CAN
CLIMATE ACTION NETWORK
Europe

Government policies on the phasing-out of coal

Although there are around 280 coal power plants and dozens of coal mines in operation in the EU, the end of coal is inescapable. Some countries in Europe are now pushing for a complete phase-out of coal over the next one to two decades. Others are restricting the use of the fuel. At the EU level, the outlook on coal is also getting bleaker by introducing tougher European regulations, especially on air pollution.

This briefing highlights the most important positive steps governments and local authorities are taking to move beyond coal. We also include some examples of anti-coal policies outside of Europe.

State of play

The tide is turning for coal. Several laggards in Europe – mainly in the southeastern part of the continent – may continue to set their hope on an outdated technology for providing electricity and heat. However, their conservatism is challenged by progressive voices: voices that are not just from NGOs, but from political leaders, national governments and city council boards.

Several decision-makers are now calling for a real end to coal, such as the United Kingdom and Finland. Even in Germany, the debate is no longer '*if*' the country can do without its lignite and hard coal power plants, but rather *when* they can be taken offline.

The context of the need for these important decisions is well documented. Climate urgency, health risks, high costs of operation and the renewable energy revolution all lead to a situation where burning coal simply does not make sense anymore. Rather than a reliable source of dirty and polluting energy, coal is regarded as a 'low hanging fruit' in the fight against climate change.

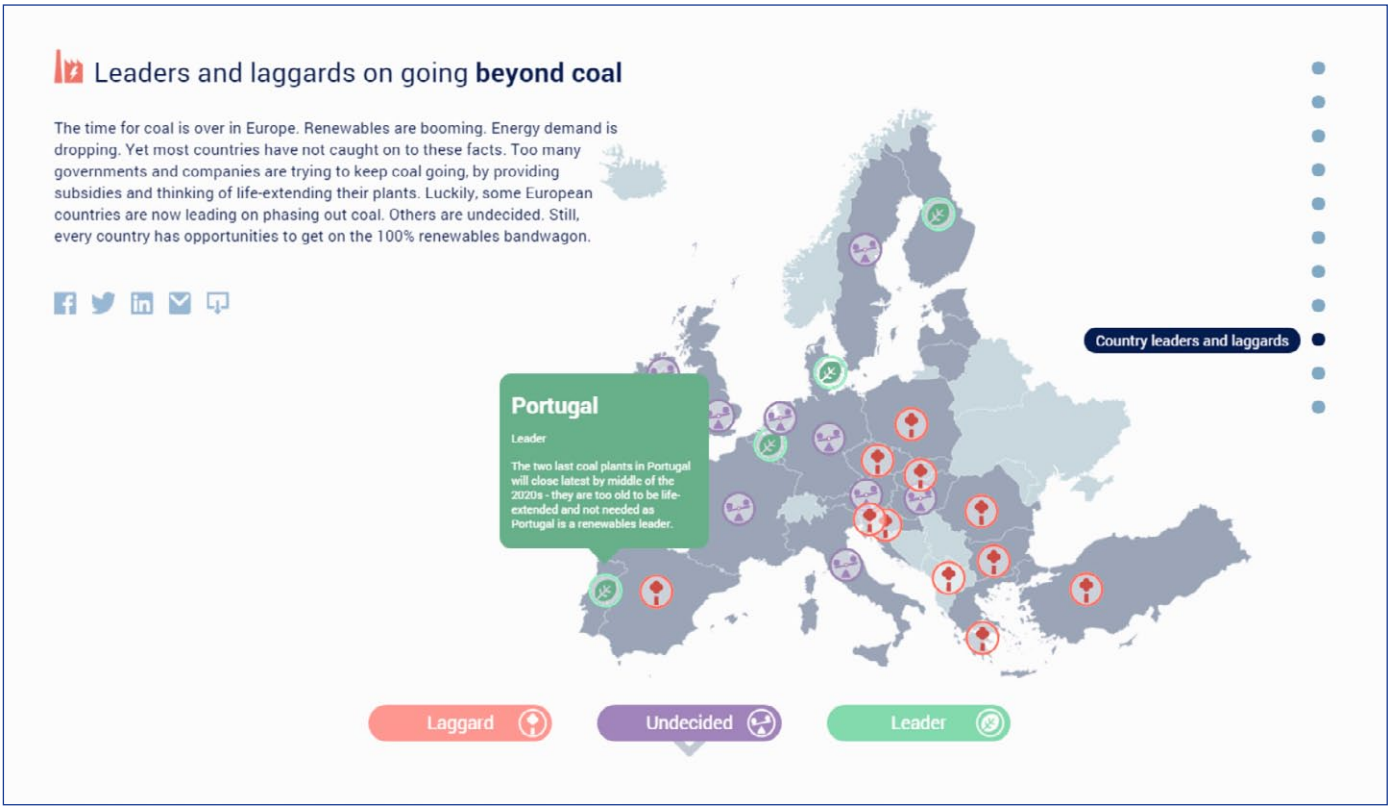
This shift is not only happening in Europe, but worldwide. As the energy sector is heavily influenced by (and dependent on) government policies, shutting the door on coal by policy makers renders the coal sector obsolete.

