
World Coal Institute response to the European Commission Consultation on the Future “EU 2020” Strategy

The World Coal Institute (WCI) welcomes the opportunity to respond to the Commission’s Consultation on the Future “EU 2020” Strategy. The WCI is a not for profit organisation working internationally on behalf of the world’s major coal producers and stakeholders.

The Commission’s consultation provides an excellent opportunity to map the direction the EU will take over the course of the next decade.

Summary of Key Policies for a More Competitive, Connected and Greener EU by 2020

- The Commission’s goal of a greener economy must make maximum use of all low-carbon technologies as part of the EU 2020 Strategy, using natural resources and raw materials available in Europe and through an open global market. Coal clearly falls under the categories of natural resources and raw materials and therefore should be considered as an important element of any agreed strategy.
 - The development and deployment of CCS as part of the EU 2020 Strategy will be vital in achieving the Commission’s goal of creating a competitive, connected and greener economy in the context of high energy prices and carbon constraints.
 - The International Energy Agency (IEA) estimated in its World Energy Outlook 2009 that CCS will need to provide around 20% of the mitigation effort in the EU in 2030 if the world as whole is to aim for a target of stabilising atmospheric carbon dioxide levels at 450 parts per million. Under these projections, renewables would provide a similar level of contribution at 21%.
 - As part of the EU 2020 strategy, the WCI is supportive of an international free trade regime which would allow the EU to demonstrate its competitiveness and increase access to coal and other resources essential to economic development at competitive prices.
 - The EU-wide CCS industry, in tandem with an EU-wide renewables industry, could provide a significant boost to economic development and employment rates.
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EU Transformation & Challenges

The Lisbon Strategy, set out in 2000, aimed to make the EU "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010." While there is a great deal of evidence to suggest that the EU has gone much of the way to achieving these objectives, the global economic crisis witnessed during the latter part of the past decade has created a number of obstacles to moving this strategy beyond 2010.

Although the European Economic Recovery Plan has helped the EU to weather the storm of the global financial crisis, it is now essential that a suitable strategy be put in place to stimulate economic activity and help return unemployment to the low levels seen in the past decade while at the same time achieving the key environmental goal of reducing CO₂ emissions by 20 percent by 2020.

The Commission's consultation document on the EU 2020 Strategy states that 'in developing a new vision and direction for EU policy, we need to recognize that conserving energy, natural resources and raw materials, using them more efficiently and increasing productivity will be key drivers for the future competitiveness of our industry and our economies'. Coal clearly falls under the categories of natural resources and raw materials and therefore should be considered as an important element of any agreed strategy.

The WCI responded to the Directorate-General for Transport and Energy's (DG TREN) consultation on the "Best Uses of the EU's Indigenous Coal Resources" in August 2009. The DG TREN consultation was a welcome step from the Commission to look towards securing long-term energy security in the EU. This, in turn, provides excellent groundwork for achieving the key EU 2020 objective of "using resources better". The WCI was broadly supportive of the strategy outlined in the DG TREN consultation, but believes that further emphasis is required on research and development and public awareness issues, particularly in regards to carbon capture and storage (CCS).

Priorities for the Future EU 2020 Strategy

- 1. Creating value by basing growth on knowledge**
- 2. Empowering people in inclusive societies**
- 3. Creating a competitive, connected and greener economy**

Of the three key priorities outlined in the Commission's consultation document, Priority 3 is likely to rely on heavy input and co-operation from the energy sector and therefore is the WCI's focus. There is also scope for the energy sector to contribute significantly to priority 2 through the creation of 'green jobs'.

1. Creating Value by basing growth on knowledge

The WCI commends the Commission's priority of education, research and innovation. The push on research and innovation will help achieve the EU's goal of reducing CO₂ emissions by 20 percent by 2020. This commitment to basing growth on knowledge has been demonstrated by the EU's implementation of policies designed to enable early demonstration of CCS projects. Developing further strategies to support these policies will help the EU to gain early competitive knowledge of CCS and other similar technologies, thus laying the foundations for substantial economic growth in the sector.

