



E3G

BRIEFING PAPER JANUARY 2019

A JUST TRANSITION OF EUROPEAN COAL REGIONS

ASSESSING STAKEHOLDER POSITIONS TOWARDS THE TRANSITION AWAY FROM COAL

REBEKKA POPP

Executive Summary

Reaching climate neutrality by 2050 as envisioned by the European Commission's strategic long-term vision requires timely decarbonisation of the European energy sector, including a phase-out of coal. This will particularly affect regions which are dependent on the coal sector and other high-carbon industries, as they will have to transition to low-carbon economies in the coming decades.

This briefing offers a deep dive into the positioning of key stakeholders as well as opportunities and challenges for a transition away from coal in some of Europe's most coal-dependent regions: Ústecký kraj (Czech Republic), Western Macedonia (Greece), Upper Silesia (Poland), Horná Nitra (Slovakia) and Obilić (Kosovo). It aims to serve as background for necessary political and policy decisions surrounding a phase-out from coal.

In all these countries, coal is a central part of the energy mix, but coal production has already been in decline due to decreasing economic competitiveness. While none of the countries has set a phase-out date for coal, some are already preparing the transition away from coal. For example, the Czech government has begun to implement a strategic framework for the economic restructuring of the country's three mining regions and the Slovak coal mining region Horná Nitra is developing an action plan for the post-coal future of the region. In contrast, in Greece, Poland or Kosovo which are also not discussing a national coal phase-out, even such institutional initiatives to start preparing for a transition away from coal are lacking.



E3G

In nearly all these regions, it is local actors that are driving the transition, while national governments remain committed to coal as an energy source and maintain close ties to the coal industry. In Slovakia and the Czech Republic initiatives to start designing transition strategies came from the coal regions themselves and have been only then taken to the national level. Similarly, in Greece local mayors are looking for alternative ways for Western Macedonia to develop. In Poland and Kosovo, protests have formed in villages affected by the expansion of mining activities. While transition strategies benefit from being driven by local stakeholders, guidance and policy frameworks from the national level are key as they provide stability and enable long-term planning.

Among civil society voices, labour unions tend to be vocal opponents of measures that could impact the coal sector and are often well connected with the government. However, in Western Macedonia, Greece's largest trade union has shown support for transition efforts in the region. Environmental NGOs in all these regions support the transition away from coal and in some instances, such as the **Roadmap for the Transition of the Western Macedonia Region to a Post-lignite Era**, are proposing how a transition away from coal could happen, but their influence in most countries is limited.¹

Renewable industries exist in all countries covered but their development is hampered by an uncertain investment climate and they are politically weak with little influence on the regulatory framework and other measures to support a transition beyond coal.

The EU has a central role in supporting these processes. Kosovo and other countries of the Western Balkan have the perspective to join the EU and as part of the Energy Community they are already influenced by the Unions climate and energy policy. In its Member States, the EU sets targets for national climate and energy policy and with the EU budget it has a powerful tool at hand to support a transition away from coal. The current negotiations over the next Multiannual Financial Framework (MFF) for the 2021-2027 period provide an important opportunity to align the budget more closely with a Just Transition to a climate neutral economy, particularly in Central and Eastern European countries which are large recipients of funding.² Moreover, all coal regions, with the exception of Kosovan Obilić, are pilot regions of the **EU's Coal Regions in Transition Platform**.³ This engagement may foster a Just Transition but only if it is organised in an inclusive way for all local stakeholders, in particular those who are a driving force for a transition.

¹ WWF (2016) **Roadmap for the Transition of the Western Macedonia Region to a Post-lignite Era**

² See for example E3G (2018) **Funding the Just Transition to a Net Zero Economy in Europe: Opportunities in the next EU Budget**

³ European Commission (2018) **Coal Regions in Transition**

Stakeholder Mapping: Ústecký kraj, Czech Republic

The coal region Ústecký kraj

Ústecký kraj is the main lignite mining region of the Czech Republic. It is located in north western Bohemia, sharing a boarder with Germany. With 826,000 inhabitants it makes up 7.7% of the Czech population. The region contributes 6% to the Czech GDP and has a strong industry sector, which contributes 44% to regional GDP and 27% of employment in the region. Aside from lignite mining and electricity generation, the regional industry focuses on low-value activities, such as the production of automobile parts, mineral and metal as well as machinery and chemicals. With 8% Ústecký kraj is the Czech region with the highest unemployment rate.⁴

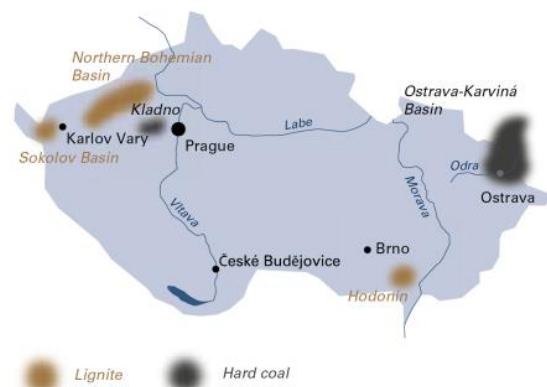


Figure 1: Czech coal regions
Source: Euracoal (2019) **Czech Republic**

The Czech Republic is among the European countries with **very high reliance on domestic coal** to meet its energy needs. Around 68% of Czech energy needs were produced locally in 2015, with coal making up 59.5% of domestic primary energy production. Coal represented 39.2% of total primary energy supply in 2015 but since 2005, energy produced from coal has declined by 21.1%.⁵

The 6 opencast mines in Ústecký kraj produced around 52.3 million tons of lignite in 2015.⁶ The mines and adjacent coal power plants provide 7,000 relatively well-paid direct jobs, which make up 3.8% of jobs in the region.⁷

The national and regional policy context

The Czech Republic does not have an official phase-out date for coal but the need for a transition is increasingly recognized. The **national energy strategy** from 2014 foresees a decreased role for fossil fuels and reduction of jobs in the lignite sector over the coming decades. It assumes halving of employment in mining from 20,000 to 10,000 between 2015 and 2035 and the number of employed in coal power plants are projected to sink from 5,000 to 2,000 in the same period.⁸ There are already **phase-out plans for several coal plants**. The state-owned energy company ČEZ plans to

