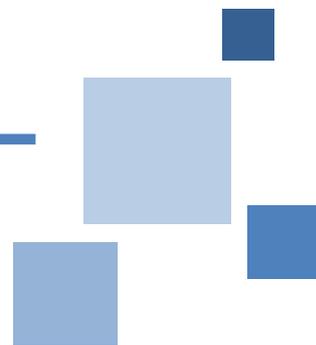


EURACOAL

European Association for Coal and Lignite



# Annual Report 2013



Front cover:

A young miner at celebration of 130 years of coal mining in Velenje, Slovenia

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## MESSAGE FROM THE PRESIDENT

*Mr. Paweł Smoleń*

*Coal is the No. 1 fuel for power generation in the European Union and remains our most economic and secure source of electricity. In 2013, coal use across the Union fell by 4% for a combination of reasons, even though coal prices remained very competitive compared with natural gas prices. The international coal market functions with remarkable efficiency and Europe has benefitted from strong competition, notably between coal exporters in Russia, Colombia and the United States.*



Over the last five years, coal prices have fallen to around one third of their pre-crisis peak. In 2013, the average spot price of coal imported into Northwest Europe was US\$ 82 per metric tonne and this set a challenging benchmark for indigenous coal producers. At the same time, producers of coal and lignite were under pressure from electricity utilities. Wholesale electricity prices are depressed in many Member States, despite very high retail prices. This is because renewable sources are bid into wholesale electricity markets at a low or even zero price, with income coming mainly from the generous “green” subsidy payments made by governments or consumers outside of wholesale electricity markets. Overall, low wholesale energy prices meant that many EURACOAL members had a difficult year. We hope that the future brings rational policy making that reflects the true value of secure, diversified and flexible energy sources such as coal and lignite.

After the global financial crisis, European industry showed signs of recovery from 2009 to 2011. However, preliminary data for 2012 indicate that the contribution of manufacturing to EU GDP fell from 15.5% to 15.1%, far below the 20% ambition set out by the European Commission in 2013. Most industrial sectors have not yet recovered from the crisis; the coal mining sector has shrunk by a massive 27% by value, although mining support services is one of the few sectors that has shown growth.

The Commission has identified six policy priorities for growth and economic recovery. It is encouraging that advanced extraction methods for raw materials and energy efficiency both feature in this policy. This policy should not be limited to non-energy raw materials: coal should be included given that it underpins 29% of EU electricity generation (2012 data). The energy efficiency of coal-fired power plants can and should be improved with new investments in modernisation and renewal.

The prospects for such investments were badly damaged in 2013. In June, President Obama pledged to stop the US Export-Import Bank from lending to coal projects and called on the international financial institutions to follow suit. In July, both the World Bank and the European Investment Bank published new energy sector lending strategies. The World Bank said that it would only lend to greenfield coal power projects in “rare circumstances”, whilst directors at the European Investment Bank decided to base future lending on an emission performance standard that cannot be met by coal-fired power plants. Their decision is not in line with EU law which grants Member States the freedom to exploit their own resources and choose their own energy mixes. Then, in December, the board of the European Bank for Reconstruction and Development voted to lend to coal projects only in “rare and exceptional circumstances”, despite the Bank’s earlier public consultation paper that was well-



balanced and recognised the value of coal in economic development. Underlying all these decisions is an assumption that coal can be replaced by gas, but where will the gas come from and at what cost?

Reviving Europe's stagnating economies was the political priority in 2013. As such, the economic cost of EU climate policy came under scrutiny, bringing a welcome balance to the ongoing debate on future EU energy policy priorities, namely energy security, economic development and environmental protection. After many years of assuming that energy consumers would be willing to pay for a "green" revolution, it became clear that subsidy schemes would have to be unwound. The affordability of energy became an issue for residential and industrial consumers alike, nowhere more so than in Bulgaria where the government fell in February 2013 because of high electricity prices.

Outside of Europe, other regions enjoy comparative advantages that favour industry, such as coal in Asia and shale gas in North America. Liberalisation of the EU energy market was intended to bring greater competition and lower prices for all consumers, giving a helpful boost to industrial competitiveness. Yet, over the last decade, the EU's share of global manufacturing has fallen from around 30% to 20% as China and other emerging economies have rapidly increased output of products from shoes and textiles to solar PV panels and nuclear power plant components. In 2013, BYD received EU type approval for its electric buses, adding to the growing number of Chinese enterprises who aim to outbid European companies with the new sustainable technologies that some thought would be the foundation of Europe's future. In the coal industry, we believe that prosperous societies pay attention to the whole value chain: from the extraction of raw materials to the production and marketing of products. It is simply not correct to assume that Europe can somehow monopolise the high-value end of the supply chain. Unless the basic factors of production are in place, our competitors will use their comparative advantages to overtake us in all areas.

For many EU Member States, the promise of liberalised markets was a welcome step away from the dark days of central planning. Yet state planning is making a comeback in the form of EU targets covering areas of the economy that should be market-driven not target-driven. For 2030, a single target for greenhouse gas (GHG) emissions is defensible, but not multiple targets for renewables and energy efficiency.

EURACOAL supports GHG reduction targets agreed at the international level and views the EU emissions trading scheme (ETS) as the tool to achieve these targets in an economically efficient manner. We accept whatever fuel mix results, providing that there is no political interference in the market. Sadly, the ETS is being hijacked by activists who want it to deliver an outcome that goes beyond its stated objective of reducing emissions. They want particular technologies or particular fuels to be the winners in a rigged market with high carbon prices. This is totally unacceptable. Some renewable technologies have reached maturity and no longer warrant public support; natural gas suppliers should compete on price and not enjoy unearned economic rent because of EU climate policy. Policy makers need to use the full force of EU anti-trust law to counter the oligopoly suppliers of gas into the EU and EURACOAL welcomes the first steps taken by the Commission in this direction. The coal industry faces tough competition from a fully competitive international market and must continually strive for higher productivity or die. Other sectors should not be protected from such market pressures since they are, in general, good for long-term prosperity.

Throughout much of 2013, debate in Brussels focussed on short-term measures to prop up the carbon market – measures favoured by some parts of the energy industry. To preserve the principles of carbon trading, the EURACOAL Energy Policy Committee campaigned against the Commission's so-called "back-loading" measure – the delayed auctioning of 900 million ETS allowances. To the surprise of many, Parliament voted against the Commission's proposal in April. At EURACOAL, the celebration was short-lived, because an almost identical proposal was passed



in July. Nevertheless, it was a rare show of strength by the European Parliament and a warning to the Commission against market interference. The Commission's proposal on structural reform of the ETS is certain to lead to more heated debate. With time running out for the current Parliament and Commission, the Commission's proposal may be considerably delayed – Parliamentary elections in May 2014 are followed by the appointment of a new Commission in November.

At the end of 2013 – dubbed the “year of air” – the Commission adopted a clean air package consisting of a new clean air programme for Europe with new air quality objectives for the period up to 2030, a revised National Emission Ceilings Directive with stricter national emission ceilings for six pollutants and a proposal for a new Directive to reduce pollution from medium-sized combustion plants. The EURACOAL Environment Committee tracked the development of this package and will ensure that the coal industry's position is heard during the legislative process. Our starting point is to note that between 1980 and 2009, EU emissions of sulphur dioxide and nitrous oxides reduced by around 80% and 57% respectively, whilst electricity demand grew by 75%. With today's commercially available technologies, coal-fired power plants have very low emissions of conventional pollutants. So, the remarkable progress in reducing emissions can be continued, but only if new investment is permitted. Today, old coal-fired power plants are being closed because of existing air quality legislation, leaving some Member States with very low generation capacity margins.

We were disappointed that, earlier in the year, the issue of air quality became mixed up with the climate agenda when Greenpeace and the Health and Environment Alliance (HEAL) issued reports that linked premature deaths with emissions from coal-fired power plants. EURACOAL believes that the benefits, across the EU, of reliable, affordable and secure electricity supply – 29% of which comes from coal-fired power stations – are ignored in the reports. Instead, aggregated statistics are used to scaremonger about particular risks that are low but unquantifiable.

In November, EURACOAL sponsored the World Coal Association's Coal and Climate Summit that took place in the Polish Ministry of Economy during the 19<sup>th</sup> UNFCCC Conference of the Parties in Warsaw. The summit attracted media attention because anti-coal protestors claimed that the coal industry had no right to be included in any dialogue on climate change. Well, the coal industry acknowledges that it is part of the climate problem, but suggests that is also part of the solution. In the words of Maria van der Hoeven, Executive Director of the International Energy Agency, at the launch in Paris of the Agency's medium-term coal market report, “like it or not, coal is here to stay for a long time to come”. Democracy is being challenged by NGOs who claim to represent civil society, but we have to question if they really do? Their funding comes mainly from governments and wealthy benefactors; they attract activists who are unwilling to engage in democratic debate; and they are accountable to no particular group of citizens. EURACOAL is accountable to companies who employ around six hundred thousand people; it is funded entirely by its members; and it does not engage in scaremongering tactics.

Perhaps the most strident message heard during the Coal and Climate Summit came from Christiana Figueres, Executive Secretary of the UNFCCC. She called for the coal industry to, “close all existing subcritical plants; implement safe carbon capture, use and storage on all new plants, even the most efficient; and leave most existing reserves in the ground”. It is deeply disturbing that one of the world's most senior government officials appears not to appreciate just how dependent the world is on sub-critical coal-fired power plants and how carbon capture and storage can allow mankind to continue using this abundant resource for economic development and poverty alleviation.

