Coal transitions and climate ambition

An Introduction to the Coal Transitions project

www.coaltransitions.org

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Coal transitions: an issue whose time has come

• The issue of coal transition is « on the horizon »

• Need for urgency in phasing down share of coal,

• Existing 2TW + planned + under construction could blow the 1.5°C and 2°C carbon budgets..

• CCS notwithstanding.

• Other drivers of uncertainty for coal (air, water, technology, ...)

• A call to recognise inevitability of transition and ensure it is just and consistent with other policy priorities

Global consumption of steam coal under alternative demand scenarios

- M&E (2015)
- IEA WEO (2016) - NPS
- IEA WEO (2016) - 450 ppm
An integrated approach to raising ambition on coal

• UNFCCC process: where and how to raise ambition? => Coal Sector => But how?

• The issue is not as simple as simply raising the carbon price or putting a cap on emissions/coal use.

• Fundamental issues of fairness

• A range of other real world barriers.

• Pledges of ambition only as credible (and as just) as the strategy to tackle these issues.
Key elements of fair and credible coal transitions

- Avoiding and mitigating adverse impacts on coal sector workers
- Building local economic resilience and an alternative industrial future for strongly affected regions
- Avoiding the creation of stranded assets
- Financing the transition
- International policy coordination
- Coal Transitions project seeks to identify and develop locally relevant strategies to address these issues under 2°C transitions.
The Coal Transitions Project

- **Project co-ordinators:**
  - IDDRI, Climate Strategies

- **Country-research teams:**
  - **India:** Indian Institute of Management Ahmedabad
  - **China:** Tsinghua University
  - **South Africa:** University of Cape Town
  - **Australia:** Australian National University; Melbourne University
  - **Poland:** Institute for Structural Research, Poland (IBS)
  - **Germany:** German Institute for Economic Research (DIW)

- **Project Funders:**
  - KR Foundation,
  - European Climate Foundation

Co-construction with local actors in countries with high coal production/consumption
Content of Coal Transitions Project

1. **Analysis of past coal transitions (June & November 2017)**
   - Lessons from 6 case studies past coal transitions
   - Lessons from other regional industrial economic transitions.
   - Lessons from recent closures (e.g. Hazelwood plant in Australia)

2. **Modelling of global coal market under 2°C, NDCs, NDCs+ (Jan 2017)**
   - Combining national scenarios + DIW’s COALMOD model.
   - Highlight international interdependencies, risks, & coordination needs

3. **Reports on 2°C-compatible coal transition scenarios in 6 countries (March 2018)**
   - National experts: CN, IN, AU, ZA, DE, PL
   - Quantitative 2°C-coal transition scenarios and qualitative analysis of implications
   - Analysis of country-specific barriers to transition (e.g. China coal power)

4. **National and international dialogue and outreach with stakeholders**
Coal transitions as a means to raise ambition of NDCs?

• PA calls on parties to progressively review and raise ambition on a cyclical basis.

• Raising emissions targets are one (necessary) way, but not sufficient.

• Coal sector example highlights need to also focus on removing underlying barriers to LT transformations and aligning climate and other priorities.

• This is also a way of « raising ambition ».

• Perhaps next iteration of NDCs and LT Strategies should reflect this logic of going « beyond emissions targets » in setting out ways to raise ambition?

• This appears essential for making coal sector transitions a reality