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European Association
for Coal and Lignite

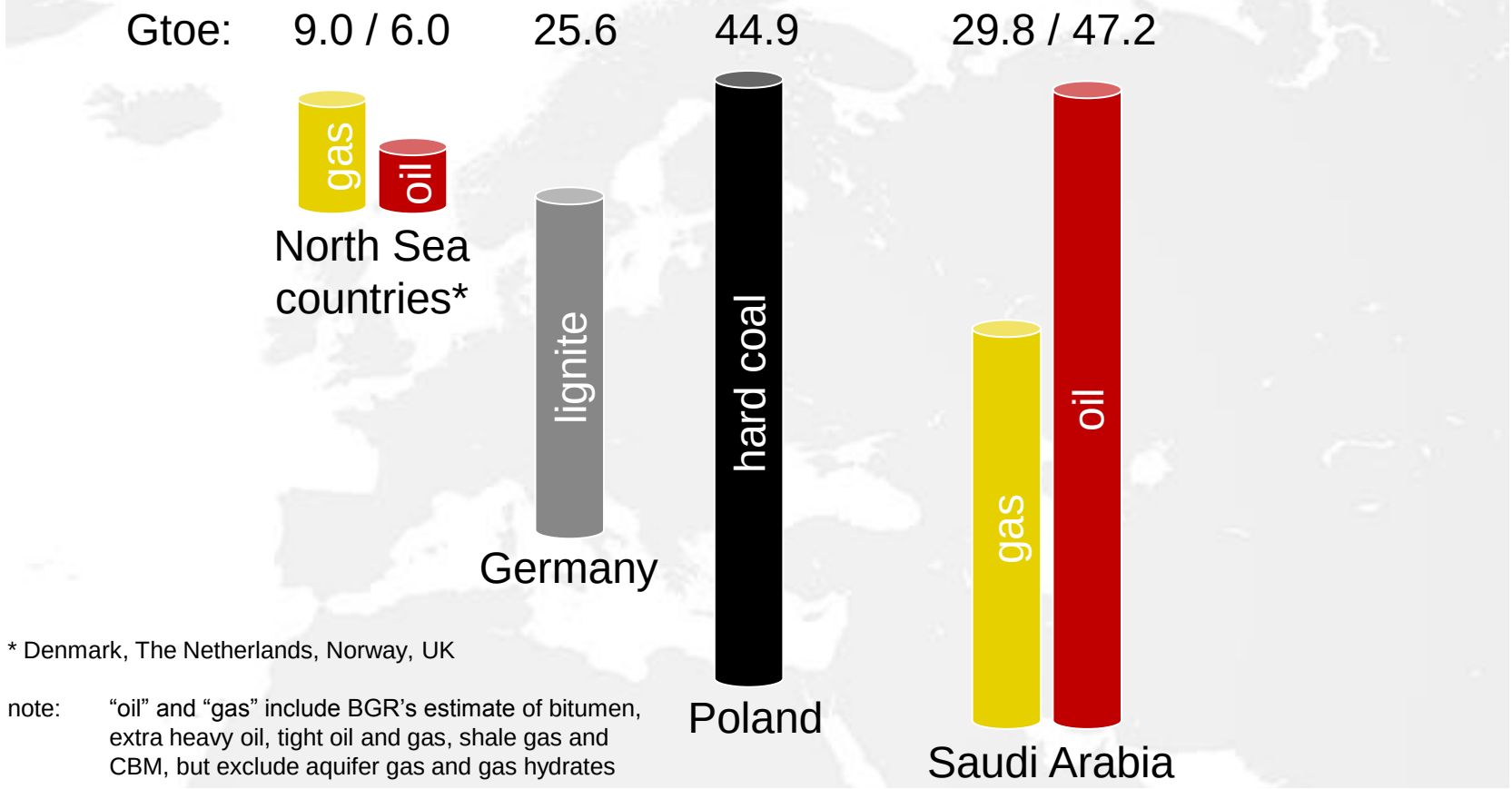
European Coal Policy

Bankers' Lunch Meeting, London

8 October 2015

Nigel Yaxley, Vice President

Energy Resources Comparison



* Denmark, The Netherlands, Norway, UK

note: "oil" and "gas" include BGR's estimate of bitumen, extra heavy oil, tight oil and gas, shale gas and CBM, but exclude aquifer gas and gas hydrates

sources: Państwowy Instytut Geologiczny (Polish Geological Institute) as at 31 December 2012
BGR (Bundesanstalt für Geowissenschaften und Rohstoffe – Federal Institute for Geosciences and Natural Resources) (2014), Energy Study 2014 – reserves, resources and availability of energy resources

Coal and lignite in the EU: 89% of energy reserves and 93% of resources.

