The coal bosses' plan: mine coal, sell coal, repeat until rich

Author: Guy Pearse. Guy Pearse is a research fellow at the Global Change Institute at the University of Queensland
Date: 14/11/2010
Words: 727
Source: SAG

Publication: The Sunday Age
Section: Extra
Page: 21

Preventing climate change is the last thing on the coal industry's mind, writes Guy Pearse.

ONCE a year, coal industry bosses gather for the World Coal Conference: "It's where the coal deals are done," says the brochure. This year, I went too, as an academic, an observer and someone deeply concerned about coal's indisputable contribution to climate change. Carbon dioxide is the greenhouse gas most responsible for global warming, and coal use generates nearly half of the world's annual CO_2 emissions.

I half-expected to find an industry worrying about rising demand for clean energy. But at the conference in Amsterdam last month, there was no hint of foreboding among the 1400 delegates. The concern wasn't dwindling demand, but meeting runaway demand, mostly in China and India.

The opening session set the tone. Fred Palmer, vice-president of Peabody Energy, the world's largest coal company, noted that since the "great debate" on climate change began, coal consumption had gone from 3.6 billion tonnes a year to almost 7 billion tonnes. By 2030, he predicted it would be more like 11-12 billion. "The climate change concerns of people everywhere are legitimate", he said, but alleviating energy poverty was "policy priority number one". On the basis that it would leave billions in energy poverty, he declared it "immoral to say 'we're not going to touch coal'." To those saying continued coal use depends on developing carbon capture and storage or low carbon coal, his message was blunt: "We will use coal, and the world is going to use more coal." Furthermore, "using more coal to generate electricity is good for our health and good for our wealth".

There was a similarly defiant tone when I dropped the subject of climate change into conversation over lunch. Some openly doubted the science. One Australian executive said: "I just don't understand how we can ignore such an overwhelming body of scientific research", referring to the work of climate sceptics. He scoffed at the notion of capturing and storing emissions: "It isn't happening and it won't happen". I run through the slow pace of carbon capture with a Swiss trader; the G8's goal is to have 20 plants worldwide up and running by 2020. His answer: "plant trees". The clear impression is that Asian-driven coal demand is a more powerful juggernaut than climate change. As one English delegate put it: "The Chinese don't give a stuff about greenhouse emissions, and nor do I."

The most striking thing about the conference was how few people attended the carbon capture and storage session. An almost full house had heard Palmer declare green coal the "only path" to deal with climate change. Yet a mere 35 delegates went to the capture and storage session, and fewer than 20 stayed to the end.

During question time, a British executive highlighted the contrast between the bullish talk about growth in global coal demand and the sparse attendance at the session. "Most of the industry isn't really taking notice", he warned. Instead, the focus is on supplying developing countries that have no absolute emissions reduction targets, and where capture is rarely mentioned.

A spokesman from Brazilian mining giant Vale captured the mindset: "Every morning, we get up and pray for China." Well they might. China is now building the equivalent of 10 New York Cities. If investment bank UBS is right, Chinese annual coal consumption will rise from 3 to 5.5

billion tonnes by 2020. Many doubt that China's coal industry can grow fast enough to meet that demand, and some expect India to import 1 billion tonnes of coal annually by 2020. Coal exporters are rubbing their hands while they pray.

What's unclear is where the extra coal will come from. The only thing remotely as crucial to the equation as Chinese demand may be Australian supply _ Australia produces around a third of the world's coal exports, and more than half the world's metallurgical coal exports.

Increasingly it looks as if projected demand will only be met if Australia doubles its production. With so much hinging on Australia's continued willingness to turn a blind eye to the CO_2 it exports, it might just be Australia that the Chinese get up and pray for every morning. At the rate carbon capture is happening, the world has a hell of a problem if the coal industry's prayers are answered.