

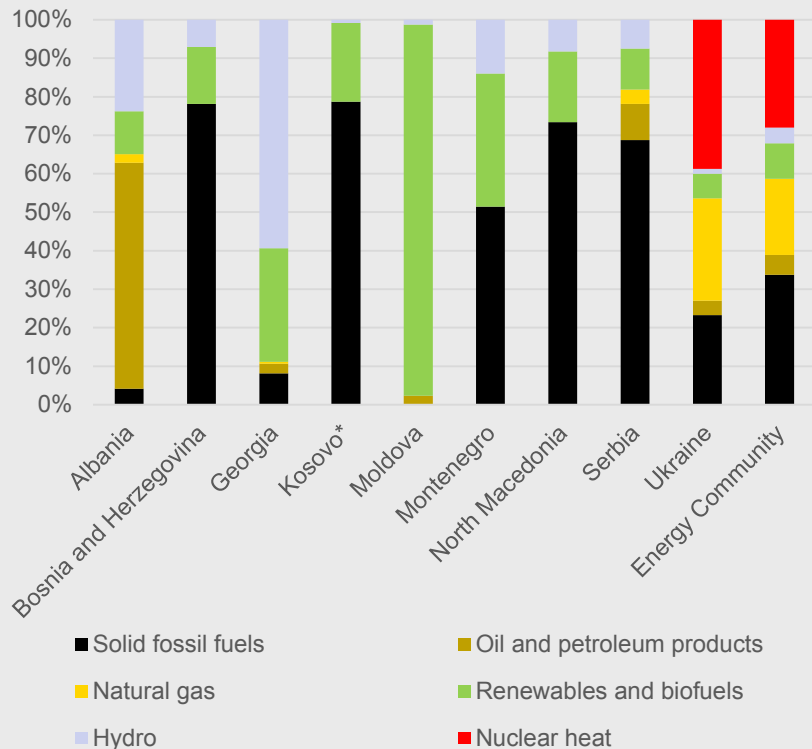
The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that represent energy transmission paths, crisscrossing the globe.