Policy makers should refrain from talking of a “low-carbon” economy when they mean a “low-emission” economy. Reducing emissions from coal is affordable with technologies that are proven and available; eliminating coal is not affordable and, in many countries, would mean

replacing an abundant indigenous resource with expensive imported gas.

Our 9<sup>th</sup> Coal Dialogue with the European Commission in June was an opportunity to share our views and opinions on CCS with key staff at DG Energy in the presence of MEPs Christian Ehler and Chris Davies who have both taken a keen interest in coal and the future of coal with CCS. I am especially grateful to Dr. Ehler and MEPs Bogdan Marcinkiewicz and Jan Březina who hosted EURACOAL at events in 2013, notably the 4<sup>th</sup> European Coal Days in November. An evening debate in the European Parliament, chaired by former President, MEP Jerzy Buzek, provided the Deputy Prime Minister of Poland and Minister of Economy, Mr. Janusz Piechociński, the opportunity to speak on coal, Poland and COP-19. He gave a robust account of why coal would remain central to Poland's position on future climate and energy policy initiatives.

October 2013 will be forever remembered for the disaster at Pozo Emilio del Valle colliery. The Spanish flag flew at half-mast in front of the EURACOAL offices in Brussels out of respect for the six men who lost their lives. The energy industry undertakes dangerous work so that we can all enjoy easier and more productive lives. Safety is our number one priority and this disaster was a crushing reminder of our responsibilities to the skilled men who work hard to bring us the energy that many take for granted. Our thoughts are with the men's families and our hopes are for a future without such tragedy.

In conclusion, my thanks go to our Vice Presidents – Mr. Piotr Rykala, Prof. Franz-Josef Wodopia and Mr. Nigel Yaxley – who offered their good advice, support and encouragement during what, for me, was a challenging year. I had to steer a delicate course between what I believe to be best for my country, the coal industry and shareholder interests. In 2014, I am determined to continue on my mission to modernise the coal sector so that it is fit for the 21<sup>st</sup> century: new investments are urgently needed across much of Europe and should not be delayed any longer. The EURACOAL committees play an important part in this mission under the leadership of our committee chairs. On

behalf of all EURACOAL members, I pay special tribute to Mr. David Brewer who retired in 2013 after a long and successful career in the UK coal industry. He led our Environment Committee with zeal and promoted the use of coal with finely honed arguments that few disagreed with. We wish him a long and happy retirement in Yorkshire.

## Coal industry across Europe 2013

EURACOAL launched the fifth edition of *Coal industry across Europe* at a breakfast event hosted by Czech MEP Jan Březina in the European Parliament on 14 November 2013. Since the first edition in 2003, underground coal mining in the EU has become more automated and more productive in order to match the competitiveness of imported coal and surface lignite mining has become a more important component of energy supply as EU enlargement has brought in countries with rich deposits of this valuable resource. The report offers a detailed review of the coal industry in the EU-28 Member States and countries of the Energy Community with sections on the world coal market and the socio-economic value of coal.



Left to right: Dr. Renata Eisenvortová, European Affairs Manager, Severní energetická and representing ZSDNP (Zaměstnavatelský svaz důlního a naftového průmyslu – Czech Employers' Association of Mining and Oil Industries); Prof. Dr. Franz-Josef Wodopia, Chief Executive of GVSt (Gesamtverband Steinkohle – German Coal Association); MEP Jan Březina; Mr. Nigel Yaxley, Managing Director of Coallmp (Association of UK Coal Importers); and Mr. Óscar Lapastora Turpin, Chief Executive of Hullera Vasco-Leonesa and President of CARBUNIÓN (Federación Nacional de Empresarios de Minas de Carbón – Spanish Coal Association).



## UNFCCC COP-19 and International Coal and Climate Summit, Warsaw, Poland

The UN climate change conference, held late November 2013 in Warsaw, aimed at a universal climate agreement in 2015 and included new decisions to cut emissions from deforestation and on loss and damage. Marcin Korolec presided over the 19<sup>th</sup> Conference of the Parties (COP-19), firstly as the Polish Minister for Environment and later as Poland's climate envoy. Parties ready to commit to new targets from 2020 agreed to submit plans by the first quarter of 2015, in advance of COP-21 in Paris. The conference decided to establish the so-called "Warsaw international mechanism on loss and damage" to provide the most vulnerable populations with better protection against loss and damage caused by extreme weather events and slow-onset events such as rising sea levels. Governments in developed countries also promised more clarity on finance options to support developing country actions to curb emissions and adapt to the inevitable climate change. Public financial support was offered by the EU and many Member States, Norway, the US, Korea and Japan.

COP-19 was a showcase for climate action by business, cities, regions and civil society. Indeed, the Polish government wanted a more inclusive conference, including stakeholders from industry. This approach was criticised by some NGOs and yet solutions to the climate challenge must involve industry. EURACOAL was therefore delighted to join the World Coal Association and the Polish Ministry of Economy who hosted the International Coal and Climate Summit which took place during the second week of COP-19. President Smoleń and other senior EURACOAL members, including Dr. Johannes Lambertz of RWE, presented EURACOAL's three-step clean coal strategy which was well received by the international audience.

The summit attracted some unwelcome attention by those who oppose the coal industry, but who sadly chose to express their views outside the summit meeting room rather than to join the debate taking place inside. That job was left to the UNFCCC Executive Secretary, Christiana Figueres, who ignored pressure from NGOs not to

attend the summit. In the event, she delivered a carefully crafted speech that neither approved of coal nor called for the immediate disappearance of coal – as demanded by the NGO activists outside.



Having fuelled the industrial revolution and brought affordable energy to the developing world, she said that the coal industry now needed to change. For her, the fundamental parameters of that change include:

- closing all existing subcritical plants;
- implementing safe carbon capture, use and storage on all new plants, even the most efficient;
- leaving most existing reserves in the ground.

This is a similar proposition to what the coal industry itself is offering. Analysis published in 2012 by the International Energy Agency shows that subcritical plants account for almost 80% of the 1627 GW of coal-fired capacity installed worldwide. Replacing plants which supply around one third of global electricity supply would be a significant challenge and one that could take three decades. The first step is to replace the oldest plants with modern efficient plants that can be retrofitted later with carbon capture and storage (CCS). Industry agrees that faster progress is needed, but does not agree that this strategy means leaving coal reserves in the ground since with CCS the continued use of coal is entirely compatible with a low-emission future.

## COMMITTEE ACTIVITIES:

### Energy Policy Committee

*Dr.-Ing. George Milojcic, Chairman*

The EURACOAL Energy Policy Committee deals mainly with energy, climate and other coal-related policies, particularly in connection with initiatives of the European Commission and the decision-making processes of Council and Parliament. Because of the significance of energy policy decisions made by individual Member States, an exchange of views on these is an essential part of the Energy Policy Committee's activities. Coal industry development trends and current issues are analysed, discussed and conclusions agreed on appropriate actions. The committee's position papers and opinions contribute to the decision-making process in Brussels. In some cases, this material is also used to inform decision makers in Member States. In 2013, the Energy Policy Committee met on 26 March and on 5 September in Brussels.

At the meeting at 26 March an exchange of views took place with members of staff from the European Commission on current energy policy issues, the future of the Berlin Fossil Fuels Forum and the Coal Dialogue. The Coal Dialogue is considered by both parties to be well-established and well-functioning. The future of the Berlin Fossil Fuels Forum was questioned by the Commission which was in favour of enlarging the scope of this forum. EURACOAL supported an approach which had been followed in previous years whereby working groups met in Brussels to prepare for the plenary in Berlin. In this way, the Berlin Fossil Fuels Forum was able to provide delegates with a well-prepared agenda and opened the possibility to draw conclusions for future work. The Commission proposed to merge many energy sectors into a single forum. EURACOAL expressed concern that such a joint forum could see participants promoting their own favoured energy sources and lead to a rather general discussion with little opportunity to deal with important sector-specific issues.

Member States' energy policies were also discussed. In the UK, national policies more and more override decisions made at the European level. In addition to the EU emissions trading scheme (ETS), a carbon price floor (effectively a tax) was passed by the UK government and emission performance standards (EPS) established for new power plants which without carbon capture and storage (CCS) can only be met by gas. This prevents new investment in coal plants, even those employing best available techniques (BAT). These measures were strongly opposed by EURACOAL members in the UK and questions raised with the Commission by EURACOAL itself.

There was a discussion about the Polish-led European Citizens' Initiative against the EU climate and energy package of 2008. Even though the required one million signatures were not ultimately collected, the 400 000 who signed the initiative sent a strong signal to the EU bodies about the concerns in many Member States about the EU's ambitious climate policy.

In Member States and in Brussels there is a rising debate on how to maintain industrial competitiveness, especially in the energy-intensive industries. Given the strong influence of climate policy, the rising cost of renewables and new developments which have led to lower energy prices in other parts of the world, such as the shale gas revolution in the USA, Europe has begun to reconsider the role of competitive energy in industrial policy.

For several reasons, CCS is not at the top of the political agenda in any Member State, but the Commission still considers this technology to be an important element of future climate and energy policy. EURACOAL is supportive of this approach and proposes to restart the debate under the "infrastructure first" headline. For this reason, EURACOAL agreed with the Commission to place CCS on the agenda of the 9<sup>th</sup> EC-EURACOAL Coal Dialogue which took place in Brussels on 6 June 2013 and the association submitted a detailed response to the Commission's public consultation on CCS in July. Elements of a CO<sub>2</sub> transport and storage infrastructure will be



needed from 2025 to 2030 onwards if current climate policies are assumed to prevail. Infrastructure can provide a pull to operators of fossil-fuelled installations who can then rely on a CCS infrastructure for planning and investment certainty.

