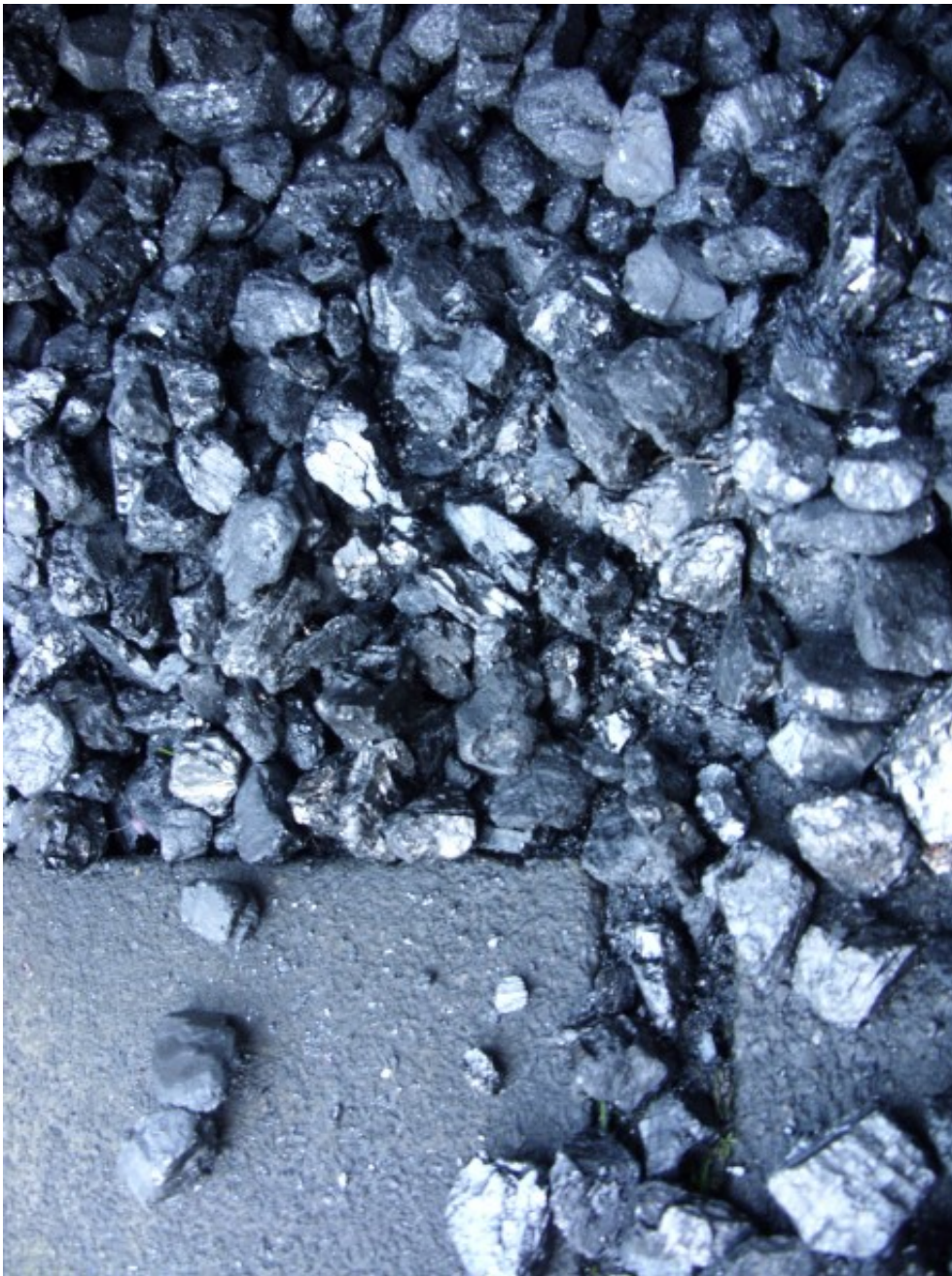


# Economist suggests world needs to price coal correctly to reduce reliance on it (Update)

September 18 2015, by Bob Yirka

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Credit: Grant Wilson/public domain

(Phys.org)—Economist Ottmar Edenhofer with Technische Universität Berlin, has published a Perspectives piece in the journal *Science* outlining the reasons for coal dominance as a means for producing electricity around the world, and the problems that it is causing. He suggests it is time for world governments to start looking at the actual cost of coal use as a means for deterring its use before emerging countries build coal fired plants that will almost assuredly cause the world to go over its goal of holding global temperature rise to just two degrees Celsius.

Over the past decade, [coal](#) use has come to replace oil as the leader in greenhouse gas emissions— Edenhofer suggests there is a very simple reason for that, burning coal is the cheapest way to produce electricity. But, he also notes, that is only because its cost does not truly reflect reality. He suggests there are two main reasons why the cost of using coal is understated. The first is because of governments subsidizing coal and other fossil fuels by allowing them to be sold in domestic markets below market prices. The other is because of governments ignoring other [costs](#) associated with the use of coal, such as the price in lives of those that succumb to air pollution, associated medical costs and other problems associated with such pollution—and of course the costs, whatever they may be, of global warming. He claims that data from the IMF suggests that if the true costs of coal use were used in decision-making, that its cost would climb higher than that for renewable resources such as solar and wind.

The real problem, he adds, is that keeping coal use prices artificially down now, is very likely to cause much bigger problems for the world later. Emerging countries that are not among the big emission producers

right now, are building coal fired power plants—plants which once put online, will not be shut down simply because it has become cheaper to produce it in other ways. Many such plants are being built, with many more to come, a problem that could be exacerbated by even lower global prices if more developed countries move from coal to renewable resource technology. That means the artificially low cost of coal right now is going to cause huge long-term increases in emissions later, along with an associated rise in [global warming](#).

We need to do something to change this, he warns, before it is too late.

**More information:** King Coal and the queen of subsidies, *Science* 18 September 2015: Vol. 349 no. 6254 pp. 1286-1287. [DOI: 10.1126/science.aad0674](#)

### **Abstract**

Coal is the most important energy source for the Chinese economy. Other rapidly growing economies in Asia and Africa also increasingly rely on coal to satisfy their growing appetite for energy. This renaissance of coal is expected to continue in the coming years (1) and is one of the reasons that global greenhouse gas (GHG) emissions are increasing despite the undisputed worldwide technological progress and expansion of renewable technologies (2). The implications for long-term GHG emissions are serious because, once installed, a coal power plant will emit for decades. Fossil fuel subsidies support investments in coal capacities around the globe and thereby threaten the achievement of climate change mitigation goals. Targeted reform of these subsidies could yield benefits for climate change mitigation as well as other development objectives.

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