The New York Times

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Coal Industry Casts Itself as a Clean Energy Player

By CLIFFORD KRAUSS

FEB. 26, 2017

President Trump has questioned the science behind climate change as “a hoax” in positioning himself as a champion of coal. The three largest American coal producers are taking a different tack.

Seeking to shore up their struggling industry, the coal producers are voicing greater concern about greenhouse gas emissions. Their goal is to frame a new image for coal as a contributor, not an obstacle, to a clean-energy future — an image intended to foster their legislative agenda.

Executives of the three companies — Cloud Peak Energy, Peabody Energy and Arch Coal — are going so far as to make common cause with some of their harshest critics, including the Natural Resources Defense Council and the Clean Air Task Force. Together, they are lobbying for a tax bill to expand government subsidies to reduce the environmental impact of coal burning.

The technology they are promoting is carbon capture and sequestration — an expensive and, up to now, unwieldy method of trapping carbon dioxide emitted from coal-fired power plants before the gas can blanket the atmosphere and warm the planet.

"We can't turn back time," said Richard Reavey, vice president for government and public affairs at Cloud Peak Energy. "We have to accept that there are reasonable concerns about carbon dioxide and climate, and something has to be done about it. It's a political reality, it's a social reality, and it has to be dealt with."

The coal executives say the steady gains of renewable energy — along with robust environmental regulations in recent years, many of which they still oppose — are not sufficient to stabilize the climate and still meet energy needs in the years to come. They reason that coal and other fossil fuels will still dominate the fuel mix for the next several decades, and that only capturing carbon from coal-fired and gas-fired power plants can meaningfully shift the world to a low-carbon future. Their argument is backed, at least in part, by many world energy experts and environmentalists.

A similar, at least partial metamorphosis has taken place in the oil and gas and utility industries in recent years with mixed results, although there has been progress in expanding the deployment of renewables like wind and solar for power and in the capture of methane in oil fields to stem a powerful greenhouse gas. The coal executives argue that given the same incentives and subsidies as renewables, carbon capture and sequestration can also take off.

Support among coal executives for capturing carbon at power plants is not entirely new, but their increasingly vocal acknowledgment of climate science in support of the technology is a far stretch from many of the views expressed in recent years.

"We need a low-carbon fossil solution," said Deck S. Slone, senior vice president for strategy and public policy at Arch Coal. "The political landscape is always shifting and carbon concerns are certainly not going away. We think there is a solution out there in the form of technology that is an answer to the climate challenge and that quite frankly will be good for our business long term."

Coal executives remain strongly opposed to the Obama administration's blueprint for reducing dependence on coal for power, known as the Clean Power Plan, which is being contested in the courts. But they say that any rollback of Obama regulatory policies by the new administration may not be enough to keep utilities from switching from coal to low-cost natural gas and renewables, and that only assurances of government support for carbon capture and sequestration can give utilities certainty that coal has a long-term future and encourage them to retrofit old power plants to be cleaner burning.

Last year, total United States coal production was 18 percent lower than in 2015 and was the lowest level since 1978. Many companies were forced into bankruptcy. With gas prices rising in recent months, coal made a modest rebound at the end of last year, especially in the Powder River Basin of Montana and Wyoming, where the production economics are generally best.

Vic Svec, a Peabody senior vice president, said that his company was looking to make “a fresh start” as it comes out of bankruptcy, and that part of that fresh start was recognizing that fossil fuels “contribute to greenhouse gas emissions and concern regarding these emissions has become part of the global, societal regulatory landscape.” He added, “There is a market for low-carbon energy sources, and we want to be part of that future.”

Environmentalists say they believe that the coal industry, having dealt with a sharp downturn in recent years and facing an aggressive investor divestment movement, may be shifting its views on climate change more for its own business interests than any newfound love for the environment.

“To the extent that they are saying things that seem much more rational than in the past,” said David Hawkins, director of the climate program at the National Resources Defense Council, “they are trying to persuade skeptical investors that coal has a future.” Nevertheless, he added that his group was willing to work with the companies, even while it was suing them in court on other issues, “if they are willing to join in properly crafted legislation.”

The carbon legislation, introduced last year, would increase the federal tax credit for capture and sequestration to $50 per ton of carbon dioxide from $20. And it would expand available credits by more than a third for permanent storage for the purpose of flooding the carbon into declining oil fields to coax production. The method, already popular in West Texas and supported by the oil and gas industry, gives utilities that deploy the technology an added revenue stream.

When introduced, the measure had broad support from senators as varied as Sheldon Whitehouse, a Rhode Island liberal who is active on climate issues, and Mitch McConnell, the Republican leader from Kentucky, who is one of the strongest backers of the coal industry in Congress. Proponents are preparing to reintroduce the legislation, and coal executives say they hope the Trump administration will get on board.

Senator Heidi Heitkamp, Democrat of North Dakota, who is a leading sponsor of the legislation and a former director in a coal gasification company, said she had seen a shift in the stance of coal executives. “I see people at the table who weren’t at the table before,” she said. “As long as they see that the issue of CO_2 is not going to go away, they are going to roll up their sleeves and try to find a way that works for the utility industry and the coal industry.”

One obstacle to the bill could be cost. Supporters have asked the Joint Committee on Taxation to evaluate the effect of the legislation on the federal budget but have not heard back yet.

Opponents say it would merely extend the life of the coal industry.

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There are only a handful of commercial-scale operations for carbon capture and sequestration globally. But coal executives say proper permitting and legal protections, along with the tax credits, could bring a surge in construction in the United States within a decade. And as the technology improves and implementation becomes less expensive, the United States could export the technology and make coal-fired power cleaner around the world.

But developing commercial-scale carbon capture has been bedeviled by cost overruns and long delays. The operations not only are expensive to build but also require a lot of power, making plants less efficient. The federal government canceled one such project, called FutureGen, after it was granted more than $1 billion by the Obama administration.

Still, coal executives are staking much of their futures on the technology.

“We’re confident,” Mr. Svec of Peabody said, “that it needs to be a part of any serious effort toward reducing greenhouse gases from industrial sources.”

Correction: February 28, 2017

An article on Monday about coal companies’ efforts to frame a new image for coal as a contributor to a clean-energy future misstated the amount of a proposed increase in a federal tax credit for capture and sequestration of carbon dioxide, as well as the current amount. Legislation would raise the credit to $50 per ton (not $20), from the current $20 (not $10). The article also misstated a former role of Senator Heidi Heitkamp at a coal-gasification company. She was a director, not an executive.

A version of this article appears in print on February 27, 2017, on Page B1 of the New York edition with the headline: Industry Tries to Reframe Coal’s Image.