Like Greenpeace in Germany and the Netherlands, the Health and Environment Alliance (HEAL) published an anti-coal report at the beginning of March and widely circulated it in Brussels. The response of EURACOAL was discussed by the Energy Policy Committee. It was agreed to send our response to those MEPs who were quoted in the report and to use it as an information paper for close stakeholders. Beyond that, ignoring such emotive and factually questionable reports was considered to be the most effective approach. This avoided an ongoing debate which in many cases gives NGOs the visibility that they seek. Those that they attack – which includes the coal industry – understand the issues and are willing to engage in a mature debate, but only if it is based on facts rather than prejudice.

The meeting on 5 September in Brussels began with a report on an earlier meeting when Klaus-Dieter Borchardt, Director Internal Energy Market at the European Commission met with the EURACOAL Secretary General and the Chairman of the Energy Policy Committee.

Concerning the unwelcome interventions in the EU ETS, EURACOAL worked hard during the year to influence votes in the Parliament on the back-loading of 900 million allowances. EURACOAL will now put its focus on the period 2020 to 2030 and was pleased that the ETS structural reforms called for urgently by some will be made only after proper consideration. While the coal industry was against the EU ETS in the beginning, it accepts that the ETS provides a better framework than the possible alternative, such as taxes, emission performance standards or efficiency standards. In this context, it is important that policies are in place that align particular instruments with particular targets. The EU ETS should be maintained as a cornerstone of EU policy to reduce GHG emissions and not be misused to set a

particular CO<sub>2</sub> price which was never the agreed target.

EURACOAL responded to public consultations by the European Investment Bank and the European Bank for Reconstruction and Development on new energy-sector lending strategies. Despite our letters to every director at the European Investment Bank, they decided to apply an emission performance standard (EPS) that was not included in the consultation. The EPS goes against the grain of EU law because it is targeted against a particular fuel, namely coal. Both of the adopted lending strategies are judged to send the wrong signals for coal-related investments. The responses of EURACOAL to the public consultations on the EC Green Paper “A 2030 framework on climate and energy policies” and on the Commission communication on the 2015 international climate change agreement were also reviewed prior to submission. These were followed up with a letter to President Barroso warning of the threat to EU industry of high energy and carbon prices.

The participation of EURACOAL members in the Energy Policy Committee was once again very active. Members show a high degree of competence and their commitment provided the basis of many fruitful discussions and successful work for which members are cordially thanked.



Mr. Alan Haigh (left), Head of Unit, European Commission Research Fund for Coal and Steel, presenting the RFCS Monitoring and Assessment Report at the 21<sup>st</sup> European Round Table on Coal with Dr. Christian Ehler, MEP (right). See Technical Research Committee report on page 22.

## 4<sup>th</sup> European Coal Days including dinner debate on “Coal, Poland and COP-19” in the European Parliament

Hosted in the European Parliament by MEPs Dr. Christian Ehler and Mr. Bogdan Marcinkiewicz, the 4<sup>th</sup> European Coal Days were an opportunity for the industry to explain coal’s valuable contribution to society. Its contribution is often overlooked by the citizens represented by MEPs because, for many, their only contact with coal is in the form of electricity, 29% of which is generated from coal in the EU. Coal gasification in Spain and the strong position of German gasification technologies around the world were both on the agenda, alongside Poland’s new Clean Coal Technology Centre, opened in May 2013.

Perhaps the most significant event to take place during the week-long Coal Days was a dinner debate hosted by the European Energy Forum with the Deputy Prime Minister of Poland, Mr. Janusz Piechociński, who is also Minister of Economy. Enjoying his first visit to Brussels, Mr. Piechociński was pleased to present the view from Poland on climate and energy policies, focussing especially on how these influence the economy. EU membership had greatly improved the Polish economy since 2004, he said, and Poland was faring better than most Member States during the current crisis.

Mr. Piechociński defended Poland’s presidency of COP-19, noting that economic growth and energy security must be addressed in a coherent package that encourages the rest of the world to follow leaders such as the EU. Poland’s heavy dependence on coal – 84% of electricity generation – should reduce according to analysis by the European Commission. However, he observed that Poland had already reduced energy consumption by 30% and will meet its Kyoto Protocol commitment. Elsewhere, coal use in other economies was growing, *e.g.* in China and India, whilst per-capita coal consumption in many EU Member States exceeded Poland’s, *e.g.* Denmark and Germany. For these countries, the fight should not be against coal *per se*, but against

emissions from coal for which solutions existed, *e.g.* replacing old inefficient power plants with new efficient plants. In terms of the economic cost of reducing emissions, this was better than forcing people to pay for expensive renewables, said Mr. Piechociński, pointing to the heavy financial burden of wind and solar power in the Czech Republic. He wanted to see more support for clean coal technologies of all types, technologies of relevance to the world at large, not just carbon capture and storage. Here, he highlighted with pride the Polish Clean Coal Technologies Centre (CCTW – Centrum Czystych Technologii Węglowych) operated by EURACOAL member the Central Mining Institute (GIG – Główny Instytut Górnictwa) which is already collaborating with Asian countries.

Mr. Piechociński main thesis was that a successful COP-21 in Paris at the end of 2015 would need to include industry. In the EU, an economy without industry would not work, so he supported a 20% target for industry’s share of GDP. Achieving this meant lower energy prices and avoiding “carbon leakage”. A stable EU emission trading scheme, a market-based mechanism free from political pressure, remained the preferred option. Mr. Piechociński concluded by saying that the climate change debate had become emotionally charged and called for the EU to adopt realistic objectives that coupled economic recovery with the fight against emissions. Anything less would risk splitting the EU, he warned. Clean coal technologies offered a foundation for the future upon which industry could build a better Europe.



Left to right: Małgorzata Mika-Bryńska, Deputy Director – Energy Department, Polish Ministry of Economy; Prof. Jerzy Buzek MEP; Mr. Janusz Piechociński, Deputy Prime Minister of Poland and Minister of Economy; Mr. Paweł Smoleń, EURACOAL President; Mr. Piotr Rykała, Vice President, Kompania Węglowa SA



Former Polish Prime Minister, Prof. Jerzy Buzek, chaired the European Energy Forum dinner debate during the 4<sup>th</sup> European Coal Days and used the opportunity to make three important points:

- No energy source is without particular weaknesses – whether intermittent renewables, carbon-based fossil fuels or sometimes unpopular nuclear – but taken together they can offer high reliability which is what people want.
- The EU internal energy market should be completed and allowed to function by eliminating the many different and sometimes contradictory support schemes for particular energy sources or technologies.
- “Tools” and “goals” should not be confused: the agreed goal of reducing emissions requires the proper tools. It is therefore important to speak of a “low-emission economy” and not to allow “low-carbon” tools to become goals in themselves, as happened with first-generation biofuels.

Prof. Buzek wanted to see more efforts made by industry and “greens” to find common ground because he saw no prospect of stopping coal use in the next few years since it was such an important fuel in many developed and developing countries.

## European Round Tables on Coal

The European Round Table on Coal, co-chaired by Dr. Christian Ehler MEP and Mr. Bogdan Marcinkiewicz MEP, brings together members of the European Parliament with those interested in coal from government, industry, trade unions, academia and NGOs. Established in 2007, the nonpartisan group has examined many topics from emissions trading and pollution control legislation to technological advances in coal gasification and carbon capture and storage. During 2013, four meetings were held in the European Parliament.

*19<sup>th</sup> European Round Table on Coal: “CCS: infrastructure of common interest”*

Prof. Ulrich van Suntum, University of Münster explored why an “infrastructure-first” approach to

carbon capture and storage (CCS) might provide a way forward for CCS deployment in the EU given the slow progress to date with the twelve integrated demonstration projects called for back in 2007 by European Council ministers.

*20<sup>th</sup> European Round Table on Coal: “2030 framework for EU climate and energy policies”*  
 EURACOAL President, Mr. Paweł Smoleń, presented the association’s position on future climate and energy policy. Mr. Smoleń called for more attention to be given to energy security and competitiveness, areas where coal-fired power plants offer a solid base, but only if renewal and modernisation is encouraged by pragmatic policy-making. The 1 000 MW Czechozłota power plant proposed by Kompania Węglowa SA was presented as an example of how improved efficiency could reduce carbon emissions by over 30%.

*21<sup>st</sup> European Round Table on Coal: “Intelligent Coal Mining – corporate and R&D strategies to 2020 and beyond”*

Mr. Zbigniew Stopa, President of LW „Bogdanka”, spoke about Poland’s most modern coal mine with an annual output of almost 8 million tonnes. The company plans to increase output to 11.5 million tonnes, placing it among the largest underground coal mines in the world. To realise this plan, coal-related research is vital. Appropriately, Mr. Alan Haigh, Head of RFCS Unit presented the 10-year Monitoring and Assessment Report of the European Commission’s Research Fund for Coal and Steel (RFCS) to illustrate the benefits, including economic ones, of coal and steel research.

*22<sup>nd</sup> European Round Table on Coal: “Coal Gasification”*

Representatives of ThyssenKrupp Uhde, ELCOGAS and the Polish Central Mining Institute (GIG – Główny Instytut Górnictwa) explained the design, manufacture and supply of gasification projects by a German company; a successful large-scale commercial integrated gasification combined cycle (IGCC) electricity generation project in Spain and research and development of underground coal gasification in Poland.

