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Europe's coal problem

The eurozone muddled through its crisis at Germany's behest. The climate emergency is much too serious for that

The European Union likes to pose as a leader on environmental politics, but when it comes to climate policy Europe has a skeleton in its closet — coal.

In the 18th and 19th centuries coal was the fuel that powered Europe's industrial revolution. Up to the time of World War II, coal supplied 80 per cent of Europe's energy needs.

From the 1950s in western Europe coal consumption sharply declined, being replaced by oil and gas. On the railways the iconic steam locomotives were phased out in favour of diesel and electric. The United Kingdom, once the powerhouse of European coal production, shut most of its mining industry in the 1990s. On Friday, 21 December 2018, in Bottrop, the last ton of anthracite was dug out of a German mine.

But the story was different in the lignite belt which stretches from north-western Germany into eastern Europe. Brown coal, excavated from massive open-cast mines, was a major energy source on both sides of the Iron Curtain. Even today, a third of Polish homes are heated by coal furnaces and just under 20 per cent of Europe's electricity comes from coal-fired power stations.

Those power plants are responsible for a sixth of all CO2 emitted in Europe — a staggering 625 million tonnes. Just one of Europe's fleet of giant lignite-fuelled power stations is capable of pumping out more than many small countries.

Quick exit

If the EU is to fulfil the much-trumpeted Paris climate agreement of 2015 — and to have any chance of helping keep global temperature increases from pre-industrial times to 2°C — it needs to exit coal as quickly as possible. The target set by Brussels is for coal-fired electricity

generation to cease by 2030.

Europe does not lack tools to drive this energy transition. In 2017 the EU tightened up the emissions-trading system which has been in operation since 2005. As the price of a ton of CO2 emissions rises above 20 euro this puts pressure on the economic viability of coal-fired generators. To facilitate a 'just transition' in traditional coal-mining areas, Europe has set up a Platform for Coal Regions in Transition, and up to €26bn in grant support through the Modernisation Fund. To further force the pace, in 2018 the EU required all member states to submit National Energy and Climate Plans (NECP) — demonstrating how, by 2030, they would meet its commitments to the Paris climate goals.

By the spring of 2019, all NECPs had been duly submitted. But as a critical review of these plans by two climate-change think tanks — Sandbag and the Climate Action Network (CAN) Europe — reveals, there is great unevenness. Though some member states are committed to exiting coal, this is by no means universal. The common denominator, if there is one, is that no one is making tough choices.

Distinct groups

With regard to coal's future the EU's members divide into distinct groups.

The NECPs of eight nations specify a clear phase-out plan. These are countries that have long weaned themselves off coal. France could never dig enough to fuel its economy. Following the oil-price shock of 1973 Paris made a historic decision to rely on nuclear power. This still carries the brunt of its electricity generation. Italy was always forced to import its coal and today relies mainly on gas and hydro. Spain has large nuclear and wind-energy sectors. It expects rising carbon prices to drive its remaining coal-fired power stations out of business.

To even be mentioning Germany in this context may come as a surprise. The country has long claimed a pre-eminent role in environmental politics.

Not every exit strategy is without problems. Hungary plans to replace its coal-fired stations with two new nuclear plants, helpfully supplied by the Russians. Others are proposing to replace coal with expanded biomass or large-scale gas burning. The resulting infrastructure 'lock-in' will prejudice an ultimate move to zero emissions by 2050. But what all these countries have in common is that ending coal usage involves no painful choices.

The situation is different in Czechia, Bulgaria, Romania, Greece, Poland and Germany. They depend on coal for a substantial share of their electricity generation and have no plans for an early exit. Adding up their NECPs, Sandbag and CAN arrive at the sobering conclusion that in 2030 Europe will still have 60 gigawatts of coal-fired capacity in operation — and CO2 emissions to match.

Holdouts

Within this group of holdouts we can distinguish three types of cases. Czechia, Bulgaria, Romania and Greece rely relatively heavily on coal. But their energy sectors are small in absolute terms and the funding at the disposal of the European Commission ought to be enough to leverage a rapid transition. Currently we are in the perverse situation that the coal regions of these laggards are eligible to receive support from the EU even without making concrete commitments to end production. The Commission should have enough bargaining power to make hard conditionality stick.

Poland is a far tougher problem. Coal accounts for 80 per cent of the electricity that powers Poland's rapidly growing economy and 86 per cent of heating for the homes of its 38 million people. Silesian coal is a matter of national identity. State-owned coal giants like PGG have huge lobbying power. The national plan sent by Warsaw to Brussels envisages no cuts to coal output before 2030. An EU campaign against Polish coal mining would hand a political gift to the nationalists of the ruling Law and Justice (PiS) party. A total phase-out clearly lies decades in the future. The best hope for an accelerated Polish exit lies in delicate diplomacy, a realignment in Polish politics and plenty of EU cash.

