

MINUTES

13th EUROPEAN ROUND TABLE ON COAL European Parliament (Brussels), 10 November 2010

This coal round, hosted and chaired by Dr. Christian EHLER, took place during the European Coal Days 2010 (8-12 November 2010). Parliamentarians from the Committee for Industry, Research and Energy and other MEPs from coal-producing Member States joined Commission and national government officials, industrialists and others to debate, **"the role of coal within a future energy mix"**.

Participants numbered over 80 and included:

Dr. Christian EHLER MEP (chair); MEPs; MEPs' assistants;
European Commission officials (Mr. Philip LOWE, Director-General Energy and Dr. Marion WILDE, Directorate-General for Energy, Unit 3 – Coal and Oil);
National Coal Experts from Member State governments;
National government representatives to the EU;
Representatives of the European coal and lignite industries, utilities, power equipment suppliers, research institutes and universities;
Mining union officials and professional association staff; and journalists.

1. Introduction and welcoming remarks – *Dr. Christian Ehler MEP*

Dr. EHLER welcomed participants, to the 13th Round Table meeting on coal before reflecting positively to Commissioner Oettinger's "challenging and differentiated" speech at the opening ceremony of the European Coal Days. In parliament, the Coal Round brought a new realism to the energy debate, he believed. It was not a single-minded lobby group, yet it had shifted the debate such that coal was gaining ground. He cited the now more mature renewables industry lobby which better recognised the need for back-up, often from coal-fired plants.

2. The role of coal within a future energy mix – *Mr. Philip Lowe, Director-General for Energy, European Commission*

Mr. LOWE recalled coal's importance in European energy supply (17% of primary energy, 27% of electricity) and job creation. He said that there was good potential, from a security of supply perspective, for indigenous sources of energy. In this respect, coal reserves would last much longer than oil and gas reserves.

He noted that while the Lisbon Treaty assigned competence for energy mix to Member States, a discussion was necessary at both national and European levels. There was no quick fix to achieve the objective of a low-carbon economy. In all scenarios, there were technological, commercial and budgetary challenges, the final challenge being public acceptance of energy infrastructure of all types, including CO₂ infrastructure.

The Commission communication on EU energy policy to 2020 (COM(2010)639) had just been adopted. Aimed among others at improving energy markets, maintaining

R&D leadership and protecting consumers, it would be discussed by Energy Ministers in early December and on 4 February 2011 at a special European Council meeting dedicated to energy.

Mr. LOWE recalled that six demonstration projects had received support under the European Energy Programme for Recovery, with the aim of proving by 2020 that CCS – for coal and gas – could be technically and commercially viable. Proceeds from the sale of 300 million new-entrants reserve ETS allowances over the next 5 years would provide further funds, with the first call for tenders just published. National funding was also needed, he said, if Europe was to forge ahead and maintain its lead over the US and China.

Mr. LOWE looked back at the third legislative package, which he said needs to be fully implemented to establish a truly competitive energy market in the EU, and looked forward to forthcoming policy documents: the energy infrastructure package to be released on 17 November; the energy efficiency action plan in February 2011; the external dimension of energy policy; and the energy roadmap to 2050.

In respect of 2050, Mr. LOWE noted that there were already many roadmaps. The European Council had agreed to reduce emissions by 80-95% compared with 1990 – implying a fully decarbonised electricity sector. Discussion at national level on energy mix must therefore be followed by a debate at the EU level to assess the aggregate outcome before any new legislative proposals could be considered. Commissioner Oettinger had asked for the first scenarios to be defined by spring 2011 to stimulate the debate. Mr. LOWE believed that such roadmaps would not decide the fate of any particular energy source or technology: high-efficiency coal plants with CCS could have a role in many scenarios and he confirmed that the Commission remained committed to CCS as a major part of EU energy strategy.

In Europe, despite its indigenous production, much coal was imported; security of supply and competitiveness therefore needed to be included in discussions. Here, Mr. LOWE valued the work of the Berlin Fossil Fuels Forum – Europe's indigenous resources, including coal, had to be exploited efficiently and competitively.

Mr. LOWE concluded that with the right policies and innovative technologies, including highly-efficient power generation and CCS, coal can maintain an important role in the European energy mix of the future.

In thanking Mr. LOWE for his balanced views, Dr. EHLER made two observations:

- Infrastructure for CO₂ transport and storage required public acceptance, like any other energy infrastructure (*e.g.* wind turbines and electricity transmission lines), and this would become a critical issue as projects moved beyond the planning stages. Involving the regions would be important because they faced public opposition first-hand.
- The differentiated and balanced approach to energy issues, adopted by Mr. LOWE and Commissioner OETTINGER in their contacts with the European Parliament, industry, scientists and the regions, was welcome.

During the Q&A, Dr. MILOJCIC (DEBRIV – German Brown Coal Association) invited the Commission to remain open to a discussion on investment frameworks – notably support for highly efficient coal-fired plants rewarded under ETS – because the post-2013 auctioning of ETS allowances could lead to further unintended fuel switching, displacing secure coal with imported gas. Mr. LOWE replied that following the national debates, the Commission would welcome an open discussion on this.