## COMMITTEE ACTIVITIES:

### Environment Committee

*Mr. Phil Garner, Chairman*

*For many years, the EURACOAL Environment Committee was ably chaired by Mr. David Brewer who began his retirement in 2013. In June, after giving his last report as committee chairman, the Executive Committee thanked Mr. Brewer for his tremendous commitment to the coal industry and wished him a long and happy retirement. Later, in September, members elected Mr. Phil Garner as the new chairman of the Environment Committee and looked ahead to the many and varied topics covered by the committee, all linked by EU environmental legislation and regulations.*

The major topic for the committee in 2013 was the revision of the Large Combustion Plants Directive Best Available Techniques Reference Document (LCPD BREF) and publication of the Best Available Techniques (BAT) emissions standards by the European Integrated Pollution Prevention and Control Bureau (EIPPCB) in Seville, a unit of the European Commission Joint Research Centre. As expected, coal-fired power plants will be put in different categories, according to their size and type. EURACOAL insisted on the proper handling of start-up and shut-down periods, since power plants do not achieve the same performance during these periods when compared with their base-load performance. The BREF document should recognise that conventional power plants will have to be much more flexible as they will be forced to start up and shut down more frequently in order to back up intermittent renewables.

A second topic covered by the committee was the Commission's proposal for a revision to the Environmental Impact Assessment Directive for new projects, including all new power plants and mining projects. The initial idea of this revision was to simplify the process with the creation of a so-called "one-stop shop". However, the proposed revision seemed to be overly prescriptive such that time and costs for assessments could be unreasonable. The introduction of a mini-impact assessment, to identify if a developer needs to conduct an impact

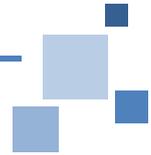
assessment or not, could discourage many smaller project developers. Another problem was the requirement by DG Environment to rely on independent parties to conduct impact assessments, which would be much too costly for smaller developers.

At an Environment Committee meeting held on 17 September, members discussed the definition of the term "waste" under the Waste Framework Directive and how this might impact on the implementation of the Mining Waste Directive (MWD). Another concern was the interpretation of the term "deterioration" in the Water Framework Directive.

A paper on the LCPD BREF review, prepared by organisations including Eurelectric, VGB and BDEW, listed a number of issues. After a thorough debate it was resolved that the list with some amendments from EURACOAL members should be adopted by EURACOAL and the Secretary-General forwarded it to the EIPPCB. In general, all the proposed standards are more exacting for both existing and new coal-fired plants. The committee emphasised that this ability to tighten requirements through the BREF review process with no legislative oversight would mean that plant operators may be reluctant to invest in improvements to existing plants because any new "clean-up" equipment might have a short life before it is made obsolete by some revised BREF requirement.

For the same reasons, the coal industry rejects any attempt to change current requirements of the MWD BREF which the Commission also seeks to review. EURACOAL will be an active member of the relevant Technical Working Group and monitor developments.

Other issues examined by the committee included the No-Net-Loss Initiative which is looking for opportunities through restoration to create new habitats and greater biodiversity, and a revision of EU air quality legislation with proposals for specific emission sources and a new National Emission Ceilings Directive for 2020 with national ceilings in line with the Gothenburg Protocol on long-range transboundary air pollution.



It is obvious that there are many strands to the attempts to remove fossil fuels from the EU energy mix and coal is still regarded as the villain of the piece. The most difficult one observed is on best practices or best available techniques, where the requirement to evaluate cost-benefits or technology availability has been forgotten. The trend appears to be towards very small incremental improvements at cost levels which are disproportionate compared with the benefits,

yet the drive to impose these through directives continues. Here, EURACOAL will continue to bring its realism into the debate along with pragmatic solutions, since there has to be a reasonable expectation of a return on investment when complying. Otherwise, operating costs in the coal mining and power generation sectors will be driven upwards with inevitable damage to EU competitiveness in global markets.

## EC-EURACOAL 9<sup>th</sup> Coal Dialogue, 6 June 2013

The 9<sup>th</sup> Coal Dialogue, jointly hosted by the European Commission DG Energy and EURACOAL, examined EU policy towards coal with a focus on carbon capture and storage (CCS) research, demonstration, infrastructure and deployment. The meeting was timely: on 27 March, the European Commission published a consultative communication on the future of CCS in Europe. At around the same time, the European Parliament began work on an own-initiative report on CCS, so the dialogue provided a valuable opportunity for parliamentarians, officials, NGOs and industrialists to share views and ideas on CCS.

In their conclusions, Klaus-Dieter Borchardt, Director – Internal Energy Market at DG Energy and EURACOAL President Paweł Smoleń referred



to the Spanish CIUDEN project – the whole of CCS in a nutshell – and both agreed that CCS is “doable”, inaction is not an option and that projects in the EU could move ahead quickly if Member States, the Commission and industry co-operated on “restarting” CCS.

## 4<sup>th</sup> European Coal Days – opening of *Coal in Action* exhibition

Left to right: Dr. Hartmuth Zeiss, Past President of EURACOAL and Chairman of the Managing Directors, Vattenfall Europe Mining AG & Vattenfall Europe Generation AG; Dr. Christian Ehler, MEP; and Mr. Bogdan Marcinkiewicz, MEP, European Parliament, Brussels, 12 November 2013



## EURACOAL responses to public consultations

During 2013, EURACOAL responded to many public consultations conducted by the European Commission and other European institutions.

In February 2013, EURACOAL submitted its position on structural reform of the EU Emissions Trading Scheme (ETS) in response to the European Commission's report on the state of the European carbon market in 2012. Much time was spent explaining to MEPs and others why back-loading the auctioning of emission allowances, as proposed by the Commission, would destroy the EU ETS as a market-based solution to meeting the EU's tough greenhouse gas emission reduction targets. Many briefings, press releases and letters were prepared and a successful outcome was achieved in April 2013 when the European Parliament voted against the Commission's proposal. In July, an amended proposal was adopted which will be less damaging than the original proposal.

EURACOAL responded to anti-coal campaigns by Health and Environment Alliance (HEAL) and Greenpeace who both claimed that pollution from coal-fired power plants was leading to premature deaths. In fact, both organisations are taking part in a wider campaign against coal orchestrated by well-funded NGOs who seek to eliminate fossil fuels from our energy mix. They do not acknowledge any of the benefits of energy use in modern society – such as the steadily increasing life expectancy in OECD countries.

EURACOAL responded to European Commission consultations on the Green Paper on a 2030 framework for climate and energy policies and on the future of carbon capture and storage in Europe as well as to a consultation on the 2015 international climate change agreement which will be negotiated by the UNFCCC in Paris at COP-21. Before the Commission adopted its 2030 proposals, EURACOAL wrote to President Barroso

to express our specific concerns about any proposals that would leave the EU isolated and lead to economic weakness.

In October 2012, the European Investment Bank (EIB) issued a draft of its new lending criteria for energy projects and EURACOAL responded with a robust position on why the Bank should follow a strategy that is rational and pragmatic. This means balancing sometimes opposing priorities in the quest for sustainable development, priorities which include: wealth creation, full employment, energy security and reduced emissions. Letters were sent to all of the Bank's directors in July 2013 after it had become clear, at least unofficially, that the Bank would adopt criteria that would be unfavourable to new coal projects. The proposed emission performance standards – which were not included in the draft for public consultation – cannot be met by coal-fired plants and are the outcome of a process that was neither democratic nor transparent.

Later in the year, the European Bank for Reconstruction and Development (EBRD) carried out a similar energy strategy consultation, beginning with a soundly based and refreshingly honest assessment of the energy sector. EURACOAL supported the Bank's vision of a partnership between industry, governments and consumers that delivers the essential energy needs of societies and economies in a manner that is sustainable, reliable and at the lowest possible cost.

As with the EIB, the energy strategy adopted by the EBRD in December 2013 bore little resemblance to the consultation draft. It remains to be seen whether Europe can enjoy economic growth if it turns its back on the only fuel that some of its poorer countries have available to fuel their development. The proposed Kosova e Re (Kosovo C) lignite-fired power plant will now become a litmus test of the new lending strategies adopted by the international financial institutions.



## COMMITTEE ACTIVITIES:

### Market Committee

*Dr. Erich Schmitz, Chairman*

In 2013, the Market Committee held three meetings and welcomed observers from the European Commission. The collection of EU coal-market data by EURACOAL members has become more important since the Commission itself stopped collecting such data after the expiry of Council Regulation 1407/2002 in 2012. Therefore, the aim of the Market Committee is to deliver reliable and timely data about production and imports of hard coal and lignite, and to publish these data in regular market reports.

### World Coal Market Developments

The pace of growth in the global production of hard coal (coking coal and steam coal) has slowed and output stabilised at around 7.1 to 7.2 billion tonnes in 2013. China imported more coal as it throttled its own production boom of hard coal down to an increase of just 50 million tonnes, while the production volumes of coking coal in Australia (+24 million tonnes) and of steam coal in Indonesia (+31 million tonnes) and Russia (+7 million tonnes) were substantially increased. In contrast, Colombia, the USA and Vietnam decreased their production of hard coal.

With our initial estimate being 1 124 million tonnes, global seaborne hard coal trade cleared the one billion tonne hurdle for the second year running. Coking coal exports increased to 272 million tonnes, compared with 242 million tonnes in 2012. Coking coal trade reflects global crude steel production which increased in 2013 by 3.5% to 1 607 million tonnes. In Asia, annual production of crude steel was 1 080 million tonnes, 6% higher than the previous year, whilst the EU recorded a decrease of 2.2% compared with 2012, down to around 166 million tonnes.

