



Council of the
European Union

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CCG 51

LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: Position of the European Union as regards the adoption, by written procedure, of a decision by the Participants to the Arrangement on Officially Supported Export Credits of the Organisation for Economic Cooperation and Development to review the Coal-Fired Electricity Generation Sector Understanding contained in Annex VI of that Arrangement

The position of the European Union as regards the adoption, by written procedure, of a decision by the Participants to the Arrangement on Officially Supported Export Credits of the Organisation for Economic Cooperation and Development to review the Coal-Fired Electricity Generation Sector Understanding contained in Annex VI of that Arrangement is to support the following amendments to the Arrangement to reflect the Participants agreement' to limit support for coal related transactions:

1. Deletion of Annex VI ("Sector Understanding on Export Credits for Coal Fired Electricity Generation Projects");
2. Insertion of the following Article:

"6. PROHIBITIONS ON ARRANGEMENT SUPPORT

Participants shall not provide officially supported export credits or tied aid for:

- a) The export of new coal-fired electricity generation plants or parts thereof, comprising all components, equipment, materials and services (including the training of personnel) directly required for the construction and commissioning of such power stations. The addition of a new coal-fired electricity generation unit to an existing plant is deemed to be a new coal-fired electricity generation plant.

- b) The export supply of equipment to existing coal-fired electricity generation plants, unless all the following conditions are met:
 - i. The purpose of the equipment supplied is air pollution abatement, water pollution abatement, or CO₂ emissions abatement;
 - ii. The equipment supplied induces neither an extension of the useful lifetime of the plant nor a capacity increase.
- c) The prohibitions set out in paragraphs a) and b) above do not apply to coal-fired electricity generation plants that operate with effective carbon capture utilisation and storage (CCUS) facilities or the retrofitting of existing coal-fired electricity generation plants to install CCUS, as provided for under Project Class A of Appendix II to Annex IV.
- d) Participants agree to undertake a review, upon request by a Participant, of non-CCUS CO₂ emission abatement technologies which may be developed in the future, for purposes of exceptions from paragraphs a) and b) above. The inclusion of any future exception shall be based on a consensus decision by the Participants.

- e) This Article shall be reviewed no later than 31 December 2022, in order to contribute to the common goal of addressing climate change, taking into account:
- i. The most recent reports on climate science and the implications for global infrastructure investment decisions of holding the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels;
 - ii. Officially supported export credits or tied aid support to other coal related projects;
 - iii. Availability of CCUS technology; and
 - iv. Availability of non-CCUS CO₂ abatement technologies."

3. Amendment of paragraph a) of Article 13 as follows:

"a) For non-nuclear power plants, the maximum repayment term shall be 12 years. If a Participant intends to support a repayment term longer than that provided for in Article 12, the Participant shall give prior notification in accordance with the procedure in Article 45."

4. Amendment of Article 8 of the Renewable Energy, Climate Change Mitigation and Adaptation and Water Projects Sector Understanding as follows:

"8. FUTURE WORK

The Participants agree to examine the following issues:

- a) Term-adjusted risk-premia.
- b) Conditions for low emission/high energy efficiency fossil fuel power plants including definition of CCUS-readiness.
- c) Net zero energy buildings.
- d) Fuel cell projects."

5. Amendment of Project Class A, Type 1 and 2, in Appendix II of the Annex IV of the Renewable Energy, Climate Change Mitigation and Adaptation and Water Projects Sector Understanding, as follows:

"APPENDIX II: CLIMATE CHANGE MITIGATION SECTORS

PROJECT CLASS	DEFINITION	RATIONALE	STANDARDS USED	REPAYMENT TERMS
Project Class A: Carbon Capture Utilisation and Storage				
TYPE 1: Fossil Fuel Power Plants with Operational Carbon Capture, Utilisation and Storage (CCUS)	A process consisting of the separation of CO ₂ stream from the emissions produced by fossil fuel generation sources, transport to a storage site, for the purposes of environmentally safe and permanent geological storage of CO ₂ or use as an input or feedstock to create products or services.	To achieve low carbon emission levels for fossil fuel power sources.	Carbon intensity shall achieve a level equal to or less than 350 metric ton CO ₂ per GWh vented to atmosphere ¹ ; Or In the case of all projects, a capture and storage rate that would reduce the plant's carbon emissions by 65% or greater; Or The capture rate has to be at least 85% of CO ₂ emitted by the equipment included in the application for officially supported export credits. The 85% is to apply at normal operating conditions.	18 years

PROJECT CLASS	DEFINITION	RATIONALE	STANDARDS USED	REPAYMENT TERMS
Project Class A: Carbon Capture Utilisation and Storage				
TYPE 2: CCUS Projects as such	A process consisting of the separation of CO ₂ from industrial or energy generation sources, transport to a storage site, for the purposes of environmentally safe and permanent geological storage of CO ₂ or use as an input or feedstock to create products or services.	To significantly reduce carbon emissions from existing sources.	In the case of all projects, a capture and storage rate that would reduce the industrial or energy generation carbon emissions by 65% or greater; Or The capture rate has to be at least 85% of CO ₂ emitted by the equipment included in the application for officially supported export credits. The 85% is to apply at normal operating conditions.	18 years

¹ In the case of a plant fuelled by natural gas, significantly lower carbon intensity is expected to be achieved."