Prospects for coal in the power sector of the Energy Community

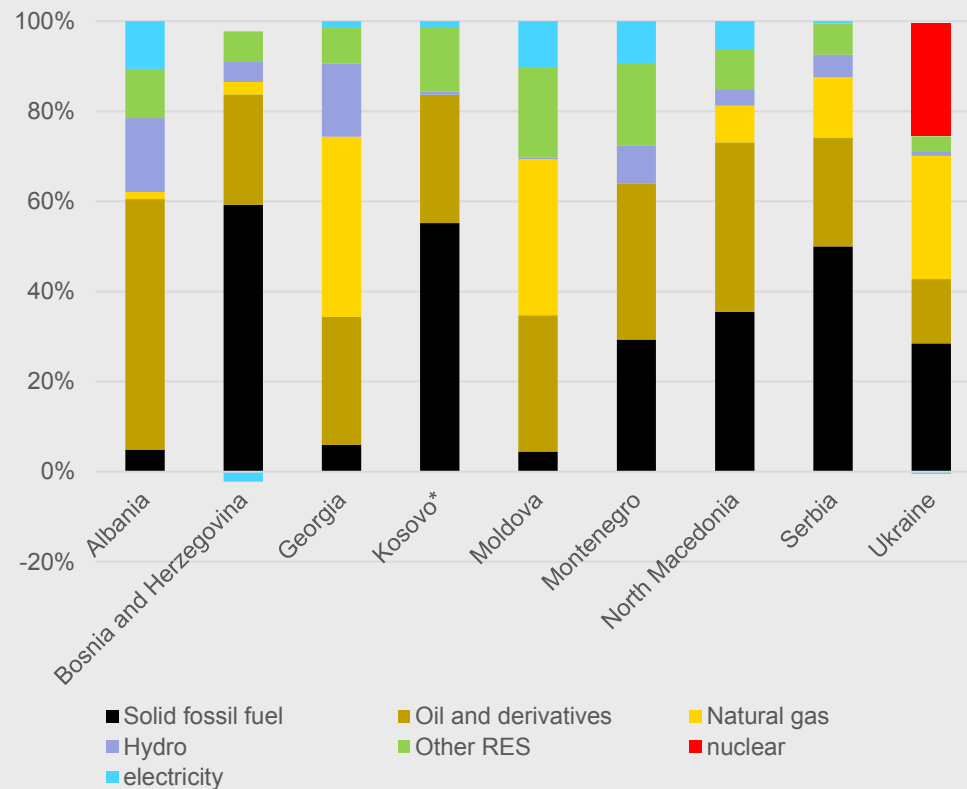
Milka Mumović

Available fuel and used fuels

Fuel mix in primary production 2017

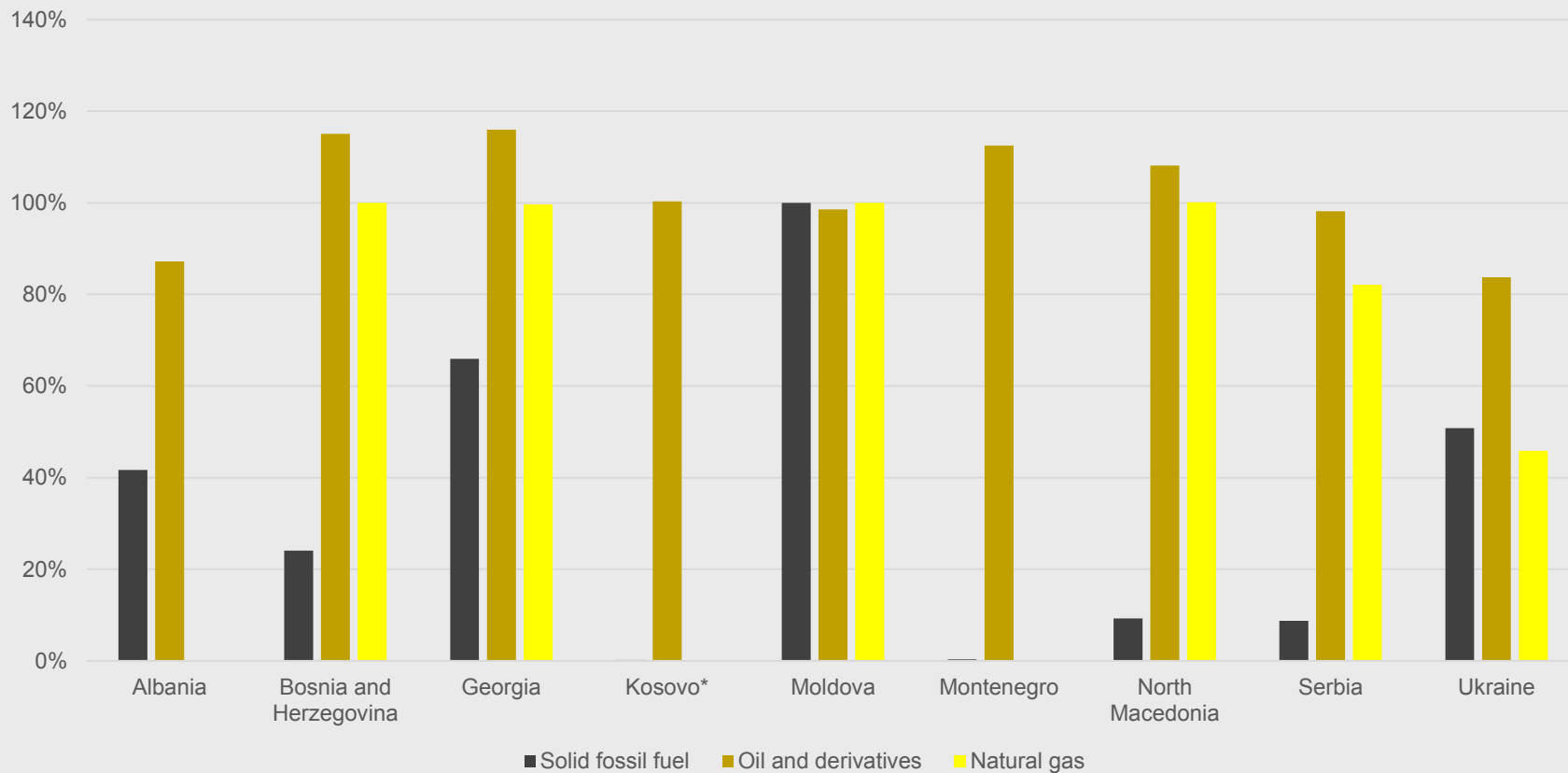


Gross inland consumption 2017



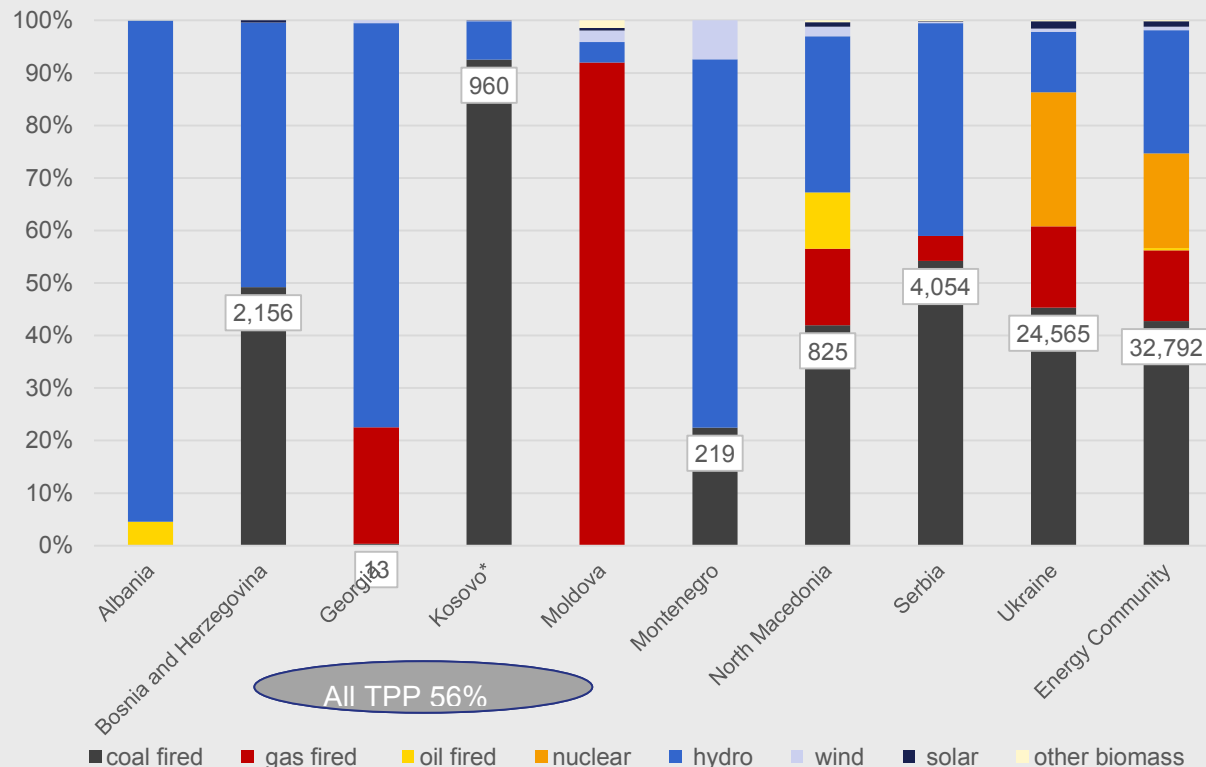
Import dependency - why coal

Share of import in available energy



Share of coal fired TPP capacity in total installed capacity 2017	
Contracting Party	Share in %
Albania	0%
Bosnia and Herzegovina	49%
Georgia	0%
Kosovo*	93%
Moldova	0%
Montenegro	22%
North Macedonia	42%
Serbia	54%
Ukraine	45%
Energy Community	43%

