

# Move Public and Climate Finance Beyond Coal



Justin Guay,  
Durban South Africa, December 2011

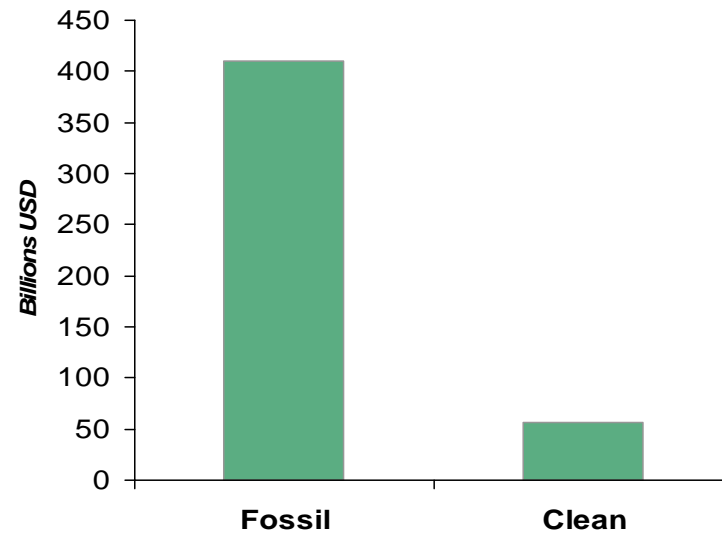
## Overview

- **The Opportunity Cost of Public and Climate Financing of Coal**
- **Coal's Low Carbon Pitch**
- **Coal and Energy Access**

## **Coal's Opportunity Cost**

# Fossil Fuels Don't Need More Support, Clean Energy Does

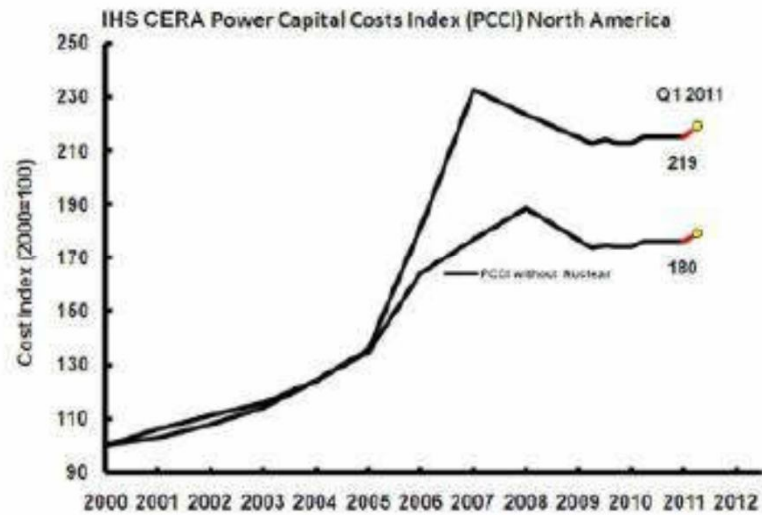
2010 Global Energy Subsidies



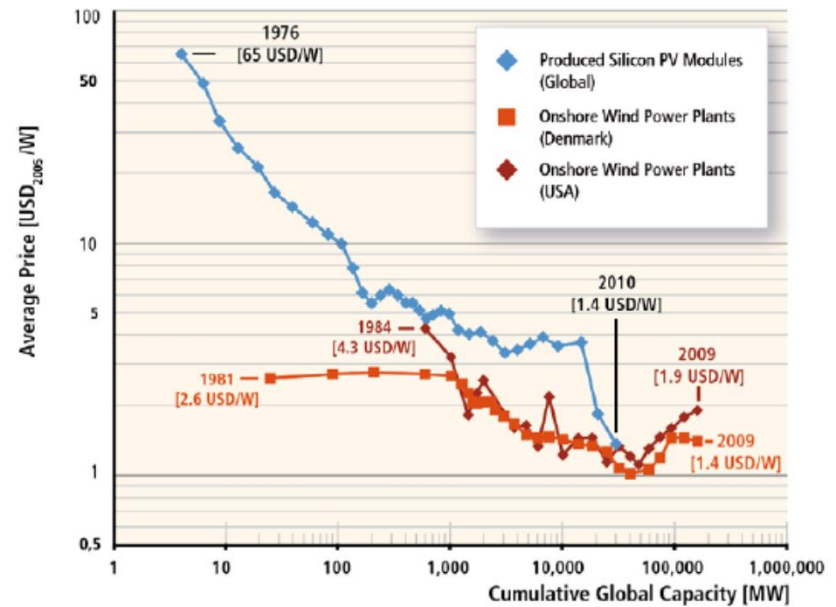
Only 8% of the \$409 billion spent on fossil-fuel subsidies in 2010 went to the poorest 20% of the population

