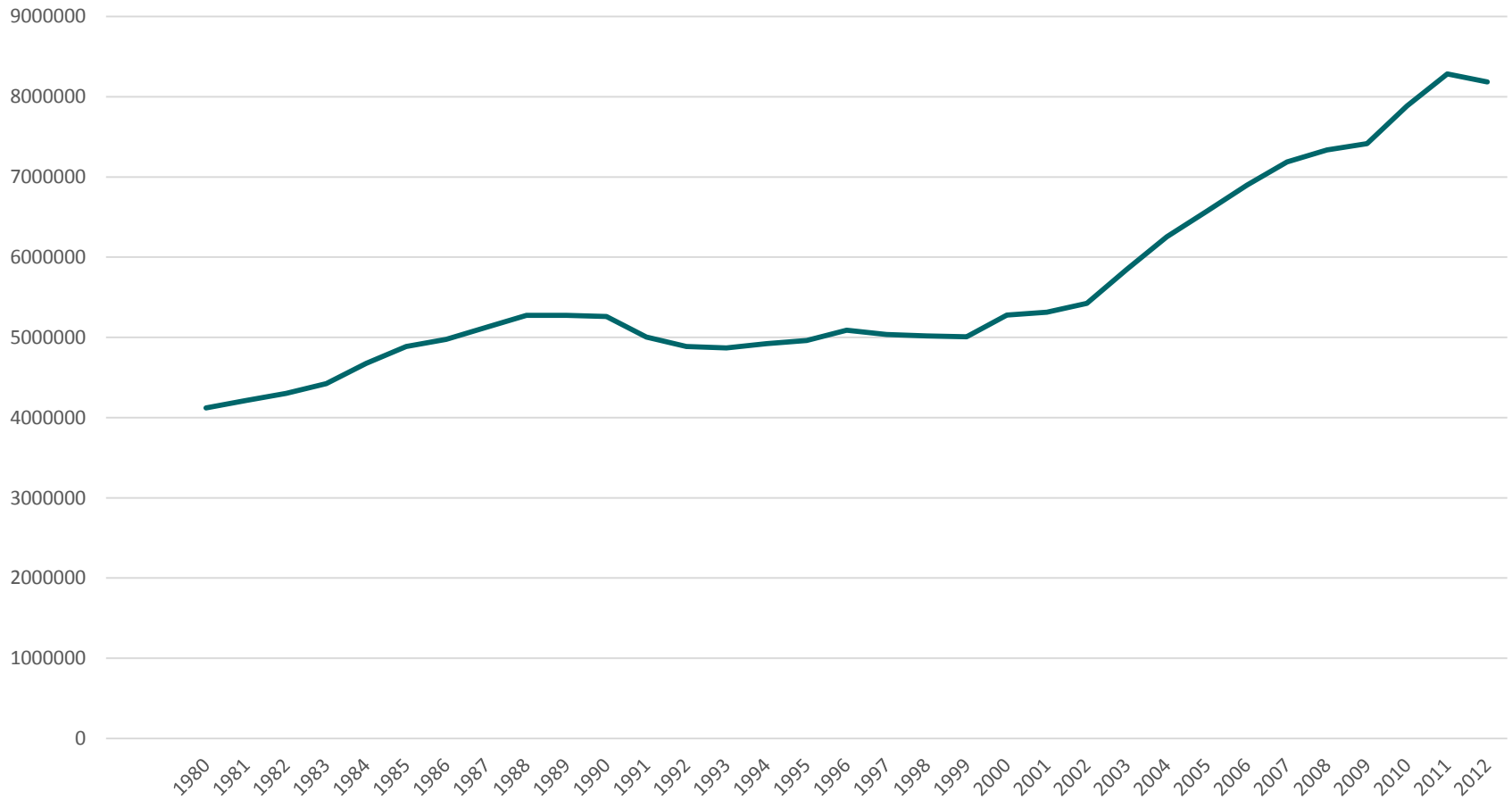


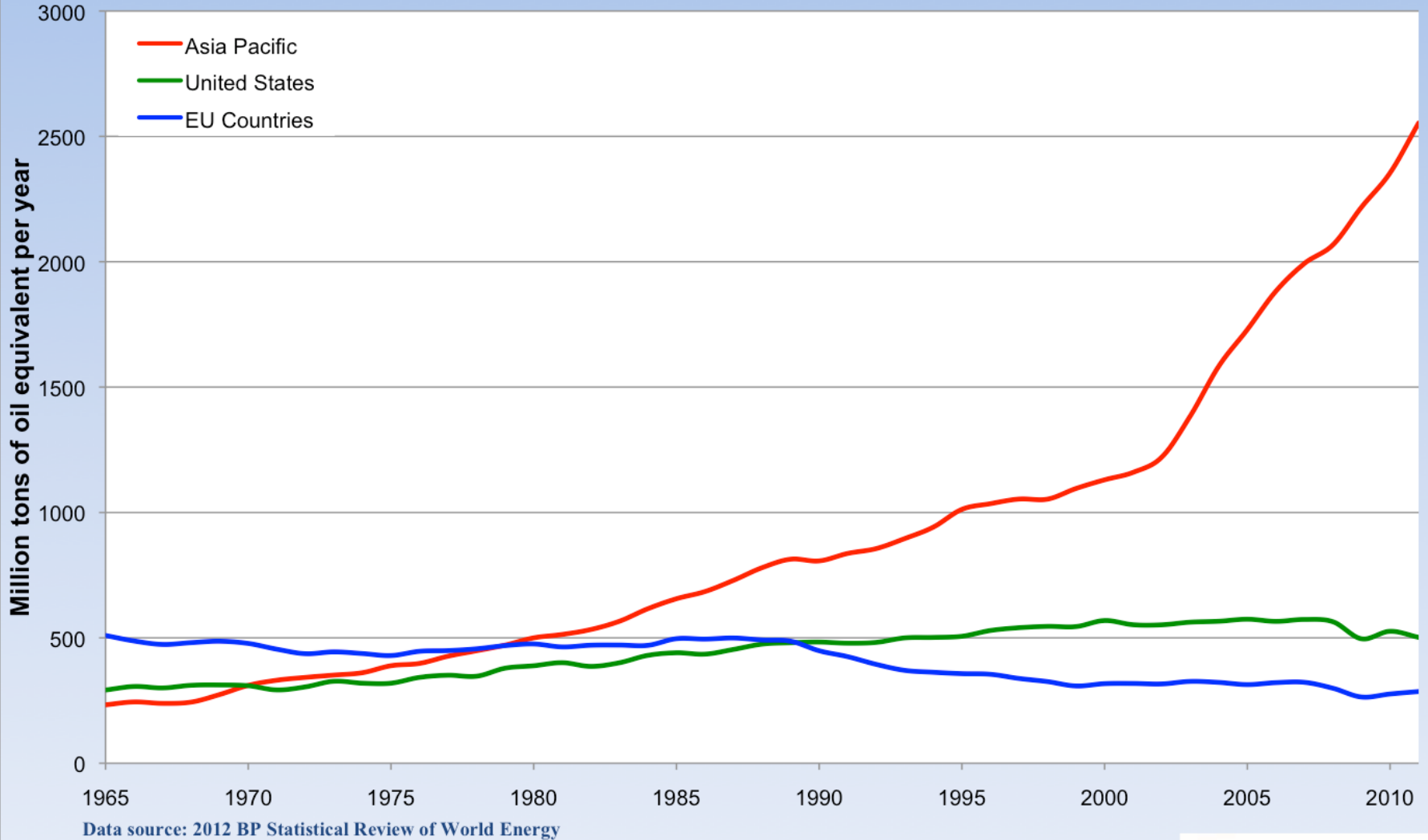
# Negative externalities: example of King Coal

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World consumption of coal (thousands of short tons, EIA)



