

Consultation on the 2015 International Climate Change Agreement: Shaping international climate policy beyond 2020

The Confederation of UK Coal Producers (CoalPro) welcomes the opportunity to comment on the above consultation.

Our response is in the context of the need for the whole of the EU to have affordable energy to drive sustainable economic growth. Policies in the EU must be capable of being delivered in a sensible and affordable manner. The EU may be on track to meet its GHG emissions targets but in reality we are consuming more and more imported goods and increasing our carbon consumption. These goods are being manufactured in carbon intensive countries which are developing and growing their economies based on their indigenous natural resources, predominately coal, providing fuel for electricity.

EU solutions and current low carbon alternatives can not provide the stimulus to investors which would make them sustainable.

If EU citizens are given the choice to vote for either a buoyant economy and currency with sufficient employment and income for all or further austerity measures as the cost of power generation and associated infrastructure continues to increase they will choose the former.

The EU has to be competitive in order to rejuvenate itself and it will not be able to compete unless all trading nations enter into binding agreements on GHG reduction.

Set out below is the CoalPro response to the questions posed.

Regards

Philip Garner – Director General

Question 1: How can the 2015 Agreement be designed to ensure that countries can pursue sustainable economic development while encouraging them to do their equitable and fair share in reducing global GHG emissions so that global emissions are put on a pathway that allows us to meet the below 2°C objective? How can we avoid a repeat of the current situation where there is a gap between voluntary pledges and the reductions that are required to keep global temperature increase below 2°C?

There are two possible ways in which targets agreed can be made effective and binding: the first way would be to agree a scale of financial penalties which might be through additional import duty or through trade embargo, but both these are antagonistic and difficult to enforce; the second alternative is to measure the improvement in carbon footprint so the international agreement must take account of carbon which is exported or imported to supply consumer needs.

Question 2: How can the 2015 Agreement best ensure the contribution of all major economies and sectors and minimise the potential risk of carbon leakage between highly competitive economies?

As above by measuring the carbon consumption of each country and setting targets which reduce that footprint per unit of GDP rather than looking at this from an emissions only perspective which encourages carbon leakage to give an impression of better environmental performance.

Question 3: How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas? How can it encourage complementary processes and initiatives, including those carried out by non-state actors?

The Agreement has to be publicised as the most cost effective way of dealing with the global problem. This means that the costs of doing nothing have to be clearly communicated both in terms of today and the future. The global financial meltdown of 2008 has affected the lifestyles of people throughout the EU and across the globe and there has to be some promise of a best possible solution not just an aspiration to lead the world by example.

Question 4: What criteria and principles should guide the determination of an equitable distribution of mitigation commitments of Parties to the 2015 Agreement along a spectrum of commitments that reflect national circumstances, are widely perceived as equitable and fair and that are collectively sufficient avoiding any shortfall in ambition? How can the 2015 Agreement capture particular opportunities with respect to specific sectors?

If the agreed targets are on a carbon footprint basis and they are per capita per unit of GDP then this allows for economic growth and development but still improving the carbon position by reducing the average per unit. Sectoral opportunities will inevitably lead to divisive arguments and potentially a failure to reach a global agreement again as each nation will have different economic and industrialisation opportunities, anything perceived to stifle these will be difficult to accept particularly for developing nations.

Question 5: What should be the role of the 2015 Agreement in addressing the adaptation challenge and how should this build on ongoing work under the Convention? How can the 2015 Agreement further incentivise the mainstreaming of adaptation into all relevant policy areas?

If by highlighting the adaptation challenge the intention is to get the citizens of the EU to accept that the proposed policies and agreement will still mean that climate change is going to occur then it is bound to be difficult to understand why investments should be made to both reduce the effects but at the same time adapt to them. Cost effective measures which can be clearly seen to have both an environmental benefit and an economic benefit are much more comprehensible. The message should be one of continuous improvement not elimination of options. This is a better option in energy and electricity production when policy makers should not be trying to eliminate coal as a fuel but to improve its efficiency and therefore reduce its emissions as plants are newly built while retaining its economic value in producing the most affordable energy.

Question 6: What should be the future role of the Convention and specifically the 2015 Agreement in the decade up to 2030 with respect to finance, market-based mechanisms and technology? How can existing experience be built upon and frameworks further improved?

Climate change is a global issue and Coalpro firmly believes that expertise and technology developed and provided by EU companies and citizens contributes to a more rapid reduction in emissions from new projects in developing nations. It is important to remember that the goal of the agreement must be to reduce GHG emissions in total on a global basis, a market based approach to rewarding the developers such as CERs or indeed a proportional reduction in the carbon footprint when measuring the national consumption is a possibility. The value of these credits should be related to global performance against targets.

Question 7: How could the 2015 Agreement further improve transparency and accountability of countries internationally? To what extent will an accounting system have to be

standardised globally? How should countries be held accountable when they fail to meet their commitments?

The agreement cannot be too complex: simple targets and simple metrics are much more transparent. The frequency of measurement needs to be as short as possible without being too onerous. Accounting systems must be standardised from the beginning and the values of the traded credits should provide a guide to the progress of emissions reduction. Countries who fail to meet their targets have to have sufficient deterrent which can easily be implemented, this could be in the field of trade or in the ability to borrow funds and the cost of borrowing.

Question 8: How could the UN climate negotiating process be improved to better support reaching an inclusive, ambitious, effective and fair 2015 Agreement and ensuring its implementation?

The UN climate negotiating process has to be linked to both the national goals of developing nations, e.g. their electrification programmes and employment, manufacturing and agricultural objectives. The rapid improvement in services and quality of life and goods in Asia over the past three decades shows an example to the still to be developed areas of the world, notably in Africa and South America, there will be new growth, new investment opportunities and new trade paths all of which need to come within the policy framework of the World Trade Organisation. These developing economies will follow the model in Asia of ensuring that whatever natural resources are available to them (whether these are fossil fuels or metalliferous ores or forests) are at the core of their economic plan.

Question 9: How can the EU best invest in and support processes and initiatives outside the Convention to pave the way for an ambitious and effective 2015 agreement?

The cornerstone of any economy in the 21st Century is the affordability and availability of energy supplies. Investing in low carbon solutions and technologies and further developing these solutions anywhere in the world has environmental merit and could sometimes be capable of delivering a more rapid impact on global emissions. It makes sense to install PV systems where there are more hours of sunlight, wave technologies on the ocean coasts, CCS where there are proven reservoirs such as depleted oil reservoirs. The EU should show the rest of the world that all these technologies will have a part to play as all fuels especially coal will continue to be used and need a solution not an elimination strategy.