



**MINUTES**  
**23<sup>rd</sup> EUROPEAN ROUND TABLE ON COAL**  
***“European Coal: a long way come, a long way to go”***

**European Parliament (Brussels), Altiero Spinelli ASP 3F383, 19 March 2014**

**Participants (56) included:**

Dr. Christian EHLER (EPP, DE) (chair), Mr. Bogdan MARCINKIEWICZ (EPP, PL) (co-chair), Mr. Adam GIEREK (S&D, PL), Mr. Roger Helmer (EFD, UK), Ms Linda McAVAN (S&D, UK) and MEPs’ assistants; Mr. Dominique RISTORI, Director-General for Energy, European Commission and officials Rakel HUNSTAD and Balasz JOSZA of DG Energy, Gerhard KLEINHORST of EC Secretariat-General and Wolfgang SCHNEIDER of DG Research; officials from Member State permanent representations; trade unionists including Mr. Chris KITCHEN, National Secretary, NUM – National Union of Mineworkers (UK) and Mr. Jeff WOOD, President UDM – Union of Democratic Mineworkers (UK); representatives from academia and NGOs; EURACOAL President, Mr. Paweł SMOLEŃ, EURACOAL members and other representatives from industry.

**Introduction**

Dr. EHLER welcomed participants to the 23<sup>rd</sup> European Round Table on Coal – the last of the current parliament – especially Mr. Dominique RISTORI, Director-General for Energy at the European Commission.

Dr. EHLER looked back over the seven-year history of the “Coal Round” – a non-partisan group of over 200 MEPs. When it was first initiated in 2007, energy security was dismissed by “experts” as a left-over from the Cold War. Today, it was once again a pressing topic, driven by the ongoing events in Ukraine that threaten EU gas supply and by the need for more rational decision making, especially since EU enlargement.

The Coal Round has been a pool of expertise on many fossil fuel-related policies and developments, supporting since the very beginning an energy triangle of security of supply, emission reductions and competitive energy prices.

Being a meeting place for experts from politics, business, science and civil society, the Coal Round successfully ensured industry participation in important legal processes such as the CCS Directive, the ETS Directive, the Energy Roadmap 2050, Horizon 2020, the Strategic Energy Technology Plan (SET-Plan) and, most recently, the 2030 Framework for Climate and Energy – many of which were originally only dealt with by the ENVI Committee. Putting issues related to technology financing and public acceptance on the agenda as early as 2008, the Coal Round encouraged politicians and industry representatives not only to work together, but also to promote the clean, efficient and sustainable use of fossil fuels to secure Europe’s energy supply. Experience in the Coal Round showed that industry sometimes moves faster than the legislation regulating it.

In early 2009, the Coal Round dealt with the draft Industrial Emissions Directive, defending the position that emission reductions should be based on the technical and financial potentials at power plants in EU member states. In late 2009, the Coal Round discussed a “non-paper” on coal drafted by the Commission. Despite several requests directed at DG Energy, the final document was never published and Dr. EHLER highlighted the need for a desk officer dedicated to coal matters in DG Energy.

The Coal Round has also helped to promote support schemes for R&D for fossil fuel technologies, including coal gasification and liquefaction, stressing the importance that all technologies and scientific innovations have to be considered and supported to pave the way towards the goal of clean fossil fuel technologies. Within Horizon 2020, for example, the Coal Round helped to ensure that €800 million was allocated to projects in the field of non-nuclear, non-alternative energy research, including coal.

Several initiatives had been blocked or hampered, such as Vattenfall’s CCS demonstration project at Jämschalde. The German government failed to produce a clear legislative framework for this project. Such setbacks were not only in Germany: of the twenty planned European CCS demonstration projects for 2015, not a single one is on-track.

Recent reports widely acknowledge that coal will have to play a key role for energy supply for the foreseeable future, complementing renewable sources. Cleaner conventional fossil fuels are still the quickest, most efficient and least costly way to reduce CO<sub>2</sub> emissions. When developing energy policies for the next decades, coal can be counted on, but there is a lot of work left to do to ensure that coal is not attacked as the “ugly kid”, but given equal weight in a secure energy supply that meets the needs of a competitive European industry, and our climate protection targets, Dr. EHLER concluded.

In his welcoming remarks, MEP MARCINKIEWICZ quoted US Vice President Joe BIDEN who, after meeting Polish Prime Minister, Donald Tusk, the previous day, stated that energy policy would be a key response to Russia’s annexation of Crimea. *“In the coming weeks, we’ll be meeting with our European partners to discuss ways to further diversify their source and supplies of energy. This will help improve energy security and it will ensure that no nation can use the supply of gas as a political weapon against any other nation.”*

He asked the Commission not to second guess the market and posed a number of questions:

- Does the EU want a common energy policy or only a common climate policy?
- Does the EU want to lead on climate policy even if this means losing businesses?
- Does the cost-benefit analysis – €180 billion for a climate benefit of 0.05°C – not suggest that money could be better spent on high-efficiency plants to reduce emissions?