⁴ Heinrich-Böll-Stiftung/E3G/DUH (2018) **Europäische Braunkohleregionen im Wandel: Herausforderungen in Deutschland und Tschechien** (in German)

⁵ IEA (2016) **Energy Policies of IEA countries: Czech Republic 2016 Review**

⁶ Heinrich-Böll-Stiftung/E3G/DUH (2018) **Europäische Braunkohleregionen im Wandel: Herausforderungen in Deutschland und Tschechien** (in German)

⁷ Heinrich-Böll-Stiftung/E3G/DUH (2018) **Europäische Braunkohleregionen im Wandel: Herausforderungen in Deutschland und Tschechien** (in German)

⁸ Czech Ministry of Industry and Trade (2014) **Doplňující analytický materiál k návrhu aktualizace Státní energetické koncepce** (in Czech)

phase-out 3,000 MW of the existing 4,600 MW until 2035.⁹ The political debate on coal activities was long dominated by a controversy on the extension of lignite mines in Czech Republic. The limits in place following a 1991 decree by the central government could represent a de fact phase-out of lignite mining in Northern Bohemia.

In January 2017, the then social-democratic government adopted a **strategic framework for the economic restructuring of the country's main mining regions**, after these asked for support in developing their economies. The three coal regions Ústecký, Moravskoslezský and Karlovarský kraj are also the country's poorest regions. Thus, the transition is driven by increasing economic pressure on the coal sector and the need to diversify the regional economies. The strategy named RE:START is a top-down programme with the goal to diversify the regional economy, improve the training of the workforce and increase the share of high-value added industry. The implementation of RE:START is based on annually updated action plans. So far, two action plans have been adopted in 2017 and 2018. The strategy is used by national and regional governments as well as local actors to prepare the transition, however, it does not come with a normative view about whether coal mining should continue in the regions or not.¹⁰

Ústecký kraj is a pilot region of the **European Union's Coal Regions in Transition Platform**, which was founded by the European Commission at the end of 2017 to assist regions looking for alternative ways to develop to coal.¹¹

Key stakeholders

The Czech Republic has typically taken a sceptical stance on low-carbon development. At the EU level, it has often cooperated with the Visegrád Group countries in blocking climate ambition. However, it tends to be more progressive than Poland, the most powerful country within the group, on the EU Emissions Trading System (ETS) and energy efficiency.¹²

At the national level, the previous coalition government headed by the Czech Social Democratic Party ČSSD has adopted RE:START. The current coalition government led by the ANO party which was founded by oligarch and now Prime Minister Andrej Babiš in 2011 continues with its implementation.

Most of the regional governments have favoured the expansion of mining limits but several local mayors, such as Mayor Vladimír Buřt of Horní Jiřetín, stand out for their anti-coal activism. In 2015, together with environmental NGOs, inhabitants of Horní Jiřetín set up a **campaign to mobilize for the keeping of lignite mining limits**.¹³

⁹ Heinrich-Böll-Stiftung/E3G/DUH (2018) **Europäische Braunkohleregionen im Wandel: Herausforderungen in Deutschland und Tschechien** (in German)

¹⁰ Just Transition (n.d.) **Strategy for Coal Mining Regions in Czechia Brings Hope**

¹¹ European Commission (2018) **Coal Regions in Transition**

¹² E3G (2017) **Climate & Energy Snapshot: Czech Republic**

¹³ **Limity Jsme My**



E3G

Czech energy companies have traditionally been lobbying to keep their coal power plants operational for as long as possible and have limits of their mines expanded. The strongest actor in the energy sector, ČEZ, is largely state-owned and operates 72% of the country's generation capacity. ČEZ is **reorienting its business model away from coal** and actively seeking to invest in the transition.¹⁴ Next to ČEZ, which is active in mining and electricity, Sev.en Energy is a major mining company in Ústecký kraj and operates the country's largest lignite mine.

Trade unions representing coal miners have a strong influence on climate and energy policy and are strongly opposed to any measure that might impact coal. They have close ties to the government.¹⁵ Low-carbon business groups are relatively well organized in the Czech Republic and there exist several expert platforms for dialogue on renewables and energy efficiency, but their influence is limited.¹⁶ Environmental NGOs are against any extension of the lignite mines and have mobilized protests in the past, however, they have only little influence within the political system.

Opportunities and risks

Although the Czech Republic does not have an official phase-out date, the need for a lignite region transition is increasingly recognized due to a lack of competitiveness of the coal sector. The strategic framework RE:START has the potential to move Czech coal regions forward through a structured plan. It could possibly provide a frame for coordination between decision-makers and local communities and help to attract targeted investment and partners for projects. However, the framework still must overcome many challenges in order to deliver the desired results. Uncertainties remain whether subsequent governments will continue supporting the strategy, whether funding from Prague will in fact reach regions and whether enough project proposals will be developed to diversify the local economies.¹⁷

As EU structural and cohesion funds are one of the most important sources for public investments in the Czech Republic, they will play a major role in financing the transition. The Czech engagement in the EU's Coal Regions in Transition Platform can be expected to catalyse the transition.

¹⁴ E3G (2017) [Climate & Energy Snapshot: Czech Republic](#)

¹⁵ E3G (2017) [Climate & Energy Snapshot: Czech Republic](#)

¹⁶ E3G (2017) [Climate & Energy Snapshot: Czech Republic](#)

¹⁷ Just Transition (n.d.) [Strategy for Coal Mining Regions in Czechia Brings Hope](#)

Stakeholder Mapping: Western Macedonia, Greece

The coal region Western Macedonia

Western Macedonia with the capital Kozani is located in the Northwest of Greece and the country's main lignite mining area. It is one of the less populated regions in the country with 271,500 inhabitants.¹⁸ The region produced 2.4% of Greece's Gross Domestic Product (GDP) in 2013. Regional GDP per capita is 25% lower than the national average and has dropped significantly as a result of the country's financial crisis, which began in 2009. Energy production through lignite combustion and hydroelectric energy constitute the main economic activity of the region.¹⁹ Unemployment in Western Macedonia is very high with 31.5% in 2016.²⁰