# Financing Coal Throws Good Money After Bad

## Coal Plant Construction Trend



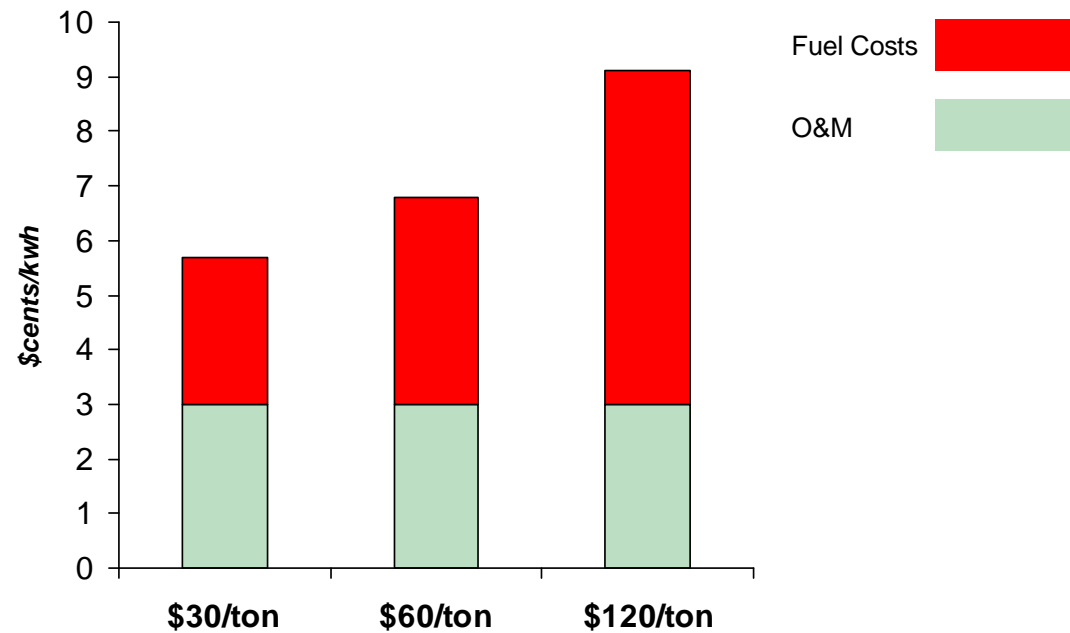
## Clean Energy Trend



Coal is Expensive, Clean Energy is Cheap

# Wise use of scarce Climate Finance? Tata Case Study: An Expensive Boondoggle

Coal Price Impact on Electricity Prices

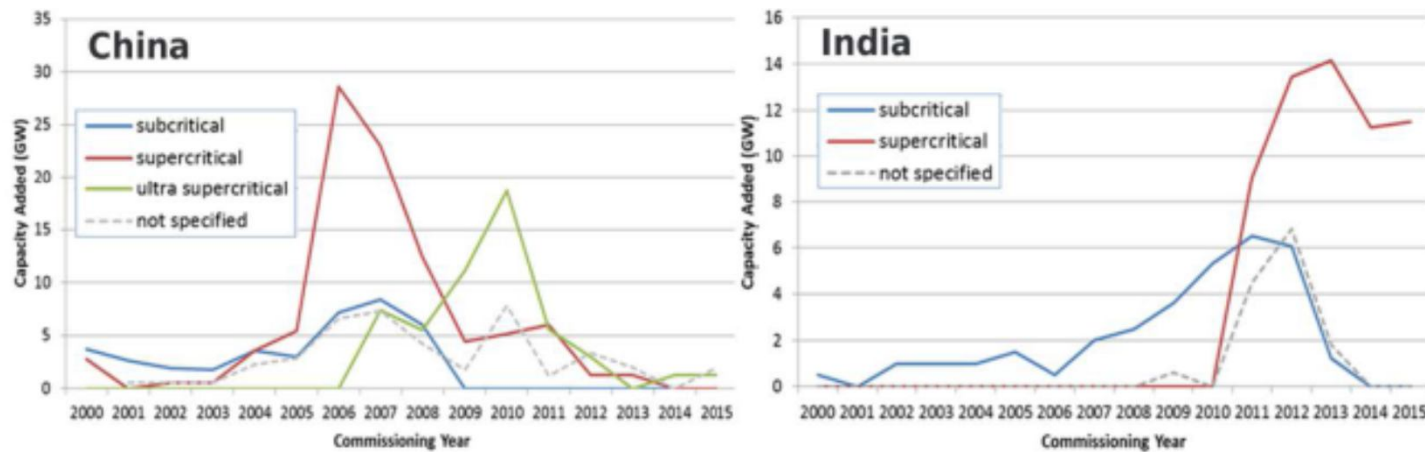


