Participation of Mr Garcia Porras
in the Technology Evening of EPPSA

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- SPEECH -

Introduction

Mr President, Ladies and Gentlemen,

Good evening! It is a great pleasure to be here with you tonight. Let me start by congratulating EPPSA on the initiative of bringing us all together for such a nice occasion. And let me congratulate EPPSA even more on the timing; you have chosen for your event a very particular time and I will explain in a minute what I mean.

Energy Policy for Europe

These are exceptional times for energy. Global demand for energy is rising rapidly. Oil and gas prices are volatile and major new oil or gas discoveries increasingly rare. Global warming is causing dramatic climate change. This needs to be tackled urgently; renewable energy technologies will have to play an important role. Europe needs to guarantee a secure, sustainable and affordable energy in the decades to come.

In response to these challenges, the European Commission adopted a new Green Paper last March 2006. We believe that a bolder and more coordinated approach is needed in the energy field to face global challenges. We see a beginning for an Energy Policy for Europe. The Green Paper emphasises three core objectives: sustainable development, competitiveness and security of supply. To reach them, Europe needs to focus on the development of new power generation technologies that deliver greater efficiency, lower carbon emissions and keep us competitive.

Energy Package

At this very same moment, the Commission is finalising a package of energy initiatives to be adopted in early January 2007.

This package will consist of a set of legislative proposals and reports:

- Firstly, an EU Strategic Energy Review, that will provide a vision and a practical steps on how to achieve it.
- Secondly, a Renewables Road Map on how to push more renewable energy sources in our internal energy market;
- Thirdly, a review on the Internal Energy Market;
- Fourthly, we will examine why interconnections have not been built between some of our Member States ;
- Fifthly, we will look into ways to make use of coal sustainable and ;

- Sixthly, we will adopt a document on nuclear.
- And finally, we will start drawing up the main lines of how to bridge the technology gap for a secure, clean and sustainable energy future with a communication towards the Strategic Energy Technology Plan.

  Let me now focus on Research. Current market failures need to be addressed: Energy R&D budgets (public and private) have halved in real terms since the 1980s. This trend must be reversed. We need to provide certainty, the incentives and the right market framework for accelerated technology development and deployment.

As you see some of our initiatives, such as the Communication on Sustainable coal and the European Energy Technology Plan, will have a lot to do with new technologies in power generation.

Our aim is to promote an energy policy that helps to meet both increase our competitiveness while respecting our Kyoto commitments. We believe that a policy promoting new technologies can turn Europe's these environmental commitments into a competitive advantage.

With respect to power generation, this means bringing clean coal technologies as well as carbon dioxide capture and storage to the European and global markets.

This is particularly important for the energy markets of China and India. And this is particularly important for stakeholders such as EPPSA members. For in all these areas, the Commission will need to bring into the picture not only individual Member States and European power generators but also the research and engineering communities.

Technology Platform for ZEP, the Communication on Sustainable Coal and FP7

What's new in this field?

Many things have already been happening in Europe. Several EPPSA members participate in the Technology Platform for Zero Emission Fossil Fuel Power Plants (ZEP). This Platform has achieved significant results since its inauguration this week exactly a year ago. It has developed two essential documents, the Strategic Research Agenda and the Strategic Deployment Document.

But the adoption of these two documents must only be seen as the first step. The Platform's success will depend on the dedication of its members from the power generation industry but also from the associated sectors. i.e. you, the sector of power plant suppliers.

The Commission puts its weight behind the ambition of the Platform to demonstrate the full commercial viability of new technologies for zero-emission power generation from fossil fuels through a number of industrial-scale demonstration projects in Europe – so-called *light-house projects* – between now and 2020. After that, fast penetration of zero-emission technological solutions in power needs to be ensured.

In our Communication on Sustainable Coal technologies, we will support the vision of the Technology Platform. We will clearly sign up for the implementation of large-scale demonstration plants by 2015, through further support to R&D and changes to the regulatory environment.

Moreover, we will mark our intention to ensure that these technologies are taken up by the generators after demonstration of their commercial viability by 2020 at the latest.

Last but not least, the Communication will address the challenge for the transition period up to 2020: new power plants built in this period should be prepared for retrofitting for CO2 capture and storage (CCS) after 2020 when this technology becomes commercially viable. Something that does not necessarily mean more costs to operators and that will leave us ready for seizing the benefits of this cleaner technology.

As I said, the Commission is prepared to support the R&D in areas identified by the Platform. The subjects of CO2 capture and storage and coal conversion in power generation have already been approved as two of the key activity areas of the energy part of 7th research framework programme (FP7). The Commission intends to pursue these selected topics from the start of FP7.

Furthermore, the FP7 work programme should also support large-scale demonstration projects in later phases of FP7, in line with Platform's ambition. It may not be possible for FP7 to support all [10-12] demonstration projects envisioned by the Platform, or all their phases, but the Commission certainly intends to be heavily involved in significant number of them. It would be important to prioritise. But EU FP7 money should not be the only available. The European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) financing schemes for investments in innovative energy technologies will be available for the above demonstration projects.

The Commission is ready to play its role with regards to sustainable coal technologies. Consequently, you can rightly expect these principles for the implementation of sustainable fossil fuel power generation to have a strong impact on the 7th EU research framework programme and beyond.

International dimension

Zero-emission power generation is not only about R&D. It is about global solutions, as the global threats of climate change are. International co-operation should be developed in our policies, especially with major coal consuming countries such as China and India. Transfer of sustainable coal technologies to the above countries is urgent. The most ambitious proposals include industrial-scale demonstration plants in China and India as early as 2011. China and India need efficiency improvements along the upstream coal value chain.
This can save huge amounts of fuel and can avoid substantial volumes of greenhouse gas emissions. Certainly, these sizeable benefits can be reaped cheaper and much faster than trying to install an enabling policy framework for sustainable coal as it is under way in Europe.

There again will be an opportunity for European businesses such as those in EPPSA to play a role; and, as I mentioned above, also to make business. The Commission is also ready to give its support to European power engineering businesses in this area.
We are for instance aware that the issue of Intellectual Property right should not be overlooked.

Conclusion

The Commission communication on Sustainable Coal Technologies will clearly spell the Commission support to these plans.

But no Commission support will be enough for the ambition of sustainable power generation from fossil fuels if European power industry does not play along. I challenge you, members of EPPSA, to be in the vanguard of the necessary efforts and sign up to the idea of advancing research and deployment of technologies increasing plant efficiency and pushing CO2 Capture and Storage towards commercialisation. I am not asking you to be charitable; I am challenging you to see clearly how much you can gain in the future if you act now. Or, to put it less euphemistically, how much you too can lose if you let this opportunity slip.

Thank you for your attention and enjoy the evening!