



# The role of coal in the future energy mix ?

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Mark Johnston  
WWF International (European Policy Office)  
European Parliament, 9 November 2010

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**President Barroso**  
Business Europe conference

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“Climate change is ...

the defining issue of our  
generation ...

[ the ] most existential of  
challenges.”



Conseil européen  
septembre 2010



## General boundary conditions for future coal use

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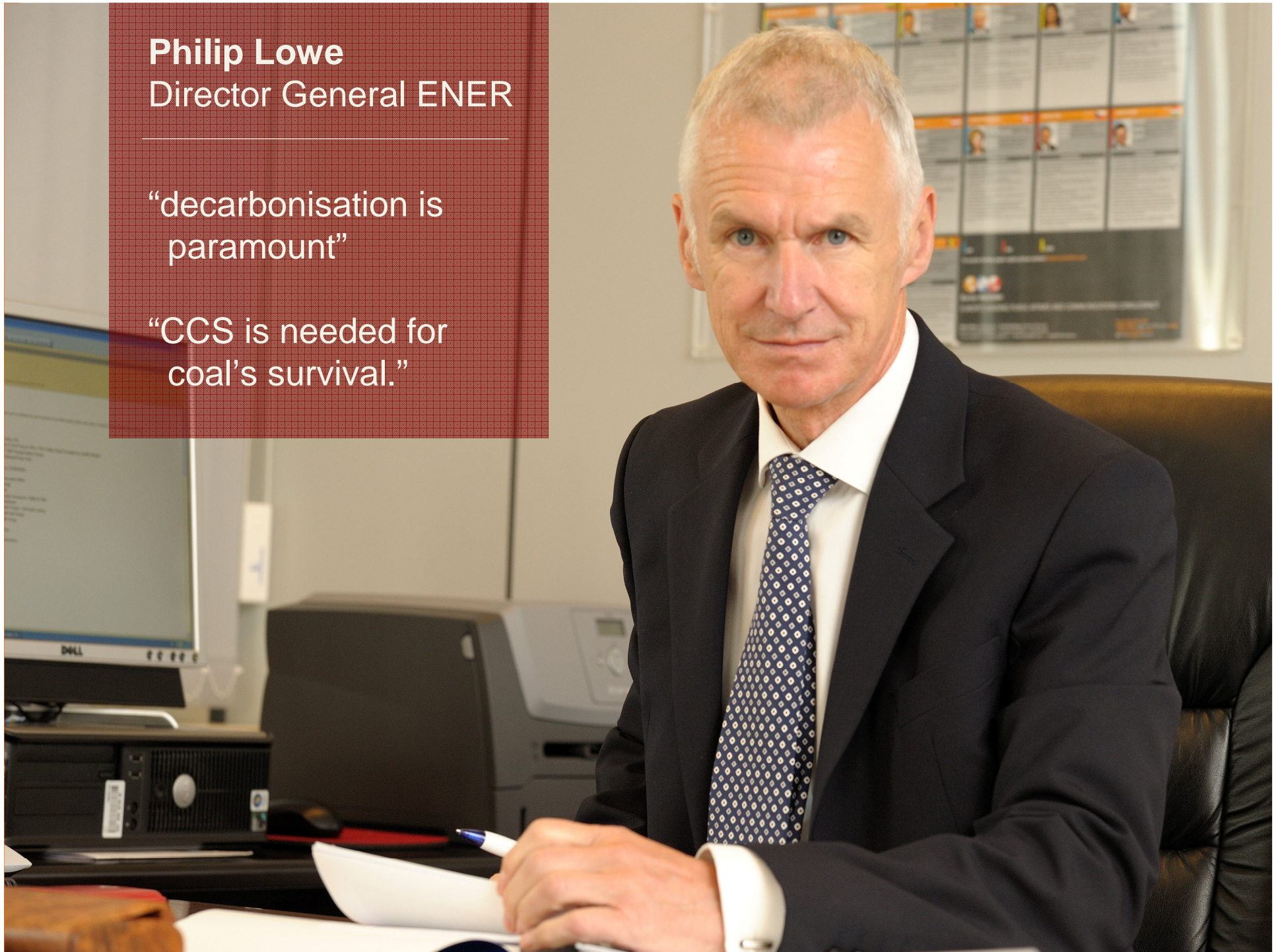
- Limit warming to 1.5° Celsius above pre-industrial average
- Balance global carbon budget ~one trillion tonnes CO<sub>2</sub>eq. by 2050
- Reduce developed country GHG pollution by ~95% by 2050
- Near-zero emission power & transport sectors before 2050

**Philip Lowe**  
Director General ENER

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“decarbonisation is paramount”

“CCS is needed for coal’s survival.”