Facing 20-60% Rise in Electricity Prices Tata CEO admitted project is not viable

# **The Reality Behind Coal's Low Carbon Pitch**

# Coal Plant Efficiency Trends

Figure ES-1. Large (400+ MW) coal plants operating, under construction, and planned by commissioning date

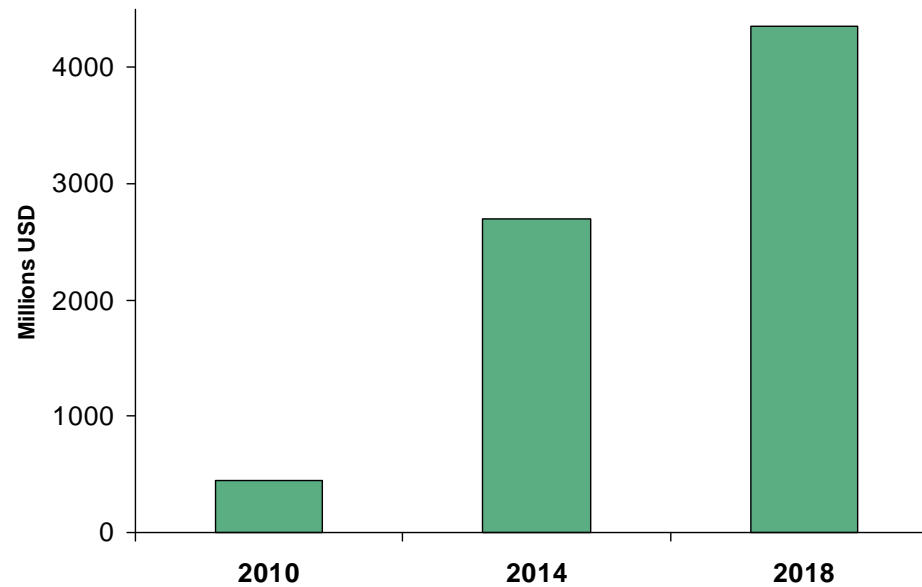


Coal plants are getting more efficient due to soaring coal prices and government mandates, not climate finance