2. Empowering people in inclusive societies - 'Green Jobs'

The deployment of CCS alongside other low-carbon technologies will allow a sustainable balance to be achieved between environmental targets, energy security and economic development. The UK government has estimated that its strategy for deploying CCS, starting with the funding of up to four commercial-scale demonstration projects, could create up to 50,000 jobs by 2030. If a similar strategy is seen EU-wide, the CCS industry, in tandem with the renewables industry, could provide a significant boost to EU economic development and employment rates. The Commission should seek to publicise the potential economic benefits of a CCS industry as part of its strategy to increase public awareness of the technology.

3. Creating a competitive, connected and greener economy

The WCI believes that the development and deployment of CCS as part of the EU 2020 Strategy will be a vital means of achieving the Commission's goal of creating a competitive, connected and greener economy in the context of high energy prices and carbon constraints.

The EU has substantial domestic coal reserves (29,570 megatonnes according to BP 2009 figures) plus a range of suitable storage sites for the geological storage of CO₂¹. The deployment of CCS at coal-fired power plants therefore presents an excellent opportunity for the EU to utilise indigenous fuel supplies whilst taking important action to significantly reduce atmospheric carbon dioxide emissions.

The International Energy Agency (IEA) estimated in its World Energy Outlook 2009 that CCS will need to provide around 20% of the mitigation effort in the EU in 2030 if the world as whole is to aim for a target of stabilising atmospheric carbon dioxide levels at 450 parts per million. Under these projections, renewables would provide a similar level of contribution at 21%. The Commission should therefore focus on the full suite of low-carbon technologies as part of the EU 2020 Strategy, making full use of the natural resources and raw materials available in Europe and through and open global market.

- The Commission's goal of a greener economy must make maximum use of all low-carbon technologies.
- The Commission should recognise that cost of CCS - even during the demonstration phase when the costs are highest – already compares favourably with renewables
- CCS should be considered as complimentary to the deployment of renewable energy technologies.

Studies on the technologies deployed to stabilise atmospheric concentrations of CO₂ show that CCS is expected to make a major contribution to emissions reductions that will be equal to, or greater than, that provided by renewable energy technologies. However, current investments in CCS are tiny relative to those being made in renewables.

According to REN21² investment in renewables is estimated at over US\$120 billion per annum - excluding subsidies. In comparison, investments in CCS are just a small fraction of this amount, although a number of countries have recently made funding commitments for CCS projects. Annual renewable energy investment has increased to reach \$120 billion in 2008³.

¹ Institute of Physics 2009, (http://www.iop.org/EJ/article/1755-1315/6/17/172006/ees9_6_172006.pdf?request-id=3da4222f-a59f-4715-9b95-39af9d6f160f)

² REN 21 is a global policy network that provides a forum for international leadership on renewable energy. Its goal is to bolster policy development for the rapid expansion of renewable energies in developing and industrialised economies. (<http://www.ren21.net/>)

³ REN 21, Renewable Global Status Report 2009; (<http://www.ren21.net/>)

Conclusion

With the Lisbon Treaty having entered into force in January 2009 and the Lisbon Strategy's target date of 2010 having been reached, the rapid implementation of a sound EU 2020 Strategy is vital. This will set in place the necessary targets to help make the EU increasingly productive and competitive on the global stage whilst demonstrating leadership in the development and deployment of green technologies.

As part of the EU 2020 strategy, the WCI is supportive of an international free trade regime which would allow the EU to demonstrate its competitiveness and increase access to coal and other resources essential to economic development at competitive prices.

The WCI commends the Commission's previous proposals for financing and deploying CCS through the allocation of 300 million EUAs, however further steps are needed to ensure long-term commercialisation of this key energy technology. The initial funding proposal, outlined in March 2009, sought to allocate the funding to 13 projects. While this number of projects represents a starting point, the Commission will ultimately need to develop a regulatory platform for developing and incentivising subsequent tranches of projects. Although legislation on the transport and storage of carbon dioxide has been approved, the focus should now be on the capture phase of CCS.

The WCI commends the Commission for the priorities that have been laid out as key drivers for the EU 2020 strategy, but emphasises that time is of the essence and action must be taken quickly, particularly when considering the need to replace half the EU's existing power plants by 2030.

**World Coal Institute
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