Greece is among the European countries with very high reliance on coal to meet its energy needs, but **coal production and use have been decreasing**. Coal accounted for 19% of total primary energy supply in 2016, with oil being the dominant fossil fuel. Coal supply almost halved from 8.4 Mtoe in 2006 to 4.4 Mtoe in 2016, but still accounts for over half of the total energy production in Greece.²¹ Lignite-fired power generation in Greece is among the costliest in all European countries because the lignite produced is of low quality. Moreover, coal power plants are inefficient and old with an average plant age of 31 years in Western Macedonia.²²

Western Macedonia represents most of the lignite mining in Greece with eight out of nine still-working mines left in Greece. The mines are located in Ptolemaida, Amynteo and Florina and produced 37.9 million tonnes of coal in 2015. Coal plant capacity in the region is 3,401 MW. The coal sector in Western Macedonia provides 5,680 jobs, with 4,280 jobs in mining and 1,400 jobs in coal power plants.²³

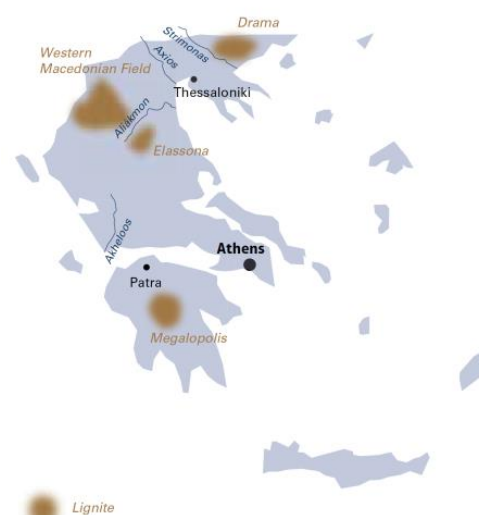


Figure 2: Greek lignite regions
Source: Euracoal (2019) *Greece*

¹⁸ Eurostat (2018) **Population by NUTS 2 Regio**

¹⁹ WWF (2016) **Roadmap for the Transition of the Western Macedonia Region to a post-lignite Era**

²⁰ Joint Research Centre (JRC) (2018) **EU Coal Regions: Opportunities and Challenges ahead**

²¹ International Energy Agency (IEA) (2017) **Energy Policies of IEA Countries: Greece Review 2017**

²² JRC (2018) **EU Coal Regions: Opportunities and Challenges ahead**

²³ JRC (2018) **EU Coal Regions: Opportunities and Challenges ahead**



E3G

The national and regional policy context

In Greece, there is no national coal phase-out under discussion and institutional initiatives aimed at preparing the transition are lacking. In fact, new coal plants are under construction or planned and the Greek National Energy and Climate Plan (NECP) projects that existing lignite units and at least one new will continue to operate in 2030.

The country's financial crisis resulted in the government agreeing on Economic Adjustment Programmes (EAP) with the EU, the International Monetary Fund and the European Central Bank. Among other goals, these aim to increase competition in the Greek energy sector as the European Commission found Greece in breach of the rules of fair competition.²⁴ Consequently, in April 2018, the Greek government adopted a law to enable the country's main electricity generator and provider, the Greek Public Power Corporation (PPC), to sell part of its lignite assets in exchange for financial assistance from the EU. The deadline for submitting binding bids has been repeatedly extended. The sale raises concern on the fate of workers and communities.

Nonetheless, the need for a transition begins to be recognized. In January 2019, as part of a bill on energy and environmental issues, the Greek government **established a National Just Transition Fund for lignite areas**, which is planned to be funded using 6% of annual revenues from auctioning emissions allowances. Over a period of three years, the fund will support activities in six priority areas, including renewables, energy efficiency, key sectors, circular economy, industrial heritage and re-skilling of workers.²⁵ Western Macedonia is a pilot region of the **EU's Coal Regions in Transition Platform**.²⁶

Key stakeholders

At the EU level, Greece, together with Poland, supports subsidizing coal through allowing the participation of coal power plants in capacity mechanisms. In addition, it unsuccessfully lobbied with the PPC for free emission allowances as part of the revision of the EU's Emissions Trading System (ETS). Without these free emission allowances, the two new lignite plants are not considered economically viable.²⁷

The Greek government intends to keep the lignite industry alive well beyond 2030 and actively supports the construction of a new lignite plant, Meliti II. In contrast, at the local level, planning and political discussion on Just Transition are relatively advanced. Local mayors, such as the Mayor of Kozani, have **reiterated the need for a Just Transition of the region** away from lignite and attempt to find alternative income opportunities for the region.²⁸ To this aim, a new discussion platform, the Forum of Mayors, was initiated in Kozani in 2018.²⁹ A previous consultation process, which

²⁴ REUTERS (2018) [Greece Submits Bill on Coal-fired Plants Sale, Union Threatens Strikes](#)

²⁵ Friends of Europe (2018) [The Regional Dimension of Climate Change](#)

²⁶ European Commission (2018) [Coal Regions in Transition](#)

²⁷ Euractiv (2017) [ETS Vote Will Determine Greece's Energy Future](#)

²⁸ Sueddeutsche Zeitung (2018) [Kalter Entzug](#) (in German)

²⁹ Friends of Europe (2018) [The Regional Dimension of Climate Change](#)

began in 2015 on the initiative of Western Macedonia, already resulted in the formation of a technical team which includes many of the local mayors, is now in charge of developing the regions transition plan and participates in the coal platform. In addition, local actors are concerned about environmental impacts of coal mining and firing as they worry that PPC will not take care of landscape restoration.

PPC carries out all lignite mining in Greece and has exclusive rights to produce electricity from lignite. The Greek government holds 51% of the company shares.³⁰ It is the largest employer in Western Macedonia and provides 6.3% of all the jobs, without considering indirect employment created.³¹ The company is dedicated to prolonging lignite mining and firing and extending the operation of old lignite-fired plants with full support by every Greek government. Next to Ptolemaida V, which is already under construction, the company plans to construct a second lignite unit in Florina (Meliti II), even though its **CEO has admitted unfavourable economics of the newly planned units**.³² In May 2018, **PPC announced to sell** Meliti I, two other plants in Megalopoli on the Peloponnese peninsula and adjacent mines as well as the license to build Meliti II, making up 40% of PPC's lignite capacity.³³ At the same time, PPC is also planning to invest in renewable energy sources.

