EURACOAL

European Association
for Coal and Lignite

PERSPECTIVES FOR COAL – A POLISH AND EUROPEAN VIEW

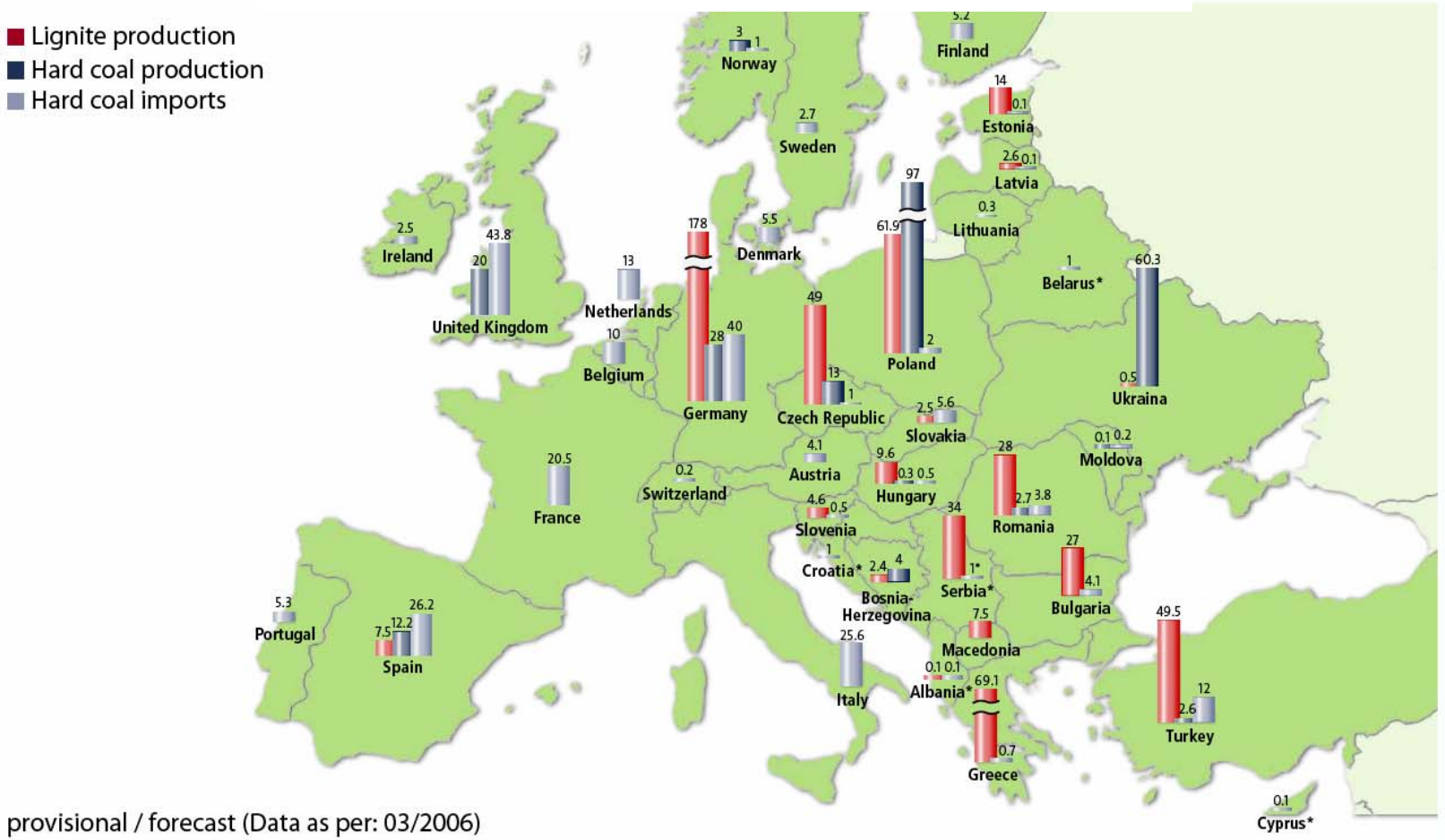
EURACOAL Conference
Brussels – 29th January 2007

