

Key Findings:

- Rural Utah Infrastructure Coalition is considering investing as much as \$54 million toward the development of two coal export terminal projects that face long odds against getting built, including high costs, extensive delays, substantial international coal market concerns, and other challenges that make them financially risky investments.
- IEEFA reviewed a report commissioned by Rural Utah Infrastructure Coalition to assess the viability of the two coal terminal projects, identifying a multitude of risks to Utah's financial involvement.
- Even if built, the terminals may fail to perform to the optimistic levels touted by proponents. Utah's investment might yield little residual value, and the hoped-for economic benefits to the state might never materialize.
- Instead of investing in these risky projects, Utah could put that money to work now within Utah, reaping more certain benefits to the state, especially across rural communities that desperately need infrastructure investments.

Extensive financial risks and delays loom as Utah considers investing in coal export terminals that would divert funding from in-state needs

The Rural Utah Infrastructure Coalition (RUIC), representing eight rural counties in Utah, is considering investing as much as \$54 million for the development of two West Coast coal export terminal projects. The two terminals, in California and Washington, face long odds against getting built. Risks include high costs, extensive delays, changes to international coal markets, limited flexibility, underperformance from coal delivery bottlenecks, organized state and local opposition in both California and Washington, and numerous other challenges that make them financially risky investments.

To assess the viability of the two coal terminal proposals, the RUIC commissioned a study from Wood Mackenzie and Norda Stelo,¹ two energy and engineering consulting firms. IEEFA reviewed that report, which was released by the RUIC in early September.

The report recommends that the RUIC put about \$43.2 million, or 80%, of the funds to support the development of the West Gateway coal export terminal in Oakland, Calif., and another \$10.8 million, or 20%, towards a proposed coal export terminal in Longview, Wash.² At the end of 2026, Utah will lose its ability to sell about 2 million tons of coal a year to Asian power plants through the Levin-Richmond terminal, about five miles north of the Oakland site, after local

¹ Wood Mackenzie and Norda Stelo. [Study Report for Rural Utah Infrastructure Coalition – Bulk Commodity Ocean Terminals](#). July 29, 2026.

² *Ibid.*, page 27.

opposition won an end to coal exports there.³ Coal, mostly from Wyoming and Montana, is also exported through terminals in Vancouver, Canada, Long Beach, California, and most recently, Guaymas, Mexico.⁴

The RUIC's plan, while appearing to be a straightforward economic development effort, is a high-risk gamble to spend the money on out-of-state projects that could leave rural Utah with limited economic benefits—even if the coal terminals are eventually built. It would also miss out on the more immediate upside of spending the money on much-needed infrastructure projects within the state.

The report details a multitude of risks for investing in these projects, including:

- **Far higher costs**, hundreds of millions of dollars more than estimated by advocates
- **Construction timelines at least two to three years longer** than currently stated
- **Lack of well-capitalized, experienced investors**, including mining companies, commodity trading firms, or railroads that could see these projects through
- **The very early-stage engineering status of the projects**, especially Longview, greatly increasing the odds of delays and cost overruns
- **Many potential bottlenecks that could sharply curtail export tonnage**, including rail congestion, limited and inflexible terminal space, and loading equipment limitations
- **International coal market risks**
- **Organized and influential state and local opposition** in both California and Washington that has stopped previously proposed coal export projects

In reviewing the RUIC/Wood Mackenzie-Norda Stelo report, IEEFA took a closer look at these and other significant risks to Utah's financial involvement.

Far higher cost estimates

The report concludes that the cost of the Oakland coal terminal could be between \$430 and \$625 million,⁵ far higher than the \$250 million cited by advocates. The midpoint of those estimates—about \$527 million—is more than twice as high. Yet even this cost estimate could easily rise, due to four significant and interrelated risk factors: additional equipment and construction cost inflation, unforeseen engineering challenges, rising interest rates, and project delays. The extremely limited size of the coal terminal site is another risk factor. Located at a former Army base that has been redeveloped by the Oakland Bulk and Oversized Terminal

³ *Ibid.*, page 27.

⁴ Cowboy State Daily. [‘A Huge Step’: Wyoming’s Largest Coal Mine Finds New Route to Asia Through Mexico](#). September 16, 2026.

⁵ Wood Mackenzie and Norda Stelo report, page 25.

company (OBOT), the report says that “only 17 acres are available for the project,”⁶ severely limiting design and construction flexibility, on-site storage and handling capacity, and eliminating the possibility of expansion to gain economies of scale or serve other bulk commodities.