# Coal Consumption 1965-2011

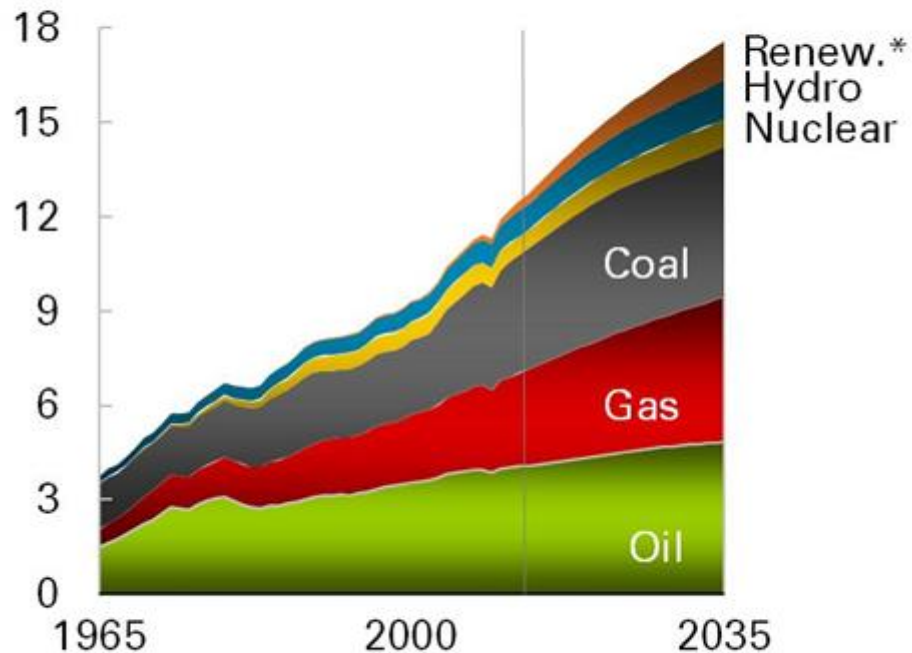


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## Consumption by fuel

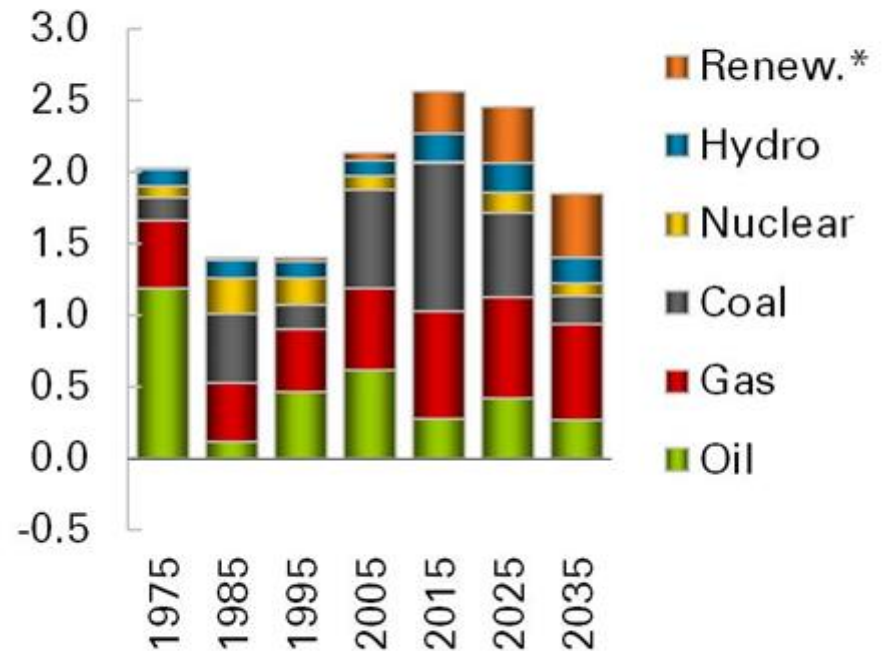
Billion toe



\*Includes biofuels

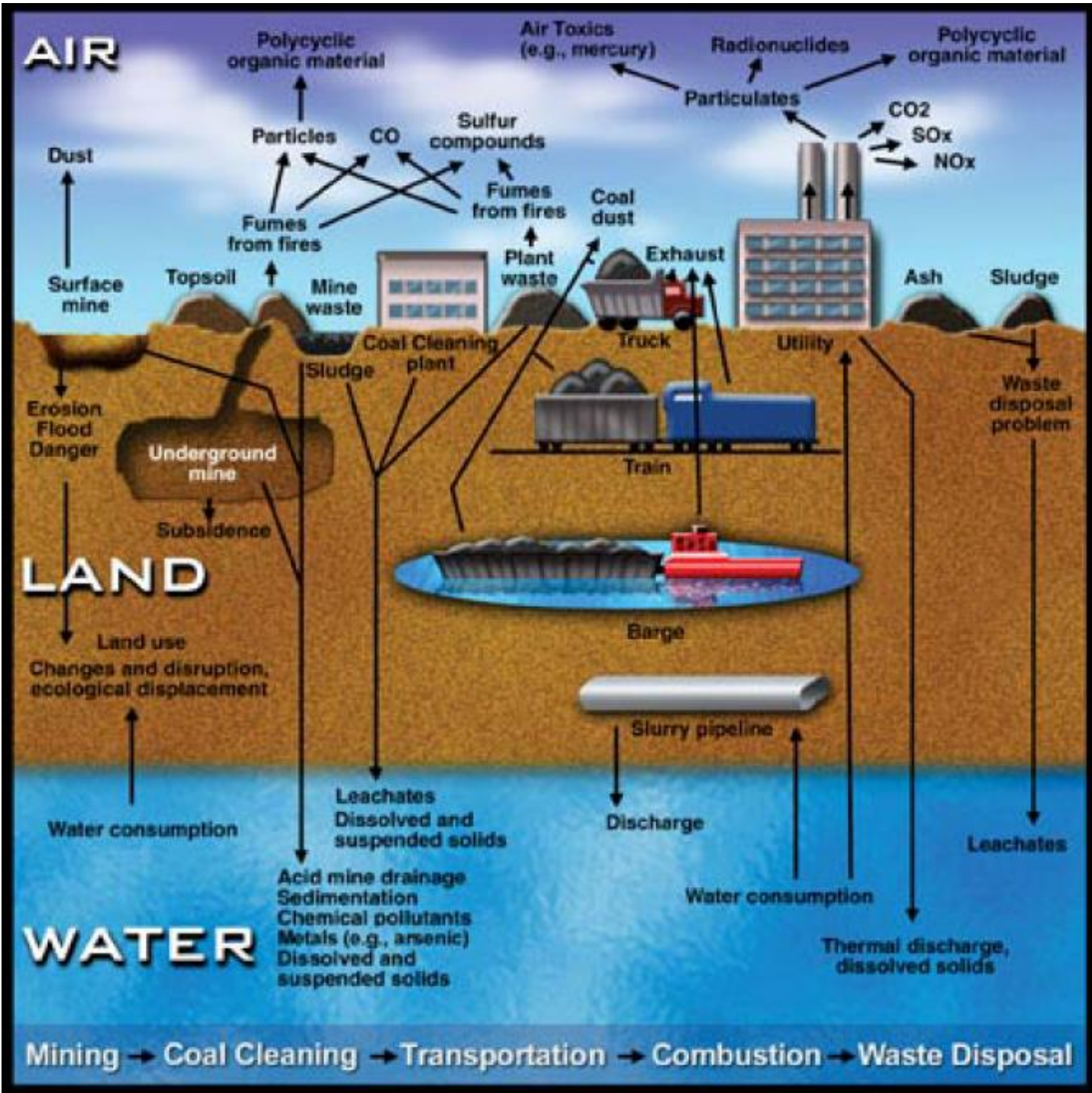
## Ten year increments by fuel

Billion toe



# History of coal usage

- The first known depleted coal mine Fu Shun in China in 1000 BC. 300 BC Theophrastus described combustion of coal in Greece. Romans used coal in 400 BC.
- Coal substituted wood (charcoal) in glass and metal production – first energy revolution.
- Deforestation of London surroundings in 1200, by 1500 production moved to Ireland, Scotland, Wales.
- Coal depletion at Newcastle upon Tyne – spreading the mining activities across the country.
- 1352 coal first internationally traded commodity.
- Start of industrial revolution, steam engine, production of steel, coke.
- In navy shift from sails to steam.
- In 1910 coal represented 60% of world energy mix, declining between world wars.



# Environmental impacts

- Mining (open-pit/surface mines) – land use, water and air pollution, dust. Impact on biotops and landscape. Noise. Aesthetical damages.