Steam coal exports increased from 784 million tonnes in 2012 by nearly 9% to an estimated 852 million tonnes in 2013. The growth in Indonesian steam coal exports has again been remarkable, rising to 335 million tonnes in 2013,

with additional volumes of lignite. Even accounting for the uncertainty surrounding Indonesian export data, it now dominates steam coal trade in the way that Australia continues to dominate coking coal trade. Rising taxes and royalties, and perhaps even export quotas or the possible ban of exports of low calorific value coal to China, may dampen Indonesia's future export growth.

Australia exported 358 million tonnes (+13%) of hard coal, followed by Indonesia with 335 million tonnes (+10%) and Russia with 131 million tonnes (+11%). In the Atlantic Basin, Colombia's exports shrank to 74 million tonnes (-7.6%) due to strikes by workers at all the big coal mines, a temporary stoppage of rail transport during the night and also some bomb attacks on rail tracks by guerrillas. South Africa decreased its exports to 73 million tonnes (-3%), with just 14 million tonnes going to the EU.

These supply-side developments show an obvious oversupply of hard coal with a corresponding downward pressure on coal prices in all markets: in North America, in Europe and particularly in Asia.

Imports to the important EU market increased by 3 million tonnes, despite weak economies in most EU Member States. There was strong growth in UK and German imports, even as the share of renewable energy increased. Indian imports did not increase, probably because of a weakening of the rupee against the US\$ during 2013. Chinese imports grew by a massive 38 million tonnes to 327 million tonnes, while Japan added 6 million tonnes to reach a record 191 million tonnes as the country again relied heavily on fossil fuel imports given that its nuclear power plants remain closed.

After a sharp fall of 7% in 2012, coal production from US mines recorded a further drop of 2% to 903 million tonnes in 2013. Coal consumption increased by 4% as natural gas prices rose above 4 US\$/mmBtu which led to more coal being used for coal-fired power generation in 2013 than in the previous year. Otherwise, the US coal industry would have faced a steeper production decline. Even so, the US coal industry continued to idle or close non-competitive mines. Due to lower

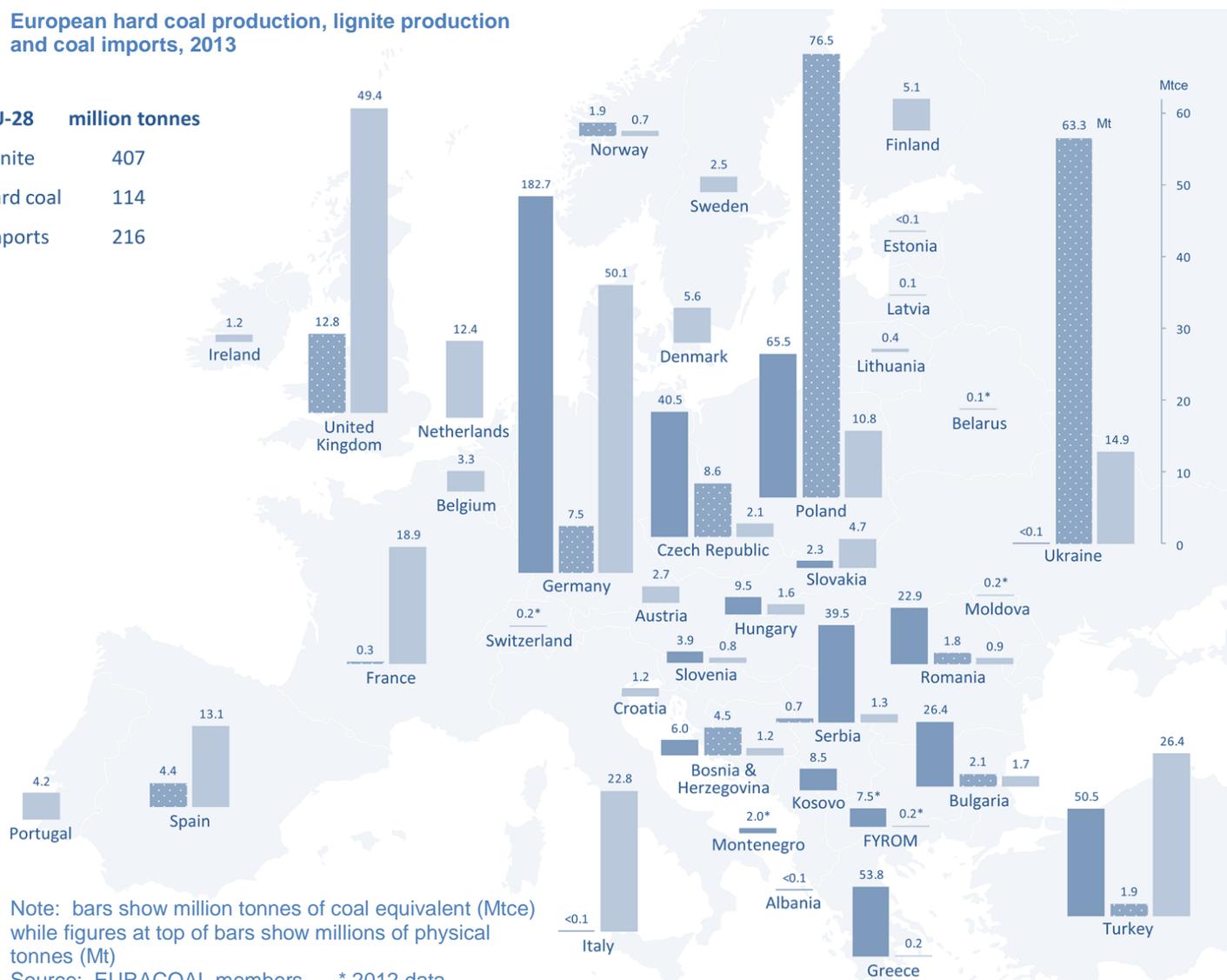
market prices, the US decreased its hard coal exports from 114 million tonnes down to 107 million tonnes. US coal exports to Europe fell 9% from 60 million tonnes down to 55 million tonnes. In the future, US coal exports will continue so long as international prices cover their high marginal costs of supply. During 2013, coking coal as well as high-sulphur steam coal were sometimes sold with heavy discounts on the index prices which meant losses for those mining companies with higher production costs.

Australian coal exports in 2013 recovered and increased. However, the boom of new projects was hit by the downward trend of coal prices and some projects were reconsidered, postponed or cancelled.

India's growing dependence on imported coal became obvious as the rupee weakened against the US dollar during 2013 and Indian suppliers were not able to purchase coal from South Africa due to the high prices in their local currency. In the last quarter of 2013, the rupee recovered and India was again able to buy more coal from South Africa. The South African coal industry benefitted from this development because the API #4 price index increased from US\$ 72/t in mid-2013 to 85-88 US\$/t by the end of 2013. As South Africa's rail infrastructure capacity catches up with recent port expansions, India can benefit from new production capacity in South Africa. There remains great potential to expand exports from not only South Africa, but also Mozambique

**European hard coal production, lignite production and coal imports, 2013**

EU-28	million tonnes
lignite	407
hard coal	114
imports	216



Note: bars show million tonnes of coal equivalent (Mtce) while figures at top of bars show millions of physical tonnes (Mt)

Source: EURACOAL members – \* 2012 data



where the Moatize and Minas Moatize projects started their first exports in 2013. Yet bad weather and infrastructure disruptions, together with some political irritations, led to heavy write-offs by some investors.

The situation in China is very complex. Today, it remains the world's largest coal importing country. New rail routes could allow more coal from the vast reserves in north-western China and Mongolia to be brought to market. Inner Mongolia could surpass Shanxi as China's largest coal-producing province. Moreover, the Chinese coal market is shifting inland as the government seeks to better balance wealth creation across all provinces. On the other hand, the trend is to replace old coal-fired power plants in big cities with gas-fired power plants to quickly reduce air pollution. Developments in Asia will determine the future balance of demand and supply and hence coal price developments in Europe.

### European Coal Market

In Europe, hard coal output shrank by 15 million tonnes or 12% to 114 million tonnes, despite strong demand in the UK and Germany. The lignite industry saw output fall by 27 million tonnes or 6% across Member States to 407 million tonnes in response to lower demand, partly because new high-efficiency power plants came on stream during the year. Despite ambitious targets to reduce carbon emissions, low carbon

prices and freight rates, as well as falling international coal prices, combined to significantly boost the cost competitiveness of coal-fired power generation compared to natural gas, coal's main competitor. The UK and Germany increased their use of imported coal for electricity generation by 10 million tonnes – overall the EU imported 3 million tonnes more hard coal in 2013, a rise of 2%, including imports into Croatia, a new Member State.

Falls in lignite production came mainly from Bulgaria (-4.0 million tonnes), Czech Republic (-3.0 million tonnes), Germany (-2.7 million tonnes), Greece (-8.4 million tonnes) and Romania (-9.2 million tonnes) – partly in response to the still weak European economy.

German hard coal production was down 3.3 million tonnes or 31% over the twelve months, but imports increased to reach a record 50.1 million tonnes, reflecting strong demand for coal-fired power generation. Hard coal consumption increased by 6.7% or 2.6 million tonnes for power generation, but slightly decreased by 1.7% or 0.3 million tonnes in the steel industry. In Germany, only three coal mines are now in operation: Prosper-Haniel, Auguste Victoria and Ibbenbüren.