The cost of building the Longview terminal, estimated at \$300 million to \$425 million, is three to four times higher than the \$100 million estimate from advocate Pacific Port Group.⁷ These higher figures appear to be far more tenuous than those for Oakland. According to the report, “the current proposal has little to no engineering or design completed,” and the proponent’s estimate was arrived at “by scaling down the costs anticipated for the larger Millennium Bulk Terminals project”⁸—a project whose permit applications were denied by Washington state agencies.

Using these higher, more probable cost estimates would reduce RUIC’s share of projected costs to less than 10% for the Oakland project and to 2.5%-3.6% for Longview. Such limited amounts are almost certainly insufficient to meaningfully advance terminal development, but could lock up the RUIC’s money for years if committed and no progress is made.

Far longer construction timelines

The report estimates these coal terminal projects would likely take at least 53 months to complete, or almost four and a half years, “from the start of engineering to first cargo.”⁹ That’s more than twice as long as the proponent of the Oakland terminal estimates, claiming it would take just two years to build with the first cargo shipping out in October 2028.¹⁰ Even without delays arising from construction, financing, or permitting, the Wood Mackenzie/Norda Stelo timeline suggests the earliest completion date would be sometime in 2031.

The report notes that even the 53-month schedule is preliminary, as “limited engineering and project information was available for both facilities.” It also states that the timeline is “governed primarily by permitting, which sits on the critical path and carries the greatest uncertainty.”¹¹

Given that Utah’s coal exports through California’s Levin-Richmond terminal are scheduled to stop at the end of 2026, Utah’s coal mines are facing years of lower demand, adding to their financial challenges and undercutting their ability to be strong investors in either terminal project.

Longer timelines also increase the risk of larger changes in global energy markets and economic conditions before any coal exports start. Over the past six years, three major events have roiled international energy flows and prices. Two events—the Russian invasion of Ukraine and the U.S.-Iran conflict—are currently driving extreme volatility in energy prices and disrupting

⁶ *Ibid.*, page 13.

⁷ *Ibid.*, page 25.

⁸ *Ibid.*, pages 22, 18, and 44.

⁹ *Ibid.*, page 26.

¹⁰ *Ibid.*

¹¹ *Ibid.*, page 51.

global shipping of energy products. Geopolitical tensions, including around tariffs, are adding to the uncertainty of global trade.

Lack of well-capitalized, experienced investors

Neither the Oakland nor the Longview terminal projects appear to have investment commitments from large, experienced corporate stakeholders that might want to be associated with coal exports, including mining firms, international commodity traders, and railroads. Nor are there any “volume commitments or agreements in place or under negotiation with prospective users of the facility,”¹² a serious impediment to financing construction.

This lack of deep-pocketed corporations with experience in commodity markets or terminal operations is a financial red flag. Construction of either terminal facility would require funding in the hundreds of millions of dollars; stakeholder clarity that investing in a coal terminal would ultimately provide a profitable return on their investment; and the willingness of executives to take on long-term risks.

One reason for the lack of experienced investors may be that long-term investment decisions amid turmoil in global energy markets have become far more challenging and risky, and corporate stakeholders have become hesitant to step into new projects until greater visibility and stability return.

The weakness of the Longview project is especially notable. According to the report, Pacific Port Group was formed only about a year ago by a top executive from Lighthouse Resources, a coal company that filed for bankruptcy in 2020.¹³ Lighthouse was the parent of the failed Millennium Bulk Terminals-Longview project, and it is unclear what new approach Pacific Port is offering that would result in a different outcome the second time around.

Without financially strong partners, the risk to Utah’s investments sharply increases and could result in loss of capital or extended delays in getting returns. A lack of experienced partners could prove challenging across a range of issues, from building and managing the terminal to winning contracts in a highly competitive international coal market.

Not having partners such as railroads or commodities traders involved in the terminal projects also raises the risk of their participation in competing ventures. Recent shipments of Powder River Basin coal through the Mexican port of Guaymas, described as “a joint pilot project” of Peabody Energy, Union Pacific, and Ferromex, a Mexican rail carrier, highlight this possibility.¹⁴ Notably, the Wood Mackenzie and Norda Stelo report dismissed the option of shipping Utah coal through Mexico because of a variety of issues they identified, saying “given these risks, the two ports in Mexico were not evaluated further and were eliminated from this assessment.”¹⁵

¹² *Ibid.*, pages 18 and 46.

