

EURACOAL

European Association
for Coal and Lignite



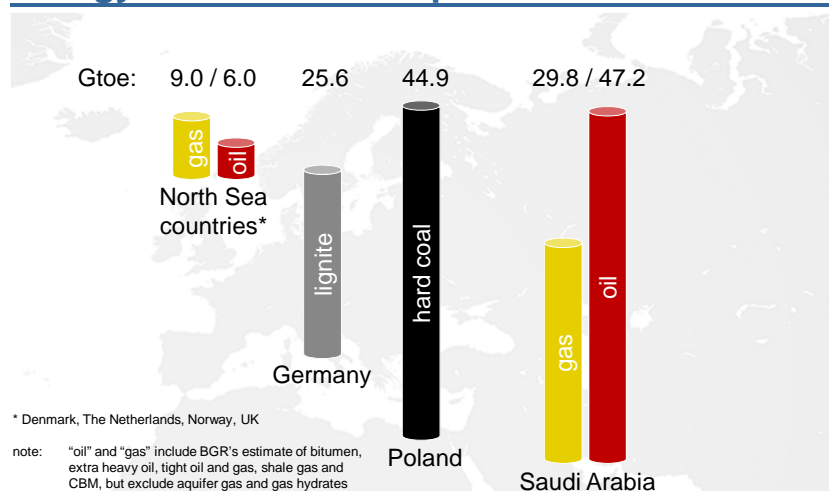
European Coal Policy

BoAML Meeting, London

8 October 2015

Nigel Yaxley, Vice President

Energy Resources Comparison



* Denmark, The Netherlands, Norway, UK

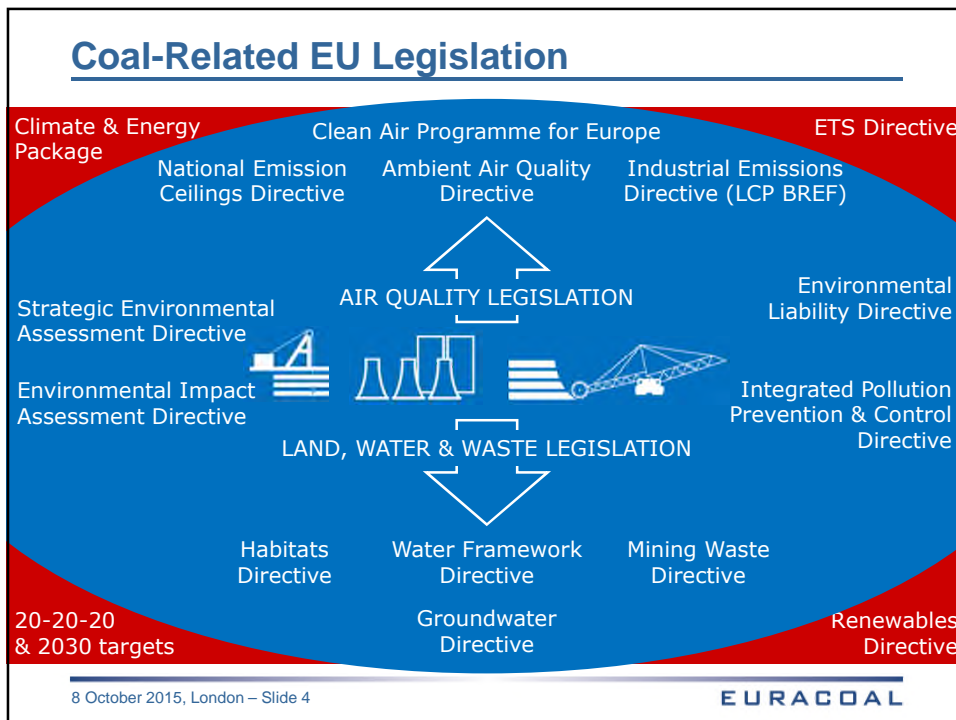
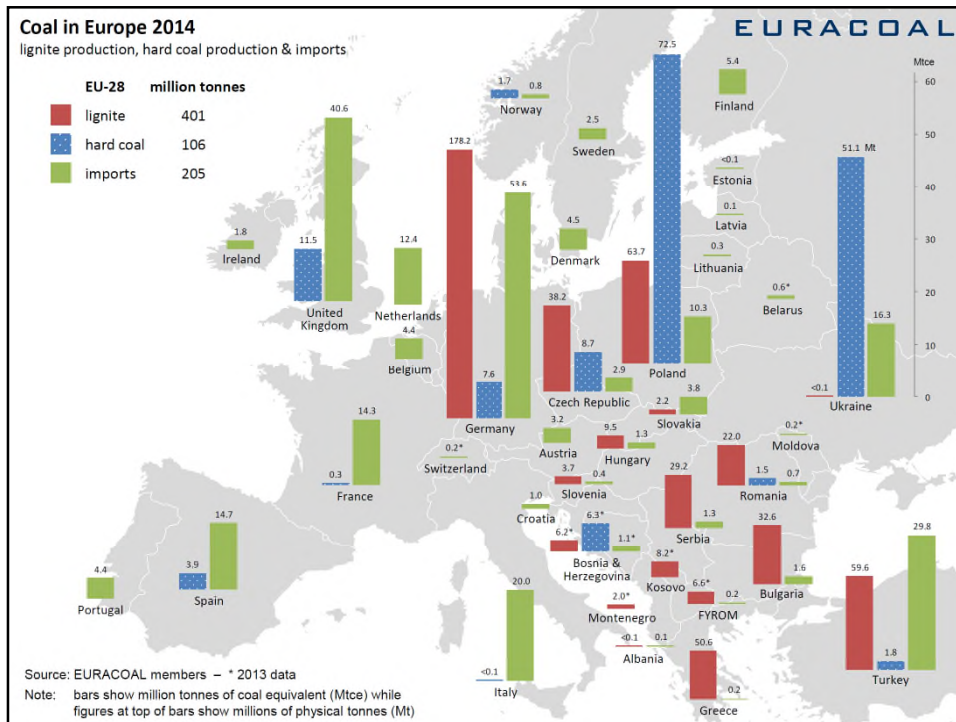
note: "oil" and "gas" include BGR's estimate of bitumen, extra heavy oil, tight oil and gas, shale gas and CBM, but exclude aquifer gas and gas hydrates