In response to the weak economies in Spain and Portugal and the growing shares of renewable generation, hard coal production in Spain declined alongside hard coal imports in both countries.

**Steam coal import prices** at ports in northwest Europe and Qinhuangdao port in China, 2005-2013  
Source: IHS McCloskey



Polish hard coal production decreased by 3.4% to 76.5 million tonnes, but stocks of indigenous coal declined by 1.8 million tonnes to 6.6 million tonnes whilst imports grew from 10.2 million tonnes to 10.8 million tonnes.

In the UK, hard coal production decreased sharply, by 24%, mainly due to a fire at Daw Mill colliery, the largest underground mine in the UK, which resulted in its closure. Maltby colliery also closed because of difficult geological conditions and Scottish Coal fell into liquidation. On the other hand, coal consumption in 2013 was 60 million tonnes, a 6% fall as coal's share in electricity generation fell from 40% in 2012 to 37% in 2013, having been 30% in 2011. In consequence, total imports increased by 10% to 49.4 million tonnes. The future competitive position of coal will depend on the UK "carbon price floor" – effectively a carbon tax – that adds to the cost of generating electricity from fossil fuels.

Looking ahead, the European coal market could remain stable, providing investments are made to replace or renew older coal-fired plants to meet new environmental standards and providing wholesale electricity prices reflect a market price rather than an artificial price influenced by priority feed-in and guaranteed prices for renewable sources.

## Coal and Coke Prices

Prices for steam coal delivered to the northwest European ARA ports were below 90 US\$/t for the whole of 2013. Prices fell during the first six

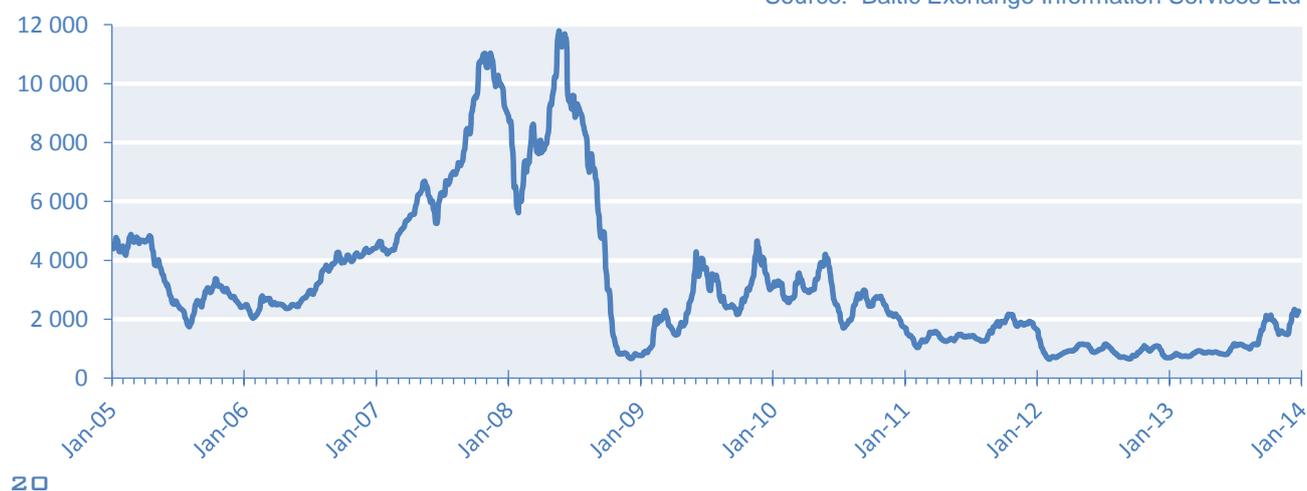
months from US\$ 86 to US\$ 72, but since then coal has traded within quite a narrow range of 75-86 US\$/t. Coal is highly competitive with natural gas which, on an energy basis, is almost triple the price of coal. This helped to drive a major switch from gas to coal in power generation – UK and German import figures confirm this trend. It also shows that in times of austerity and economic stagnation, cheap power generated from coal and lignite directly benefits the EU economy, especially since coal comes from a diverse and liquid international market, which is not the case for gas.

The price of South African export coal at the Richards Bay terminal was little different from European landed prices – even showing a premium in the summer (May/June) and again reflecting the fact that this once major coal exporter to Europe now finds its customers in the Asian market. Prices at the Chinese port of Qinhuangdao are now 20 US\$/t or more above ARA prices – a reversal of the situation before the global economic crisis of 2008. Prices at the Colombian port of Puerto Bolivar are around 11 US\$/t below the CIF ARA prices which reflects the cost of shipping to Europe.

Unfortunately, the low import prices for coal make it difficult for indigenous hard coal producers to compete, even though prices remain relatively high from an historical perspective. For

### Baltic Dry Index (BDI), 2005-2013

Source: Baltic Exchange Information Services Ltd





this reason, producers in the UK, Poland and Spain were unable to benefit from the market demand which was instead met by a surge in imports. There were some notable exceptions with certain private mines in Poland enjoying record-breaking output.

It is not only European mines that are struggling against low prices. Many higher cost mines worldwide are operating below their long-run costs and closures are inevitable. Even a modest price rise, whilst helping indigenous producers, would not markedly influence coal's competitive position against gas. Analysts expect a slight recovery of coal prices in the next couple of years, but this will largely depend on the price of oil and hence natural gas.

Coking coal spot prices have fallen by 50% or more since 2011 and ended the year at 140 US\$/t FOB Australia due to fewer orders from China and India and weak demand from Europe. Chinese coke prices dropped significantly to 250-280 US\$/t, following the removal of export taxes on coke in 2012 and weaker domestic demand for steel.

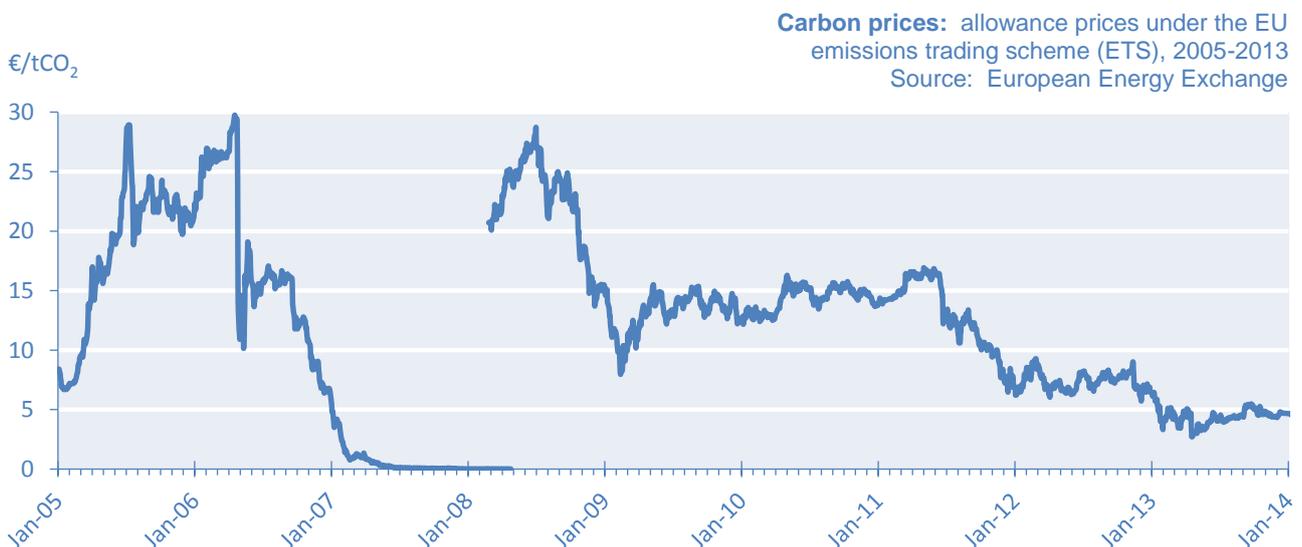
### Freight Rates

Sea freight rates remained low in 2013 with the Baltic Dry Index (BDI) in a range between 700 and 2 300. The slowdown in global economic growth has moderated trade in all bulk commodities, thus affecting demand for charters. The last quarter of

2013 saw freight rates increase markedly. The total combined fleet for all dry bulk vessel types stood at over 720 million dead-weight tonnes (dwt) at the end of 2013, with Panamax and Capesize carriers making up 480 million or two thirds of this total. The decline of new orders could lead to some firmer freight rates in the coming years.

### Carbon Prices

Allowance certificates under the EU emissions trading scheme traded in the 2.75-6.45 €/tCO<sub>2</sub> range during 2013, with a plentiful supply of allowances. Market volatility was influenced by actions in Brussels on a possible intervention in the market (so called back-loading) to boost prices. After several votes in the European Parliament, allowance prices ended the year at just below 5 €/tCO<sub>2</sub> – lower than at the end of 2012. This could change when the cap on certificates for the fourth trading period is agreed by the European Commission, Parliament and Council. Much will depend on how policymakers balance sustainability objectives with those of energy security and economic competitiveness – issues that rose up the political agenda during 2013.



## COMMITTEE ACTIVITIES: Technical Research Committee

*Dr. Ing. José-Luis Fuentes-Cantillana,  
Chairman*

Most of the activities of the Technical Research Committee (TRC) in 2013 were dedicated to the preparation of proposals for research projects to be submitted to the EC Research Fund for Coal and Steel (RFCS) programme. Two workshops were organised for identifying the research needs of EURACOAL members in the different technical areas covered by the programme, and to set-up preliminary clusters of these ideas that could be developed into actual proposals.