So where are the progressive voices leading the way? And what kind of policy levers do they use? We give you a range of striking examples for national, local/regional and international/EU levels.

CLOSING COAL AT NATIONAL LEVEL (EUROPE)

Leaders

The **United Kingdom** government announced a coal phase out by 2025 (see more below). **Finland** will stop burning coal during the 2020s and is currently debating closure dates for coal plants in Helsinki. **Belgium** is about to become coal power free – a country that once had huge coal mining operations. The remaining two coal plants in **Portugal** are expected to close by latest in the 2020s. They are too old for life-extension and are not needed as Portugal is a renewable energy leader. **Austria** will also be coal free at the latest by 2025, with the announcement by the owner of EVN to close its coal plant – which had been the last plant without a closure date. The Swedish government intends for **Sweden** to become fossil free. While Sweden only has very little



An overview of leaders and laggards in Europe can be found on www.coalmap.eu

coal power left in its energy mix, this is significant for Sweden-owned utility Vattenfall. Unfortunately however, Vattenfall intends to sell its German lignite business rather than phase it out.

United Kingdom: first G20 country to phase out coal

In November, the United Kingdom announced that it wants to phase-out coal. By 2025 all of the coal plants are to be shut down, with restrictions applying as of 2023. Yet coal was in trouble even before because of several recent policies. Since 2013, the UK has a 'carbon price floor' (CPF), which sets a minimum price for burning fossil fuels. This CPF is much higher than the cost of allowances of the EU's Emissions Trading Scheme. As a result, several (huge) coal power plants in the UK will close in 2016, like Longannet in Scotland. Furthermore, new power plants have to comply with a strict Emissions Performance Standard, which sets a limit on how much CO_2 may be emitted per unit of electricity. This makes new 'unabated' coal ineligible.

Germany: shifting mindsets

Germany still relies heavily on hard coal and lignite for its electricity production. Steps are being taken in the right direction however, though some of them are controversial. In October 2015, the German government struck a deal with its coal owning utilities to mothball 2.7 gigawatts of old lignite plants at a cost of 1.6 billion euros. Some of these plants would have closed anyways, but it is a first step. Germany will need to do more if it is to meet its national 40% climate reduction target for 2020. Germany is one of the few EU member states that has set a limit for emissions of mercury from coal power stations. The phase-out of subsidies going to hard-coal mines in North Rhine-Westphalia under EU law is projected for 2018.

France: taking plants offline

In just five years, more than half of all of France's coal-fired power stations were shut down; they were too old to be of use. In 2015, seven units ceased operations because of incoming air pollution regulations, thus shrinking the coal fleet in the country to four remaining coal power stations. The French government agreed to put an end to export credits for unabated coal power generation. All eyes are now on the two energy giants, Engie and EDF, to close down the remainder of their existing coal power fleet.

The Netherlands: energy agreement

The Dutch policies on coal are complicated. The 2013 'Energieakkoord' was an agreement between the government, employers' organisations, NGOs and civil society players to make the Netherlands' energy supply more sustainable. As agreed, five older coal-fired power plants built in the 1980s will be shut down in 2016 and 2017. However, three new coal plants have begun operating recently. An exemption for electricity production from tax on coal will be reintroduced in 2016, and the Dutch government will formulate a long term vision on carbon capture and storage technology.

In June 2015, the NGO 'Urgenda' won an important court case against the government, with the district court of The Hague ordering the State to take more action in order to reduce CO_2 emissions by 25% by 2020. The easiest and only solution will be to close the new coal plants, but right now, the Dutch government is appealing at a higher court against the verdict. In November 2015, the Parliament called upon the government to close the plants as soon as possible.

Czech Republic: no new mines

The Czech Republic is one of Europe's biggest exporters of electricity. It wants to continue to do so, but since the 1990s, regulation is in place to prevent mining activities from expanding. Unfortunately, the government recently decided to revoke some of the decrees and mining limits imposed on some of the existing mines are expected to be lifted.

Norway: divesting from coal

The Norwegian sovereign wealth fund, called NGPFG, is one of the biggest investors in the coal industry. In June 2015, the Norwegian Parliament demanded to divest around 5 billion euros in coal companies from companies where more than 30% of their income comes from coal extraction or coal power.

PUSHING COAL OUT ON A REGIONAL AND LOCAL LEVEL (EUROPE)

Wales (United Kingdom)

In 2015, the Assembly of Wales unanimously voted to put a moratorium on opencast coal mining. They are the first parliament in the world to take such action. However, the Welsh government has not yet adopted the motion.

