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European Association for Coal and Lignite AISBL

EURACOAL Press Release

European coal industry calls for a realistic GHG target linked to an international agreement

A less ambitious EU climate policy can deliver considerable emission reductions at a lower cost, allow economic growth and provide security of energy supply

Brussels (10 October 2014) – Ahead of the European Council meeting on 23-24 October, EURACOAL has today published a paper on *"Why less climate ambition would deliver more for the EU"*. The coal industry argues that if the 2030 climate target is not part of a binding international agreement, then energy prices in the EU would become even higher than today with a knock-on impact on the Union's industrial competitiveness. Without an international agreement, more industry would leave the EU which would then become an isolated region in a world of rising consumption and rising greenhouse gas emissions.

Since 2000, the EU's energy import bill almost tripled to 4.2% of GDP, mostly to pay for expensive oil and gas. Coal has stayed competitive, not least because it is the EU's most significant indigenous energy resource and is freely traded on the international market. As a partner for intermittent renewables, coal-fired power plants are equally as flexible as gas-fired plants, but coal can do the job more cheaply and more securely.

Marrying the continued use of coal with the need to reduce emissions can be achieved by improving the efficiency of Europe's older coal-fired power plants where emissions of CO_2 can be reduced by 30% or more. EURACOAL estimates that the total annual investment needed is between €5 and €10 billion across the EU, vastly lower than any alternative and with no subsidy or hike in energy prices.

Mr. Paweł Smoleń, President of EURACOAL, declared that, "The latest coal plants not only reduce carbon emissions by as much as 40%, but other emissions are almost eliminated which is what's needed in those member states where coal is abundant. Yes, we can deliver more, but only if we are allowed to invest."

EURACOAL expects a heated debate in the Council meeting and a decision that allows carbon emissions to be cut at an affordable cost, without compromising jobs and growth.

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The paper, *"Why less climate ambition would deliver more for the EU"*, dated October 2014, can be downloaded from www.euracoal.org.

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Notes for editors:

- Coal meets over one quarter of world energy demand (29%), second only to oil (31%).
- The EU consumes around 740 million tonnes of coal each year, 9% of the global total of 7 900 million tonnes. China is the largest consumer (3 670 million tonnes), followed by the USA (820 million tonnes).
- 28% of the EU electricity demand is met by coal, compared with 40% globally.
- Indigenous coal production of 520 million tonnes brings security of supply benefits and added value to the EU economy. The vast majority of EU coal production is fully competitive. State aid covers above-market costs at some uncompetitive mines that produced around 14 million tonnes of coal in 2013. Coal industry state aid will end in 2018.
- 240 000 people are directly employed in the EU coal industry.
- EU legislation ensures that some of the world's cleanest and most efficient coal-fired power plants are found in European countries: the Nordjyllandsværket power plant, for example, in Denmark where half of the country's electricity comes from coal.
- Investing in new more efficient coal-fired power plants reduces CO_2 emissions by one quarter or more at a much lower cost and with greater certainty than any alternative.
- Planning for a low-emission future means that new coal- and gas-fired power plants must be built with enough space for CO_2 capture to be retrofitted and a potential route to CO_2 storage identified.
- In March 2011, DG Climate Action launched its Roadmap for *Moving to a Competitive Low-Carbon Economy in 2050*. This includes very ambitious CO_2 reduction targets for 2030 and 2050. To achieve an overall 80% CO_2 reduction in 2050 would require the complete de-carbonisation of the electricity sector.
- In January 2014, the European Commission published its proposals for a 40% GHG reduction target for 2030, *c.f.* 1990. This would mean a 43% reduction for the ETS sector and a 30% reduction (*c.f.* 2005 in both cases) for the non-ETS sectors, including transport for which no new measures are proposed. The Commission wants this target agreed by Parliament and Council by the end of 2014 so that it can be pledged during international negotiations during 2015 in the lead up to the UNFCCC COP-21 in Paris. It is proposed to meet the target without the use of international credits.
- The European Association for Coal and Lignite (EURACOAL) represents the interests of coal producers, coal importers and coal users in Brussels. *Coal industry across Europe 2013* offers a detailed review of the European coal industry with sections on the world coal market and the socio-economic value of coal (www.euracoal.org).