Dr. Maksymilian KLANK
President

Perspectives for coal
A Polish and European view

- **The Polish coal industry and its perspectives**
- Coal in European energy policy
  - Energy package
  - CO_2 Emissions Trading Scheme

Coal in Europe



provisional / forecast (Data as per: 03/2006)
*2003/2004

Polish Coal Basins and Reserves

DZW Lower Silesia Coal Basin

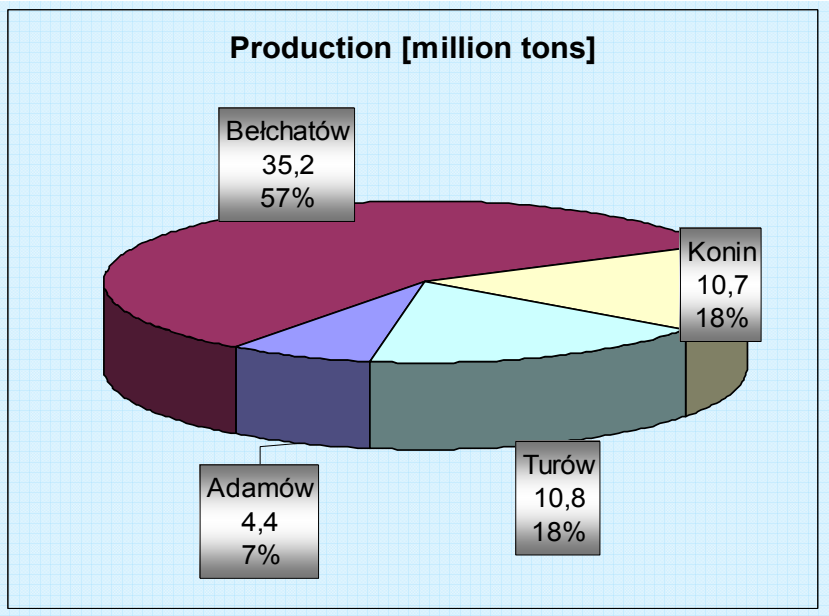
GZW Upper Silesia Coal Basin

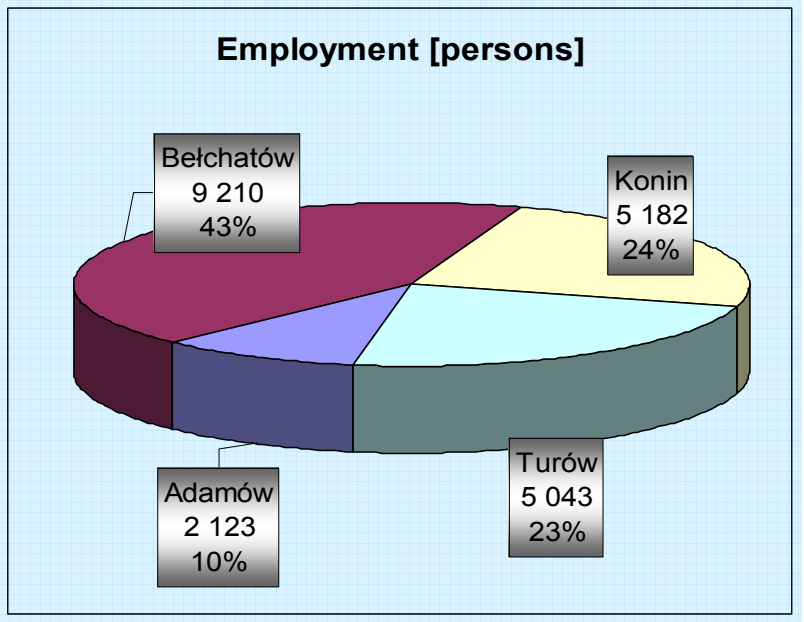
LZW Lubelskie Coal Basin

➢ **Viable reserves**	**16 050 million t**
➢ **Industrial reserves**	**6 725 million t**
➢ **Operational reserves**	**4 800 million t**
➢ **Easily accessible reserves**	**2 750 million t**

Brown Coal Industry in Poland in 2005

- The 2005 production of brown coal was 61,6 million tons.
- At the end of 2005 the employment in brown coal industry amounted to 20 148 persons.