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Coal in Europe 2014

lignite production, hard coal production & imports

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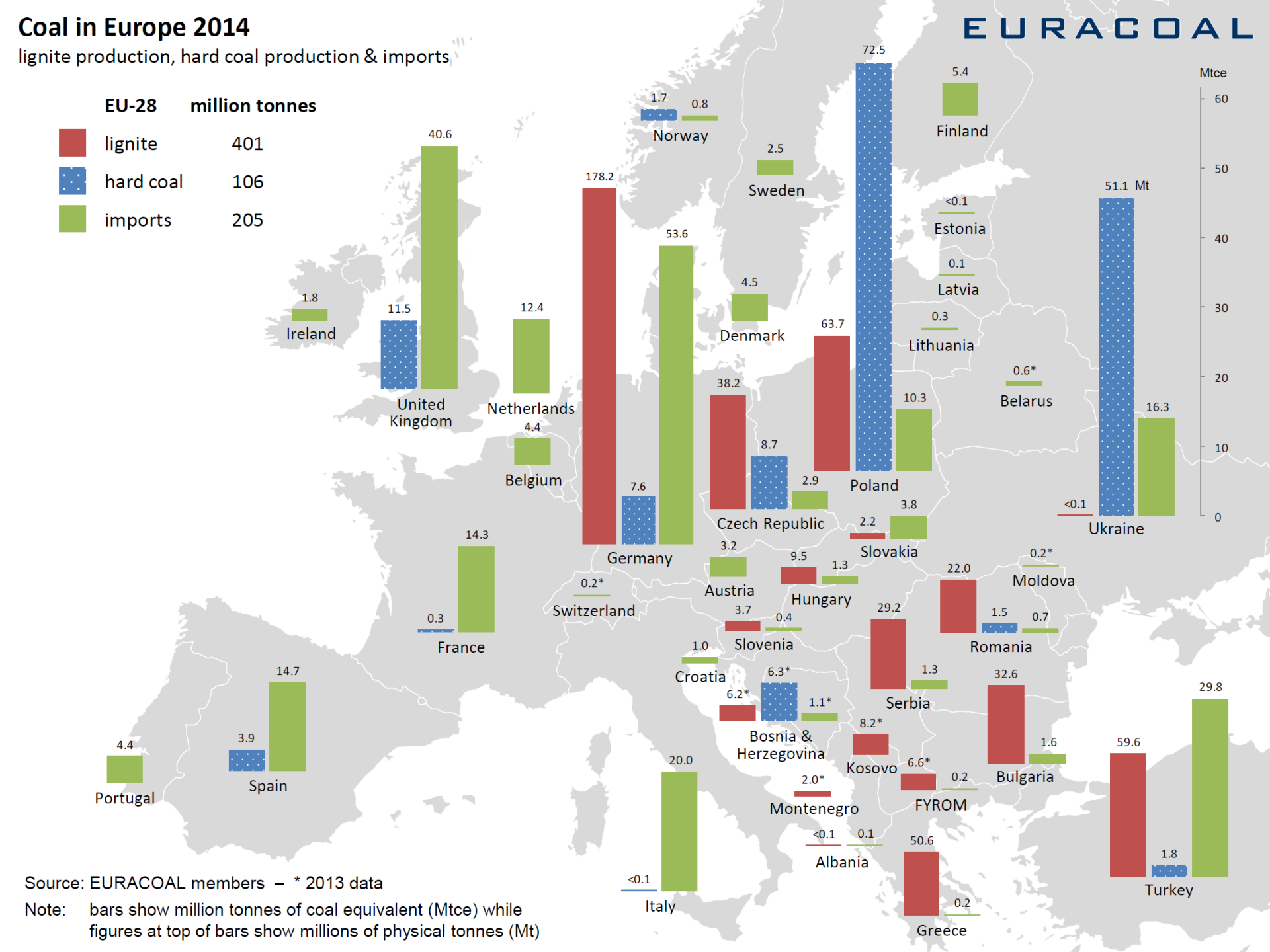
EU-28	million tonnes
lignite	401
hard coal	106
imports	205