Generation capacities in the Energy Community 2017

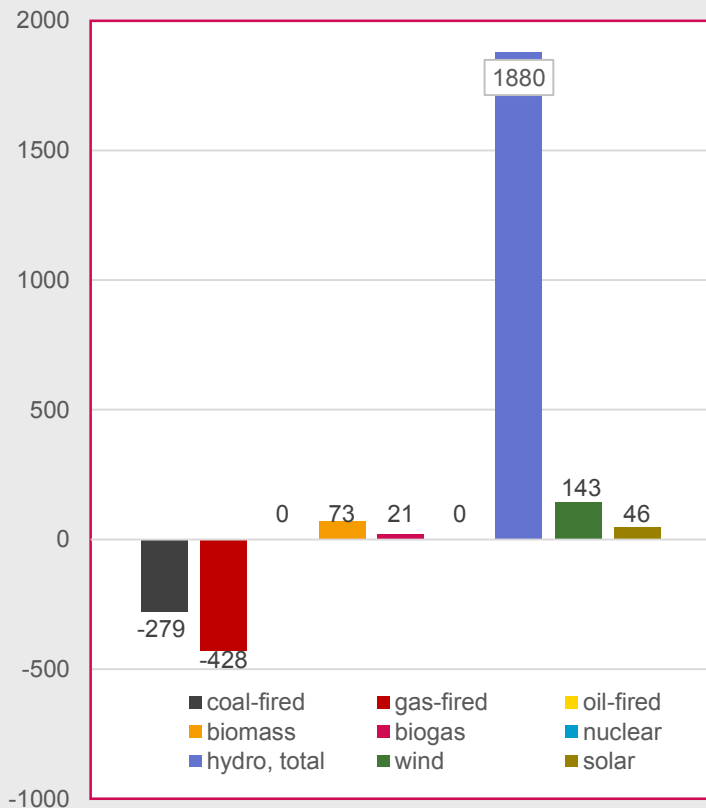


The Energy Community towards a low carbon energy

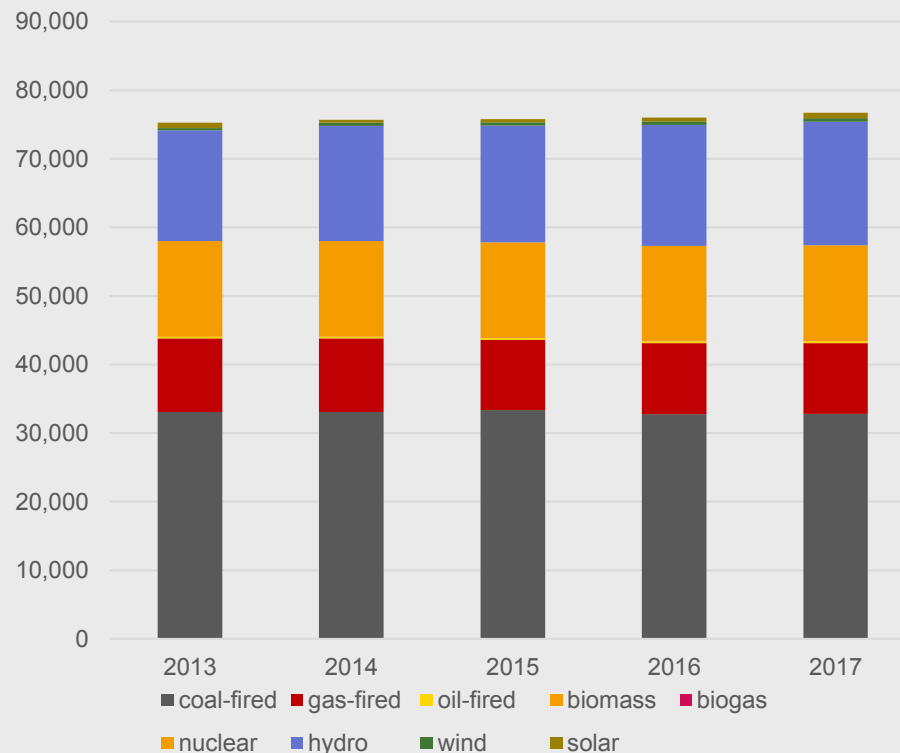


Impact of incentives for renewables

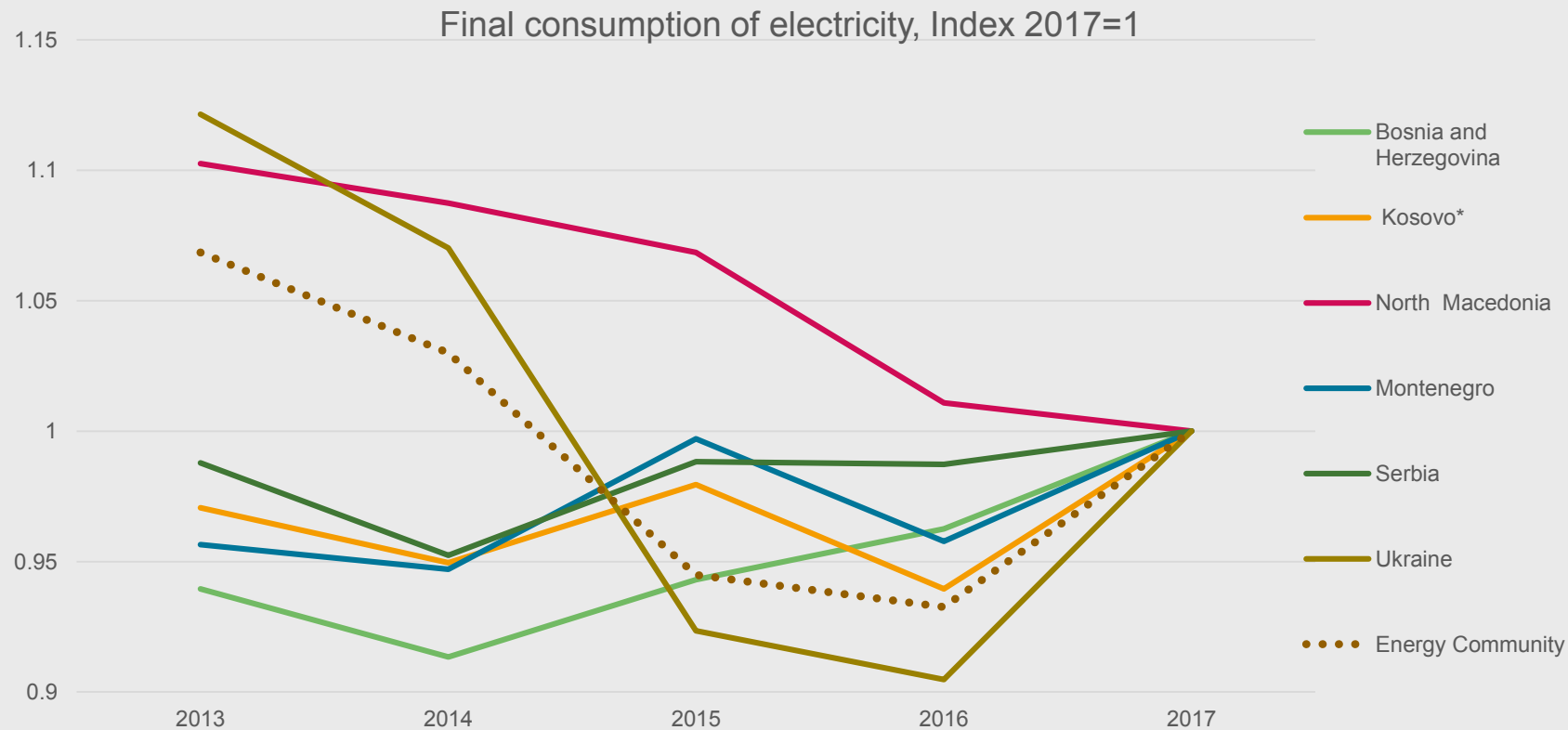
Change in capacity 2013-2017
(in MW)