GENOP-DEH is the PPC's main labour union. As Greece's most powerful union it has strong influence on the national government. It has shown support for Just Transition efforts in the region and its president has participated in numerous consultations organized by WWF Greece.

Environmental NGOs support the transition away from coal. In 2016, WWF Greece together with the Panteion University in Athens developed a **Roadmap for the Transition of the Western Macedonia Region to a post-lignite era**. The organisation also takes part in a project on **Just Transition in Eastern and Southern Europe**, which is supported by the European Climate Initiative of the German Ministry of Environment. Its goal is to develop an economic transition strategy for Western Macedonia.³⁴ Moreover, the Greek branches of WWF, Greenpeace and ClientEarth have submitted a **legal challenge against the two Greek power plants**, Meliti I and Meliti II, for failing to carry out the required Environmental Impact Assessment (EIA) before issuing an environmental permit for both plants.³⁵

Opportunities and risks

The transition of Western Macedonia away from its lignite activities has not yet begun, even though local actors push for it and try to find economic alternatives for the region. As Greece is a very centralised state and local administrations only manage a low level of resources, the transition depends on support from the national

³⁰ CEE Bankwatch (2018) **The Great Coal Jobs Fraud**

³¹ WWF (2016) **Roadmap for the Transition of the Western Macedonia Region to a post-lignite Era**

³² Euractiv (2017) **ETS Vote Will Determine Greece's Energy Future**

³³ PPC (2018) **Invitation to Submit an Expression of Interest**

³⁴ European Climate Initiative (2018) **Just Transition Eastern and Southern Europe**

³⁵ ClientEarth (2018) **Sister Power Plants in Greece Face Court Challenge for Disregarding People and Planet**



E3G

government. However, this support has been so far lacking and there are no initiatives at the national level to encourage a Just Transition of Western Macedonia. The recently announced national just transition fund may represent a first step by the government to support the region's transition efforts.

It remains an open question who will buy the coal power plants and adjacent mines that PPC is offering for sale, how long the new owner will keep them operating and what happens to the workers once the plants and mines are no longer state-owned. This highlights the need for long-term planning to ensure the sustainable development of the coal region.

It is noticeable that the Greek mine sites can benefit from a highly available solar resource, making the conversion of former mine sites for the production of solar energy an attractive option.³⁶ The engagement of Western Macedonia as a pilot region in the Coal Regions in Transition Platform and activities at the local level may support a transition process in the region.

³⁶ JRC (2018) **EU Coal Regions: Opportunities and Challenges ahead**

Stakeholder Mapping: Upper Silesia, Poland

The coal region Upper Silesia

Upper Silesia is the south-eastern part of Silesia and Poland's main hard coal mining region as well as the largest hard coal mining area in the European Union EU. Consequently, its economy is dominated by mining, energy and heavy industry. Its GDP per capita is below the EU average but slightly above the national average. The region's unemployment rate of 5% is below the national average but differs sharply among cities, with, for example, Bytom having a much higher unemployment rate of 10%. Upper Silesia is also characterized by low levels of professional activity and employment because many males aged 50+ make use of special mining sector pension benefits.³⁷

Poland is **extremely dependent on domestic coal for its energy supply**. Coal makes up 79% of energy production and 51% of total primary energy supply. Most coal is used for heat and power generation. It provides 81% of the electricity and 86% of the heat produced in Poland.³⁸ The country is home to the largest number of coal mines (both lignite and hard coal) in the EU and it is among the countries with many coal power plants.³⁹ The coal industry still provides around 100,000 jobs and is seen as an answer to energy security problems resulting from dependence on Russian gas and oil imports. Yet, imports are rising as domestic **coal production is declining due to a lack of profitability**. It has more than halved from its peak in 1978 with 128 Mtoe to 54 Mtoe in 2015.⁴⁰ Production is projected to further decrease because hard coal subsidies will have to be terminated by December 2018 as mandated by the EU. Similarly, lignite production is expected to drop sharply over the next 20 years. Coal mining productivity is exceptionally low, and the sector relies on state subsidies.⁴¹

The Upper Silesian basin consists of 30 hard coal mines and produces 63.7 million tonnes of coal. The coal sector in Silesia provides 82,500 jobs, with 79,600 employed in mines and 2,900 working in plants.⁴²



Figure 3: Polish coal regions
Source: Euracoal (2019) **Poland**

³⁷ WWF (2018) **From Restructuring to Sustainable Development: The Case of Upper Silesia**

³⁸ International Energy Agency (2016) **Energy Policies of IEA Countries: Poland 2016 Review**

³⁹ JRC (2018) **EU Coal Regions: Opportunities and Challenges ahead**

⁴⁰ International Energy Agency (2016) **Energy Policies of IEA Countries: Poland 2016 Review**

⁴¹ E3G (2017) **Climate & Energy Snapshot: Poland**

⁴² JRC (2018) **EU Coal Regions: Opportunities and Challenges ahead**

The national and regional policy context

In Poland, no national coal phase-out is under discussion as the Polish government remains deeply committed to coal and little attention is paid to plan for a transition.