# Rebranding Coal As “Low Carbon”

**Annual CDM Revenue for Coal Projects in Pipeline**



**The Coal Industry Sees the CDM, and other forms of Climate Finance, as “New Revenue Streams”**

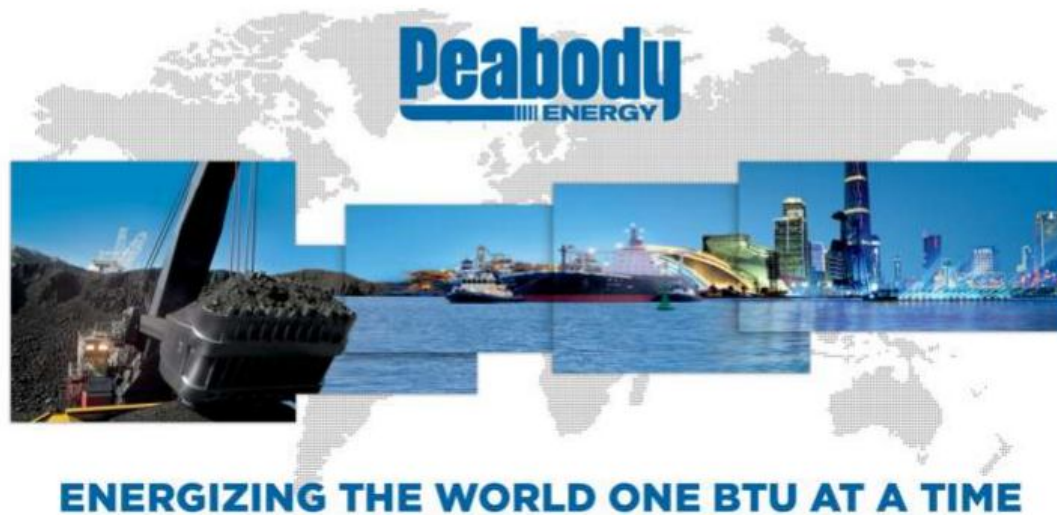
# **The Reality Behind Coal's Energy Access Pitch**

**2011 WCA Conference  
Beijing**

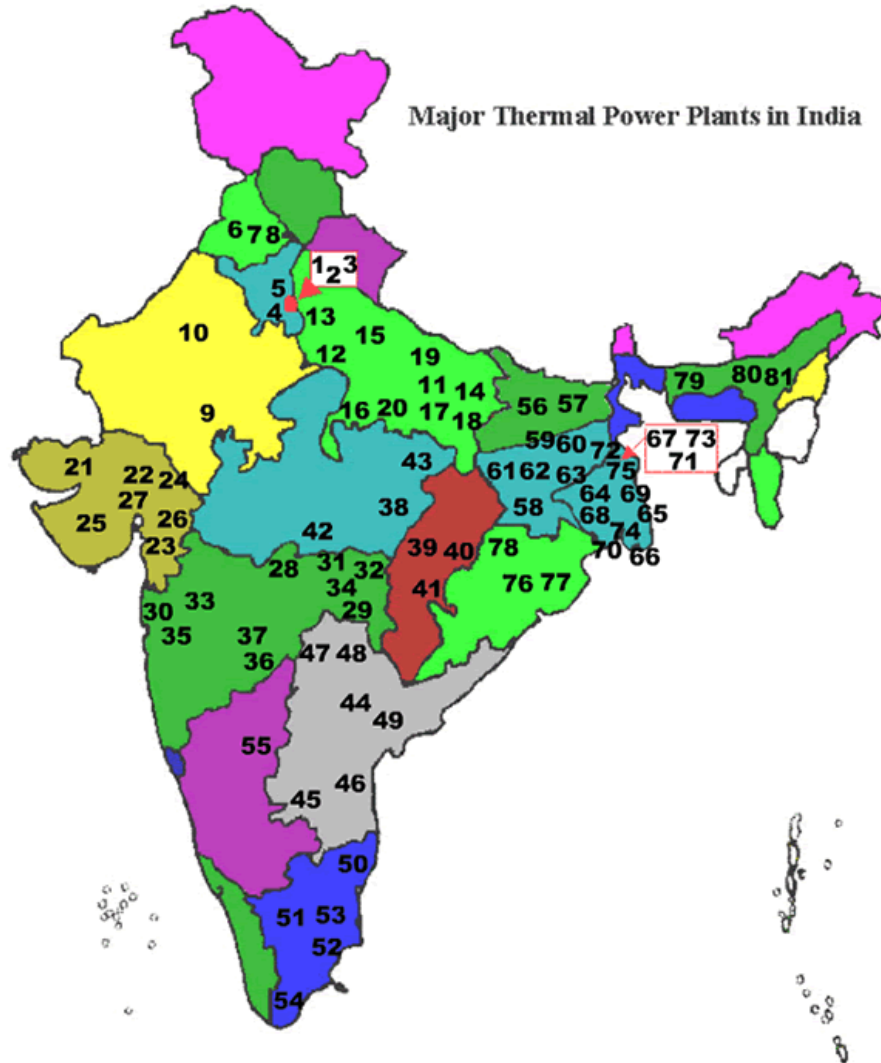
*Greg Boyce  
Chairman and  
Chief Executive Officer*

