

UJEDINJEN BALKAN
ZA ČIST ZRAK
ОБЕДИНЕТ БАЛКАН
ЗА ЧИСТ ВОЗДУХ

BALKANS UNITED FOR CLEAN AIR



BALLKANI I BASHKUAR
PËR AJËR TË PASTËR
UJEDINJEN BALKAN
ZA ČIST VAZDUH

NO ROOM FOR COAL-FIRED THERMAL POWER PLANTS AND POLLUTING INDUSTRY IN THE WESTERN BALKANS ANYMORE

Coal combustion is the biggest individual air pollution source in the Western Balkans, with thermal power plants leading the way. Companies that run them and the states in the region do not adhere to the laws on harmful gas emissions. The same applies for other large combustion plants – industrial plants with the largest energy consumption which, besides electricity production, are mainly responsible for pollution. A continued use of coal-fired thermal power plants will make it impossible to achieve carbon neutrality by 2050. In addition, the industry faces a financial collapse if it fails to quickly adopt cleaner technologies.

What is the path towards cleaner air in the Western Balkans? One of the major polluters is the electricity sector, more concretely coal-fired thermal power plants. If we only look at the industry, apart from electricity production, the biggest polluters include facilities whose operation requires high amounts of energy. These include steelworks, cement factories, refineries and other pollution hot spots at the local level and beyond.

Coal is also used in heavy industry, and for heating – in heating stations, smaller boiler rooms and households. Thus, a switch to cleaner fuels would eliminate the biggest individual cause of air pollution.

Coal-fired thermal power plants constituted 43% of electricity production capacities in the Western Balkans in 2019, however their overall share that year amounted to up to 61%¹. There are no indications that these trends would decrease quickly.

Citizens are unwittingly paying billions of euros to the coal industry

Moreover, there are ongoing projects of coal-fired power plants' construction and reconstruction, as well as those pertaining to the expansion of existing coal mines. Even if the old production capacities were to be shut down once the new ones are operational, the extreme air pollution would still continue, which would prolong the dependency on coal for several decades.

States in the region have paid a total of €72.7 million in direct subsidies for electricity production from coal in 2019. However, this amount is relatively small compared to government loan

¹ WB6 Energy Transition Tracker, Energy Community Secretariat, February 2021.

guarantees, amounting to up to €2.15 billion². This is money paid by all citizens, and these decisions are made without public participation.

The production of electricity from coal and other industrial activities release sulfur oxides (SO_x), specifically sulfur dioxide (SO₂), particulate matter (PM), also called suspended particulate matter, nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and heavy metals such as arsenic, cadmium, lead and mercury.

These are all harmful to health and the environment. For instance, sulfur emissions to the air cause increased soil acidification, thus jeopardizing agriculture. The share of air pollution produced by transportation of materials is not registered as industry-caused air pollution.

Regulations and laws are not enforced

A substantial part of the European Union's environmental acquis has already been integrated in the national legislation of Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Serbia and North Macedonia, respectively. However, due to a failure to accept accountability in the entire chain, from the authorities to the operators of industrial facilities, and the lack of regulation enforcement mechanisms, the permitted levels of air pollutants are still being exceeded.

Governments still view coal as a strategic resource. Violations and delays in introducing environmental protection measures by the companies in that sector, predominantly state-owned, are being tolerated. At the same time, private, mainly foreign investors in the energy-intensive industry are allowed to operate unobstructed despite of violating pollution standards and regulations. According to 2018 data, many countries of the region have exceeded the maximum annual levels of SO₂³ and particulate matter⁴ as specified by their national emission reduction plans (NERP).

Pollution caused by coal-fired power plants in the Western Balkans has a cross-border impact, too. The majority (2,013) of the 3,906 premature deaths attributable to their influence in 2016 occurred in the European Union, while 1,239 occurred in the region itself, and the rest affected other countries.⁵ This contributes to the onset and escalation of international disputes⁶.

Without compromise towards carbon neutrality in 2050

States in the region have opted to join the EU, which implies the implementation of the Union's full range of environmental regulations, as well as the goal of reducing net carbon dioxide (CO₂) emissions to zero by 2050⁷. Given the fact that coal-fired power plants are the biggest source of this greenhouse gas in the Western Balkans, it is difficult to imagine that those facilities could survive.

The EU has similar ambitions for the rest of the industry, as well, so it incentivizes the development of technologies for the use of electricity and hydrogen, along with carbon capture and storage. There are even experimental programs for the production of fuel and other materials from carbon dioxide.

² Investments into the past: An analysis of Direct Subsidies to Coal and Lignite Electricity Production in the Energy Community Contracting Parties 2018–2019, Energy Community Secretariat, December 2020.

³ Comply or Close, How Western Balkan coal plants breach air pollution laws and what governments must do about it, CEE Bankwatch Network, June 2020.