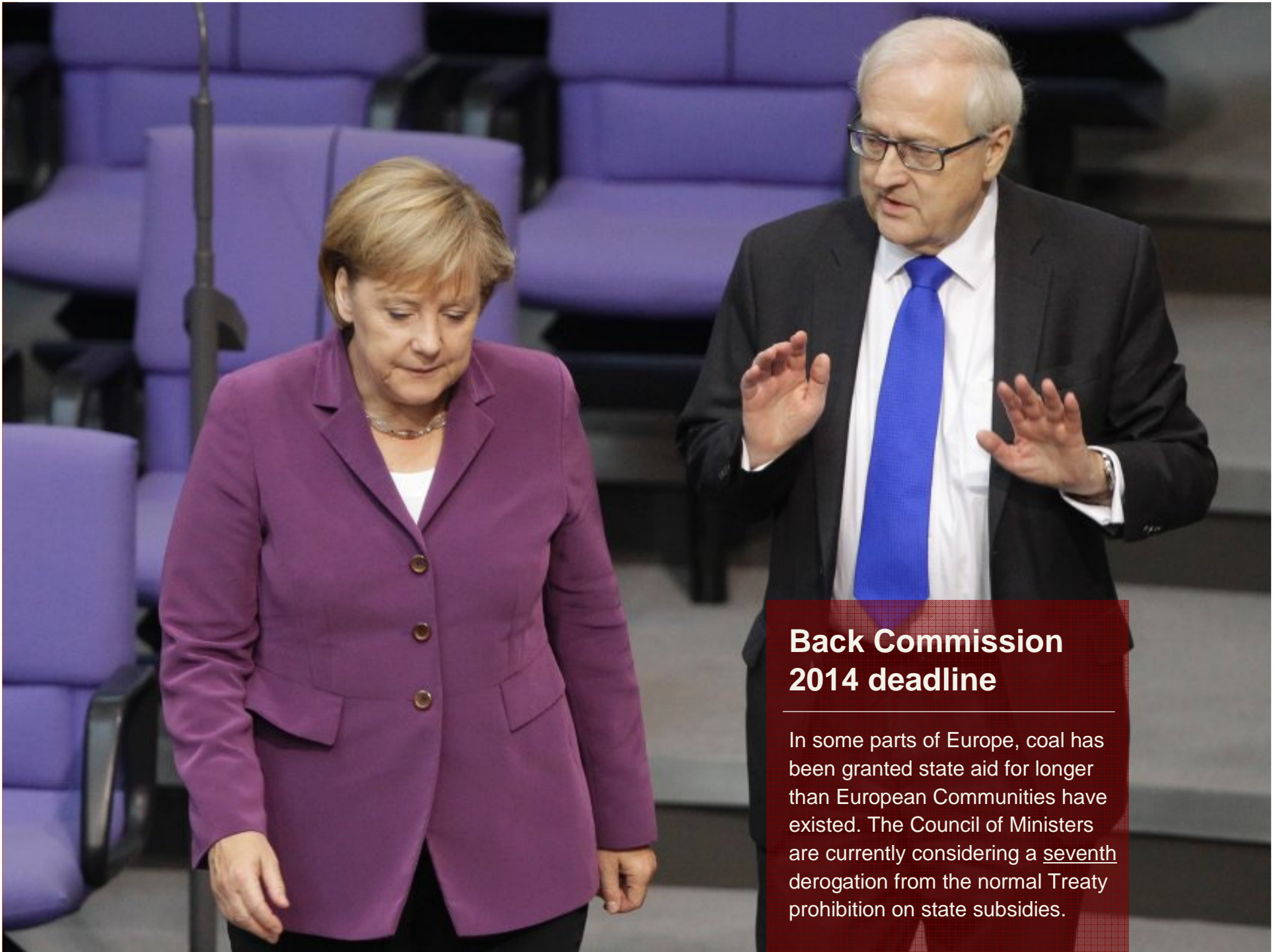




## Specific conditions for future EU coal use

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- End national operating subsidies
- Polluter pays principle is a treaty requirement
- ETS pollution pricing could adequately control pollution if e.g. ...
  - *parameters are science-based (i.e. fix cap)*
  - *acknowledge ETS is an open-ended instrument*
  - *ensure 'offset' tickets are genuine & high quality*
  - *allocation only by auctioning*
  - *no derogations &/or kick-backs for business-as-usual*



## Back Commission 2014 deadline

In some parts of Europe, coal has been granted state aid for longer than European Communities have existed. The Council of Ministers are currently considering a seventh derogation from the normal Treaty prohibition on state subsidies.

## 'Back-door' subsidy must not go ahead

The Commission's 29 September approval of a proposed "electricity" state aid scheme in Spain was last week suspended by the Court of Justice in Luxembourg.



## Choices among new longer-term policy instruments

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- Pragmatism rather than dogmatism
- Normative regulation (EPS) could offer greater certainty, e.g.
  - *Full CCS by 2020 on all new fossil capacity consented from today*
  - *Full CCS on all base-load and mid-merit fossil capacity by 2030*
- New-capacity policy\* must not be neglected
- While public financial support for CCS technology demonstration is accepted, deployment should be only be on commercial market terms.

\* MS powers under Chapter 3, Electricity Directive





# Thank you

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[mark.johnston@wwf.panda.org](mailto:mark.johnston@wwf.panda.org)

+32 2 761 0420

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[www.panda.org/eu](http://www.panda.org/eu)

