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# Corrigendum

Please note that despite our best efforts to ensure quality control, errors have slipped into the Medium-Term Coal Market Report 2015


The text in page 14 has changed. It should be replaced by the following page.

only, in China. The Environmental Protection Agency (EPA) rules in the United States and the Large Combustion Plant Directive in Europe have led to a wave of decommissioning coal plants, some of which would have continued to operate with existing climate policies. Local communities have also resisted coal plant investments, which led to project cancellations in several countries.

**Coal restricting policies are increasingly adopted worldwide.** Renewable feed-in-tariffs, $CO_2$ pricing, coal taxes and other measures to reduce emissions together with the increasing competitiveness of renewables are causing coal to struggle to maintain its place in the power mix. In addition, some multilateral development banks, export credit agencies in some countries, and other international financial institutions have set policies that make financing coal plants overseas very difficult. Other institutions are discussing the possibility of imposing similar policies. Pension funds and others are also divesting from coal or from fossil fuels more broadly. Nevertheless, lack of access to financing has not yet emerged as a major constraint for coal investments.

## The golden age of coal in China seems to be over

**We revise our global demand forecast downward by over 500 million tonnes of coal-equivalent (Mtce).** Coal demand will grow to 5814 Mtce through 2020, which is 0.8% per year on average. Half of the growth, 149 Mtce, will occur in India. The ASEAN region represents over one-quarter, i.e. 79 Mtce, with lower growth in other regions such as Other Asia. On the contrary, we expect a decline of 75 Mtce in the United States and a decline of 22 Mtce in OECD Europe. Coal power generation will drive demand growth, with global capacity growing over 200 GW by 2020. However, because power demand will grow even faster, the share of coal in power generation will fall from the current 41% to 37%. This forecast makes cautious assumptions on the rebalancing of the Chinese economy. As a result of the global slowdown, the share of coal – after two decades of increasing in the world's energy mix – is now declining. We estimate that from 2014 to 2020 the share of coal will fall from 29% to 27% of total primary energy. If a deep restructuring in China leads to the peak coal case, there would be an even steeper decline to 26%.

**With cautious assumptions on the rebalancing of its economy, Chinese coal demand levels off through 2020.** This is driven by three factors: first, the economic growth forecast is weaker than last year. Second, structural reforms are also gathering momentum. Projections of energy-intensive industries reliant on coal, like steel and cement, have been revised downward and, in some cases, to a decline. Given that gas and oil power generation is very limited in China, coal competes with low variable-cost nuclear and renewables; consequently, lower electricity demand projections primarily affect coal demand. In addition, lower expected production of steel and cement is reflected in industrial coal use. Low oil and gas prices add to the well-known issues related to water and $CO_2$ emissions, making coal conversion, especially coal-to-gas, lose momentum in China. These three factors, together with China's ongoing efforts to diversify away from coal to achieve a more energy-efficient economy and to address local pollution, lead to a levelling out of coal use. China is the largest renewable investor in the world economy; however, without structural change to cut the energy intensity of Chinese GDP growth, even large-scale renewable investments would succeed only in the slowing down of Chinese coal.

**Accelerated structural reform and clean energy policies could lead to a downward trend in Chinese coal demand**. For the first time since the *Medium-Term Coal Market Report* was first produced in 2011, a "peak coal scenario" in China is probable. The drivers of this peak would be an even