Source: EURACOAL members – * 2013 data

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

Coal-Related EU Legislation

Climate & Energy Package

Clean Air Programme for Europe

ETS Directive

National Emission Ceilings Directive

Ambient Air Quality Directive

Industrial Emissions Directive (LCP BREF)

AIR QUALITY LEGISLATION

Strategic Environmental Assessment Directive

Environmental Liability Directive

Environmental Impact Assessment Directive

Integrated Pollution Prevention & Control Directive

LAND, WATER & WASTE LEGISLATION

Habitats Directive

Water Framework Directive

Mining Waste Directive

20-20-20 & 2030 targets

Groundwater Directive

Renewables Directive

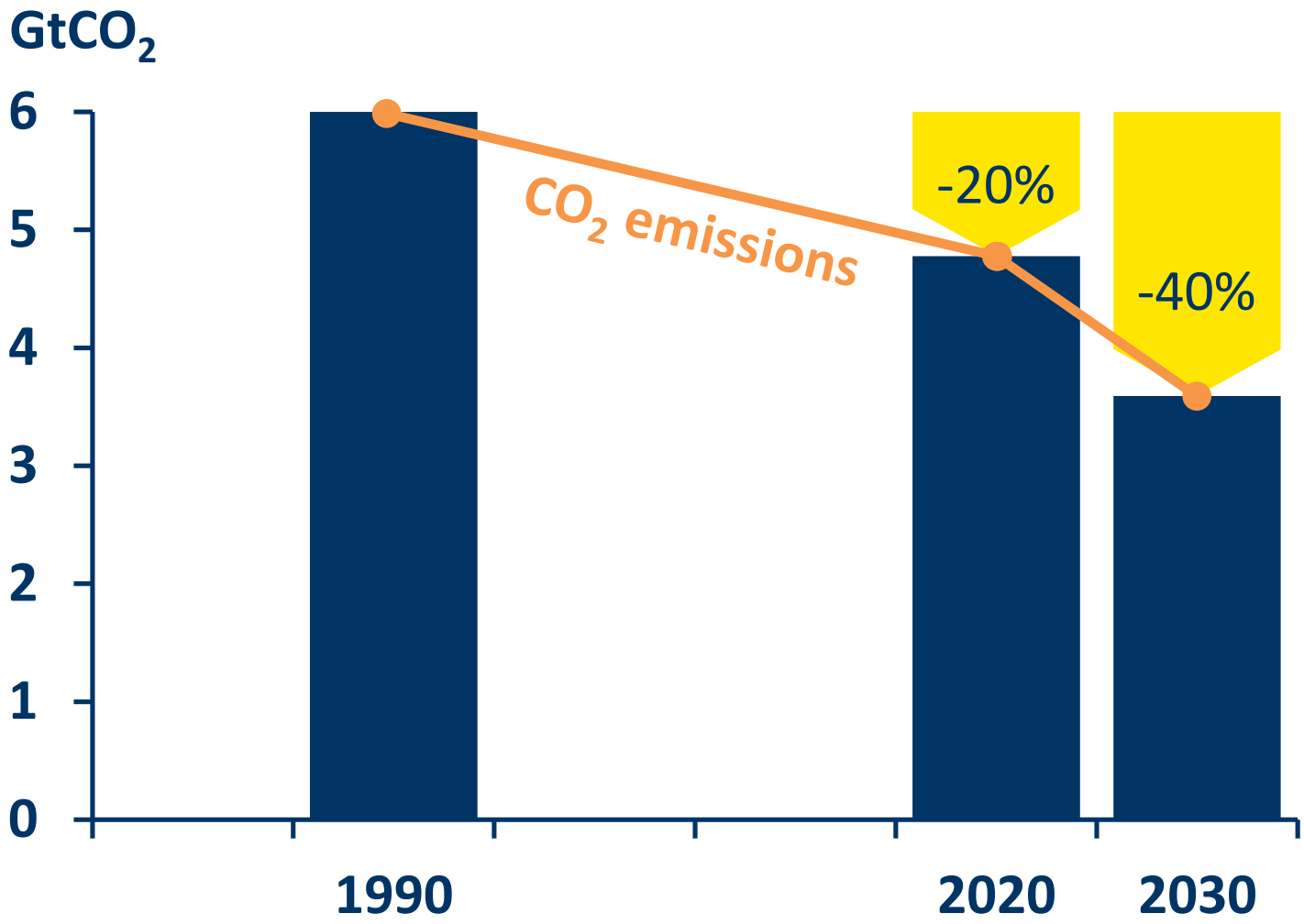
Current Legislative Initiatives and Issues