In November 2018, the Polish government released its **draft national energy strategy 2040** which posits that Poland will still produce 60% of its energy from coal in 2030 and plans for the construction of new coal plants.⁴³ Deputy Energy Minister Grzegorz Tobiszowski has also announced plans to open a new coal mine in Silesia.⁴⁴

In its role as host of the United Nations Climate Change Conference in 2018, Poland presented the **Solidarity and Just Transition Silesia Declaration** at the conference which was adopted by acclamation by roughly a quarter of the Parties. While the Polish presidency's decision to focus on Just Transition helped make it a central topic of the conference, the declaration is criticized for a lack of support for climate ambition.⁴⁵ Moreover, Poland's decision to let coal companies sponsor the climate talks was subject to criticism.⁴⁶

Silesia is a pilot region of the **EU's Coal Regions in Transition Platform**.⁴⁷ NGOs criticize that the lists of projects that Poland submitted to be supported as part of the platform were compiled in a non-transparent way and corporate beneficiaries of the projects are exclusively from the fossil fuel industries.⁴⁸

Key stakeholders

At the EU level, Poland is the **most vocal and powerful opponent of EU climate and energy goals** and has tried to block, delay or water down legislation to promote climate ambition or low-carbon development. As leader of the Visegrád Group, it has often been able to secure support for its preferences.⁴⁹

The conservative Law and Justice (PiS) government was elected in 2015 and is firmly against promoting the clean economic transition. Instead, it has announced to revive the coal industry and actively discourages the development of renewable energy, except for biomass. Energy and mining interests are a clear priority of the government and even the environment minister attempts to roll back EU climate legislation.⁵⁰ Deputy Energy Minister Grzegorz Tobiszowski announced in November 2018 that the **country's use of coal will not end in 2050**.⁵¹ As owner of major utilities, the Polish government has a direct financial stake in the success of the coal industry.

⁴³ Ministry of Energy (2018) **Polityka energetyczna Polski do 2040 r. Zapraszamy do konsultacji**.

⁴⁴ Reuters (2018) **Poland Plans new Coal Mine as Climate Talks Loom**

⁴⁵ Euractiv (2018) **Activist: Poland's 'Just Transition' Declaration is just Posturing**

⁴⁶ France24 (2018) **Poland Names Coal Companies Partners for COP24 Climate Talks**

⁴⁷ European Commission (2018) **Coal Regions in Transition**

⁴⁸ CEE Bankwatch (2018) **The European Commission's Platform for Coal Regions in Transition: Case Studies Highlight Tilt towards Coal Companies**

⁴⁹ E3G (2017) **Climate & Energy Snapshot: Poland**

⁵⁰ E3G (2017) **Climate & Energy Snapshot: Poland**

⁵¹ Reuters (2018) **Poland Plans new Coal Mine as Climate Talks Loom**

Local support for ending coal activities is increasing. For example, officials and residents of the town Imielin in Upper Silesia protest plans by coal mining company Polska Grupa Górnicza (PGG) to begin coal extraction in the Imielin-North field in 2020, which would affect half of the town's territory. Damages from mining in its southern part are already impacting Imielin.⁵²

There exist strong ties between the coal industry and the national government. Major coal companies are partially or fully state-owned and decision-making processes in coal and energy companies are heavily influenced by the government. PGG is the largest coal mining company in Poland and Europe. Other leading coal-mining companies are Jastrzębska Spółka Węglowa (JSW) and Lubelski Węgiel Bogdanka (LW Bogdanka). Polska Grupa Energetyczna (PGE) is the largest power producing company in Poland.

Coal sector unions have traditionally been extremely powerful and play a key role in maintaining the status quo. They have large mobilisation potential as unionisation among coal miners is high.⁵³ However, the Polish employer's association Lewiatan and former officials from PGE are increasingly advocating in public for a change in energy policy and decreasing the reliance on coal. The Polish low-carbon industry is weak and its influence on government and public opinion negligible.⁵⁴

The NGO community is well-established but relatively small and the government is increasingly restricting civil society activities.⁵⁵ For example, WWF takes part in a project on a **Just Transition in Eastern and Southern Europe**, which is supported by the European Climate Initiative of the German Ministry of Environment and aims to develop an economic transition strategy for Silesia.⁵⁶ Greenpeace Poland is preparing to sue PGE unless it phases out coal by 2030.⁵⁷

Opportunities and risks

Poland heavily relies on coal. Instead of planning for a gradual transition away from coal, the current conservative government has shown it intends to revitalize the coal industry. However, a long-term transition strategy is needed as the sector is already in decline. Local support for ending coal activities is growing and leads to more vocal demands for planning a transition.

Although the EU's influence in Poland is diminishing, EU targets set the framework for Polish climate and energy policy and are, thus, key for encouraging the low-carbon transition in Poland. The current negotiations over the next EU budget for the period 2021-27 present also an opportunity to increase its potential to support a transformational shift away from coal. EU funds are a crucial revenue source for

⁵² Just Transition Info (2018) **Imielin, Poland: A Community Takes on the Coal Industry**

⁵³ E3G (2017) **Climate & Energy Snapshot: Poland**

⁵⁴ E3G (2017) **Climate & Energy Snapshot: Poland**

⁵⁵ E3G (2017) **Climate & Energy Snapshot: Poland**

⁵⁶ European Climate Initiative (2018) **Just Transition in Eastern and Southern Europe**

⁵⁷ Greenpeace (2018) **Greenpeace Poland Prepares to Sue Coal Operator PGE over Climate Change**

Poland and provide close to 60% of total public investments. Moreover, Silesia’s engagement in the Coal Regions in Transition Platform may help to catalyze change.

Stakeholder Mapping: Horná Nitra, Slovakia

The coal region Horná Nitra

The Horná Nitra region, including the district Prievidza, is the country’s main lignite basin and part of the administrative region of Trenčín. Trenčín has 592,400 inhabitants, representing 9% of the country total. The industrial sector provides almost 50% of the jobs in the Trenčín region. Unemployment has been declining due to the arrival of new multinational investors in the region and was 6.1% in 2017, which is below the national and the European average.⁵⁸



Figure 4: Slovak lignite regions
Source: Euracol (2019) **Slovakia**

Slovakia relies less on coal in comparison to its neighbouring countries and **production has been decreasing** steadily from highest annual yields around 4 million to 1.8 million tons in 2017.⁵⁹ On the national level, hard coal is imported since domestic lignite is of low quality and expensive. Coal firing supplies 11.4% of Slovakia’s electricity generation and around 11% of its heat production.⁶⁰ Lignite alone constitutes only 1.7% of national heat production.⁶¹

The number of jobs provided by the Slovakian coal sector is small and they are almost entirely located in the Horná Nitra region. Estimates of the number of employees vary between 3,260 by Mining Company HBP itself, coming mostly from the region and of which 2000 would be direct mining jobs⁶², to an estimate of 700-1,000 direct mining jobs by Greenpeace.⁶³ The **number of employees in HBP has been continuously declining** and open positions for mining jobs are not easily occupied.⁶⁴