### **The Director-General for Energy**

Mr. RISTORI observed that the global energy panorama was changing fast, with a growing middle class in developing countries adding significantly to energy demand and leading to fierce competition for access to energy. He put security of supply at the top of his agenda and believed that competitiveness and sustainability were better balanced in the Commission’s proposals for a

2030 policy framework – with the 40% GHG reduction target supported by many member states. He said that it would be, *“irresponsible not to take into account all energy sources”* and quoted figures that showed coal’s important role in the EU. He also stressed the importance of harmonising Europe’s response to climate change, to avoid having 28 national schemes, but also to better respect the mechanisms of the Internal Market and to avoid market distortion by uncontrolled renewable subsidies which he said must eventually end. He added that it was levies and taxes that had led to less competitive energy prices in the EU compared with the US – wholesale prices being similar.

Mr. RISTORI confirmed that increased energy efficiency, especially in buildings, the transport sector and household products would be a priority in the second half of 2014, as well as the completion of the Internal Market and grid extension, based on a regional approach. Communities must be more involved and the €23 billion of Structural Funds available to interconnect isolated regions and member states must be better exploited.

Access to indigenous resources, including coal, will remain important, but public and private R&D efforts must be accelerated to meet new challenges. In particular, it will be crucial to develop CCS to allow the sustainable use of coal and a smooth transition to a competitive low-carbon economy.

### **The President of EURACOAL**

EURACOAL President SMOLEŃ called for a rational and pragmatic climate and energy policy that would allow industry to get on with new investments in the more efficient coal-fired power plants that will be needed over the coming decades. He stressed the important role of large electricity generators in keeping the system running as the share of renewables increases – especially during still winter nights. It would be wrong to take out coal from the energy mix since it would not serve decarbonisation: policies against coal would lead to the life-extension of dirty old power plants which could lead to higher CO<sub>2</sub> emissions. Clear signals supporting a cleaner use of coal would enhance investments and increase efficiency, which would significantly decrease emissions at an affordable cost. Even if indigenous coal, gas and nuclear must be used in better and cleaner ways, they are still better than any imported energy. EURACOAL therefore seeks realistic solutions that fight emissions, not coal, he concluded.

### **Q&A Session**

Mr. HELMER (EFD, UK) dismissed the need to deploy CCS as this was a route that the Chinese would never follow, but praised Mr. RISTORI for his efforts to unwind “bad” policy that had allowed renewable subsidies to grow uncontrollably. He called for “new” policies based on competitiveness, low energy prices and less reliance on Russian gas, which all pointed to more coal, he said.

Mr. GIEREK (S&D, PL) and others noted that per capita CO<sub>2</sub> emissions were much lower in the EU (7 tCO<sub>2</sub>/capita) compared with the US (17 tCO<sub>2</sub>/capita), with Poland’s per capita emission being about average for the EU, despite the country’s high dependence on coal. This was a good starting position and could be improved with investment in efficient new coal plants – a point that he hoped the Commission understood. On CCS, it was agreed that the EU was falling behind and that a clear strategy was needed so that European IP could be demonstrated in real plants. A representative of ArcelorMittal complained that EU climate policy came at a high cost to industrial competitiveness and called for specific steps to be taken to close the growing gap in EU v. US

energy costs and to meet the Commission's 20% target for industry in GDP. Coal and steel formed part of a value chain that had high-strength, light-weight steels at the end – essential for EU car makers to remain world-leading. Mr. DÜRR of RWE questioned the progress on bringing member states' initiatives towards lower emissions in-line – noting specifically the spill-out of German renewable electricity.

Mr. RISTORI confirmed that a new approach based on economic analysis, realistic targets and fair rewards without subsidy would likely bring member states closer. He also stressed the importance of going beyond R&D to promote the demonstration of clean coal projects on a larger scale.

The question of repayment of subsidies that would force otherwise competitive mines to close in Spain was raised by Ms. MARTÍN GONZÁLEZ of Carbuni3n and Mr. RISTORI agreed to have his office look at this so that he could respond.

### **An Action Plan for Coal**

To sum up seven years of joint actions and to make a step towards the future, EURACOAL presented an "Action Plan for Coal" which was supported by the Central Europe Energy Partners and the World Coal Association, and endorsed by MEPs at the meeting. Coal was the very cornerstone of European integration and EURACOAL will therefore continue to press the Commission to pay greater attention to coal in its policy deliberations.

In particular, the Commission must urgently recognise and address the value of coal within a framework for the modernisation and decarbonisation of Europe's coal-fired power park. The final step is the demonstration of carbon capture and storage which will be progressively needed in the coming decades – hence its inclusion in Horizon 2020 and in the revised SET-Plan.

Annex: An Action Plan for Coal in the 21<sup>st</sup> Century

## An Action Plan for Coal in the 21<sup>st</sup> Century

On the occasion of the 23<sup>rd</sup> 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. CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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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