- 2030 Climate & Energy Package and Energy Union:
  - Energy security
  - Internal energy market
  - Energy efficiency
  - Decarbonisation
  - R&D
- Summer Package:
  - ETS reform including Market Stability Reserve & Modernisation Fund
  - New energy market design
  - Empowering energy consumers
  - Energy efficiency label revision
- European Energy Security Strategy – rejected by EP
- Large Combustion Plants BREF revision – delayed
- National Emission Ceilings Directive revision – EP vote in October
- Coal industry State aid – crisis in Poland
- CCS Directive Review - delayed
- Strategic Energy Technology Plan – towards an integrated roadmap

2030 Package – Mainly Bad for Coal

- A 40% GHG reduction target *c.f.* 1990 with no further "conditional" targets offered at international negotiations ✗
- A 27% EU-wide binding target for renewable energy in final energy consumption ✗
- ETS allowance cap to shrink by 2.2% each year from 2021 (*c.f.* 1.74% now) ✗
- A new market stability reserve for the ETS from 2021 (Phase IV) ?
- Carbon leakage protection to continue ✓
- Indicators for energy price competitiveness and energy security ✓

CO_2 Emissions Cap under the EU ETS



Proposal from the European Commission implies a significant intensification of effort compared with past progress – is it too ambitious?

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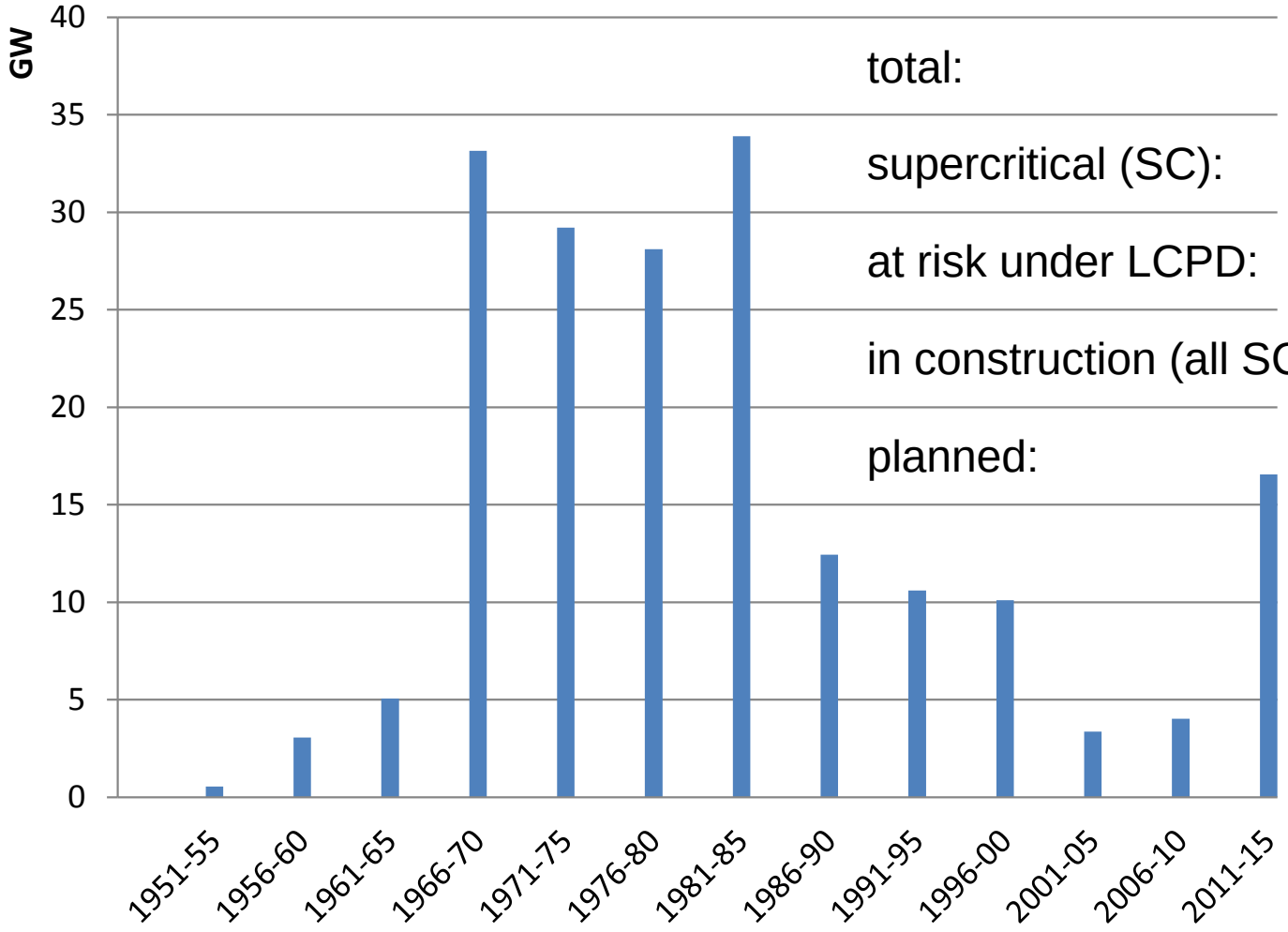
Initial Euracoal Opinions on 2030 Proposals

