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Discussion on the European coal industry

Braunkohlentag 2022

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Ladies and Gentlemen, good afternoon!

I am very pleased to join you here in person at this year's *Braunkohlentag*. It is the most important event in our industry's calendar, and an opportunity for us to celebrate after two long years of COVID restrictions.

Our celebration is muted by the conflict in Ukraine. The war has shaken us all. At EURACOAL, our two Ukrainian members – DTEK and Donetsksteel – both come from the Donbas region, and we have enjoyed good co-operation over more than a decade. Only last year, in July 2021, the EURACOAL annual meeting was hosted by DTEK in Kyiv, followed by an international coal conference attended by Prime Minister Shmyhal at which I also made a speech.

Since the Russian invasion, DTEK has worked under the most difficult and dangerous conditions to secure the country's electricity supply. Coal has been essential. Our Polish members have shown enormous solidarity with Ukraine, part of a huge effort to help millions of refugees. **We call on Russia to end its aggression and pray for a return to peace in Europe.**

The war has also shaken EU energy policy. Since early 2017, debate on coal has been about "coal phase-outs". Climate policy dominates this debate and many Member States have announced plans to exit coal. Now, everything has changed: **energy security and energy prices matter to citizens and politicians.** I have read Vice Chancellor Habeck's remarks with great interest. In my own country, Václav Bartuška, the Czech Ambassador-at-Large for Energy Security, believes "We will need [coal] until we find alternative sources. Until then, even the greenest government will not phase out coal", he said.

Brown coal or lignite does indeed offer a solution: it is a competitive and indigenous source of primary energy. In Brussels, the Executive Vice President of the European Commission, Frans Timmermans, says Member States should be allowed to use coal for longer, providing they invest more in renewables. **This is a great opportunity: coal, not gas, can be the bridging fuel to balance renewables during those „Dunkelflaute“ periods. In addition, we should not ignore clean coal technologies: the need to reduce emissions will not go away.**

When we talk about emissions, carbon dioxide attracts most attention. Since 1990, CO₂ emissions in the EU from fossil fuel use have fallen by roughly 25%. During that same period, lignite production has declined by 60%. So, we have done more than our fair share. The oil and gas sector needs to do more. The

embargo on Russian oil announced this month and the need to wean ourselves off Russian gas could change energy consumption patterns across Europe.

Following the worst of the COVID pandemic, **EU lignite production last year bounced back by a massive 12.5% to 275 million tonnes following the slump in 2020.** We can be confident of strong demand for lignite this year, with Germany the largest producer followed by Poland, the Czech Republic, Bulgaria, Romania, and Greece. The closure at the end of this year of Germany's last three nuclear plants will certainly mean more demand for lignite.

But we should not be too optimistic. Most Member States have decided to phase out coal for power generation. The European Commission remains committed to the European Green Deal – the centrepiece of President von der Leyen's mandate. The 55% emission reduction target for 2030 has been set in a European Climate Law. The so-called Fit-for-55 package has yet to be adopted, but we can already see it threatens coal. Last December, the Commission proposed a Methane Regulation that would place enormous burdens on the coal and lignite industry. It could even force underground coal mines to close prematurely. **Against this regulatory backdrop, the coal industry must continue with its long-term structural change and diversification, helped wherever possible by EU funds.**

The Emissions Trading System has added enormous costs for coal users: EU carbon prices trebled last year. The proposed revisions of the ETS Directive will make things even tougher. At the same time, our sector is more important than ever for energy security. **EURACOAL will therefore continue its work to ensure no additional burdens are placed on the coal industry. Our course has been set and we must be allowed to sail that course.**

These are uncertain times, with horrific events unfolding in our neighbourhood, and crucial political decisions being taken daily. **The risks are enormous, but we can promise as an industry to do everything possible to guarantee Europe's energy security at a price citizens can afford. That is our mission.**

Glück auf!