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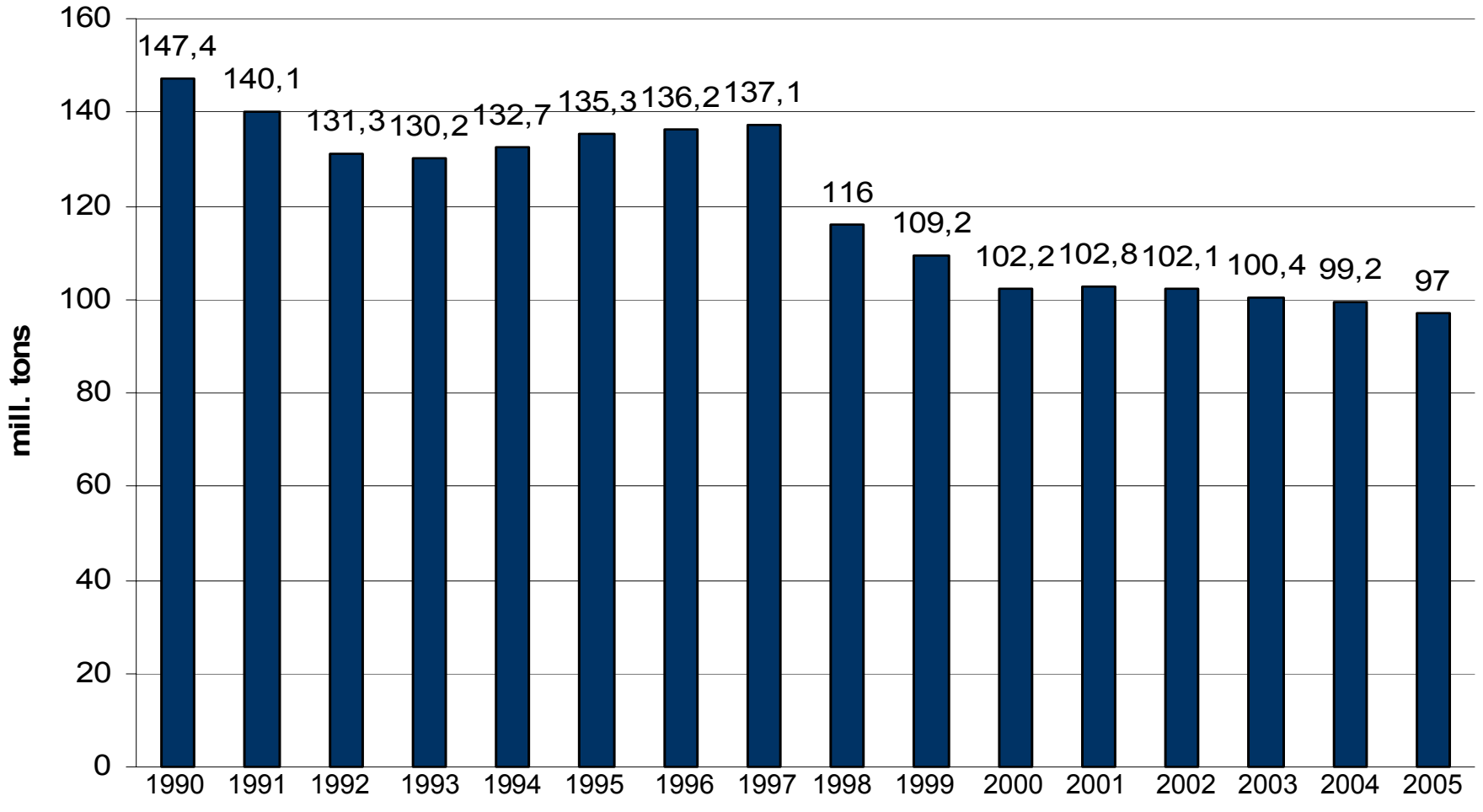