⁵⁸ Donnari, E. et al. (2018) **Socio-Economic Transformation in Coal Transition Regions: Analysis and Proposed Approach: Pilot Case in Horná Nitra, Slovakia**

⁵⁹ HBP (2018) **Annual Report 2017** (only in Slovakian)

⁶⁰ IEA (2018) **Energy Policies of IEA Countries: Slovak Republic 2018 Review**

⁶¹ Greenpeace CEE (2018) Slovakia’s Horna Nitra Region as a Successful Pilot Case for the Coal Regions in Transition Platform (unpublished briefing)

⁶² HBP (2018) **Annual Report 2017** (in Slovakian)

⁶³ Greenpeace CEE (2018) Slovakia’s Horna Nitra Region as a Successful Pilot Case for the Coal Regions in Transition Platform (unpublished briefing)

⁶⁴ Donnari, E. et al. (2018) **Socio-Economic Transformation in Coal Transition Regions: Analysis and Proposed Approach: Pilot Case in Horná Nitra, Slovakia**

The national and regional policy context

A possible phase out of lignite mining and burning has been under discussion for several years at the national level in Slovakia and is driven by the declining economic competitiveness of coal. In December 2017, Environment Minister László Sólymos **declared 2023 as the target year for Slovakia's coal phase-out** in both the mining and power sectors but later withdrew the announcement.⁶⁵ Additionally, the environment ministry's draft **environmental strategy 2030** published in December 2017 foresees a progressive phase-out of power and heat production from coal to improve air quality but this has not been formulated as national policy and efforts to develop alternative employment opportunities in growth industry have so far been without any coordination or strategy.⁶⁶

Electricity produced from domestic lignite has been subsidised since 2005 through a feed-in tariff, which is under a state aid investigation by the European Commission since 2016. In November 2018, the Slovak government **announced to end the subsidy in 2023**.⁶⁷ However, this does not necessarily imply an end of coal firing or mining.

In January 2017, the Mayor of Prievidza, Katarína Macháčková, in cooperation with the Association of Towns and Municipalities of Horná Nitra invited local stakeholders to begin developing an **action plan for the post-coal development of the Horná Nitra region**.⁶⁸ The preparation of the action plan has been taken to the national level and it is expected to be finalized by the beginning of and approved by the federal government in April 2019.

The Trenčín region is a pilot region of the **European Union's Coal Regions in Transition Platform**.⁶⁹ In support of the platform, the Commission's Joint Research Centre (JRC) **carried out an analysis** and proposed an approach for the socio-economic development of the region applying the Smart Specialisation Methodology.⁷⁰ Smart specialisation (S3) is an EU policy approach to promote regional economic transformation towards smart, sustainable and inclusive growth.

Key stakeholders

Slovakia is generally passive when it comes to driving forward the low-carbon transition. Within the EU, it possesses little leverage to influence the European climate debate in either direction. Slovakia often allies with the Visegrád Group; however, it also deviates from Poland, the most powerful country within the group, on some issues and takes a more progressive stance.⁷¹

⁶⁵ Euractiv (2017) **Slovakia Considers Exiting Coal in 2023**

⁶⁶ Ministry of Environment of the Slovak Republic (2018) **Envirostratégia 2030** (in Slovakian)

⁶⁷ Reuters (2018) **Slovakia to Pull Plug on Coal Subsidies from 2023**

⁶⁸ Prievidza (2018) **Horná Nitra Action Plan**

⁶⁹ European Commission (2018) **Coal Regions in Transition**

⁷⁰ Donnari, E. et al. (2018) **Socio-Economic Transformation in Coal Transition Regions: Analysis and Proposed Approach: Pilot Case in Horná Nitra, Slovakia**

⁷¹ E3G (2018) **Climate & Energy Snapshot: Slovakia**



E3G

At the national level, political stakeholders make contradictory statements about the future of coal in the country. A close-down of lignite mines in Horná Nitra is considered an option by some ministers if guided by a clear action plan. At the same time, the Slovak government has close ties to the energy industry and Prime Minister Robert Fico who resigned in March 2018 repeatedly assured that he will maintain the jobs related to lignite mining in the Prievidza region. Overall, the current government aims to minimise the impact of climate legislation on high-carbon industries, rather than promoting a low-carbon transition.

At the local level, the current progressive opposition Mayor of Prievidza has initiated the action plan but faced a discrediting campaign during the last election. HBP openly supported a government party candidate that opposed a coal phase-out. This candidate did not win the election, illustrating that there is regional support for terminating power generation from coal. In May 2018, the Trenčín regional council **blocked the expansion of a new HBP mine** in the region by rejecting additions to the regional land-use plan. The issue has been left open for further renegotiation but HBP would need to achieve a significant majority in the Trenčín regional council to approve a new field for coal mining.⁷²

Mining Company HBP (Mines of Horná Nitra Prievidza) controls all three still-working lignite mines left in Slovakia. It was privatised in 1996 with the then-director playing an important role in the process and to this day holding over 40% of the company shares.⁷³ Although the company submitted a proposal for a new mine in Horná Nitra, the HBP Chairmen has also gone on record that a closure of the mines within 5-7 years could be possible.

Lignite mined in Horná Nitra is used in the CFPP Nováky power plant. The Slovak Energy Company responsible for running the Nováky power plant has announced that the power plant would require dozens of millions in investment in modernisation in the next 5 years, which it does not have and does not intend to invest. It **does not plan to operate the power plant after 2021**, whereas the government is interested in extending its operation beyond 2021.⁷⁴

Trade unions are a powerful political force in the country, dominating civil society voices. They are generally defensive about environmental regulation and oppose an accelerated low-carbon transition.⁷⁵ In response to Trenčín regional authorities denying the permit for a new coal mine in Horná Nitra, mining unions **submitted a petition to preserve mining jobs** in the region; however, reports by Slovak national media suspect that these signatures were brought about by corrupt and extortion practices employed by HBP against its own employees.⁷⁶

⁷² Just Transition (n.d.) **Slovakia: HBP suspected of using dubious practices to gain support for coal mining jobs**

⁷³ Greenpeace CEE (2018) Slovakia's Horna Nitra Region as a Successful Pilot Case for the Coal Regions in Transition Platform (*unpublished briefing*)

⁷⁴ Just Transition (n.d.) **What You Should Know about the Slovakian Coal Phaseout Announced in Paris**

⁷⁵ E3G (2018) **Climate & Energy Snapshot: Slovakia**

⁷⁶ Just Transition (n.d.) **Slovakia: HBP suspected of using dubious practices to gain support for coal mining jobs**

Slovak civil society organisations (CSOs) are rather weak and only few work on climate change. Especially small domestic CSOs working on environmental topics have difficulties in maintaining their financial independence, obtaining access to political decision-making and increasing their visibility and popularity.⁷⁷ CSOs participated in the development of the action plan at the local level. Friends of the Earth-CEPA's filed a petition for removing the new coal mining field from the proposal of a land use plan of the Trenčín administrative region.