- Preparation for further processing – removal of impurities – acids, heavy metals, chemicals are released.
- Transport – dust from coal, transport-related pollution.
- Workers – exposition to the dust and chemicals, mining risks.
- Coal combustion – GHG, primary pollutants, smog, acid rains.
- Solid waste – ash.

# Air pollutants and their effects

Name	Source	Effects (esp. on human)
Particulate matter (PM)	Combustion, industrial processes, wind erosion, atmospheric reactions of gases, transport	Respiratory: asthma development (suspected), asthma exacerbation, chronic obstructive pulmonary disease, stunted lung development (PM2.5), lung cancer; Cardiovascular: cardiac arrhythmias, acute myocardial infarction, congestive heart failure (PM2.5). Nervous system: ischemic stroke.
Volatile organic compounds (VOC)	Incomplete combustion of fossil fuels, evaporation of solvents and gasoline, emission from plants	Organic chemicals in varied forms (eg. benzene, chlorofluorocarbons...). Carcinogenic, ozone formation
Carbon monoxide (CO)	Incomplete combustion of fuels	Poisonous because of ability to bind to hemoglobin and block oxygen delivery to tissues. Visual impairment, reduced work capacity, reduced manual dexterity, poor learning ability, difficulty in performing complex tasks.



# Air pollutants and their effects

Name	Source	Effects (esp. on human)
Nitrogen oxides (NO <sub>x</sub> )	Combustion of fuels	Asthma development (suspected), asthma exacerbation, chronic obstructive pulmonary disease, stunted lung development; cardiac arrhythmias, ischemic stroke. Reacts with VOCs in sunlight to form ground-level ozone Increases an amount of nitrogen in soil and country – change of diversity. In aquasystems causes eutrophication. Increases acidity of soil and water.
Sulfur oxides (SO <sub>x</sub> )	Combustion of sulfur-containing fuels (coal)	Can affect respiratory system and lung functions, aggravation of asthma and chronic bronchitis, make people more prone to infections of the respiratory tract; irritation of eyes; cardiac disease aggravated; ischemic stroke risk. Contributes acid rain.
Other elements		Nickel, mercury, arsenic, chromium, cadmium, lead, fluorine, chlorine