Germany is in a category of its own. To even be mentioning Germany in this context may come as a surprise. The country has long claimed a pre-eminent role in environmental politics. It has the most powerful green party in the world. Renewable energy generation has increased six-fold since 2000. And yet when it comes to greenhouse-gas emissions, Germany is by far the most serious polluter in Europe. Its per capita emissions (11.4 tonnes in 2016) are one and a half times as high as those of France or Italy.

And the simple reason is coal. The unified Germany, combining the coalfields of North Rhine-Westphalia with those of east Germany, has the largest lignite mining and coal-fired electricity sector in Europe, concentrated in the hands of two giant generators, RWE and EPH.

Kohlekommission

In light of the Paris commitments and the precipitate decision in 2011 to shut down nuclear power, it was clear to Berlin that it had a problem. With typical deliberation, the government of Angela Merkel initiated a multi-sided negotiation to arrive at a consensual recommendation as to the future of coal. The *Kommission für Wachstum, Strukturwandel und Beschäftigung* (Commission for Growth, Transformation and Employment) — known less euphemistically as the *Kohlekommission* — began meeting in June 2018. After months of debate and frantic, all-night sessions it delivered its report on 26 January; its recommendations were promptly accepted by the grand-coalition government.

The commission considered every conceivable angle of the social and economic future of the coal-mining districts, suggesting programmes of assistance amounting to no less than €40bn. It spent ample time investigating the economics of fuel prices for German industry. What it did not do was recommend a rapid or urgent shutdown of Europe's most polluting power sector.

Judged by the actual demands of the situation, the kind of 'political realism' exhibited by Germany's coal commission is in fact completely unrealistic.

The most that the *Kohlekomission* could agree on was to close somewhat less than a third of coal capacity by 2022, with another third by 2030 and the rest to follow sometime before 2038. At the Paris benchmark year of 2030, Germany will have only marginally less coal-generating capacity in operation than recalcitrant Poland.

If one digs into the 275-page report, this disappointing outcome is somewhat less surprising. Astonishingly, though the aim of the commission was to plan the shutdown of the coal industry, it refused to prioritise environmental concerns, insisting on security of power supply and 'economics' as equally important. The power generators and trade unions exercised a more effective influence over the negotiations than the environmental lobbyists, who felt they could not walk away from the talks. Better to agree on a beginning to the end of coal in Germany, than to have no climate policy at all.

It is no coincidence that huge promises of additional spending were made to the east-German coal-mining regions of Brandenburg, Sachsen and Sachsen Anhalt. These are the areas where the mainstream parties are struggling to hold the insurgent right-wing *Alternative für Deutschland* at bay — the AfD has recently adopted climate scepticism and designated the Greens as its *bête noire*.

Not coherent

This is all very well from a political point of view. But it does not amount to a coherent response to the climate emergency. Not only that: it does not even meet Germany's international commitments, to the Paris accord or the EU objective of exiting coal by 2030. Indeed, it will not even meet Germany's own national emission targets unless flanked by effort to set a minimum price for carbon emissions — controversial in the ranks of Merkel's Christian democrats. Germany's *Umweltbundesamt* (Federal Environment Agency) concludes that the coal compromise is unsustainable unless reinforced by the competitive pressure of a huge expansion in low-carbon renewable-energy sources.

When the German coal report was released, the teenage climate activist Greta Thunberg dismissed it as 'absurd'. She may have been too kind. It is a devastating display of parochialism and a denial, for the sake of political convenience, of the clear implications of climate science. If wealthy Germany treats its international undertakings with such distain how can it expect much poorer societies, facing far more brutal trades- off, to accelerate their efforts?

The best defence that can be made of the deal is that under the circumstances it was important not to fail — some climate protection is better than none. Hopefully, the deal's inadequacies will force successive waves of further change.

But this is a logic painfully familiar from other complex European discussions, most notably the management of the eurozone crisis. It is possible that an inadequate compromise may be improved upon. But it is also possible that there will be backsliding and even the limited objectives of the coal compromise will be undercut by vested interests and political connivance.

Incrementalism and narrow political pragmatism are easily confused with 'realism'. Whether they genuinely so elide depends on the nature of the problem to be solved. There are situations where what seems pragmatic falls woefully short of what is necessary. This was the case during the eurozone crisis. It is even more so in the face of the climate emergency, where the costs rise exponentially with every year of delay.

Judged by the actual demands of the situation, the kind of 'political realism' exhibited by Germany's coal commission is in fact completely unrealistic. One can only hope that on climate — if not to date the eurozone — shifts within European and German politics are enough to break through Berlin's highly developed capacity for denial.



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