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European Association for Coal and Lignite AISBL

EURACOAL Press Release

Second European Coal Days – EU to Show Leadership on Clean Coal

European Parliament, 29 November – 1 December 2011

Brussels (1 December 2011) – Industrialists, parliamentarians and officials agree that progress on the first round of CO_2 capture and storage demonstration projects needs to be speeded up to secure Europe's energy future and show global leadership.

At events in the European Parliament this week, the coal industry promoted itself as a creator of wealth and jobs in the EU, while acknowledging that challenges lie ahead. Hosted by **Mr. Bogdan MARCINKIEWICZ MEP** (EPP, Poland) and **Dr. Christian EHLER MEP** (EPP, Germany), the Second European Coal Days attracted some criticism from Green MEPs and certain NGOs who see coal only as a problem. Yet coal, being widely available and affordable, remains the number one fuel for electricity generation and new technologies offer the prospect of more sustainable coal use. For example, at the 15^{th} European Roundtable on Coal, MEPs heard how CO_2 capture and use (CCU) could help reduce emissions.

Dr. Hartmuth ZEIß, President of the European Association for Coal and Lignite (EURACOAL) spoke at a dinner debate in the prestigious Bibliothèque Solvay. He explained that coal was the fastest-growing source of energy over the last decade by a wide margin and will remain the backbone of electricity supply in many countries, thus allowing industrial consumers and households around the world to benefit from lower electricity prices. He called for a balanced energy policy, one that allowed diversity as energy systems evolve, and a belief in markets to deliver environmental objectives. Continued political interference would stymie investment in cost-efficient ways to reduce emissions, such as in more efficient and more flexible coal-fired power plants, he concluded.

In response, **Mr. Philip LOWE**, Director-General for Energy at the European Commission, again linked the future of coal with CCS, but agreed that this only made sense if it can be successfully demonstrated and leads to the uptake of CCS elsewhere, for example in China and India. In the past, Europe had overcome challenges through technical innovation and Mr. Lowe believed that Europe today was both bigger and stronger such that it would solve the sustainable energy challenge. In the case of CCS demonstration, he highlighted the very substantial support under the European Energy Programme for Recovery and NER 300, but lamented the slow progress in the face of financing challenges and public acceptance. To that end, he indicated that the Commission would issue a new Communication on CCS to help speed its demonstration and to ensure Europe shows leadership in this crucial technology.

Speaking for the Polish government, **Mr. Krzysztof BOLESTA** placed competitiveness as a top priority, assisted by a single energy market with strong competition between 27 Member States. He was less enthusiastic on the cost of decarbonising Europe's electricity sector, which could run to several trillion euros and have a devastating economic impact. Within this context, he saw CCS as a crucial way to limit the overall cost, but only if faster progress could be made with demonstration projects in the EU.

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Mr. Hans TEN BERGE, Secretary-General of Eurelectric, pointed out several contradictions in EU energy policy. The Emissions Trading Scheme will deliver carbon reductions, so why do we need a Renewable Energy Directive and an Energy Efficiency Directive, he asked. Early support for renewables was desirable, as for any new technology, he continued, but not at any cost and not forever. He proposed that support should extend only until 2020. Renewable technologies that had reached "grid parity" could then compete without support and the balance of generation needs to be provided by other, less costly low-carbon technologies, including coal with CCS.

Mr. Lowe agreed that well-structured markets were the best means to deliver on political objectives. He added that low CO_2 prices in the EU reflected the state of the economy, not any failure of the EU ETS. Looking ahead, he spoke of sustainability alongside a desire to have more indigenous and hence more secure energy production. For these reasons, he foresaw continued support for renewables beyond 2020 to reach a higher share in the energy mix.

At a high-level dialogue held in the European Parliament with MEPs and stakeholders, **Commissioner Günther OETTINGER** reiterated his belief in technological developments – such as the six CCS demonstration projects supported by the EU – to deliver the ambitious targets for a low-CO_2 emission economy by 2050. He saw clean coal technologies as a middle way, balancing environmental objectives with affordability, and offering technology export opportunities. Nevertheless, it seemed to him unlikely that the Commission would be able to interfere in the energy mix of any Member State; he anticipated that national parliaments would continue with their strong support for renewables. From the many scenarios examined by DG Energy, it was clear to Mr. Oettinger that the Commission should not favour particular low-carbon technologies since all would be needed. In thanking the Commissioner, Dr. Ehler referred to the upcoming debate on Horizon 2020 – the new EU Framework Programme for Research and Innovation – and the need to ensure that this remained open to all energy technologies, including clean coal.

The European Coal Days concluded with a working breakfast in the European Parliament at which the Central Europe Energy Partners presented proposals to encourage new investment in more efficient coal-fired power plants in Poland. By granting allowances for a 20-year period under the EU ETS, much-needed investment in new power plants could be stimulated. Such a derogation would only apply to the very best plants – those that achieve >45% efficiency – and would end when CCS is commercially available.

