

## Italian energy strategy 'must reconsider role of coal': Assocarboni

Italy must work coal into its 2012-2020 national energy strategy if it is to avoid spiraling electricity costs, chairman of coal industry association Assocarboni Andrea Clavarino said Monday.

The country is set to import 19 million mt of steam coal in 2012, up 12% on 2011, but Italy remains some way behind other European countries in the contribution coal makes to power generation, Clavarino said.

"If the Italian government takes to heart the competitiveness of the country, then it should carefully reconsider the role of coal in the new National Energy Strategy," he said, according to a statement.

Speaking at the IEA/Coal Industry Advisory Board plenary meeting in Paris, Clavarino criticized the lack of any reference to the role of coal in the strategy, presently in public consultation.

The plan "inexplicably focuses even more on natural gas, by far the most expensive fuel to produce electricity, which already accounts for 60% of electricity production in Italy. Furthermore, it provides additional subsidies to renewable energy, now at Eur9 billion [\$11.5 billion] per year. This would further increase already expensive bills, not bring them down."

Coal's 12% share of the electricity generation market was the lowest in Europe, Clavarino said. "To regain competitiveness and secure our power supply, we need to rebalance Italy's mix of sources... we need to bring the mix in line to that of other European countries, whose electricity production depends for 60% on nuclear and coal on average."

In the first nine months of 2012 coal consumption increased by about 40% in UK, 10% in Germany, 15% in Spain and 24% in Turkey, Clavarino said.

Existing Italian coal-fired power stations had high efficiency rates, Clavarino said. "Our plants have obtained all the stringent European environmental certifications [EMAS, or EU Eco-Management and Audit Scheme] and boast an average efficiency of 39%, with peaks of 46% in the case of the Torrealvaliga North and for the prospective oil-to-coal conversion at Porto Tolle, Vado Ligure and SEI power plants, compared to the European average of 35%," he said.

Planned new coal units at Porto Tolle (1,980 MW), Vado Ligure (460 MW) and Saline Joniche (1,320 MW) have made some progress in environmental permitting but are stuck in lengthy planning disputes, Assocarboni said.

The price differential between Europe's cheapest (Germany) and most expensive (Italy) wholesale power markets is around 50% at present. On November 16, Platts assessed German Calendar 13 baseload power at Eur46.90-47.20/MWh. Italian Calendar 13 baseload was assessed at Eur70.85-71.35/MWh.