholm is a founding director of ASX-listed Atrium Coal, which is focused on developing the

Elan coking coal mine in Alberta.

The company has been set up aware that coal mining operations have to be adapted and designed to minimize carbon emissions. CCL has a well-developed ESG strategy, which is preparing for third party accreditation, Chisholm said, referring to a May corporate update.

CCL has plans to use CO2 credits to offset emissions produced in rail and shipping, and purchase CO2 credits from agricultural operations and school tree planting programs.

CCL is focused on the impact of methane and carbon emissions from coal mining, with CCL’s acquisition and mine development strategy to pursue underground metallurgical coal mines, rather than surface mines which typically emit more methane, Chisholm said.

Emissions, carbon offsets

As open cut, surface coal mines typically release large amounts of methane into the atmosphere, focusing on methane drained, underground coal mines which emit significantly lower carbon dioxide, would allow for offsets through emissions management programs, achieving carbon-neutral operations, CCL said in a May 6 presentation. Using offsets could allow European, North American and South American steel mills to acquire CO₂ neutral or negative met coal supplies, it added.

“Two macro trends dominate the met coal market for the coming two decades – continued strong global demand growth with lack of capital for new project development and carbon pricing for the industry changing the dynamics,” CCL said.

European compliant carbon permits have seen prices soar through early 2021 to reach a new high of Eur55.32/mt (\$66.88/mt) for December 2021 contracts on May 12.

“We believe steel mills will begin to focus not only on coal qualities, but also on the amount of CO₂ attached to each ton of coal supplied to their coke ovens,” said CCL’s chief marketing officer Ty Zehir. “We are designing our operations to use green electricity powered conveyors for coal transport, solar-powered monitoring sites and even investigating some wind turbine installations at present.”

The steel industry is facing challenges in decarbonizing, due to the need to develop higher quality ferrous scrap supplies and replace metallurgical coals in primary steelmaking with renewables-based hydrogen, or natural gas which may be unacceptable as an alternative to using coal. Carbon capture and storage or utilization is also potentially available depending on sites and related industrial applications, and is yet to fully develop.

Increasing available hydrogen supplies for steelmaking may be contingent on managing risks around energy and carbon prices and supply, steel market and trade regulation, and further technological and market advances.

With growing pig iron-based crude steel production in Asia, and a relatively young blast furnace fleet in China, Southeast Asia and India, the International Energy Agency expects met coal to remain well-utilized in coming decades, in combination with rising scrap use and demand.

Technological advances such as hydrogen usage and electrolysis which could cut sector emissions may be more significant in shaping global steel production after 2050, the IEA said in an October report.

Current scenarios are pushing steel and mining industries to look

at emissions reductions for coking coal and iron ore within operations, in transportation, and for end-user applications.

CCL is developing conveyors to minimize trucking around the site, moving to low-emissions vehicles, and developing renewables power use and windmills for pumping.

The company has actively pursued partnerships with an organic fertilizer producer, tree planting programs, reforestation initiatives, and has tree planting and revegetation of areas surrounding Pardee to

reduce carbon use and sequester CO₂. These kinds of initiatives are also being followed through in Calgary, and expected to be in adopted in any new operations, Chisholm said.

CCL will also review opportunities for converting the Pardee Complex's coals to graphene and graphite products through studies with a local university, and investigate rare earths potential at the site, he added.

— *Hector Forster*