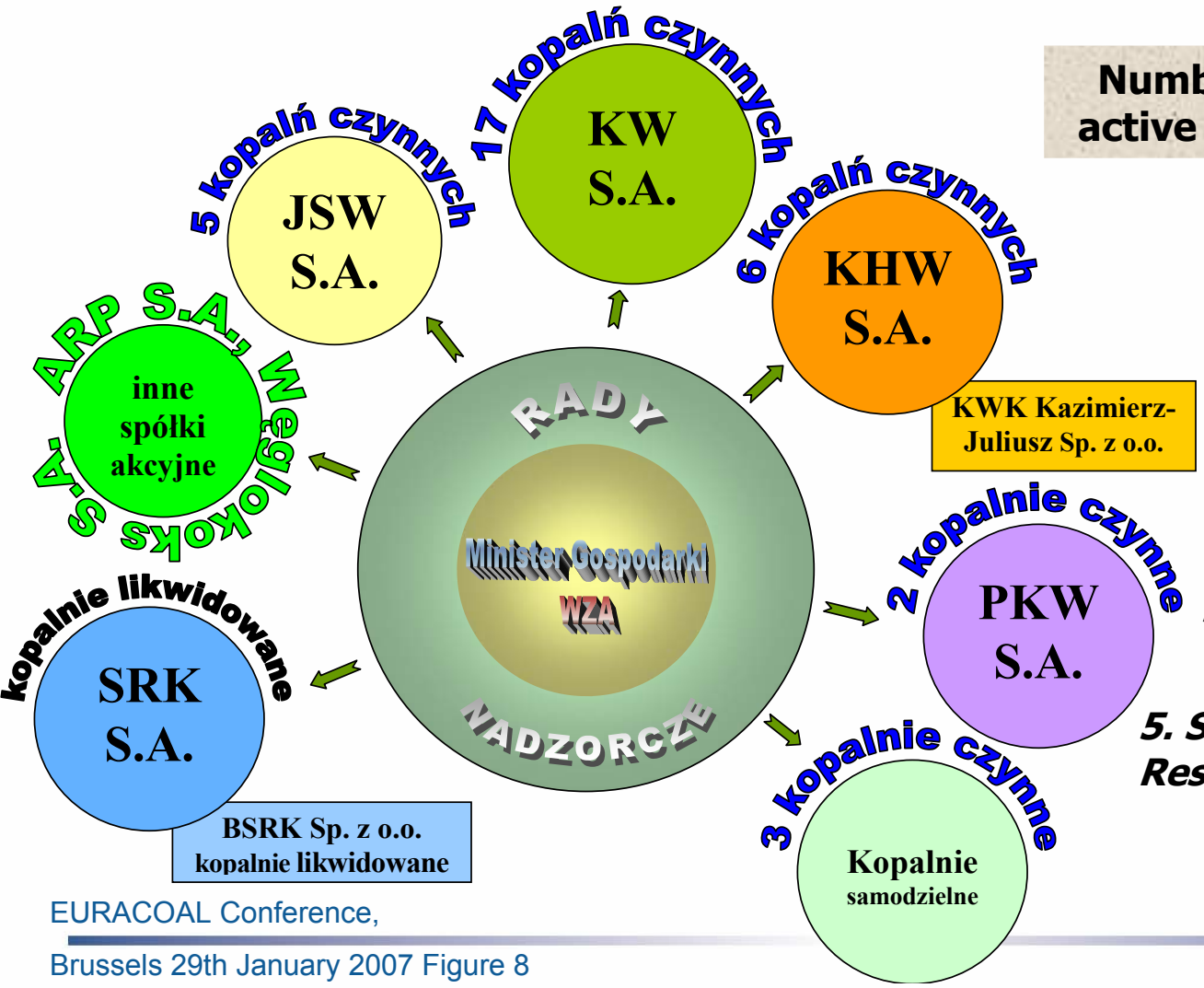
Hard Coal Production



