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Despite climate pledges, China struggles to break coal habit

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XUZHOU, China (Reuters) - In a former mining district in eastern China, authorities have shut dozens of pits and invested billions of yuan to resculpt the broken landscape, creating gardens, forest walks and wetland parks, as well as a small museum dedicated to coal.

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A worker waits for a tour boat to dock at an artificial lake built in a former coal mining district of Xuzhou, Jiangsu province, China September 27, 2018. REUTERS/David Stanway

“There were many villages specializing in running coal mines and when the mines were

shut down we lost around four-fifths of our income - we were under huge economic pressure,” said Meng Qinqxi, a senior Communist Party official in Mazhuang, a village on the outskirts of the heavy industrial city of Xuzhou.

“This problem is not ours alone... but a national policy, and no one can resist it.”

Xuzhou, in the Yangtze River delta manufacturing hub of Jiangsu, shut its coal pits a decade ago after 130 years of mining, one of many districts to stop producing the filthiest of fossil fuels in line with central government directives.

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But despite an unprecedented surge of investment in alternative energies, together with caps on coal use and the establishment of “no-coal zones” throughout the country, China’s overall consumption and production are again rising.

When U.S. President Donald Trump said he was pulling the United States out of the Paris climate accord last year, China reaffirmed its commitments to tackle the problem of coal, by far the biggest source of its climate-warming carbon emissions.

The Intergovernmental Panel on Climate Change (IPCC) said in a landmark report this month that “unprecedented” changes were needed to keep global temperature rises to within 1.5 degrees Celsius, including profound cuts in burning coal.

China has made efforts to cut the share of coal in total energy use, with the figure expected to drop to 58 percent by 2020, down more than 10 percentage points in a decade. It has also already met a 2020 target to cut the amount of carbon dioxide it emits per unit of growth.

But the absolute volumes of both coal and CO2 remain by far the world’s highest, and are still set to rise.

Though some studies have suggested total CO2 emissions peaked at 9.53 gigatonnes in 2013, well

ahead of its official target of “around 2030”, environmental group Greenpeace says they could reach a new high this year or next. Coal production has also risen 5.1 percent in the first three-quarters of this year to 2.59 billion tonnes.

Slideshow (3 Images)

Falling coal demand after 2013, as the economy slowed, lumbered China’s massive coal sector with a huge supply glut and crippling debts. Giant miners such as China Shenhua Energy ([601088.SS](#)) sought to transition into alternative energies amid forecasts of a structural decline in coal use.

But fortunes have recovered rapidly since 2016, when state efforts to shed excess capacity coincided with a revival in demand. Shenhua’s profits nearly doubled in 2017, while net earnings at rival Yanzhou Coal ([600188.SS](#)) surged more than 200 percent compared with the previous year.

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“China embarked on an energy transformation in terms of cutting coal and developing renewables, but we are now facing difficulties on both fronts,” said Li Shuo, senior climate advisor with Greenpeace.

OUTPUT STILL RISING

Big coal-producing regions such as Inner Mongolia and Shanxi have been under pressure to cap capacity, and the state promised to shut 500 million tonnes of annual production between 2016 and 2020. It also banned the import and use of lower-quality coal.

But despite closing uneconomical pits, official annual production capability rose to 3.491 billion tonnes by the end of June, up from 3.41 billion tonnes a year earlier, the National Energy Administration (NEA) said this month. Another 976 million tonnes were under construction.

Closures have been offset by rises in output elsewhere. Though all collieries in Xuzhou have closed, the city’s main mining firm continues to produce large volumes of coal, coal chemicals and coal-fired power, running projects elsewhere in China as well as Bangladesh and Pakistan.

The Xuzhou Mining Group produced 24 million tonnes of coal last year, up 6.7 percent on the year.

And while provinces such as Hebei and Shandong have set targets to cut coal use and convert heating systems to cleaner natural gas, others are still approving new coal-fired power plants.



most readily available option for many local governments, with many already struggling to find enough natural gas to supply local houses with heat.

China’s mainly coal-fired thermal power capacity rose 58 gigawatts (GW) from the end of 2016 to the end of August this year, more than half of all new domestic capacity over the period and almost enough to power Australia, NEA data showed.

According to the China Electricity Council, China added 38.55 GW of coal-fired power capacity in 2017 alone, down 1.42 gigawatts compared with 2016 but still more than the country’s entire nuclear reactor fleet.

NO NEW NUCLEAR

Beijing’s “decarbonisation” plans have been hit by grid bottlenecks and subsidy backlogs that have impeded efforts to maximize solar and wind generation. Solar capacity grew by a record 53 GW in 2017, but additions are capped at 30 GW this year.

They have also been hurt by a slowdown in the construction of nuclear reactors, one of the few alternative power sources that can provide the reliable “baseload” generation role currently played by traditional coal-fired plants.

“With renewables ramping up so quickly, it has given the illusion of decarbonisation, but China is falling into the same trap that Germany has fallen into - deploying lots of renewables that have to be backed up with lots of coal-fired power plants,” said Li Ning, nuclear scientist and dean of the College of Energy at Xiamen University.

With no new commercial reactors approved in nearly three years, local authorities have had little choice but to turn to more cheaper and more reliable coal to provide the baseload.

China pledged to launch another six to eight reactor projects this year, but Li said it was unlikely it would get around to making the required approvals until next year.

“If nuclear can’t keep up, then it is coal,” he said.

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