Opportunities and risks

The transition of Prievidza has only recently begun with the development of an action plan for the Horná Nitra region. The transition is pushed by local actors, such as the Mayor of Prievidza, who was recently confirmed in office, illustrating that support for finishing coal activities in the region is high. Support from the federal government is vital for a successful transition away from coal. However, guidance remains limited as the federal government cooperates closely with HBP and makes contradictory statements on a potential date for a coal-phase out.

An analysis carried out by the European Commission's JRC in support of the EU Coal Regions in Transition Platform proposes to approach the socio-economic development of the region applying the Smart Specialisation Methodology. Next to the currently developed action plan, this may open opportunities for diversifying the economy of the region. Trenčín's engagement as a pilot region of the Coal Regions in Transition Platform can be expected to further catalyse change. With about 75% of public investments in Slovakia coming from EU funds, they will play an important role in these processes.⁷⁸

⁷⁷ E3G (2018) [Climate & Energy Snapshot: Slovakia](#)

⁷⁸ E3G (2018) [Climate & Energy Snapshot: Slovakia](#)

Stakeholder Mapping: Obilić, Kosovo

The coal region Obilić

The municipality of Obiliq/Obilić is located in central Kosovo. According to the 2011 Kosovo Population and Housing Census, its total population is 21,549.⁷⁹ The economy of the municipality is predominantly based on electrical energy production, agriculture and small trade businesses.

There are three lignite coal mines operating on the territory of Obilić: Belaćevac, Miraš and Sibovc, with coal being the main resource for the power plants Kosovo A Power Station and Kosovo B Power Station.⁸⁰ The Kosovo Energy Corporation (KEK) is the primary employer. The number of jobs provided by KEK is 4,600 and they are almost entirely located in Obiliq/Obilić. Of these 3,000 are direct mining jobs, 800 in Kosovo A Power Station, 600 in Kosovo B Power Station and 200 in services.⁸¹

Lignite is the main energy source in Kosovo. More than 97% of Kosovo's annual electricity production is based on lignite from the mines in Obilić. Kosovo possesses around 12.5 billion tons of lignite in geological reserves and is therefore the country with the second largest lignite reserves in Europe and fifth largest in the world.⁸²

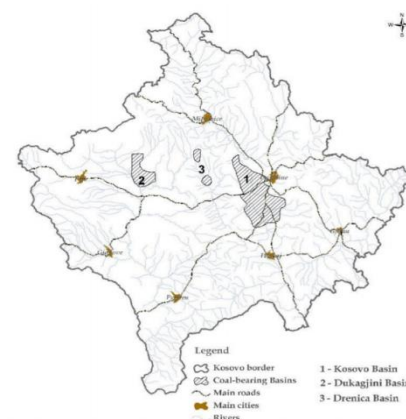


Figure 5: Coal regions in Kosovo

The national and regional policy context

A phase-out of lignite mining and burning in the near future has not been under discussion at the national level in Kosovo and government officials pride themselves on representing a country with large lignite reserves. In January 2018, the Assembly of the Republic of Kosovo adopted the Energy Strategy 2017-2026, one of the most important documents that determines the development for the sector. **The strategy foresees a crucial role for coal in energy generation.** Moreover, the government will continue to support the construction of the Kosova e Re Power Plant (Kosovo C Power Station), which will have a net capacity of 450 MW, with private sector investments in a public-private partnership.

The World Bank (WB) and European Bank for Reconstruction and Development (EBRD) have confirmed that they **will not finance the Kosovo C Power Station**, citing the fact that renewables have now come below the cost of coal.⁸³ ContourGlobal, the US-American company pushing the plant, has recently said it will turn to the US

⁷⁹ OSCE (2018) **Municipal Profile: Obiliq/Obilić**

⁸⁰ Wikipedia (2018) **Obilić**

⁸¹ Information from KEK representatives (2018)

⁸² Ministry of Economic Development (2017) **Energy Strategy of the Republic of Kosovo 2017-2026**

⁸³ Reuters (2018) **World Bank Pulls out of Kosovo Coal Power Plant Project**

Overseas Private Investment Corporation (OPIC) and Export Credit Agencies to finance the project.

According to the Ministry of Economic Development, the World Bank recommended Kosovo to build a 400 MW solar park, a 170 MW wind park and a 350 MW battery storage park but it is unlikely that this recommendation will be taken into account as it is considered to threaten the security of supply of Kosovo's energy needs.⁸⁴

Key stakeholders

The Kosovo Government foresees a crucial role for coal in the country's Energy Strategy, but it considers a phase-out viable around 2060.⁸⁵ On the proposal of the Ministry of Economic Development which is responsible for energy, the Government may designate a specific area in Kosovo as an area of special interest. Exploration or mining license related to an energy mineral are awarded and issued only after the conduct of an open, transparent and competitive tender process.⁸⁶ This does not apply for licenses considered necessary for securing energy supply or attracting considerable direct investments in Kosovo.⁸⁷

The Independent Commission for Mines and Minerals (ICMM) is an independent agency established in the Constitution of the Republic of Kosovo. The ICMM has the general authority and responsibility to ensure the orderly exploration and exploitation of mineral resources in Kosovo and the optimal utilization of mineral resources for all mining operations in accordance with the Law on Mines and Minerals and the Mining Strategy. Any activity involving the exploration, mining and/or processing of mineral resources or any other mining related activity requires a license or permit issued by ICMM in accordance with the law.⁸⁸

Kosovo Energy Corporation (KEK) is a public company which owns and operates generation assets for electrical energy. It is vertically integrated and was incorporated at the end of 2005, with corporate assets fully owned by the Kosovo Government. The company enjoys monopoly power as it generates most of the energy in Kosovo.