Berlin (Germany)

The city of Berlin wants to shut its four coal power stations by 2020.

Krakow (Poland)

The city of Krakow has been trying for some years to ban the burning coal for heating homes. Now the national rules have been changed, so the city can propose new measures in order to reduce the high smog levels in the area.

Grisons (Switzerland)

The Swiss canton Grisons decided that companies in which the canton holds shares may not invest in coal power plants. Voters in Grisons voted twice on the issue.

COUNTRIES OUTSIDE EUROPE TAKING ACTION

Canada: EPS

Generally perceived as one of the world's biggest climate laggards, Canada does take steps to phase out coal. Since July 2015, the country's Emissions Performance Standard (EPS) for new power plants, means plants cannot be built without using (costly) carbon capture and storage technology. The EPS rules come with an end-of-life retirement plan for the existing coal plants: they will have to close once they turn fifty years old. This is not ambitious enough for achieving early retirement of the plants. The regional phase-out commitments coming from two provinces in Canada are key to solving this issue (see below).

United States: Clean Power Plan

Under the Obama Administration, the Environmental Protection Agency set standards on 'carbon pollution' for power plants. The Clean Power Plan, announced in August 2015, includes tough rules for existing and also new coal power plants to force steep cuts on CO_2 emissions. Congress wants to challenge the plan. These carbon standards are in addition to tough standards for pollutants regulated under the Clean Air Act. There are now closure announcements for more than 200 US coal power plants.

China: restricting coal

Though China is responsible for half of the world's coal consumption, the country has now started to restrict the use of it. Around Beijing, a number of coal power plants have been shutdown to limit air pollution, and that same action is being taken in regions where environmental pollution is extreme. It is expected that China will introduce a national cap-and-trade system for CO_2 emissions in 2017; regional 'carbon markets' are already in place.

STATES AND CITIES IN NORTH AMERICA PUSHING COAL OUT

Ontario (Canada) completed the 'single largest greenhouse gas reduction in North America,' by getting rid of coal in 2014, thanks to a grassroots movement.

The government of **Alberta** (Canada), well known for being home of the tar/oil sands, announced in November 2015 to completely phase out coal. By 2030, 6 200 MW of its coal-fired power plants will be taken offline. Alberta will also implement a renewable energy portfolio standard of 30%, introduce a carbon tax at $30 per ton, increase energy efficiency and clean energy, like wind and solar, and set a cap on emissions from tar sands. While the cap on tar sands is way too weak, the other measures are a hopeful signal to the world that even the most fossil fuel addicted regions of the world have the means at their disposal to transform.

The government of Alberta (Canada) announced a phase-out of coal by 2030 in November 2015

Several **states** in the United States are phasing out remaining coal, such as California, Oregon, Washington and Massachusetts.

Boulder, Colorado was the first city in the United States to adopt a carbon tax, in order to shift away from fossil fuels.

INTERNATIONAL ORGANISATIONS RESTRICTING COAL

In November 2015, OECD countries decided to limit overseas financing for coal power plants. The agreement will take effect in 2017. However, it is still far from perfect, as it allows financing for the most advanced "ultra-supercritical" plants and also for some other plants in poor countries.

In the meantime, international financial institutions like the **EBRD** and the **EIB** have pledged to no longer invest in new coal power plants. Moreover the EBRD states it 'will not finance coal fired generation except in rare and exceptional circumstances.' The EIB introduced stringent criteria for financing coal power plants in 2013, including an Emissions Performance Standard (EPS). And the EIB already pledged to review its EPS in the future to make it more rigorous.

European Union

Though the EU does not spell out national energy policies, Brussels certainly has an influence on the future of Europe's coal industry.

- It is forbidden to keep uneconomic mines open with state subsidies; subsidies may only be given to facilitate mining closures. **Coal subsidies** as a whole should be phased out by 2018.
- The Industrial Emissions Directive (**IED**) sets emission limit values for air pollutants that a power plant is allowed to emit. The plants also need to use so-called 'Best Available Techniques'. However, the Directive also has numerous derogations that operators can use to escape the limits. Nonetheless, because Europe's coal fleet is very old, operators of many plants now face the decision to close or to upgrade.
- The revised text of the National Emission Ceilings (**NEC**) Directive is being negotiated by the EU institutions. The NEC aims to improve air quality in Europe especially concerning cross-border air pollution. This directive may affect coal plants, due to tightening of ceilings set for NOx, SO_2 and dust air pollutants. In the proposal, the Environment Committee suggested to add emissions ceilings for mercury in the NEC. Unfortunately, this provision did not pass the Parliament.

For more information on coal in Europe, go to www.coalmap.eu for a set of interactive maps. We also have a policy section on our website where you may find the contact details of our coal policy coordinators for further enquiries.

www.caneurope.org

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