

EURACOAL'S POSITION PAPER STRATEGIC ENERGY REVIEW II

With its Strategic Energy Review II dated 13th November 2008, the European Commission again dealt with the topic of security of energy supply -after several initiatives concerning the Internal Energy Market and Climate Protection.

The European coal industry welcomes this signal that security of energy supply will continue to play an important role within the so-called energy policy triangle. Within the Strategic Energy Review II also, the focus is appropriately on topics such as infrastructure, risks related to oil and gas supply, energy efficiency and indigenous sources of energy. It is also to be greeted that the major advantages of coal, e.g. its good world-wide availability and stable prices on a functioning world market, are mentioned.

As often in the European Commission's strategy papers, national and regional characteristics are again generally not considered appropriately. Important national aspects are not mentioned and thus left to the Council of Ministers. An example is the contribution that lignite and hard coal must make and will continue to make in a series of Member States and in mining regions in view of the increasing demand for energy of all Europeans.

In the opinion of the European coal industry, the three aspects detailed below should be dealt with in the Council debates in the context of the Strategic Energy Review II:

1. Access to resources

In the Strategic Energy Review, coal is dealt with under the heading „Better use of indigenous energy sources“. Despite significant hard coal imports into the European Union, we suggest in order to supplement indigenous coal production, **assuring appropriate access to coal reserves in Europe is a common task of Member States and industry in order to secure energy supply.**

This means, first of all, that mines must not be closed hastily and on the basis of rather short term considerations, if they still have appreciable coal reserves. Once abandoned, reserves can only become operational again at substantial additional costs, if at all, because of the necessary lead times and the high investments necessary to restart operations. Against the background of the energy supply risks for other fossil fuels and despite the fact that subsidies will have to further be driven down, a prolongation of the existing Regulation on State Aid to the coal industry should be taken into account.

Second, the legal system in the European Union and at national level must be further developed in such a way that access to coal resources, whether opencast or underground, is also possible in practice. The fact that coal mining is bound to a location must be kept in mind. This must appropriately extend into all considerations in the context of local / regional planning and the approval procedures, e.g. nature protection.

Such a clear statement on access to resources in the Strategic Energy Review would at least not only mention this important aspect of the raw materials policy, but also make it easier for coal producing Member States to achieve an appropriate energy mix also including indigenous coal for the next decades. The right of Member States granted by the EU Treaties to determine their energy mix is at least referred to indirectly.

2. Continuous modernisation of power stations

The European Commission repeats in the Strategic Energy Review that coal remains a permanent and important component of the energy mix. This would presuppose that highly efficient coal-fired power stations are the rule and that Carbon Capture and Storage (CCS) will be available in the future. EURACOAL welcomes the clear statement by the European Commission that CO₂ emission limit values / emission standards are not to be considered still for a long time; the European Commission thereby rejects a *de facto* banning of coal-fired power stations without CCS.

In this context, it would be important for the Council of Ministers to establish **that a continuous renewal of old coal-fired power stations could substantially and relatively quickly contribute to the reduction of CO₂ emissions.** A state-of-the-art 1 000 MW power station, i.e. with substantially higher efficiency than the older power station it replaced, could alone save nearly 3 million t CO₂ annually. In addition to such a renewal programme, contributing to the EU goals for 2020, CCS demonstration plants would also have to be built and operated. The objective would be to make CCS technically mature and economically viable by 2020 or soon after. New power stations can be built in such a way that they can later be retro-fitted with CO₂ separation depending upon geographical location and size.

The reference to the positive impact of continuous modernisation of coal-fired power stations on climate protection and security of supply can improve the acceptance of coal not only at EU level, but also when discussing the approval of plants in Member States and in their regions.

3. Harmonised inventory of energy minerals reserves and resources

As Europe's production of fossil fuels continues to make an important contribution to the overall energy supply, a sound and robust overview on its resource and reserve base is necessary. However, methodologies leading to national inventories for mineral resources – especially for energy minerals – still vary considerably across Europe. During recent years, some Member States have re-evaluated their fossil fuels reserves which led in many cases to drastic changes. The Commission has repeatedly expressed the need for developing a harmonised European fossil fuels inventory which should be based on a common methodology for evaluating resources and, in particular, reserves.

EURACOAL fully supports this. It would appreciate it if the Council would invite the Commission to foresee adequate provisions for developing a harmonized European inventory of energy minerals reserves and resources. This would lead to more stability in reserve calculation and to less underestimation of the EU coal reserves; it should take into account both conventional and non-conventional extraction methods.