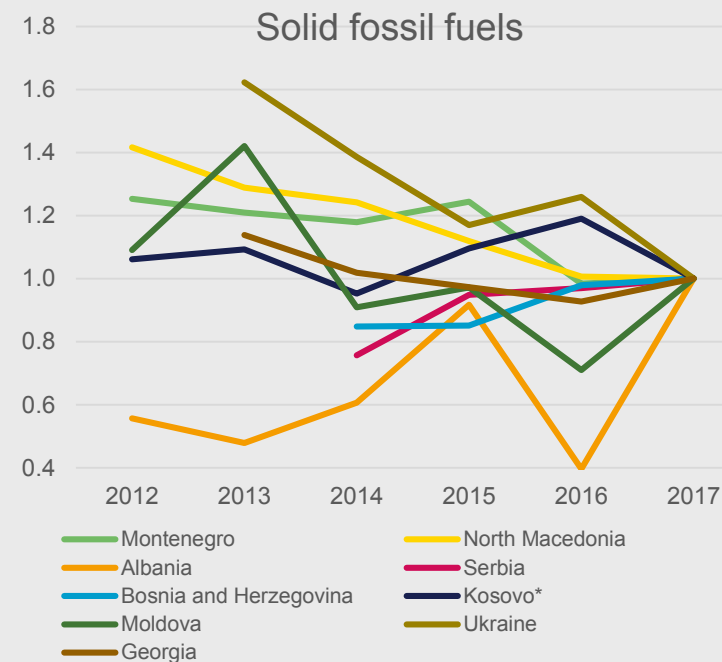
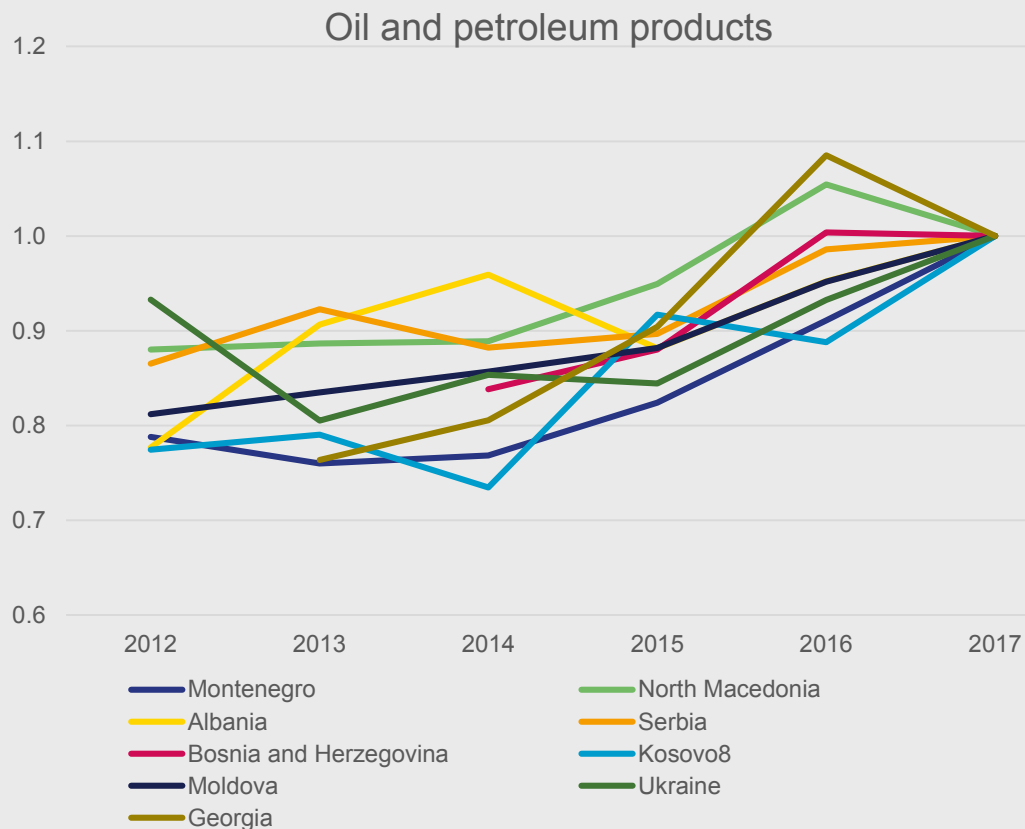
Installed capacity in the Energy Community
(in MW)



Electricity - Demand



Demand for certain fossil fuels 2012-2017 (Index 2017=1)



Costs of coal and Value of coal

Access to and availability of coal

Domestic: close to or integrated with PP or

Import: reference market price (port, hub) and transportation costs

Costs of coal: estimates

Hard coal (production/import (API 2/50 – 4,25 EUR/GJ) + transport costs) 3,00-4,50 EUR/GJ

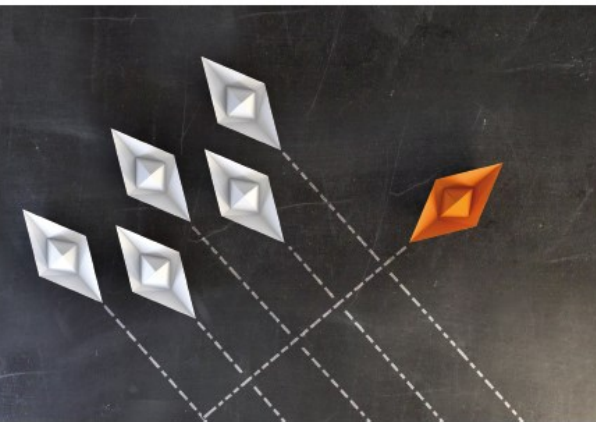

Brown coal (locally available, close or integrated with power plant) 2,50 - 6,00 EUR/GJ

Lignite (usually integrated with power plant) 2,00 – 4,00 EUR / GJ

Reserves:

- Indicated, measured, proven vs commercially viable*
- Cost effectiveness of coal combustion vs emerging technologies (gasification, liquefaction...)*

Land devastation / Reclamation



Rocking the Boat: What is Keeping the Energy Community's Coal Sector Afloat?

