

**European Coal Days, European Parliament, 9 November 2010**  
**Opening Speech**  
**by Mr. Günther Oettinger, Commissioner for Energy**

Ladies and Gentlemen,

First, I would like to thank MEP Christian Ehler as well as Euracoal for organising the European Coal Days 2011. I am confident that the different events and the exhibition will not only provide valuable information on the coal industry, but also stimulate discussions on coal as an important energy source of Europe and its future in the framework of European energy policy.

**The role of - imported and indigenous - coal for Europe**

Coal has been the backbone of our economies in the past and has maintained its important role in the European energy mix. Indeed, if we think back to the origin of the European Community, it all started with coal and steel. Coal amounts to nearly 20% of primary energy consumption in the EU and over a quarter of all electricity produced in the EU. Today, coal is a secure energy source and import dependency is much lower than for gas and oil, even if rising. The needed coal imports come from a diversified set of reliable supplier countries and are contracted through global coal markets. Although the share of coal imports is expected to rise, indigenous coal mining in parts of Europe – both lignite and hard coal – can continue to have an important role, too. Through enabling policies and technologies, including carbon capture and storage, coal can continue to make a safe and valuable contribution to tomorrow's energy mix in Europe.

A significant part of coal production in the EU is fully economic and mining companies are able to compete with world market coal supplies to secure their place in the EU market. This is the way forward for all coal mining activities in the EU. In light of this, the Commission has recently proposed a new Regulation on State aid to facilitate the closure of uncompetitive coal mines. This proposal has triggered a big controversy since a delicate issue is at stake: the need to find a balance between on the one hand, the need to progressively close uncompetitive mines, and on the other hand, the need to take account of the social consequences of the closure of mines. Finding this difficult balance will, from my point of view, also guide the decision to be found between the EU institutions.

**Roadmap 2050**

The main challenge the coal sector as well as the policy makers face, is to ensure that the use of coal - imported or indigenous - is in line with the necessary decarbonisation of our energy supply. In terms of greenhouse gas emissions reductions, the European Council committed us in 2009 to a reduction of 80-95% by 2050 compared to 1990 levels.

I welcome the various analyses of feasible energy system transitions which Member States and stakeholders have been putting forward. A common message is that the

decarbonisation of our energy system by 2050 is technically and economically feasible. Indeed, it can bring many opportunities and benefits.

The Roadmap will show different development paths to attain our goal of an 80-95% reduction of greenhouse gas emissions and will highlight their implications for security of supply and competitiveness.

### **Energy Strategy 2011-2020**

But we cannot lean back and expect to get to 2050 on cruise control. The next ten years will be crucial. Today, the Commission adopted a new EU Energy Strategy 2011-2020. This Strategy is very much about the actions to be undertaken in the coming 18 months to realise our climate goals.

With this Strategy we did not reinvent energy policy. The new strategy must build on what we have achieved in the last 4 years, in particular the Third Internal Market Package and the 2020 energy and climate targets. It also has to be in line with our longer term vision of a largely decarbonised economy in 40 years time.

Our energy strategy and our Energy-Roadmap will reduce uncertainties and thus encourage Member States, investors and citizens, and our partners to respond to the many opportunities in the transition to a new energy system.

### **CCS**

Around 80% of the EU's greenhouse gas emissions are from energy production or use, with CO<sub>2</sub> from coal combustion remaining the dominant source. Decarbonisation of our energy supply is paramount to reaching our emission reduction targets. Therefore in the long-term fossil fuels can only play a significant role in the energy mix, if widespread uptake of carbon capture and storage – in short: CCS – is achieved. Our first aim is to prove by 2020 that CCS can be commercially viable under the Emission Trading System for coal-fired power plants, and also for gas plants and energy intensive industrial sectors. This needs efforts by the sector itself, but also coordinated action at the EU level.

The European Energy Programme for Recovery provides 1 billion Euros for large scale CCS demonstration. Following a call for proposals, 6 agreements have been signed for projects receiving up to 180 million Euros each. In order to accelerate technology development and to guarantee a quick market uptake it is essential that the experiences from the demonstration projects are shared. The CCS Demonstration Project Network aims to facilitate this exchange.

Further funds will be made available under the Emission Trading Scheme. 300 million allowances - approximately 4.5 billion Euro at today's prices of CO<sub>2</sub> - will be available until 31 December 2015 for funding large-scale demonstration projects for CCS as well as for innovative renewable energy technologies. Although the EU provides substantial financial resources, more

money is needed – this will have to come from Member States and the private sector.

A significant and not only technical challenge will be securing sufficient CO<sub>2</sub> storage sites. The European CCS Directive provides a legal framework. Now it is imperative that Member States transpose and implement this Directive as quickly and thoroughly as possible.

To identify where new infrastructures may be needed to transport the CO<sub>2</sub> from power plants to storage sites, the Commission is developing an integrated database of such European CO<sub>2</sub> sources and sinks. CO<sub>2</sub>-pipelines will also be an integrated part of the European Infrastructure Communication which will be adopted by the European Commission this month. For CO<sub>2</sub> infrastructure we are on complete new territory. The challenge is not to interconnect national networks, but we will have to build up a complete new kind of infrastructure. This will require a concerted effort by the European Union, the Member States and the industry.

## **Conclusion**

Coal has been a European concern since the beginning of the European project. Also today the challenge to secure our energy needs undoubtedly requires action at the European level, but also by the Member States and the sector itself. If the right decisions are taken and if they are taken timely, then coal will be able to continue to play an important role in Europe's energy mix.