# Secondary pollution

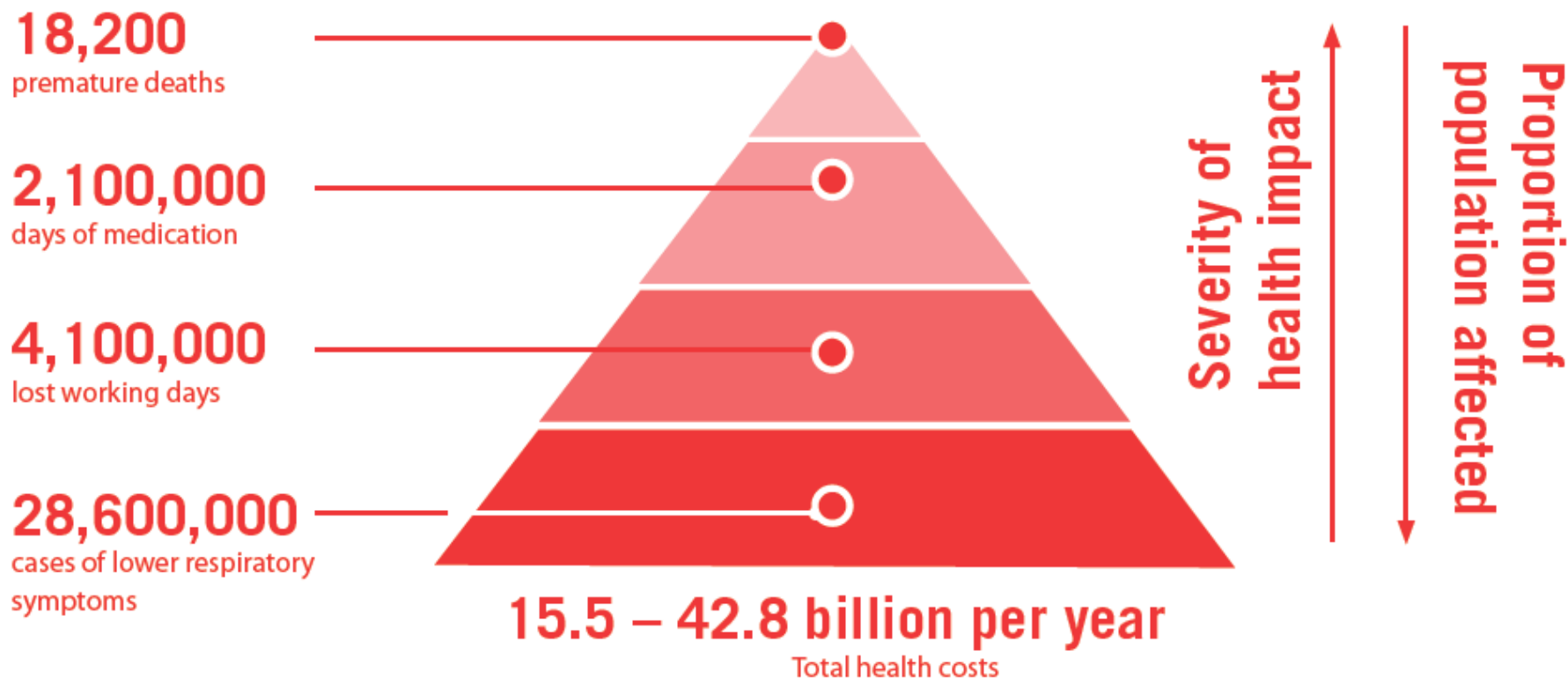
- London smog
  - Smoke and fog, typically in winter (combination with inversion).  $\text{SO}_2$  + PM (soot) + water vapour = transport of gaseous matters of smog to the lungs.
  - <http://www.youtube.com/watch?v=bSlwGIapFJI>
- Photochemical smog
  - Primary pollutants ( $\text{NO}_x$  + Volatile Organic Compounds created during fossil fuel combustion) interacts under the influence of sunlight = ozone  $\text{O}_3$  plus other pollutants.
  - Ozone – bronchial constriction, coughing, wheezing, respiratory irritation, eye irritation, decreased crop yields, retards plant growth, damages plastics...
- Acid rains
  - Acidic rains caused by emissions of sulfur dioxide and nitrogen oxide = with water produce acids.

Emissions	Amount of pollutants (in tons per 1TWh – 1000MW plant for 1000hrs)
SO <sub>2</sub>	2600
NO <sub>x</sub>	2800

Representative 1000MW coal power plant = 6 million tons of CO<sub>2</sub> per year = equivalent of 2 million cars. Plus 2 670 000 tons of ash.

In CR production of around 40 TWh of electricity from coal, installed capacity around 11 700 MW. (2014).