Mr. YAXLEY (UK Coal Importers Association) added that in the UK, new gas plants were currently getting a free ride because, unlike coal-, gas-fired plants had no long-term obligation to fit CCS. In Mr. LOWE's opinion, if gas was favoured in the short term, it meant carbon lock-in and thus a "moment of truth" in the long term that would be expensive to address. Mr. Pat CARRAGHER (British Association of Colliery Management) requested equity of treatment for these fuels to secure energy supply in particular as back-up for renewables. Mr. LOWE replied that the Commission itself would remain neutral by supporting R&D in all innovative technologies including CCS at the pre-competitive stage; the deployment of CCS being a challenge for coal and for gas.

Dr. Jan ROGUT of the Central Mining Institute in Poland stressed the need to concentrate on new coal exploitation and conversion technologies, including underground coal gasification, and low-cost oxygen production. Mr. István KALMÁR (Calamites Kft) noted that in Iceland, CO₂ was recycled into methanol (using geothermal energy) and suggested greater attention be given to life cycle analysis of Russian gas imports, something that Mr. LOWE felt was best dealt with via international agreements on emissions. However, he agreed that the Commission and industry needed to agree key FP8 priorities and that there would be no easy solution to the energy challenge.

3. CCS technological achievements and political challenges – *Dr. Hartmuth Zeiß, Chairman of the Managing Directors, Vattenfall Europe Mining & Generation*

Dr. ZEISS presented Vattenfall, a company that employed 40 000 in 2009 in the electricity, heat and gas sectors. Although a big emitter of CO₂, Vattenfall has the ambitious goal to halve emissions by 2030 and become carbon-neutral by 2050 using all available technologies. He saw no "silver bullet" solution, but viewed CCS, the only technology to reduce CO₂ emissions from fossil fuels, as being crucial to achieve climate targets while meeting ever-rising global energy demand. He explained that Vattenfall had carried out CCS R&D for 10 years, moving it from the laboratory to the real world. Since 2008, a pilot at Schwarze Pumpe had provided insight into oxy-fuel combustion with results exceeding expectations.

In Europe, six CCS projects were proceeding. For example, at Vattenfall's Jämschwalde lignite-based plant, one of the largest in Germany and providing power to 5 million customers, the CCS project planned for one unit would reduce emissions to <100 g/kWh or 25% of those from a gas-fired plant. Dr. ZEISS had a high-level of confidence that the technology could deliver, but that the challenge now was socio-economic with an immediate need to allay public fears of CO₂ storage. He called for Member States to transpose the CCS directive quickly and observed that

investors remained cautious on the future value of carbon markets such that CCS would need initial public support. He concluded by noting that society was not adequately prepared or informed on energy and climate issues: it had been sold a post-industrial story that was not compatible with a strong Europe and this had led to NIMBYism against any new developments in the energy sector.

**4. Coal: a sustainable energy source with long-term reliability –
Mr. Michael Eyll-Vetter, Vice-President Mine Planning, RWE Power AG**

Mr. EYLL-VETTER began by noting coal's key role as an energy source for electricity generation and industry: the IEA *World Energy Outlook* shows coal remaining important through to 2030, meeting part of the very substantial 70-80% of demand not met by renewables. In the Second Strategic Energy Review, with its focus on security of supply, he recalled the Commission's assumption that the EU would continue to need coal to limit energy import dependence. Now, the challenge to curb CO₂ emissions was a priority at the Commission, notably the target to reduce GHG emissions by 20% (or even 30%) by 2020.

By replacing older power plants with ones that deploy new technologies, Mr. EYLL-VETTER showed that a 30% CO₂ reduction could be achieved, citing RWE's BoA technology used at the Niederaussem power plant. The road towards a low-CO₂ future, using RWE Power as an example, will be achieved with progress in efficiency, further use of processes such as separate coal drying and higher process parameters. Besides this, the material use of CO₂ is being driven forward. He moved on to illustrate the sustainable character of coal mining and utilisation in Europe, with well-balanced ecological, social and economic benefits.

Dr. EHLER explained that MEPs had felt the need to become more pro-active on energy matters because the Commission would otherwise set the EU agenda; they were preparing a paper on the future of coal in the energy mix, including coal to chemicals. Backed by about 50 MEPs, it would be forwarded to the Commission in the coming weeks. Dr. EHLER recalled that in a global context, energy supply was a strategic instrument. The Coal Round supported a European policy on energy supply and technology that responded to developments taking place in Russia, China, India and other countries where coal was viewed as a strategic asset.

EURACOAL President, Mr. Petr PUDIL summed up by calling on the Commission to ensure a stable investment climate for new high-efficiency coal-fired power plants in the period to 2020 as a sure way to lower CO₂ emissions. Vattenfall had, he said, shown very clearly that, without strong political will, it was impossible to develop the new infrastructure needed for the energy sources we need, including renewables and CCS. Mr. PUDIL concluded that a joint effort was now needed across all sectors of the energy industry to change mindsets and gain public acceptance if the ambitious 2050 targets are to be met – public opinion was not an issue for coal alone.

Dr. EHLER thanked all participants and closed this well-attended meeting.

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Annexes: Presentations by Messrs. Lowe, Zeiß and Eyll-Vetter.