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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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

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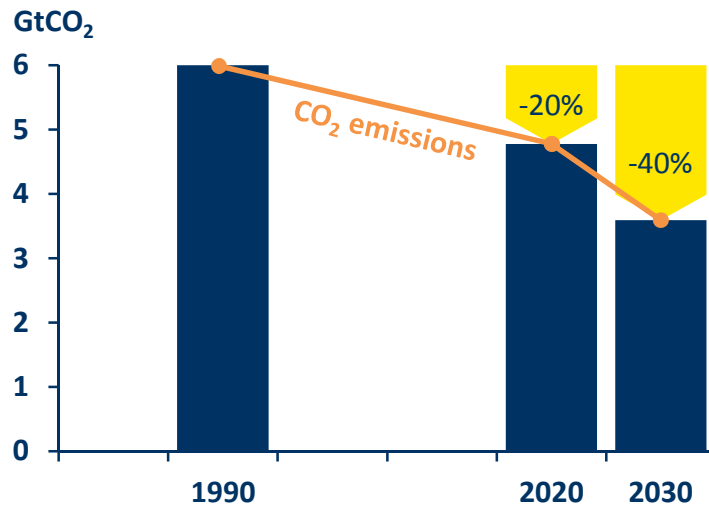
2030 Package – Mainly Bad for Coal

- 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 ✓

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CO₂ 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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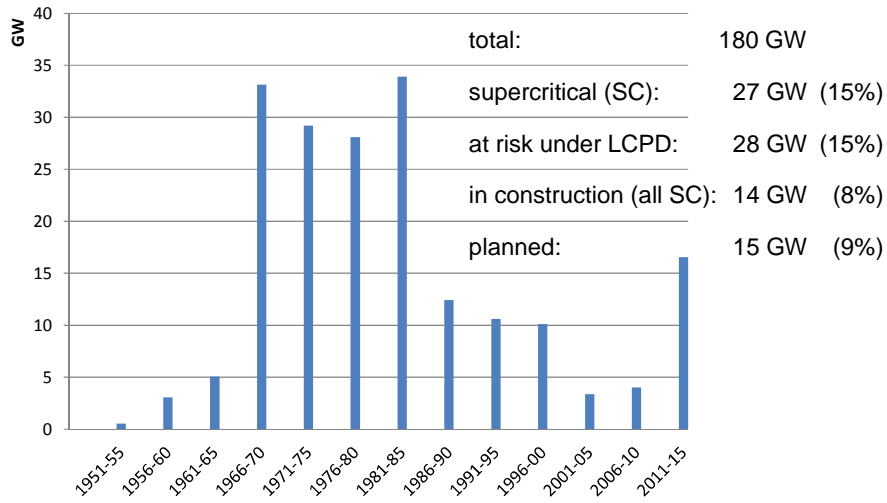
Initial Euracoal Opinions on 2030 Proposals

- 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

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



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.

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Who pays the European Climate Foundation?



Rich Americans!

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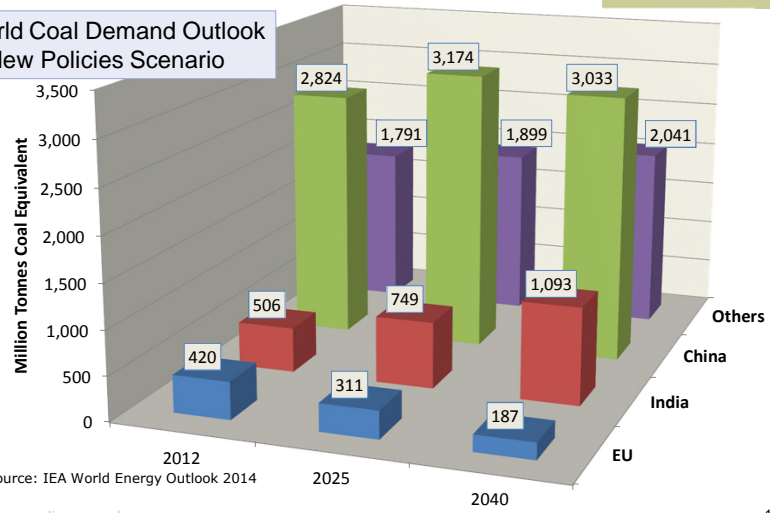
Thank you!



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Appendix - IEA World Energy Outlook 2014

World Coal Demand Outlook
in New Policies Scenario



Source: IEA World Energy Outlook 2014

www.coalimp.org.uk
19th March 2015