The workshop on mining R&D activities was held in Katowice, Poland, on 13-14 February, hosted for the first time by the Central Mining Institute of Poland (GIG – Główny Instytut Górnictwa), after being organised by EVONIK for many years on behalf of the German hard coal company RAG. A total of 23 participants attended the workshop and seventeen potential projects were identified.

A second workshop covering coal conversion and coal utilisation topics was organised by ETP-W/ISSeP in Liège, Belgium, on 21 March. The number of participants was around thirty, and twelve potential projects were identified.

The Technical Research Committee met on 12-13 June in Prague, at the invitation of the Czech Employers' Association of Mining and Oil Industries (ZSDNP – Zaměstnavatelský svaz důlního a naftového průmyslu). A follow-up to the proposal preparation process was carried out during the meeting, which was followed by a technical visit to the Czech Army and Bílina open-pit lignite mines.

A delegation of the TRC also met on 5 July with the EC RFCS unit to discuss the possibilities for EURACOAL to have a voice in the setting of the annual priorities of the research programme for coal, in the same way that the European Steel Technology Platform (ESTEP) does for the steel sector. A preliminary procedure to advance in this direction was discussed, which could be implemented in 2014.

Finally, a meeting was held in Brussels on 2 December, mainly to prepare for the Coal Advisory Group meeting planned for the following day, in which, among other issues, the preliminary outcome of the evaluation of the RFCS proposals was discussed. In total, forty proposals were submitted, from which nine were selected for funding and three more were retained on a reserve list. It is worth mentioning that EURACOAL members participate in all of these proposals, with a share of 41.6% of the total allocated budget that represents more than €5.6 million of funding for research activities. The success was even higher in the mining area, reaching 52.6% of the available funding. These were probably the best results ever for EURACOAL members taking part in the RFCS programme. Most partners considered that the Katowice and Liège workshops contributed to securing these positive results, and supported the idea of continuing with their organisation in 2014.

Also important in 2013 was the publication by the European Commission of the combined Monitoring and Assessment Report of the RFCS programme, which was made publicly available on 24 September, to coincide with a European Round Table on Coal held in the European Parliament and organised by EURACOAL. This report is a condensed and integrated version of the earlier Monitoring Report and the separate Assessment Report. Several members of the Technical Research Committee helped to prepare these reports with substantive inputs and detailed review.

EURACOAL was also invited in 2013 by the European Commission to participate in the preparation of the "Integrated Roadmap" of the European Strategic Energy Technology Plan ("SET Plan"). Members of the Technical Research Committee and the EURACOAL Secretary-General participated in several meetings organised jointly by DG Energy and the EC Joint Research Centre (JRC), making contributions in the areas of "Unconventional Oil and Gas Resources", for which EURACOAL was the main drafter, and in "Energy Systems Integration". The Integrated Roadmap is expected to be completed early in 2014.



## EURACOAL ACTIVITIES – serving the interests of the European coal industry

The European Association for Coal and Lignite is the umbrella organisation of the European coal industry. The associations and companies representing the coal industries of 20 countries work together in EURACOAL. Coal producers, importers, traders and consumers all have seats and votes in EURACOAL.

By integrating the countries of eastern and central Europe, and welcoming Members from neighbouring countries outside of the European Union, EURACOAL has anticipated political developments taking place in Europe. The Association, evolved from CECSO (the European Solid Fuels Association) after the expiry of the Treaty establishing the European Coal and Steel Community (ECSC Treaty) in 2002.

EURACOAL's mission is to highlight the importance of coal's contribution to security of energy supply within the EU, to energy price stability, to added economic value and to environmental protection. EURACOAL seeks to be an active communicator, with the aim of creating an appropriate framework within which the European coal industry and coal consumers can operate.

Almost 30% of the power generated in the EU-28 is coal-based. Steel producers and other energy-intensive industries all need large quantities of energy. Coal is therefore an important and reliable source of energy in its own right and will remain a vital component of EU energy supply.

EURACOAL's activities are entirely geared towards the interests of its Members. This includes the whole process chain, beginning with coal extraction, marketing and transport, right through to coal use at power stations, in the steel industry, in other industrial and commercial sectors and by private households. Coal research plays an important role here to optimise processes.

EURACOAL is the voice of the coal industry in Europe, actively involved in the political process and always a proponent of coal as a vital

component in a balanced European energy mix. EURACOAL's activities are directed towards:

- keeping Members informed on all coal-relevant matters at the EU level;
- creating a platform for Members to hold discussions and exchange opinions;
- voicing the interests of the coal industry at European level;
- creating favourable political and regulatory conditions, especially via the European Parliament, the Commission and the Council;
- exchanging information and working with the Commission and Parliament;
- participating in the European Commission's Social Dialogue with industry;
- supporting activities of the European Economic and Social Committee;
- offering Members a platform to develop joint R&D projects;
- co-operating with other politically relevant associations and interest groups in Brussels to boost awareness of coal and the industry's interests; and
- public relations work to promote coal.

EURACOAL is a Brussels-based European association, responsive to the considerable powers of the EU institutions, especially the European Parliament and the Commission. It represents the interests of its Members in its dealings with these institutions, participates in expert discussions and helps shape public opinion.

EURACOAL's committees are the cornerstone of the Association. They elaborate positions on energy, environment and research policy, as well as on coal markets. While EU decisions are primarily determined by the Brussels-based institutions, the Council – and therefore the Member States – also have far-reaching powers. The contribution that EURACOAL Members make to energy and environmental policy at national level is therefore just as important as the collective representation of their interests in Brussels. When looked at this way, EURACOAL is

not just a platform for voicing the collective interests of Members, but a forum for information exchange where Members can explore issues of concern to the coal industries in individual Member States.

The EU's general objectives – to implement the single internal market, to increase the Community's economic strength, to protect consumers and to achieve reasonable standards in respect of environmental protection – have all created a wide scope for legislative initiatives and many of these impact on the coal industry.

The liberalisation of power and gas markets, the introduction of EU rules on subsidies and the adoption of measures aimed at strengthening commercial businesses by introducing competitive market structures all open up good opportunities for coal – but are also fraught with risks. The coal industry welcomes the Commission's various strategies on energy and climate, noting the major challenges that lie ahead.

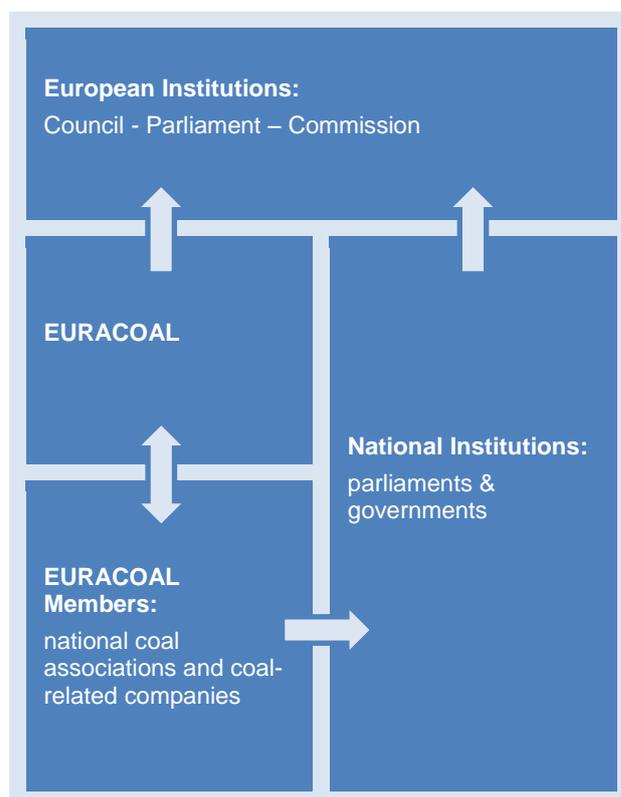
EURACOAL considers it vitally important for Europe to develop robust energy and environmental policies for the long term. These will open up new opportunities for coal in the power generation sector – more efficient plants, cleaner plants and plants fitted with CO<sub>2</sub> capture and storage. With the right frameworks in place, the EU can benefit from a secure, low-carbon future with coal and become a beacon for those developing countries where coal use is rising rapidly.

In the area of environmental protection, EU legislation has an impact on the production and use of all forms of energy. In particular, it affects the relative competitiveness of oil, gas and coal. Some of EURACOAL's most important activities here have focussed on:

- access to resources to avoid the hasty abandonment of mines and to legally protect raw material resources;
- climate protection policies, such as the Emissions Trading Scheme, and support for renewable sources of energy and combined heat and power (CHP);

- policies and regulations to demonstrate carbon capture and storage (CCS), including financing of CCS projects and infrastructure solutions to transport and store CO<sub>2</sub>;
- clean air policy, as reflected in the Large Combustion Plants Directive and the Industrial Emissions Directive;
- management of mining waste and residues from power plants;
- water protection, mining activities and groundwater; and
- soil and nature conservation, such as rehabilitation of mine sites or large-scale nature conservation projects linked to infrastructure development.

EURACOAL responds to Commission initiatives and formal legislative procedures in Parliament with advice from industry specialists. Properly briefed policy makers and politicians will generally make better decisions. In this way, EURACOAL raises the legitimate interests of a key sector of the economy, namely the European coal industry.