**Equal Energy Access:  
The Power of Coal**

*June 7, 2011*

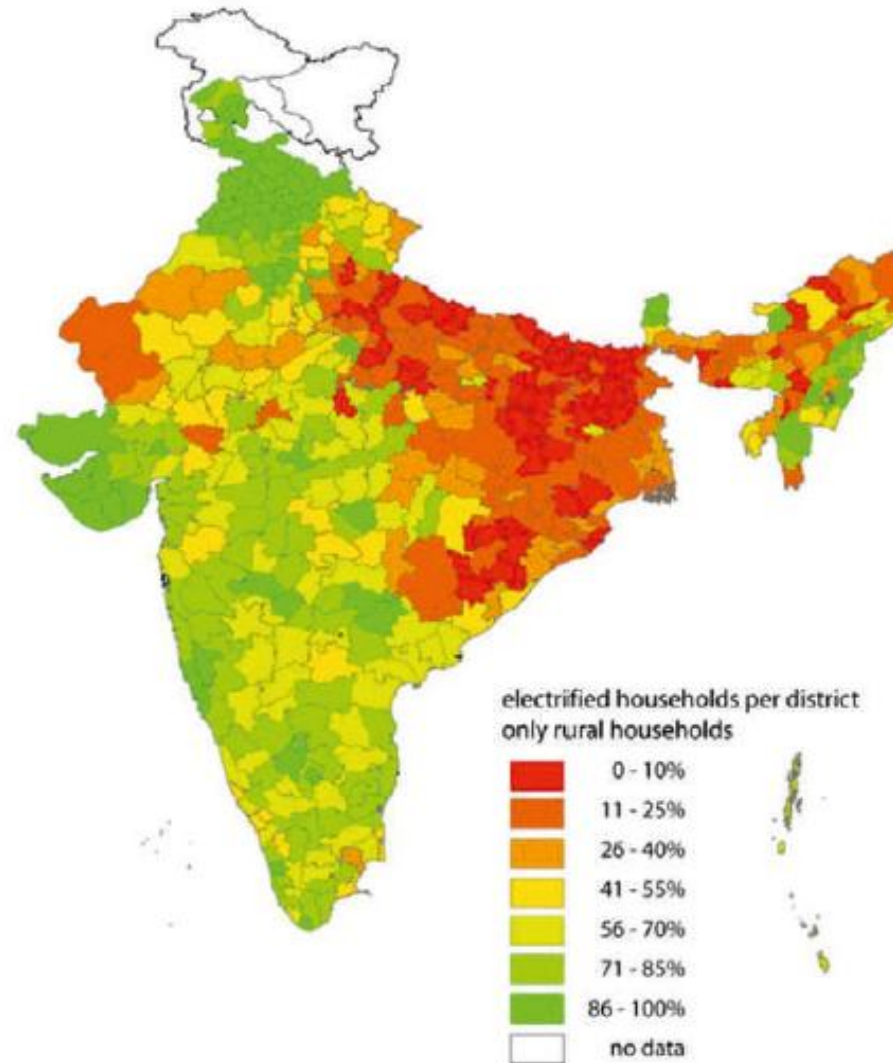


# Coal and Energy Access



(Numbers are approximate geographic locations of the thermal power plants)

Source: Vasudha Foundation



# 4,800 MW Kusile Coal Plant

## \$800 Million in Financing from U.S. Ex Im Bank

**Rate Hikes:** Eskom has recently indicated that it will seek an additional 25% rate increase primarily to cover the cost of Kusile. This comes on top of a 137% increase to finance Medupi.

**Special Pricing Agreements:** Apartheid-era “special pricing agreements” give industrial users, which consume the lion’s share of South Africa’s electricity, guaranteed rates that are among the lowest in the world.

**The Poor Spend More on Energy:** Poorer urban homes spend between 12% and 20% of household income on energy. Tariff increases for poor households will make even basic levels of electricity consumption prohibitively expensive.

**Rural Electrification.** 25% of the South African population has no electricity at all. Adding supply without addressing access and affordability does nothing to reverse the situation.



**Kusile Undermines Energy Access Goals**

Thank you



Justin Guay,  
Durban South Africa November, 2011