Structure of hard coal mining industry in Poland – end2006.

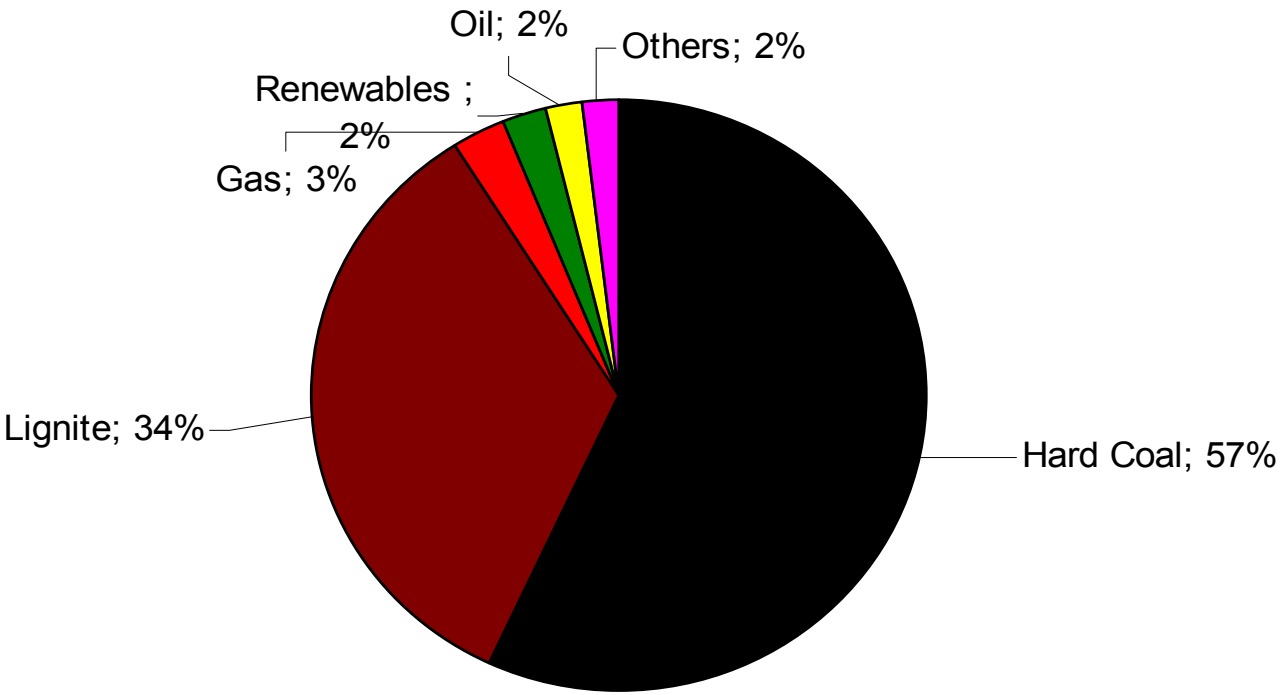


Number of active mines **33**

Legenda:

1. *JSW S.A. - Jastrzębie Coal Company*
2. *KW S.A. - Kompania Węglowa*
3. *KHW S.A. – Katowice Coal Holding*
4. *PKW S.A. – Southern Coal Comcern*
5. *SRK S.A. – Mines Restructuring Company*

