An Action Plan for Coal in the 21st Century

On the occasion of the 23rd European Round Table on Coal in the European Parliament, the European Association for Coal and Lignite and the Central Europe Energy Partners supported by the World Coal Association call on the European Commission to work together with the coal industry on an “Action Plan for Coal” for the following reasons:

- Coal was the very cornerstone of European integration – the union began in 1952 with the European Coal and Steel Community (ECSC). Coal not only has a glorious past, but can have a glorious future. Today, coal accounts for over one quarter of electricity generation in the EU: 27% of our electricity comes from coal. In Member States with rich coal deposits the share is naturally higher: 86% in the case of Poland. Such differences between Member States gave rise to the principle of energy subsidiarity in the EU treaties. All forecasts show that coal will continue to be an important source of energy in the future. Elsewhere in the world, coal is even more important: 42% of global electricity supply comes from coal, a share that is rising. Moreover, coal is an indispensable raw material for the production of steel, cement and fertilisers.

- Coal is abundant, affordable and available: in the EU, 88% of our energy reserves lie in the coal beds beneath our feet and coal is available from a well-functioning international market with similar prices around the world. In 2012, we spent €548 billion on fossil energy imports – equivalent to 4.2% of GDP and up from just 1.5% in 2002 (Eurostat DS-018995, 15.01.14). Oil and gas imports accounted for 96% of this bill, with a rather small number of exporters dominating the gas market. Instead of letting this wealth leave the EU, we should maximise the exploitation of our competitive indigenous coal resources. The remaining potential (reserves + resources) of European coal far exceeds the remaining potential of oil and gas in the Middle East and its exploitation carries no geopolitical risk.

- Coal provides competitive energy: without inter-fuel competition from coal, industrial, commercial and residential consumers would face even higher heat and power prices. Exporters of gas to the EU could and would increase their prices without limit if there was no competition from coal. And competitiveness matters – many of our international competitors enjoy lower energy prices which gives them a fundamental comparative advantage.

- Coal underpins reliable power generation 24/7: given the intermittency of renewables, coal will be needed for many decades to come to ensure supply security during the energy transition. On a dark, windless night, the only source of power is from conventional power plants – coal, gas and nuclear. 100% backup is needed for all wind and solar projects which makes these useful supplementary sources of energy, but not the reliable sources needed to fuel modern life.
Coal has become much cleaner in Europe over recent decades: emissions of all pollutants were reduced dramatically as a result of an ambitious clean air policy under the Air Quality Framework Directive. Europe is at the forefront in this respect and new coal technologies using best available techniques (BAT) can contribute to further improvements.

The newest coal-fired power plants are very efficient, every bit as flexible as gas-fired power plants and fitted with emission control equipment that almost eliminates emissions of dust, sulphur and NOx. CO₂ emissions are 30% lower and can be as much as 40% lower than the old plants that they replace – and clean coal technologies continue to improve. The investment that is needed to reap these benefits is taking place in some Member States, but not all, as public banks have unreasonably tightened their lending rules, even for projects using the latest technologies with substantially lower CO₂ emissions. Where there is pollution from coal, not so much in Europe but more in developing Asia, it often comes from small-scale users, for example poorer households and unprofessional businesses. These should be encouraged to use smokeless solid fuels or provided with alternatives such as modern district heating.

Coal offers quality jobs and wealth creation: coal is a large and mature industry that employs over one quarter of a million people in well-paid jobs in the EU, and many more at the suppliers of equipment, materials and services.

Despite the above, the future of coal in Europe is challenged by over-ambitious climate policies. To solve the global climate challenge requires the deployment, on a massive scale, of all low-emission technologies. The modernisation and renewal of existing coal-fired power plants is a very practical and affordable first step using available technology. This would deliver CO₂ emission reductions very quickly across the EU today, without the need for public subsidy. Beyond that, Europe is home to some of the world’s most advanced power plant equipment suppliers who are developing even more efficient clean coal technologies for tomorrow. Unfortunately, the EU has fallen behind with its programme to demonstrate carbon capture and storage which will be progressively needed in the coming decades. All this needs to be addressed urgently within a framework that recognises the value of coal in Europe’s energy mix. An “Action Plan for Coal” is proposed with input from the European Commission and industry. The plan should address how coal can contribute to secure, sustainable and affordable energy in the EU. It should offer a pragmatic route forward for the industry and provide a balance to those who promote ideological solutions that would see the de-industrialisation of Europe, an economically weak Union and a politically irrelevant actor on the world stage. There is much at stake in the energy debate and an “Action Plan for Coal” would focus attention on the practical steps that the EU can take to contribute to a better life for its citizens and those in developing economies such as China and India.

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