



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

FTC Files Suit to Block Joint Venture between Coal Mining Companies Peabody Energy Corporation and Arch Coal

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The Federal Trade Commission has filed an administrative complaint challenging a proposed joint venture between Peabody Energy Corporation and Arch Coal. The transaction would combine their coal mining operations in the Southern Powder River Basin, located in northeastern Wyoming.

The [complaint](#) alleges that the transaction will eliminate competition between Peabody and Arch Coal, which are the two major competitors in the market for thermal coal in the Southern Powder River Basin, or SPRB, and the two largest coal-mining companies in the United States.

The FTC has also authorized staff to file a complaint for a temporary restraining order and preliminary injunction in the [U.S. District Court for the Eastern District of Missouri](#), to maintain the status quo pending an administrative trial on the merits.

“Whatever the product, the antitrust laws protect customers from mergers that lead to higher prices. This joint venture would eliminate the substantial head-to-head competition between the two largest coal miners in the United States, and that loss of competition would likely raise coal prices to power-generating utilities that provide electricity to millions of Americans,” said Ian Conner, Director of the FTC’s Bureau of Competition.

The complaint alleges that, in 2018, Peabody and Arch Coal produced more than 60 percent of all SPRB coal mined. The complaint also states that these firms collectively control more than 60 percent of SPRB coal reserves. SPRB coal is attractive to electric power producers in the central United States and upper Midwest because the deposits are relatively inexpensive to extract compared to deposits elsewhere, according to the complaint. The deposits’ sulfur and sodium content allow electric power plants to burn significant quantities without violating environmental regulations. The complaint alleges that owners of power generation units designed to burn SPRB coal have high fixed costs, and these units cannot readily replace SPRB coal with natural gas, wind, sun, or nuclear fuels.

The Commission votes to issue the administrative complaint and to authorize staff to seek a temporary restraining order and preliminary injunction were both 4-1. Commissioner Christine S. Wilson voted no. The administrative trial is scheduled to begin on Aug. 11, 2020.

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