Coal and Lignite making a major contribution to Polish electricity production



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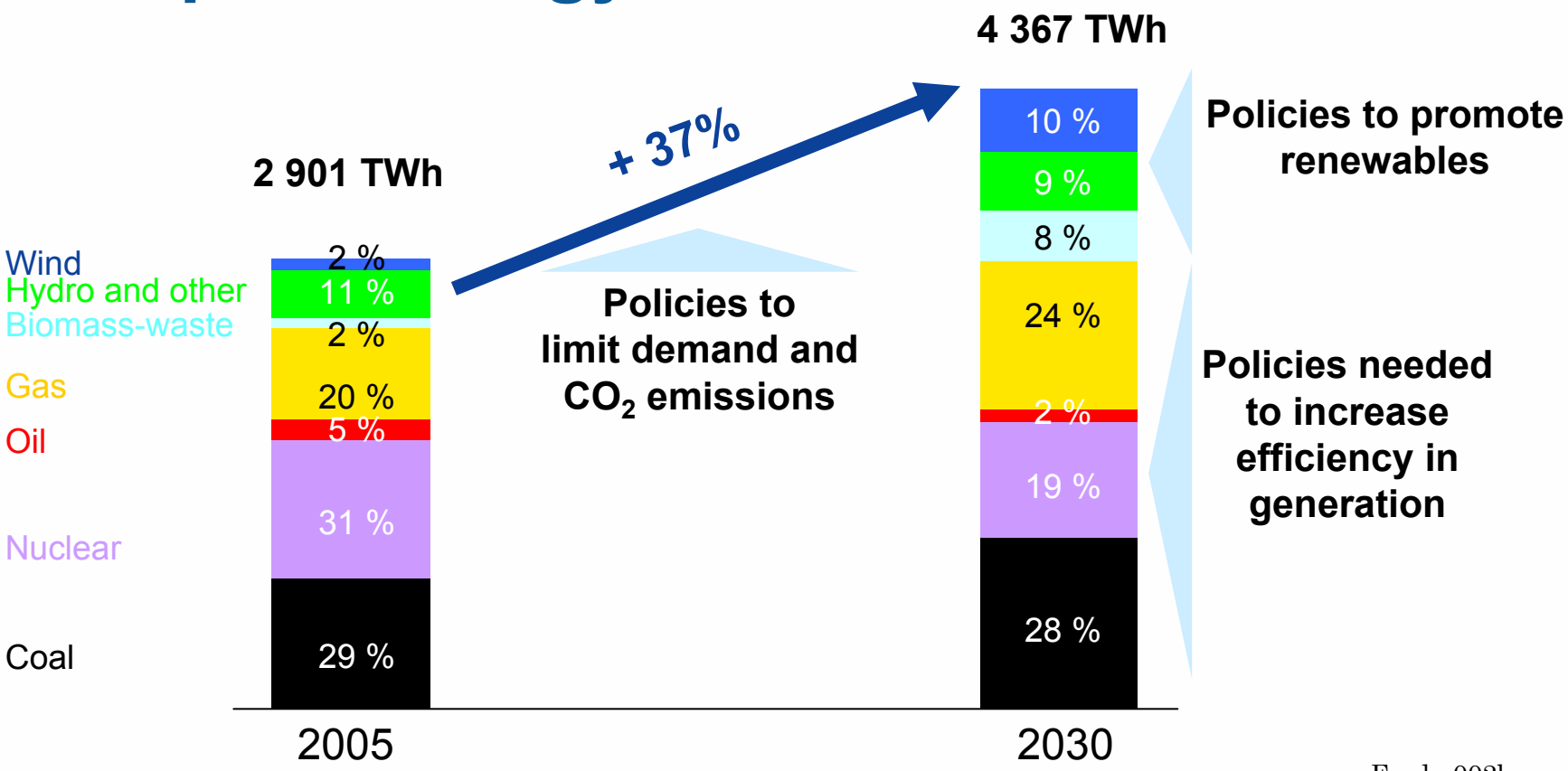
Coal will remain a major component of the European energy mix



Source: EU Commission, Trend to 2030 – update 2005

Eu-dg-002b

Policies are needed to enable all fossil fuels to contribute to the solutions for climate change