Analysis of Direct and Selected Hidden Subsidies to Coal Electricity Production in the Energy Community Contracting Parties

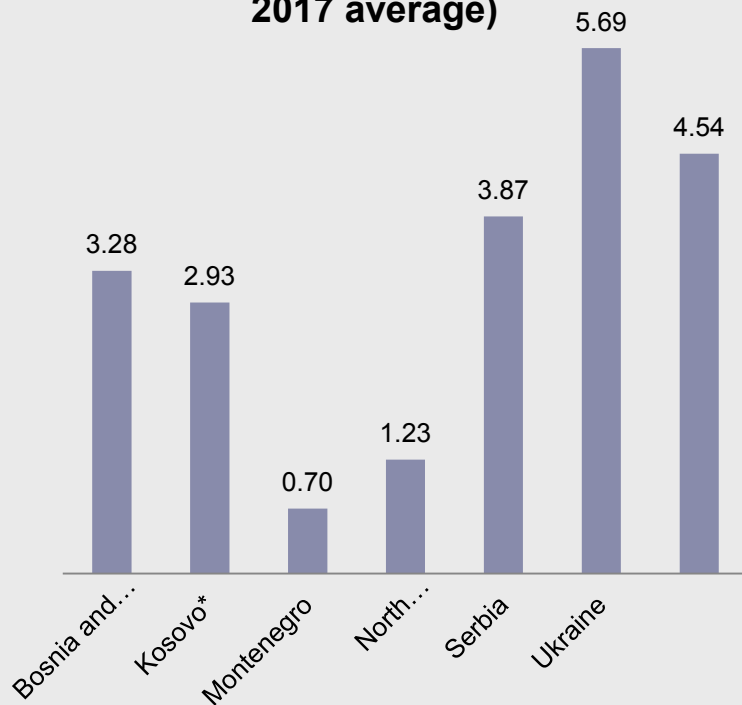
Energy Community Secretariat
September 2019

Study on direct and selected hidden subsidies to coal electricity production in the Contracting Parties*

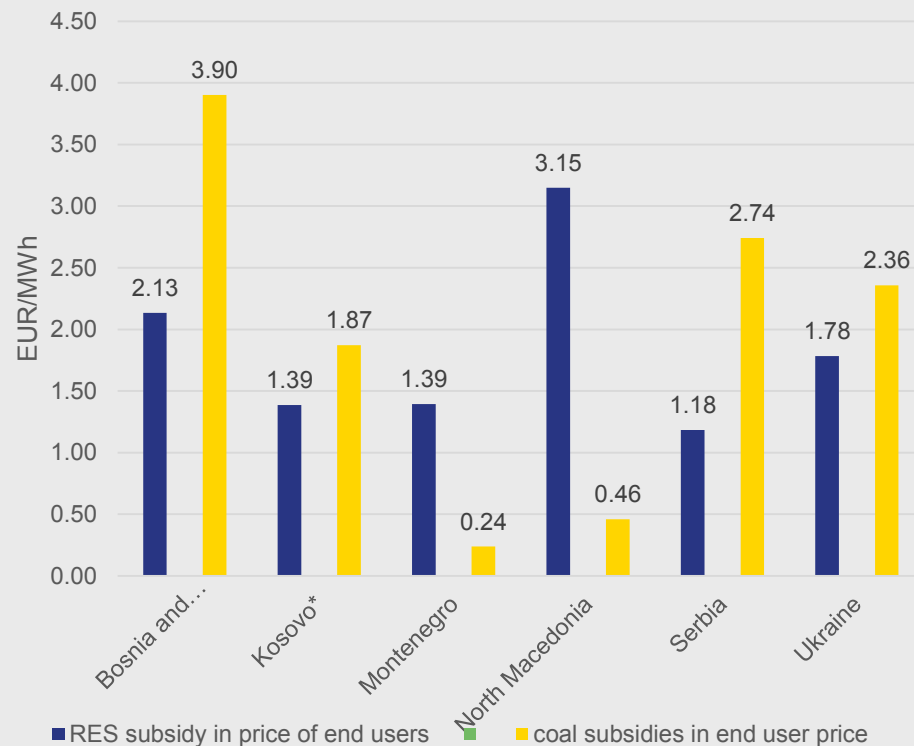
- ☀ EUR 2,4 billion of direct and certain types of indirect subsidies annually
- ☀ EUR 1.2 billion of direct subsidies 2015-2017 (EUR 400 million annually on average)
- ☀ Indirect subsidies:
 - *Non-payment of CO2 emissions*
 - *Operation at a low or negative level of profitability*
- ☀ Without direct and indirect subsidization of electricity generated from coal and other market distortions, and in particular cross-subsidization between industry and households, the price of electricity to supply households and industry would need to be increased by some 15% to 52%

* https://www.energy-community.org/dam/jcr:23503de3-fccd-48f8-a469-c633e9ac5232/EnC_Coal_Study_062019.pdf

