

Press Release 1/2017

## **Hard coal-fired electricity generation under pressure – fair framework conditions a prerequisite for success of the energy turnaround**

Growth in global hard coal consumption slowed down in 2016. Consumption is currently about 7 billion tonnes, global hard coal trade about 1.1 billion tonnes – which will presumably be 1.5% below the value of the previous year. Sustained demand in South-east Asia and India will compensate for the falling trends in Europe and the United States of America.

Hard coal-fired electricity generation is under pressure in Germany. In 2016, the share of gas in power generation rose from 10% to 12% while hard coal at 17% lost one percent. Power generation from natural gas in 2016 was for the first time competitive with hard coal for a brief period, and there was a lot of gas on the market, yet the month of October, which had the highest volume of natural gas imports since 2000, was at the same time the month of the year, which had the highest prices. The cause of the shift in shares is primarily the subsidisation of natural gas coming from the new Combined Heat and Power Act 2016. While consumption of hard coal-fired power plants declined by a good 6% to 36.4 million TCE, the Coal Importers Association (VDKi) estimates that imports will decline by 2.5 million tonnes (4%).

Although the consumption of hard coal and lignite declined by 4% and 2.6%, respectively, in 2016, carbon dioxide (CO<sub>2</sub>) emissions related to energy rose by 0.9% because the consumption of oil rose by 1.8% and consumption of natural gas by 10.2%. The energy turnaround can be successful only if the transport and heating sector is included in the European emission trading as well.

As long as China consumes more than 3 billion tonnes of coal, hard coal-fired power plants in Germany cannot present any major danger for mankind. The effects of a phase-out law would be practically unmeasurable on a global scale, but the economic losses in Germany would be enormous. Our European neighbours could increase their emissions within the framework of emissions trading. The effect for the global climate at the European level would be zero.

Despite economic growth, worldwide emissions of carbon dioxide (CO<sub>2</sub>) from fossil fuels barely rose for the third year in succession. Rising global methane emissions, on the other hand, pose a risk to the world's climate. Methane emissions have risen massively in the United States of America since the production of shale gas began there. According to scientific studies, the American methane emissions contributed 30% to 60% of the rise in global methane concentration in the atmosphere.

If all greenhouse gases are included, open-cycle gas turbines are not an ecologically meaningful solution for compensation of the fluctuating power generation from renewable energy sources. Gas motors are less vulnerable to wear than gas turbines, but are much too expensive. Hard coal-fired power plants can be used ideally at partial load. VDKi President Dr Cieslik: "It doesn't make sense to establish a power plant fleet of subsidised natural gas-fired power plants alongside the existing system and the subsidised system of renewable energy sources."

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