<b>General Assembly</b> coal producers, importers, traders, coal-based power utilities, R&D institutes	
<b>Executive Committee</b> discussions, opinion forming, work programme, lobbying positions	
<b>President</b> Mr. Paweł Smoleń	<b>Vice Presidents</b> Mr. Piotr Rykala – Kompania Węglowa Prof.-Dr. Franz-Josef Wodopia – GVSt Mr. Nigel Yaxley – Coallmp
<b>National Delegations</b> 35 members from 20 countries	<b>Committees &amp; Chairmen</b> <b>Energy Policy Committee</b> Dr.-Ing. George Milojcic (DEBRIV) <b>Environment Committee</b> Mr. Phil Garner (CoalPro) <b>Market Committee</b> Dr. Erich Schmitz (VDKi) <b>Technical Research Committee</b> Dr. Ing. José-Luis Fuentes-Cantillana (CARBUNIÓN)
<b>Brussels Secretariat</b> Secretary-General: Mr. Brian Ricketts Deputy Secretary-General: Ms. Gitta Hulik Policy Officer: Mr. Mike Bostan	

## COMMITTEES

Committee	Chairman	Secretary
Energy Policy Committee	Dr.-Ing. George Milojcic (DEBRIV)	Mr. Zygmunt Borkowski (ZPGWK)
Environment Committee	Mr. Phil Garner (CoalPro)	Mr. Bernd Bogalla (GVSt)
Market Committee	Dr. Erich Schmitz (VDKi)	Ms. Gitta Hulik (EURACOAL)
Technical Research Committee	Dr. Ing. José-Luis Fuentes-Cantillana (CARBUNIÓN)	Mr. Bernd Bogalla (GVSt)

## EXECUTIVE COMMITTEE

Members	Country	Affiliation	as at March 2014
Mr. Paweł SMOLEŃ	Poland	President, EURACOAL	
Mr. Piotr RYKALA	Poland	Vice President EURACOAL, Vice President, Kompania Węglowa SA and President ZPGWK	
Prof. Dr. Franz-Josef WODOPIA	Germany	Vice President EURACOAL and Chief Executive, GVSt – Gesamtverband Steinkohle eV	
Mr. Nigel YAXLEY	United Kingdom	Vice President EURACOAL and Managing Director, Coallmp – Association of UK Coal Importers	
Mr. Mustafa AKTAŞ	Turkey	General Director, TKİ – Turkish Coal Enterprises	
Mr. Zdeněk BUČKO	Czech Republic	Specialist – Technical Department, Sokolovská uhelná právní nastupce as	
Mr. Munever ČERGIĆ	Bosnia-Herzegovina	Chief Executive, RMU “Banovići” dd Banovići	
Mr. Krasimir CHAVRAGANSKI	Bulgaria	Manager, Vagledobiv Bobov dol EOOD	
Eng. Kancho DIMITROV	Bulgaria	Deputy Executive Director, Mini Maritsa Iztok EAD	
Prof. Dr. Józef DUBIŃSKI	Poland	General Director, GIG – Główny Instytut Górnictwa (Central Mining Institute)	

Dr. Renata EISENVORTOVÁ	Czech Republic	European Affairs Manager, Severní energetická as
Dr. Nikolaos GALITIS	Greece	General Department of Mines, PPC – Public Power Corporation SA
Mr. Phil GARNER	United Kingdom	Director General, CoalPro – Confederation of UK Coal Producers
Mr. Magnus GRILL	Sweden	Chief Executive Officer, Svenska Kolinstitutet (Swedish Coal Institute)
Mr. Stanislav V. IANKO	Ukraine	Head of the Union, Ukrvuglerobotodavtsy
Mr. Milan JAKOVLJEVIĆ	Serbia	Director – Coal Production Department, EPS – Elektroprivreda Srbije (Electric Power Industry of Serbia)
Ing. Rastislav JANUŠČÁK	Slovak Republic	Director of Strategy and External Affairs Department, HBP – Hornonitrianske bane Prievidza, as
Dr. Maksymilian KLANK	Poland	Vice President, ZPGWK – Związek Pracodawców Górnictwa Węgla Kamiennego (Hard Coal Mining Employers' Association)
Dr. Nikolaos KOUKOUZAS	Greece	Director of Research, CERTH/CPERI – Chemical Process & Energy Resources Institute
Dr. Johannes F. LAMBERTZ	Germany	Advisor to CEO, RWE Power AG
Mr. Óscar LAPASTORA TURPIN	Spain	CARBUNIÓN President and CFO, Hullera Vasco-Leonesa SA
Dr. Marios LEONARDOS	Greece	Director – Mines Planning & Performance Department, PPC – Public Power Corporation SA
Mr. Roman ŁÓJ	Poland	Chairman of the Board, Katowicki Holding Węglowy SA
Ms. Mercedes MARTÍN GONZÁLEZ	Spain	Director General, CARBUNIÓN – Federación Nacional de Empresarios de Minas de Carbón
Mr. Kevin McCULLOUGH	United Kingdom	Chief Executive, UK Coal Mining Holdings Ltd
Dr. Milan MEDVED	Slovenia	General Manager, Premogovnik Velenje, dd (Coal Mine Velenje)
Dr.-Ing. George MILOJCIC	Germany	Hauptgeschäftsführer, DEBRIV – Deutscher Braunkohlen-Industrie-Verein eV
Mr. Constantin-Viorel PETCU	Romania	Chairman, APFCR – Asociatia Producatorilor si Furnizorilor de Carbune din Romania (Coal Producers & Suppliers Association of Romania)
Mr. Gábor RIZ	Hungary	Vice President, Borsod-Abaúj-Zemplén County Government
Dr. Jürgen RUPP	Germany	Vorstand Finanzen, RAG AG
Dr. Erich SCHMITZ	Germany	Geschäftsführer, VDKi – Verein der Kohlenimporteure eV (Coal Importers Association)
Mr. Oleksandr SELISCHEV	Ukraine	Head of Strategic Planning & Analysis Department, DTEK
Mr. Zbigniew STOPA	Poland	President of the Board, Lubelski Węgiel „Bogdanka” SA
Mr. Radim TABÁŠEK	Czech Republic	HR Director & Mining District Development Officer, OKD, as
Mr. Bernd TÖNJES	Germany	Vorsitzender des Vorstandes (Chairman of the Board), RAG AG
Dr. Catherine TRUFFERT	France	Research Director, BRGM - Bureau de Recherches Géologiques et Minières
Mr. Roberto ZANGRANDI	Belgium	Head of European Institutional Affairs, ENEL SpA.
Dr. Hartmuth ZEIB	Germany	Chairman of the Managing Directors, Vattenfall Europe Mining AG & Vattenfall Europe Generation AG
Eng. Georgi ZLATEV	Bulgaria	Executive Director, Mini Maritsa Iztok EAD
Mr. Stanisław ŻUK	Poland	President, PPWB – Porozumienie Producentów Węgla Brunatnego (Confederation of Polish Lignite Producers)



## EURACOAL MEMBERS – an international partnership

Country	Member Association / Company	as at March 2014
Belgium	ISSeP – Institut Scientifique de Service Public (Scientific Institute of Public Service)	
Bosnia-Herzegovina	RMU Banovici dd	
Bulgaria	MMI – Mini Maritsa Iztok EAD Vagledobiv Bobov dol EOOD	
Czech Republic	ZSDNP – Zaměstnavatelský svaz důlního a naftového průmyslu (Employers' Association of Mining and Oil Industries)	
Finland	Finnish Coal Info	
France	BRGM – Bureau de Recherches Géologiques et Minières (Research Institute of Geology and Mining)	
Germany	DEBRIV – Deutscher Braunkohlen-Industrie-Verein eV (German Association of Lignite Producers) GVSt – Gesamtverband Steinkohle eV (German Coal Association) VDKi – Verein der Kohlenimporteure eV (Coal Importers' Association)	
Greece	PPC – Public Power Corporation SA CPERI – Chemical Process and Energy Resources Institute	
Hungary	Borsod-Abaúj-Zemplén County Government	
Italy	ENEL SpA	
Poland	PPWB – Porozumienie Producentów Węgla Brunatnego (Confederation of Polish Lignite Producers) ZPWGK – Związek Pracodawców Górnictwa Węgla Kamiennego (Polish Hard Coal Employers' Association) Lubelski Węgiel „Bogdanka” SA GIG – Główny Instytut Górnictwa (Central Mining Institute) EMAG Institute of Innovative Technologies KOMAG Institute of Mining Technology	
Romania	APFCR – Asociația Producătorilor și Furnizorilor de Carbune din România (Coal Producers and Suppliers' Association of Romania)	
Serbia	EPS – Elektroprivreda Srbije (Electric Power Industry of Serbia)	
Slovak Republic	HBP – Hornonitrianske bane Prievidza as	
Slovenia	Premogovnik Velenje dd	
Spain	CARBUNIÓN – Federación Nacional de Empresarios de Minas de Carbón (National Coal Mining Employers' Association) Geocontrol SA	
Sweden	Svenska Kolinstitutet (Swedish Coal Institute)	
Turkey	TKİ – Turkish Coal Enterprises	
Ukraine	DTEK Ukrvuglerobotodavtsy (All-Ukrainian Coal Industry Employers' Association)	
United Kingdom	Coallmp – Association of UK Coal Importers CoalPro – Confederation of UK Coal Producers Coaltrans Conferences Ltd Golder Associates (UK) Ltd University of Nottingham	

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