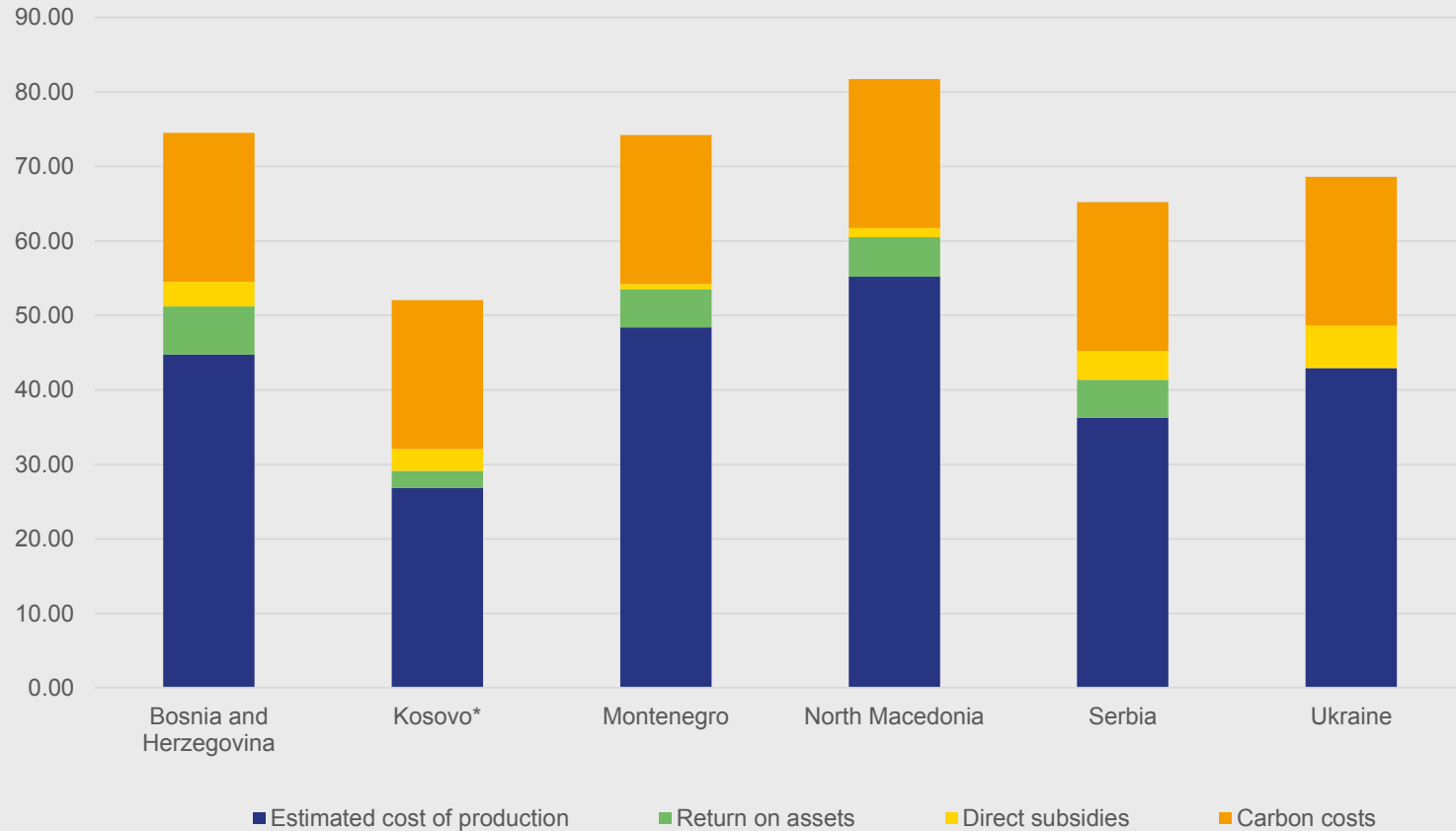
Direct subsidy per unit of electricity produced in EUR (2015-2017 average)