- The 40% target only makes sense if the rest of the world follows
- For economic and security reasons, EU should maximise production of ALL indigenous energy resources: shale gas, coal and lignite
- EURACOAL welcomes the proposed performance indicator for the share of indigenous energy sources used in energy consumption over the period to 2030
- A long-term, stable policy framework is needed for a variety of no-regrets investments, including in the modernisation and renewal of older coal-fired power plants for higher efficiency and lower emissions
- The biggest threat to the internal market is the growing volume of must-run subsidised renewable generation that has no obligation to compete – the Commission is right to tackle this growing problem

Age Profile of Coal-Fired Power Plants in EU-28



total:	180 GW	
supercritical (SC):	27 GW	(15%)
at risk under LCPD:	28 GW	(15%)
in construction (all SC):	14 GW	(8%)
planned:	15 GW	(9%)

source: EURACOAL database – position as at 31 December 2013

It is not known what impact the IED will have: >100 GW needs investment.

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European Climate Foundation

Funds NGOs to lobby against coal using its €26 million budget (2013) with 150 grantees.

Johannes Meier, CEO
ex partner at McKinsey
ex CEO of GE subsidiary

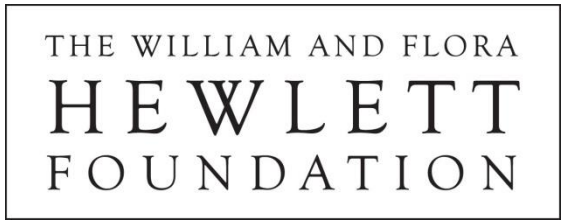
Europe as a Laboratory for the World

We view Europe as a laboratory for the world on how to handle the transformation from a high-carbon to a low-carbon economy. Overall we believe that Europe is in a privileged position to demonstrate the feasibility of decarbonisation without sacrificing prosperity. This has been verified in multiple studies, not least in the ECF's *Roadmap 2050* and *Power Perspectives 2030* analyses.

Based on our experience to date, we have learned that policymakers tend to see coalitions combining stakeholders from business and civil society as most valuable, since they transcend the typical polarisation of lobbying by business groups and single-cause advocacy by civil society groups.

As we monitor implementation of policies, we pay special attention to investment flows. The ECF cannot directly influence the availability of private finance or the development of technologies. However, both benefit from policy interventions as investors seek stable policy frameworks as a context for their decisions.

Who pays the European Climate Foundation?



Rich Americans!

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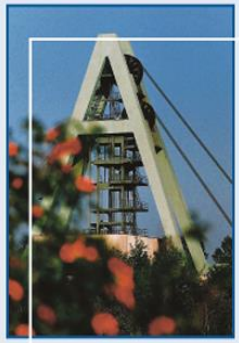

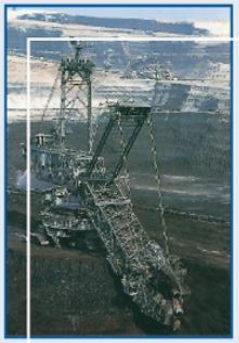

Thank you!

