

# Up in the air

The EU says it is simplifying the laws on industrial pollution but manufacturers and power generators accuse it of complicating matters

By Ben Sampson

The European Commission is considering reducing CO<sub>2</sub> emissions by 30%, up from an earlier target of 20%, by the end of the decade to set an example to the rest of the world.

Industrialists warned that the measures, announced last week, would hit industrial production and cause job losses. Environmentalists accused the industrialists of scaremongering and claimed that a 40% reduction was needed to avoid “climate catastrophe”.

As this familiar Punch and Judy show played out for the media on the European stage, behind the scenes a piece of equally important, but virtually unknown, legislation was being discussed. Its subject is the air we breathe and the electricity we use to power our modern lives.

The Industrial Emissions Directive (IED) aims to reduce industrial pollution and covers all pollutants except CO<sub>2</sub>. It aims to simplify emissions regulations by combining seven pieces of existing legislation into one. The European Parliament is due to vote on the IED on 6 July and experts say it looks likely that much of the law will be passed in its current form.

The IED is one of the largest and most important pieces of industrial legislation to come out of Brussels since the Reach chemicals legislation in 2008. It affects 52,000 industrial installations across Europe, from incinerators and heavy factories to power stations and steel foundries. The legislation treads a fine line between issues of international competitiveness, security of energy supply, and environmental quality.

Power stations have proved a major sticking point in the development of the legislation, and one of the few areas in which the directive has garnered media attention. Some EU countries, such as the UK and Poland, which have a lot of coal power stations generating

electricity, have major issues with the IED. Original proposals meant that up to 14 coal power stations in the UK would probably have to close because the “selective catalytic reduction” (SCR) plant required to treat flue gas and remove NOx emissions is too expensive.

Selective catalytic reduction plant is similar to a catalytic converter on a car exhaust but on a massive scale. It costs hundreds of millions of pounds. Nigel Yaxley of consultancy Energy Edge says: “The UK’s coal power stations are pretty old and have an uncertain future. They will be operating on low load factors because of carbon emission permits and subsidised renewables. These low load factors would make it hard to recoup the cost of SCR.”

Some fossil fuel power stations already operate at less than full capacity in order to meet SO<sub>2</sub> emissions limits under the Large Combustion Plants Directive. With the introduction of the IED, and the date for extra nuclear and renewables capacity and carbon capture and storage slipping into the 2020s, the danger of an energy gap caused by overzealous European legislation in the UK was very real.

Last month a compromise was found and MEPs voted in favour of changing the rules so that these power stations could stay on until 2020. However, a number of parts of the legislation are still causing concern. Kevin Considine, senior climate and environment policy adviser at the EEF, says: “Of major concern is the part that affects large combustion plants and the derogations of ‘best available technique’ for capturing emissions. Although the term ‘European Safety Net’ has been abandoned, the creation of union-wide minimum requirements still exists, just under a different name.

“I don’t see why we need EU-wide minimum requirements. It’s an added

layer of complexity. There is no assessment of the environmental value they would result in.”

The EEF is a member of the UK Alliance on Industrial Emissions Directive formed last year to lobby EU powerbrokers on the legislation. The alliance consists of trade and business associations and is lobbying the European Council for the text of the IED to remain unchanged before it is voted on by the European Parliament next month.

Considine says that the formation of a national transitional plan to low-carbon electricity is still a worry and that manufacturers’ concerns are legitimate. “The manufacturing sector relies on the electricity industry, so does the steel industry. Over the winter there was manufacturing downtime, a clear indication that we have valid concerns.”

David Porter, chief executive of the Association of Electricity Producers, wants legislation that does not cause additional problems for electricity generators in the UK. He says: “We understand people’s anxieties. The industry wants to build new power stations and understands the level of investment and work that is needed to get on and do it. But we are riddled with



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economic and legislative uncertainties, which the IED is part of.

“If the lights go off the industry will get the blame and people will forget the clumsy way this directive was introduced, before the ink on the Large Combustion Plants Directive was even dry.”

If power companies had known in advance that the IED was coming so soon after the Large Combustion Plant Directive, Porter adds, it is likely some would have decided it was too expensive

to keep plants running and would not have installed flue gas desulphurisation plant. Some parts of the electricity industry are beginning to feel legislated out of existence, he says.

“EU politicians take security of supply for granted. At the legislative level in Europe it is very easy to forget the impact on member states. It’s easy for politicians in the commission and parliament to run with an agenda and become too single-minded.

“Our country has to meet EU requirements but it cannot do that in isolation. History shows there are inconsistencies in the way legislation of this kind is implemented across the member states.”

The last revision of the Integrated Pollution Prevention and Control (IPPC) emissions legislation was three years ago, and industry across Europe has been broadly supportive of the legislation because of its “risk-based” approach. The EEF, CBI and other trade organisations believe that to review the IPPC after only three years is premature because many countries have yet to fully implement that legislation.

Considine says: “We don’t have IPPC fully implemented across Europe, which gives rise to competition issues within the EU. A rigid approach might also make the EU less competitive for industry, compared to less regulated places like China.”

The fact that some EU countries have been lagging behind with the introduction of emissions regulations is one of the reasons for the IED, says Sean McGuire, director of the Confederation of British Industry Brussels.

McGuire says that parliament is “unpicking” some critical elements around large combustion plants and Europe-wide minimum standards from the council’s proposed legislation but that the final agreement should be close to the council’s position. The European

Council wants a study to consider plans for Europe-wide minimum emissions standards. Although some countries, such as Germany, already have such a system, a union-wide implementation is complex because pollution levels can vary according to the type of plant used, the geography, climate and local air quality.

McGuire says: “There is no joined-up thinking. This is a directive that treats everything in isolation. Very rarely are the wider economic and social issues of member states considered. We have a climate change problem from a business point of view, but so is security of supply for individual member states.

“A clear strategy is needed in parallel with other legislation, not a shotgun approach.”

Porter agrees that the IED should not make the introduction of low-carbon electricity more difficult for the industry than it already is. “We will see the phasing out of high-carbon electricity production. But we need a transition to meet customers’ expectations of security and price until we get to that brave new world. By forcing the pace we risk a cliff edge of plant closures.”

He says that the industry understands the balance between environmental quality and security of supply. “If you can’t keep the lights on, lots of environmental things are lost. It is important for our health and wellbeing that we have electricity.

“Minimum standards can be achieved but we need time. You can’t suddenly arrive at an ideal situation. The transition is everything.”