

Katowice, 4th April 2023

An open letter to MEPs

Dear Sirs/Madams,

in relation to the European Parliament's work on the draft EP and Council Regulation on reducing methane emissions in the energy sector, as those responsible for the fate of mining companies in Poland, **we consider it our duty to notify you that the adoption and implementation of the Regulation in its current wording will lead to the sudden closure of 7 methane-containing mines of PGG S.A. and Tauron Wydobycie S.A. within three years, and after another three years – 2 more mines of PGG S.A. The Regulation also threatens coking coal mines: the draft says that methane emission limits will be imposed on these mines after 3 years. We do not know what these limits will be, but it is expected that they will be as restrictive as for thermal coal mines. This is all the more dangerous as coking coal deposits are characterised by much higher methane levels. In total, this means the loss of at least 50,000 jobs in the mining industry itself and around 200,000 jobs around the industry that depend on mining, without any chance of replacing the lost jobs in the regional labour market.**

The Regulation imposes its restrictions on mining facilities in only one EU country – Poland, which accounts for 95 per cent of hard coal production in the European Union. The emission limits included in the project are impossible to meet in any deep mine with methane deposits. The mines threatened with closure are among the modern mining facilities that have been improving the efficiency of demethanation for years (now almost 40 per cent, when a quarter of a century earlier it was only over 25 per cent). Despite the continuous increase in the methane content of coal deposits (along with the depth of exploitation), nominal methane emissions to the atmosphere are declining and the utilisation of the gas captured by the demethanation systems for energy purposes is increasing and amounts to more than 60 per cent. Many methane-containing mines use up to 90-100 per cent of the methane that can be captured. Unfortunately, none of them will be able to function once the Regulation comes into force. The concentration of methane in the air from ventilation of underground workings is only up to 0.5 per cent, and there is no industrial technology in the world today that can completely, safely and effectively capture methane from ventilation air. Reading the Regulation from an expert point of view leads to the conclusion that the authors of the document are attempting to regulate such technological areas, which they have no idea about.

We recall that in Poland, two years ago, workers, employers, the government and local authorities worked out, with the utmost difficulty, a social contract with a timetable for the liquidation of the country's coal mining industry until 2049. This plan has been prenotified by the European Commission, meanwhile, the new methane regulations nullify the entire programme for a just and sustainable transition, forcing the abrupt acceleration of mine closures by several decades and without proper preparation. At the same time, some mines are intended for closure as early as the 2030s, and if the decommissioning is to proceed smoothly, it makes no sense to burden these facilities with unexpected difficulties. This state of affairs ruins the citizens' trust in the European legislator and will lead to a massive social crisis, tensions and protests of unforeseeable magnitude.

The proposed legislation is counterproductive because not only will it not lead to a reduction in methane emissions, but it will add to them globally with quantities derived from the transport of coal brought into the EU from places several thousand kilometres away. Indeed, the Regulation exempts coal importers from obligations imposed on EU coal producers by allowing unverifiable declarations of methane emissions from mines operating on other continents. We strongly emphasise that the drastically declining production from EU coal mines in comparison to the increasing global extraction is irrelevant for coal mining methane emissions in the global balance (out of more than 8 billion tons mined globally in 2021, domestic extraction accounted for about 0.7 per cent). Such a marginal methane reduction effect certainly does not justify the cost in the form of the destruction of entire European industries.

Almost half of the mines threatened by the methane regulation produce coking coal, which the EU itself has included in its list of raw materials of critical and strategic importance for the safety of the community. It is essential for steel production, and the mines listed are the only EU producers of this type of coal and cover 25% of needs. Their closure will make it necessary to increase imports, which already amount to 75%, and will lead to total EU dependence on external supplies in a situation where existing supply chains are drastically disrupted (the embargoed Russia used to be the EU's third largest supplier of coking coal and the second largest supplier of steel, ahead of Ukraine). Thermal coal, on the other hand, in the context of the war in Ukraine, the fuel crisis and the natural gas deficit in Europe, currently has a rescue function and will remain a very important own, stable and cheap energy carrier in the European mix over the next few years. It is clear that without the steel industry and cheap energy, it will be impossible, among other things, to pursue the development of renewable energy sources and an ambitious energy transition, which means that initiatives such as the methane regulation are simply like sawing off the branch on which one is sitting.

Given these arguments, we call on you to make a fact-based reflection and firmly oppose attempts to adopt the document in its current, harmful form. We are convinced that a sensible revision of the content of the regulation should move in the direction of a derogation for hard coal mines (with particular emphasis on coking coal mines and mines scheduled for closure in the near future). In the event that these facilities are regulated to reduce methane emissions, it will be necessary to realign the emission limit from 3-5 tons per kiloton of extracted coal to at least 8 tons for thermal coal mines and then correspondingly higher for coking coal mines, as well as to extend the transition-preparation periods and support for financing investments to improve the efficiency of mine demethanation.

Please remember that by voting on the unacceptable methane regulation you are deciding on the fate of hundreds of thousands of people needlessly threatened with the loss of their jobs and on the future of a multi-million EU region that will be deprived of its very basis of existence and opportunities for sustainable development.



Tomasz Rogala
President
of the Management Board
Polska Grupa Górnicza S.A.



Wojciech Kałuża
Vice-President
of the Management Board
for Development
Jastrzębska Spółka Węglowa S.A.



Jacek Pytel
President
of the Management Board
Tauron Wydobycie S.A.