

No-coal policies: exemptions from MDBs and governments

Summary:

6 kinds of exemptions are combined:

- Geographic: poorest / IDA countries only
- Technical: best available / accessible technology
- Economic: no other economically feasible alternative based on an assessment
- Social: significant poverty / development impact
- Climate 1: consistent / aligned with country plan to reduce GHG emissions
- Climate 2: accompanied by a significant and measurable offsetting actions.

EIB

115. Any fossil fuel power plant with a specific emission in excess of the EPS could only be financed where it contributes to security of supply on isolated energy systems such as small islands with no feasible mainland energy connection - and only where there is no economically viable alternative.

This criterion will apply to both greenfield projects and plant refurbishment.

116. Exceptions will be made for projects outside the EU located in the poorest countries where it can be demonstrated that projects with carbon emissions above the threshold will have a significant and material positive impact on poverty alleviation and economic development.

EBRD

Coal-fired generation. The Bank will not finance any greenfield coal-fired power plant except in rare circumstances, where there are no economically feasible alternative energy sources.

The Bank will consider financing efficiency improvements to reduce emissions at **existing** coal-fired heat and electricity generating plants only in instances where there is significant potential to reduce carbon and other emissions. In most cases the low-carbon transition will require the replacement of a coal-fired plant by a gas-fired or lower carbon fuelled plant, achieving dramatically lower emissions. However in certain specific situations increasing the efficiency of existing infrastructure may represent the best contribution to achieving worldwide required CO₂ emissions reductions.

Coal screening criteria:

- The infrastructure being considered must be the least carbon-intensive of the realistically available options
- The infrastructure must use best available techniques (BAT), as defined in the IED, in order to ensure that it achieves the lowest feasible carbon intensity
- The plant must also comply with the IED requirements in relation to carbon capture and storage readiness. (...) In addition, reflecting the Bank's strong support for CCS noted above, if CCS is commercially and technically viable for the project the Bank will require it to be implemented.

In addition, the relevant country must accordingly have in place a policy framework that aims to reduce CO₂ emissions, for example through support for renewable energy and energy efficiency.

UK government

The UK Government will only consider MDB proposals for financing coal-fired power plants in the world's poorest countries where no other economically feasible alternative exists. We will consider these on a case-by-case basis, and only when all of the following conditions are met:

- The country is an IDA-only eligible country, where Gross National Income per capita is below \$1,945
- There is a compelling poverty reduction case
- Full consideration has been given to the economic feasibility of low carbon alternatives
- It is part of a credible low carbon development pathway, and meets environmental and social standards
- There is a risk assessment of long term financial viability
- The investment will use best available technology
- An assessment has been carried out of the technical, economic and financial feasibility of building the coal-fired power plant as CCS ready.

US Ex-Im (US export credit agency)

In the "World's Poorest Countries", coal plants projects are required to provide:

- Information demonstrating that the high carbon intensity plant will utilize the most efficient technology available, i.e., the best appropriate technology available to the country where the plant is located, reflecting the capabilities of the country and feasible options to produce power at the most efficient level practical
- An alternatives analysis demonstrating that there are no other economically feasible alternatives to the new high carbon intensity plant. Economic costs should include subsidies and externalities, such as the social cost of carbon emissions, even if not quantified
- An analysis of the expected level of CO₂ production
- Information demonstrating the extent to which the high carbon intensity plant will align with the objectives of any applicable low carbon growth plans of the country.

US position in MDBs

- In IDA-only countries, where energy needs are often the greatest, the MDB could proceed with appraising a coal project that does not meet the best internationally available technology criteria (*note: less than 500 g CO₂/kWh*), if it can be demonstrated that the project overcomes binding constraints on national economic development. In such cases, the coal project must instead demonstrate that it employs the best available technology for reducing GHG emissions that is practically feasible;
- In IBRD and IDA-blend equivalent countries, the MDB could proceed with appraising a coal project only if the following additional conditions are met:
 - o The coal project must deploy carbon capture and sequestration (CCS) technology such that the power plant is designed and constructed with operational CCS sufficient to reduce the plant's carbon intensity to a level of 500 grams of carbon dioxide equivalent per kilowatt hour of gross energy output

- The coal project must be accompanied by a package of significant and measurable offsetting actions in the power sector that, in the aggregate, are intended to reduce its emissions by an amount equivalent to the emissions to be added by the proposed project on a life-cycle basis
- If the coal project is a **retrofit of an existing plant**, then there is an exception such that the CCS requirement need not apply if it is not feasible. However, the retrofit must still use best internationally available technology and be accompanied by sufficient offsetting actions. Coal plant retrofits are defined as upgrades to an existing plant that do not increase its generation capacity.