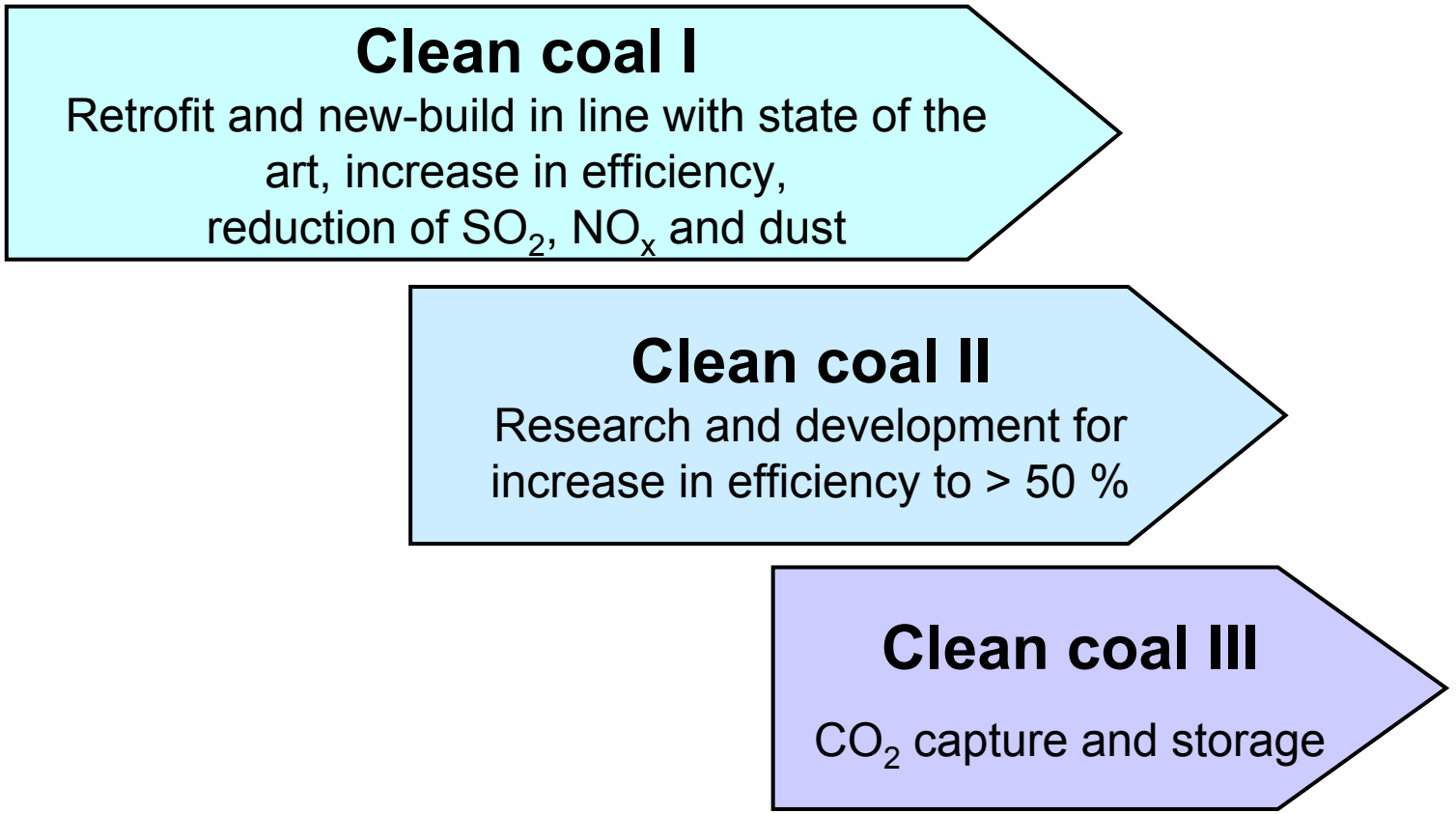
Coal's major advantages

- Large reserves and extraction capacities in Europe and worldwide
- A well-supplied world market
- Coal can be easily stockpiled at mines, power stations or intermediate locations; stocks can be drawn on in emergency situations.
- Coal-based electricity is highly reliable.
- Coal prices are very stable and low; indigenous coal in particular can guard against import dependence and price shocks.
- Indigenous coal enables economic development and creates national as well as regional prosperity and employment.

EURACOAL welcomes major coal-related statements of the EU Energy Package

- Objective to develop efficiency improvements and CCS particularly until 2020 according to the TP ZEP
- Up to 12 large-scale demonstration plants with CCS to be built by around 2015
- About 5 years of demonstration
- Reliable regulatory framework for CCS, particularly storage, as soon as possible

Clean coal comes in three stages



Important aspects to be considered

- CCS is a promising technology route which must first be put in practice; not all countries have sufficient storage facilities.
- Not necessarily all installations have to be retrofitted with CCS after 2020.
- In some places, top efficiencies may be the best option.
- Capture-readiness must be defined.
- Formal decisions must be taken regarding timing of CCS deployment when the technological chain is developed.
- Incentives/Appropriate framework for deployment needed