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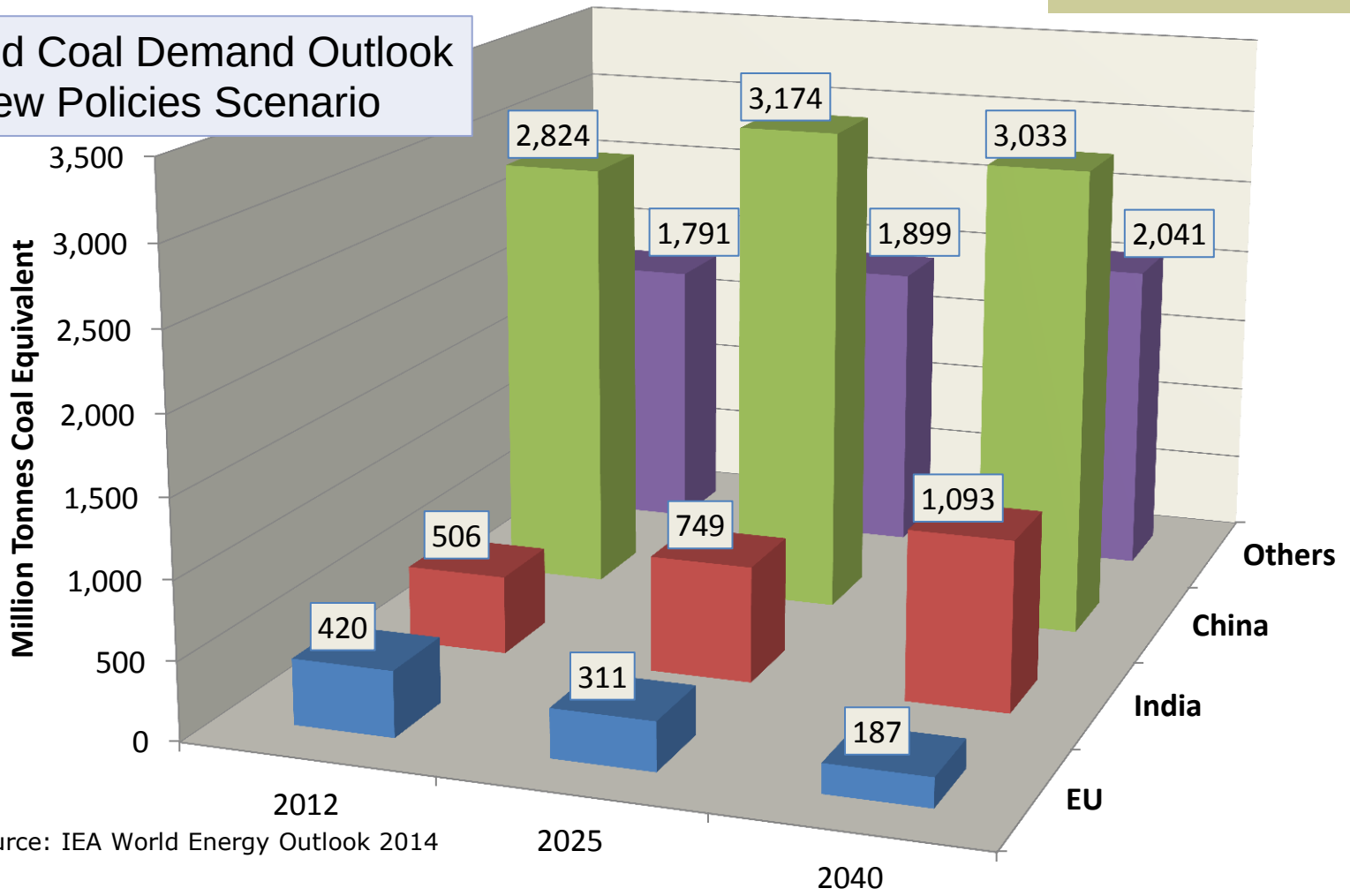
Appendix - IEA World Energy Outlook 2014

CoalImp
Association of UK Coal Importers

World Coal Demand Outlook in New Policies Scenario



Source: IEA World Energy Outlook 2014