Paid subsidies for RES and coal in the end users prices in 2017



Adding Carbon costs in existing TPPs



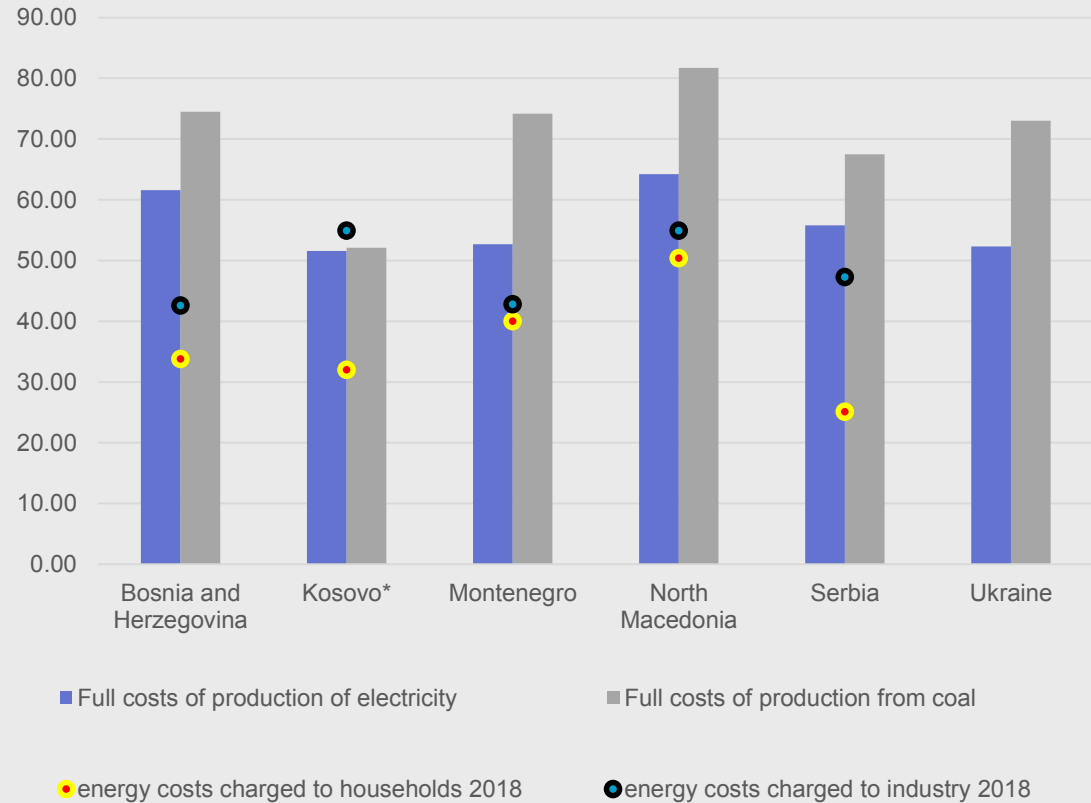
State aid and subsidies

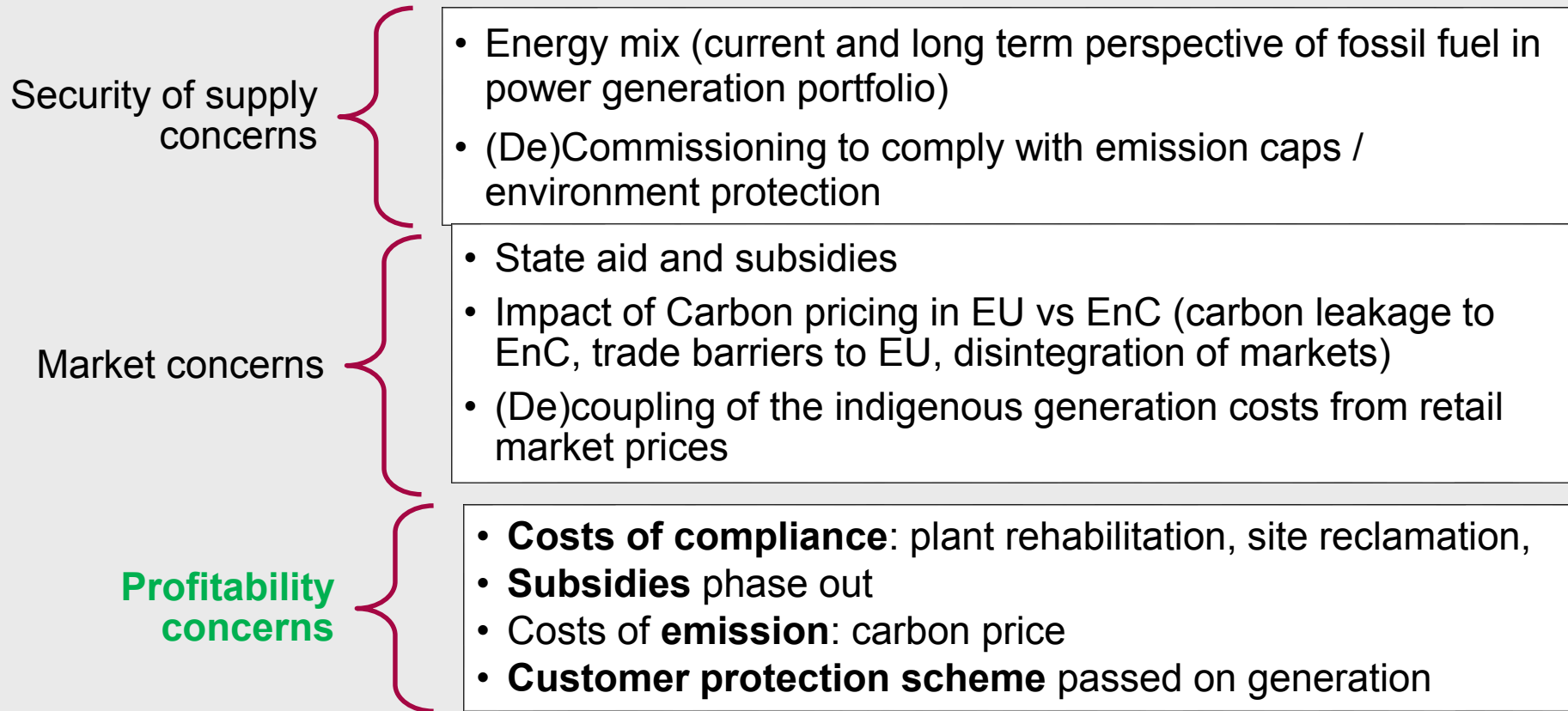
Impact of Carbon pricing in EU vs EnC

- carbon leakage
- trade barriers (EU border tax)
- disintegration of markets

Social protection schemes - Yes, but:

(De)coupling of the indigenous generation costs from retail market prices





Social protection scheme – yes, but:

- ***Low prices for end customers at the expense of coal and/or coal fired TPP are not sustainable in the long run***
- ***Low price as a social cohesion measure must not be preserved at the expense of environment***
- ***Operation at loss or without profit prevents power plant from re-investing in new plants and new technologies***
- ***Social protection measures must target population employed in coal mining and coal mining sites, too***
- ***Sale price has to reflect actual costs, including costs of emission, to allow demand to react to scarcity***

Coal Regions in Transition and the Energy Community

☀ High-level Policy Talk on Coal Regions in Transition and the Energy Community held in Natolin, Warsaw on 13th September 2019

☀ Event co-organised by:

- *Energy Community Secretariat*
- *European Commission*
- *World Bank*
- *College of Europe,*
- *under the auspices of the COP24 Polish Presidency*

☀ More than 80 participants including:

- *Ministers and Deputy Ministers, mayors and other representatives of local governments from coal regions, industry, NGOs, social partners and academia from the Energy Community and the European Union*





*Thank you
for your attention!*

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