

DAILY NEWS to Members: 26/01/2007 by Tóth Gábor

ENERGY PACKAGE: COMMISSION WANTS FAST DEVELOPMENT OF CARBON CAPTURE AND STORAGE

Coal is and will remain a key contributor to security of energy supply in the EU, says a European Commission Communication on *Sustainable power generation from fossil fuels: aiming for near-zero emissions from coal after 2020*, adopted as part of the 10 January Energy Package*. However, coal's carbon intensity must be drastically reduced, warns the Commission. Therefore, the Communication envisages mandatory installation of carbon capture and storage (CCS) technologies in all new power plants possibly by 2020, and proposes that new fossil fuel power plant only be built with the best available technologies, either already equipped with CCS technology or ready for its later addition.

Coal and gas count for over 50% of the EU's electricity supply and are expected to continue playing an important role in Europe's energy mix. Coal reserves are estimated at 130 years for lignite and 200 years for hard coal, according to the Commission, making coal indispensable "even with strategies to increase energy efficiency and the use of renewable sources". Having considered the "challenges associated with coal use", technologies are needed to enable the sustainable use of coal. If these technologies prove economically viable for commercial use, they can also provide solutions gas-fired power generation, the Commission concludes.

To achieve that goal, the Communication proposes several actions, from R&D funding to adjusting the legal framework to a timed phase-in of CCS technologies. The Commission fully supports the industry's commitment to build 10-12 large-scale demonstration plants testing various ways of integrating CCS in coal- and gas-fired power generation, as formulated by the *Zero Emission Fossil Fuel Power Plant Technology Platform*. Funding for R&D in energy will be substantially increased from 2007 to 2013, and the best "structure to coordinate and adequately support such industry-scale technology demonstration" will be examined by the Commission.

The EU executive will also "assess whether new fossil fuels power plants built in the EU use best available technologies and whether, if not equipped with, are prepared for later addition of CCS technologies ('capture ready')". Changes in the existing environmental regulatory framework, both at EU and international level, will be combined with requirements for licensing CCS activities, so as to remove any unwarranted barriers to CCS technologies. CCS activities should be recognised in the review of the EU Emissions Trading Scheme*, and the Commission will consider intermediate options for taking account of CCS already in the 2008-2012 period.

The Communication also calls for "a clear and predictable long-term framework in order to facilitate a smooth and rapid transition to CCS-equipped power generation from coal". Based on available information, the Commission believes that by 2020 "all new coal-fired power plants should be built with CCS", and will undertake a study and a wide-ranging public consultation this year on the timing of such an obligation.