⁴ WB6 Energy Transition Tracker, Energy Community Secretariat, February 2021.

⁵ Chronic coal pollution - EU action on the Western Balkans will improve health and economies across Europe, HEAL, CAN Europe, Sandbag, CEE Bankwatch Network and Europe Beyond Coal, 2019.

⁶ Secretariat concerned about the implementation of NERPs in four Contracting Parties: <https://energy-community.org/news/Energy-Community-News/2021/02/05.html>

⁷ Council of the European Union, Council conclusions on Climate and Energy Diplomacy - Delivering on the external dimension of the European Green Deal, Brussels, 25 January 2021: <https://www.consilium.europa.eu/media/48057/st05263-en21.pdf>

Most of the countries have defined a deadline for phasing out coal, and thermal power plants which run on it are closing down at an accelerated pace. Besides the increasingly strict regulations, owners of fossil fuel-burning power plants are burdened with expenses for permits to release carbon dioxide. The prices of those certificates in the stock market has been hitting record highs for months.

Expensive filters for a futureless fuel

Moreover, the European Union is sending out the message that the oil and petrochemical sectors have no future, and that fossil gas will only serve as a transitional fuel. The EU also plans to quickly introduce a CO₂ tax on imported goods and services, which would probably automatically shut down many export-oriented polluters in our region. One shouldn't exclude the possibility of those mechanisms becoming stricter, and that the bar with regard to mitigating global warming and its consequences will be raised.

Apart from the fact that reconstruction and installation of filters and desulfurization units in thermal power plants is being delayed in the Western Balkans, thus perpetuating air pollution and jeopardizing public health, these expensive interventions will also raise the costs of their closure⁸, which increasingly seems inevitable. One should also note that all this environment protection equipment runs on electricity, so it is logical to assume that it will be produced by the same coal-fired power plants, thus increasing the consumption of this fossil fuel.

Role of the citizens and the civil society

The most important prerequisite to reducing air pollution caused by the industry is a zero-tolerance policy towards environmental law and standards violations by the competent institutions⁹. The civil society can make a contribution by strengthening its capacities for launching court cases, which will, in turn, improve judicial procedures.

Legal interventions should be followed by awareness-raising campaigns aimed at securing citizens' support. Citizens also have an important role in alarming the authorities and running media campaigns. According to the Aarhus Convention, they have the right to take part in decision-making during the analysis of the existing and planned industrial facilities' environmental impacts. With regard to this matter, they can use the assistance of international institutions and environmental organizations.

Local communities which suffer the consequences of pollution from the nearby industrial facilities are particularly important in triggering a reaction from the authorities. International financial institutions such as the European Bank for Reconstruction and Development and the World Bank, and even private creditors, can also represent a significant factor if they condition granting loans with adherence to environmental regulations.

Together we are stronger

An independent judicial body and financial penalties could be introduced within the Energy Community, an international organization which mediates in the matter of the EU energy market's expansion to countries which include the Western Balkans states. This requires support from the Brussels administration, as well as by civil society and the region's countries.

The entire Western Balkans is struggling with more or less the same challenges, which include industrial pollution. Therefore, joint action by activist groups addressing the European Union, the Energy Community and international organizations, is more effective than individual claims.

⁸World Bank Regional Note on Air Quality Management in the Western Balkans: Bosnia and Herzegovina, Kosovo, and North Macedonia, March 2020.

⁹ An Energy Community for the Future, Report by the High Level Reflection Group of the Energy Community, May 2014, p. 19

The fulfillment of obligations contained in the Green Agenda for the Western Balkans, accepted by the region's countries upon signing the Sofia Declaration in November 2020, would open the access to non-refundable grants and the European Union's support to a just transition.

Even if we disregard all of the aforementioned, the majority of coal mines and thermal power plants could not survive in the market if they were not receiving said subsidies. These funds would have to be reallocated to social programs and workers' requalification, repairing and repurposing of facilities and mines, and the development of projects for generating energy from renewable sources. The electricity system would thus be transformed with a minimal impact on the society, energy security and public finances.

Coal mines occupy huge areas and can be used for the installation of solar power plants which would compensate the electricity production capacities.

In any event, the society is extremely jeopardized by air pollution and a substantial improvement is impossible without the implementation of the laws on environmental protection. Industrial production plants, both large and small, must turn to cleaner technologies, otherwise they will not be able to survive.

The Western Balkans countries have agreed, inter alia, to align their policies with the EU emissions trading system – EU ETS. The costs of permits for the release of carbon dioxide are increasingly diminishing the sustainability of generating electricity from coal. For that reason, one can expect that the reconstruction and construction of power plants will be abandoned, and that the existing ones will quickly shut down, which would drastically reduce air pollution.