¹³ *Ibid.*, pages 18 and 45.

¹⁴ Cowboy State Daily. [‘A Huge Step’: Wyoming’s Largest Coal Mine Finds New Route to Asia Through Mexico](#). September 16, 2026.

¹⁵ Wood Mackenzie and Norda Stelo report, page 24.

The very early-stage engineering status of the projects

Utah would be stepping into two projects with considerable engineering uncertainty, though much greater at Longview than Oakland. Few major construction projects sail to completion without unexpected challenges, and these can lead to higher costs and delays, which add to the challenges of working with undercapitalized partners.

These unforeseen challenges can lead investors into a financial trap: either put more money in to move a project along or face losing the money already invested. Sometimes those additional demands can cause development partners to pull out of projects or run into deeper financial trouble. Utah should carefully consider how to protect its investments from that possibility.

Many potential bottlenecks that could sharply curtail export tonnage

Getting either project built is just the first hurdle. The report identifies several potential bottlenecks and other risk factors that could cause export volumes to fall well short of projections and sharply diminish Utah's economic benefits.

First, both projects are entirely dependent on the smooth functioning of rail delivery to achieve their throughput goals. However, the report notes that "rail congestion associated with BNSF and UP services to Californian west coast ports is increasing, with dwell times exceeding eight days at several ports."¹⁶ This may be more than a temporary issue. Reliable rail delivery of coal to power plants has recently been a point of contention between coal companies, railroads, and power plant operators across the U.S. The issue has even been identified as a potential risk factor to coal-fired generation by some large power companies.¹⁷ Smaller train crews and dissatisfaction with crew scheduling, combined with labor shortages and corporate consolidation, caused some of the problems. Limited replacement of coal cars also affected availability. Falling coal shipment volumes may have lowered coal's priority to railroads and shifted their focus to higher-value and more time-sensitive cargos.

But the report also specifically notes that there are two rail bottlenecks near the Donner Pass that have "single-track tunnels with potential waiting and weather/rockslide/washout stoppages."¹⁸ With limited storage space at the Oakland site, rail delays could quickly turn into shipping delays, reducing throughput volume, raising costs, and lowering competitiveness.

For service to Longview, the report cites four capacity-constrained rail segments that could affect shipment volumes, saying that "BNSF/UP would be expected to make the necessary

¹⁶ *Ibid.*, page 42.

¹⁷ Duke Energy Progress Integrated Resource Plan 2020 Biennial Report, released September 1, 2021, pages 20-21: "DEP is already experiencing coal supply constraints today and expect these constraints to worsen in the future. ... This risk is further exacerbated by related issues with the railroads that provide coal transportation to coal plants. Diminishing and inconsistent coal demand makes it more costly and difficult for both the railroads and coal suppliers to provide reliable service and responsive deliveries – a trend that will continue to worsen as the industry winds down."

¹⁸ Wood Mackenzie and Norda Stelo report, page 42.

investments to accommodate projected growth.”¹⁹ Yet without stakes in the terminal, the railroads may not have sufficient incentives to make those investments. They may also choose to be cautious, waiting until after the terminal is built and the bottlenecks become sufficiently problematic before deciding to invest in costly upgrades. Either way, these bottlenecks could take many years to resolve after terminal operations begin.

Another potential bottleneck: at both terminals, Utah coal currently would not have exclusivity. Both are cited as common-user facilities, and the report suggests that although one of the 150,000-ton storage spaces at Oakland “could potentially be dedicated to Utah coal,”²⁰ Wyoming coal could be handled, as well. But Wyoming coal shipments could displace, limit, or delay Utah coal shipments, reducing any economic benefits flowing back to Utah and diminishing the point of the RUIC investments.

Space constraints at Oakland could also be a challenge, as “only 17 acres are available for the project.” In contrast, the Longview site has 190 acres available for the project, though it also faces constraints on how much of the land could be used.

The limited space at Oakland raises doubts about the facility’s flexibility in accommodating commodities other than coal. Since expansion is not an option, any other export would be subtractive from coal operations. The report says that alternative commodities “with similar flow properties” might be handled, and stockpiles could be separated from coal with bulkheads, but it does not address how the volumes that might be required for commercial shipping would interact with coal storage and shipping, nor does it address potential issues of cross-contamination from using the same loading system. The idea that the Oakland facility could be flexible enough for anything other than coal, despite Utah’s coal-focused investment, sounds more like a hopeful backup strategy than a focused business plan.