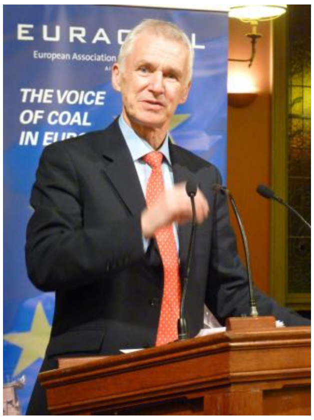
EURACOAL members were encouraged by the fruitful debate that took place over the course of three days in the European Parliament. The steps to a cleaner future with coal were clearly expressed: investment today in power plant renewal and modernisation for improved efficiency and flexibility; targeted research to bring down the costs of cleaner technologies; and the future deployment of CCS at a commercial scale.

Mr. Bogdan Marcinkiewicz MEP (centre back)
Mr. Joseph Daul MEP, Chairman of the European People's Party Group, (front right)
and Dr. Christian Ehler MEP (right)
at the opening ceremony of the Second European Coal Days exhibition in the Altiero Spinelli building, European Parliament, Brussels, 30 November 2011.

Mr. Philip Lowe, Director-General for Energy at the European Commission addresses guests at a dinner debate hosted by EURACOAL in the Bibliothèque Solvay, Brussels on 29 November 2011 – part of the Second European Coal Days in the European Parliament (above and below centre).

Dr.-Ing. Hartmuth Zeiß, EURACOAL President and Chairman of the Managing Directors at Vattenfall Europe Mining AG & Vattenfall Europe Generation AG welcomes guests at a dinner debate hosted by EURACOAL in the Bibliothèque Solvay, Brussels on 29 November 2011 – part of the Second European Coal Days in the European Parliament.

Mr. Hans ten Berge, Secretary-General of Eurelectric during a dinner debate hosted by EURACOAL in the Bibliothèque Solvay on 29 November 2011 – part of the Second European Coal Days in the European Parliament, Brussels.



Notes for editors:

- The European Association for Coal and Lignite (EURACOAL) represents the interests of coal producers, coal importers and coal users in Brussels. The Association recently published *Coal industry across Europe 2011*, a detailed review of the European coal industry with sections on the world coal market and climate policy (www.euracoal.org).

- At the 15th European Roundtable on Coal, "Managing Greenhouse Gases in a Low-Carbon Economy", held on 29 November in the European Parliament, Dr. Johannes Heithoff, Member of the Board, Deutsche Wissenschaftliche Gesellschaft für Erdöl, Erdgas und Kohle e.V. presented results of the latest R&D work on CO_2 capture and use. The carbon footprint of fossil fuels for power generation was the subject of a second presentation by Dr. Hans-Wilhelm Schiffer, Head – General Economic Policy and Science at RWE AG. The meeting concluded that life cycle analysis – accounting for the impacts of the full fuel-supply chain – should influence policy, especially where fuel choice had environmental impacts and consequences beyond EU borders.

- During the European Coal Days, MEPs were able to view an exhibition of the CoMeth project endorsed by the Polish Presidency of the EU (www.cometh.info). This unique project, supported under the EU FP7, demonstrates at a commercial scale the capture of methane from an underground coal mine and its liquefaction for onward distribution by LNG road tanker to customers. It has successfully reduced greenhouse gas emissions by 100,000 tCO_2e per year.

- Central Europe Energy Partners (CEEP) is an international non-profit association (www.ceep.be). It is based in Brussels and supported by energy companies from Poland and other Central European countries.

- Coal meets over one quarter of world energy demand (27%), second only to crude oil (33%).

- The EU consumes around 720 million tonnes of coal each year, 10% of the world total of 7 230 million tonnes. China is the largest consumer (3 320 million tonnes) followed by the USA (960 million tonnes).

- 27% of the EU electricity demand is met by coal, compared with 41% globally.

- Indigenous coal production of 530 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 totalling an estimated €1.7 billion was paid in 2010 to cover production costs at mines producing less than 25 million tonnes of coal that is currently uncompetitive.

- 255 000 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. For example, the Nordjyllandsværket power plant in Denmark where half of the country's electricity comes from coal, all imported from a competitive global market.

- 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.

- At a European Council meeting on 4 February 2011, energy ministers reaffirmed their commitment to the EU's 20-20-20 targets by 2020: 20% reduction in greenhouse gas emissions (c.f. a 1990 baseline); 20% renewables in the primary energy mix; and 20% energy saving (c.f. a business-as-usual forecast).

- 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, without international offset credits, will require the complete de-carbonisation of the electricity sector. Even by 2030, emissions from the power sector must be cut by a massive 60% or thereabouts.

- The Energy Efficiency Directive, launched by the European Commission in June 2011, proposes to place a legal obligation on all Member States to establish energy-saving schemes: energy companies will be obliged to save every year 1.5% of their energy sales, by volume, through the implementation of energy efficiency measures such as improving the efficiency of heating systems, installing double-glazed windows or insulating roofs, among final energy customers.

- Horizon 2020 is the financial instrument implementing the "Innovation Union", a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness. Running from 2014 to 2020 with an €80 billion budget, the EU's new programme for research and innovation (also referred to as FP8) is part of the drive to create new growth and jobs in Europe.

- The Coal Round in the European Parliament is a non-party political grouping of MEPs with an interest in coal.

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