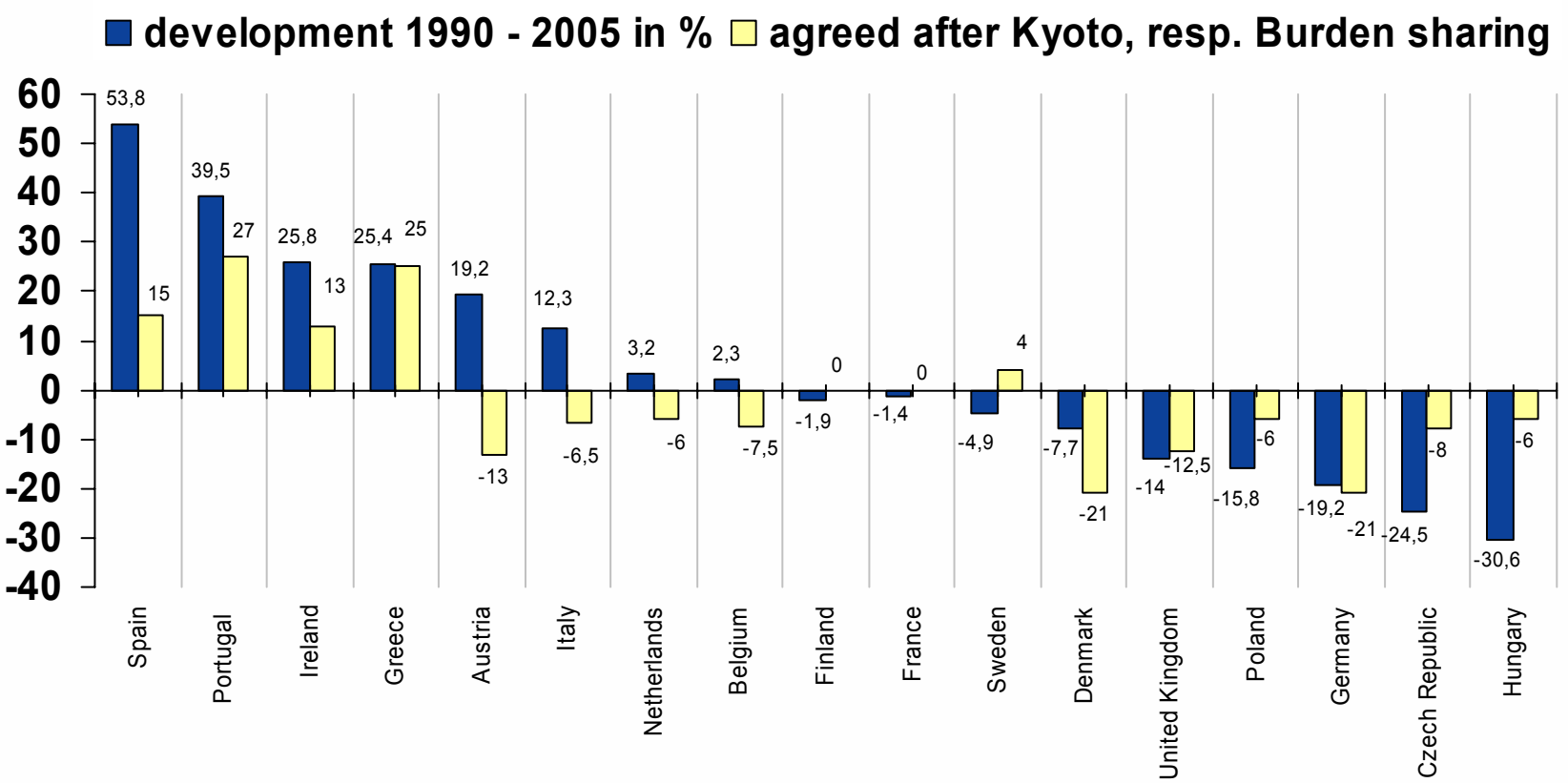
Emissions Trading - Experiences

- CO_2 reduction through fuel switch has become increasingly more expensive and will jeopardize European competitiveness as well as security of supply.
- Regulation including Emissions Trading needs to stimulate investments – security for investors in coal-fired power plants beyond 2012 is needed.
- The Member States Kyoto and (for EU-15) the burden sharing commitments should be respected. Major coal-using countries are well on track.

Climate protection policies are to be tackled globally

Emissions Trading – Burden Sharing

EU-Greenhouse Gas Emissions



Source: UNFCCC 2006, DIW Berlin

Conclusions

- EU-27 Member States' energy mix and systems differ a lot – this is an advantage for security of supply that should be kept.
- The EU to fix the objectives and the details to be dealt with by the Member States according to the principle of subsidiarity.
- Coal has major advantages.
- Industry and national governments must work hard to make a technological leap in coal use happen.
- EU CO_2 regime to ensure investments in coal and coal-fired generation also in the medium term.

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Thank you

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