International coal market risks

Both terminal projects assume steady, ongoing coal demand from Asia, particularly South Korea and Japan. That outlook belies intense competition in the seaborne thermal coal market from Australia and Indonesia (both with faster shipping times and lower costs than U.S. ports), competition from other energy sources such as liquefied natural gas (LNG) and local renewables, and structural changes occurring in Asian energy markets.

At least one commodities research firm, London-based DBX Commodities, recently said that the steady volume of seaborne thermal coal in place for more than a decade is breaking down.²¹ Their outlook now calls for an accelerating decline in demand through 2028, with China and India reducing imports even as Indonesia hopes to maintain its export volumes. Should that happen, it could mean a structural decline in prices, reducing the competitiveness of U.S. thermal coal exports.

¹⁹ *Ibid.*, page 42.

²⁰ *Ibid.*, page 45.

²¹ DBX Commodities. “Thermal coal’s plateau is breaking down,” Long-Term Coal Monitor press release. August 31, 2026.

U.S. coal companies have frequently cited the potential of export markets as the answer to declining domestic thermal coal consumption (coal used at power plants). Yet thermal coal exports peaked more than a decade ago, in 2012, at 56 million tons. Volumes have bounced between 20 million and 50 million tons for 20 years with no clear trend, highlighting competitive challenges for domestic producers. Recent export numbers show this volatility, as well. In 2024, the U.S. exported 51.7 million tons of thermal coal, but that fell by over 9 million tons in 2025, or almost 18%, to 42.5 million tons. Prices have also been volatile recently.²²

Organized and influential state and local opposition

One paragraph in the report stands out as a reflection of the state and local resistance these coal terminals face:

“At least nine Pacific Northwest coal export proposals totaling approximately 133 [million tons per annum (Mtpa)] have been cancelled since 2010. Richmond banned coal at the Levin-Richmond Terminal in 2020, upheld through litigation and settled as a phase-out by end of 2026.”²³

In short, these coal terminal projects will run into a buzzsaw of opposition. Local and state politicians, policies, permits, and legal action likely will be used against these coal projects, much as they have been in the past. The policy and legal power deployed have been, and would likely continue to be, significant. With little state and local political support, and limited economic benefits for California and Washington, the path forward for either project is daunting.

At the very least, these challenges may result in years of further delays. Three things deserve consideration:

Opportunity cost. If the RUIC’s money were invested in Utah now, the economic benefits, both direct and indirect, could be immediate and substantial. Investing in the terminal projects could instead tie up that money for an extended period without any certainty of the desired outcome.

Possibility of losses. Depending on how Utah structures its financial support for these projects, RUIC could lose direct investments (grants) if the projects fail, or have limited recourse to recover funds without appropriate collateral for loans from stakeholders. Both projects appear to have been given relatively low odds of success in the report, signaled by a recommendation to reserve 20% of RUIC’s funds for Longview as a “contingency option.”²⁴

Business underperformance. Even if built, the terminals may fail to perform to the optimistic levels touted by proponents, either because of lower overseas demand or alternative export routes. In that case, Utah’s funds would be spent, the investments might yield little residual value, and the hoped-for economic benefits to the state would never materialize.

²² U.S. Energy Information Administration. [Coal Data Browser](#). Export Quantity to Total World (steam coal), 2000-2025.

²³ Wood Mackenzie and Norda Stelo report, page 23.

²⁴ *Ibid.*, page 27.

Conclusion

Every state wants to make prudent investments that will enhance economic development and provide long-term benefits to its people, and Utah is no exception.

In this case, Utah faces a clear choice: commit millions of infrastructure dollars to high-risk out-of-state projects that could lock up those dollars for years—and might not return the hoped-for benefits even if they get built—or put that money to work now within Utah, reaping more certain benefits to the state, especially across rural communities that desperately need infrastructure investments.

The \$54 million the RUIC seeks to invest is a fraction of the real cost of building these export terminals and is probably insufficient to be a deciding factor in whether they get built. On the other hand, \$54 million could support quite a few smaller projects across rural Utah. In particular, coal communities facing the end of exports through Levin-Richmond later this year might welcome some direct financial support now, rather than an uncertain promise for indirect support in the distant future.

At this early stage of development, and given the absence of solid commitments from any financially strong and experienced commercial backers, these projects pose substantial risks to the RUIC's money—risks that should not be borne by rural citizens of Utah.