Local communities are affected by the extension of mining activities. For example, the village of Hade is impacted by KEK's continuous mining operation expansion, including plans for the nearby Kosova e Re Power Plant, as significant lignite reserves are underneath the village. As of June 2015, the government's push to clear the village forced about 1,000 Hade residents from their homes, with thousands more fearing displacement. In a complaint filed in June 2015, prior to the World Bank announcing that it was withdrawing from the project, **Hade villagers claimed the World Bank had**

⁸⁴ Reuters (2018) [Kosovo Opts for Coal Plant despite Criticism](#)

⁸⁵ Ministry of Economic Development (2018) [Kosovo's Energy Transition](#)

⁸⁶ Energy minerals include lignite, brown coal, coal, anthracite and any other solid carbonaceous mineral.

⁸⁷ Official Gazette of Kosovo (2013) [Law No. 04/L-158 on Amending and Supplementing the Law No.03/L-163 on Mines and Minerals](#)

⁸⁸ Official Gazette of Kosovo (2010) [Law No. 03/L-163 on Mines and Minerals](#)

violated its rules governing “involuntary resettlement”.⁸⁹ They criticized the bank for allowing the Government of Kosovo to take their homes and farmland without fair compensation and without an adequate plan for resettling them.⁹⁰ The process is not yet completed.

Similarly, in September 2017, the Kosovo Government decided to forcibly expropriate properties in Shipitulla on the frontlines of the Kosovo Energy Corporation coal mining zone. The decision went against the Resettlement Policy Framework, adopted based on the World Bank’s rules and procedures around resettlement, as this requires residents’ cooperation and consent with institutional proposals for expropriation and compensation. After meeting with residents, Prime Minister Ramush Haradinaj announced the government would provide financial compensation for residents and allow KEK excavators to resume their work.⁹¹

Balkan Green Foundation as well as the Kosovo Civil Society Consortium for Sustainable Development (KOSID) are supporting the end of coal activities. KOSID has been questioning the necessity of the costly power plant and instead proposed energy efficiency programs which tackle energy losses, renewable energy development and the rehabilitation of the existing Kosovo B Power Station. KOSID also stressed the issue of water and agricultural land shortage and the resettlement of the local population which consists mostly of farmers who will need compensation for the lost land and livelihoods.

Opportunities and risks

Kosovo has set a highly ambitious goal of supplying 29.5% of its gross final energy consumption from renewable energy sources by 2020. However, Kosovo only achieved 3% in 2017.⁹² A low-carbon path exists for Kosovo that integrates energy efficiency deployment, power transmission and distribution grid upgrades, use of both large and small-scale hydropower, solar, biomass and extensive use of wind energy, as assessed by the University of California in Berkeley.⁹³ In fact, Kosovo has considerable solar potential with an average of 278 sunny days and 2000 hours of sun per year, while studies on the wind energy potential of Kosovo vary widely.⁹⁴ To date, there are 33.75 MW of installed wind power and an additional 349.65 MW are in process of being fully authorized and developed.⁹⁵

By transitioning to a low-carbon economy, Kosovo would benefit from gross value added through non-manufacturing investment in construction, installation, grid

⁸⁹ Inspection Panel (2015) **Proposed Kosovo Power Project and Second Additional Financing Energy Sector Clean-up and Land Reclamation Project**

⁹⁰ International Consortium of Investigative Journalists (2015) **War-Torn Village Faces New Threat as World Bank Considers Power Plant**

⁹¹ Pristina Insight (2017) **Kosovo Government Will Apply the ‘Hade model’ for Shipitulla**

⁹² Ministry of Economic Development (2018) **Why We Need the Kosova e Re Power Plant** (*in Albanian*)

⁹³ UC Berkeley (2012) **Sustainable Energy Options for Kosovo**

⁹⁴ Balkan Green Energy News (2017) **Kosovo is Looking for Investments in Solar Energy through Auction Scheme**

⁹⁵ Energy Regulatory Office (2019) **Register of Applications for Construction of New Generating Capacities and Support Scheme Admission**



E3G

connection and planning. Operation and maintenance of renewable power generation assets would contribute to economic value added. The resulting jobs and economic activity would stabilize communities and avoid rural depopulation. In this context, there is substantial potential for circular migration through engaging the international Kosovar diaspora to a domestic energy transition. In particular due to the increased regional connectivity by means of high-voltage power lines, an interconnected energy transition in the Western Balkan would also generate peace-building opportunities.⁹⁶

At the national level, institutional initiatives to support the transition are lacking as the Kosovar government foresee a central role for coal in the energy mix and continues to support the construction of Kosovo C Power Station. Supporters of the project see lignite exploitation as the quickest way out of poverty and a way to ensure Kosovo's energy independence and security.

⁹⁶ Germanwatch (2018) **Phasing in Renewables - Towards a Prosperous and Sustainable Energy Future in Kosovo: Challenges and Possible Solutions**



Acknowledgments

We would like to thank all the experts who have contributed inputs and ideas, including Ada Ámon, Elion Gerguri, Lenka Ilcikova, Shai Kassirer, Besfort Kosova, Stavros Mavrogenis, Pieter de Pous, Alexander Reitzenstein, Klara Sutlovicova and Izabela Zygmunt. We are further thankful for constructive review by Taylor Dimsdale and Helena Wright.

About E3G

E3G is an independent climate change think tank operating to accelerate the global transition to a low carbon economy. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2016 and 2017 E3G was ranked the fifth most influential environmental think tank globally.

More information is available at www.e3g.org

Copyright

This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 2.0 License.

© E3G 2019

Supported by



European
Climate Initiative
EUKI



This project has received funding from the European Commission through a LIFE grant. The content of this report reflects only the authors' views. The Commission is not responsible for any use that may be made of the information it contains.