# Health impacts of coal combustion



Annual health impacts caused by coal power plants in the EU (27 countries)

# Externalities

- A consequence of an economic activity that is experienced by unrelated third parties. An externality can be either positive or negative.
- (Pigouvian) taxes/subsidies
- Command and control solution
- Ownership rights

# Coase theorem

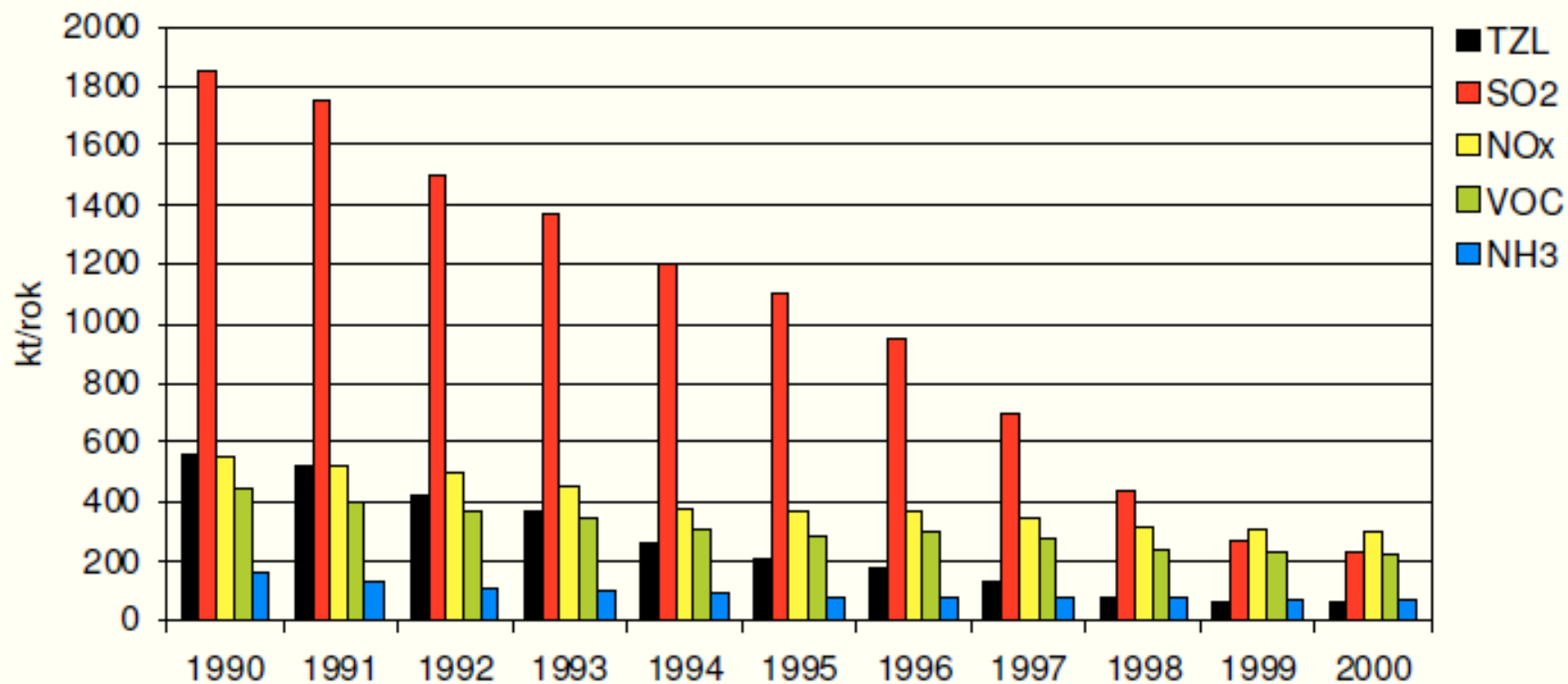
- If trade in an externality is possible and there are sufficiently low transaction costs, bargaining will lead to an efficient outcome regardless of the initial allocation of property.

# Coase theorem

Uneffective if:

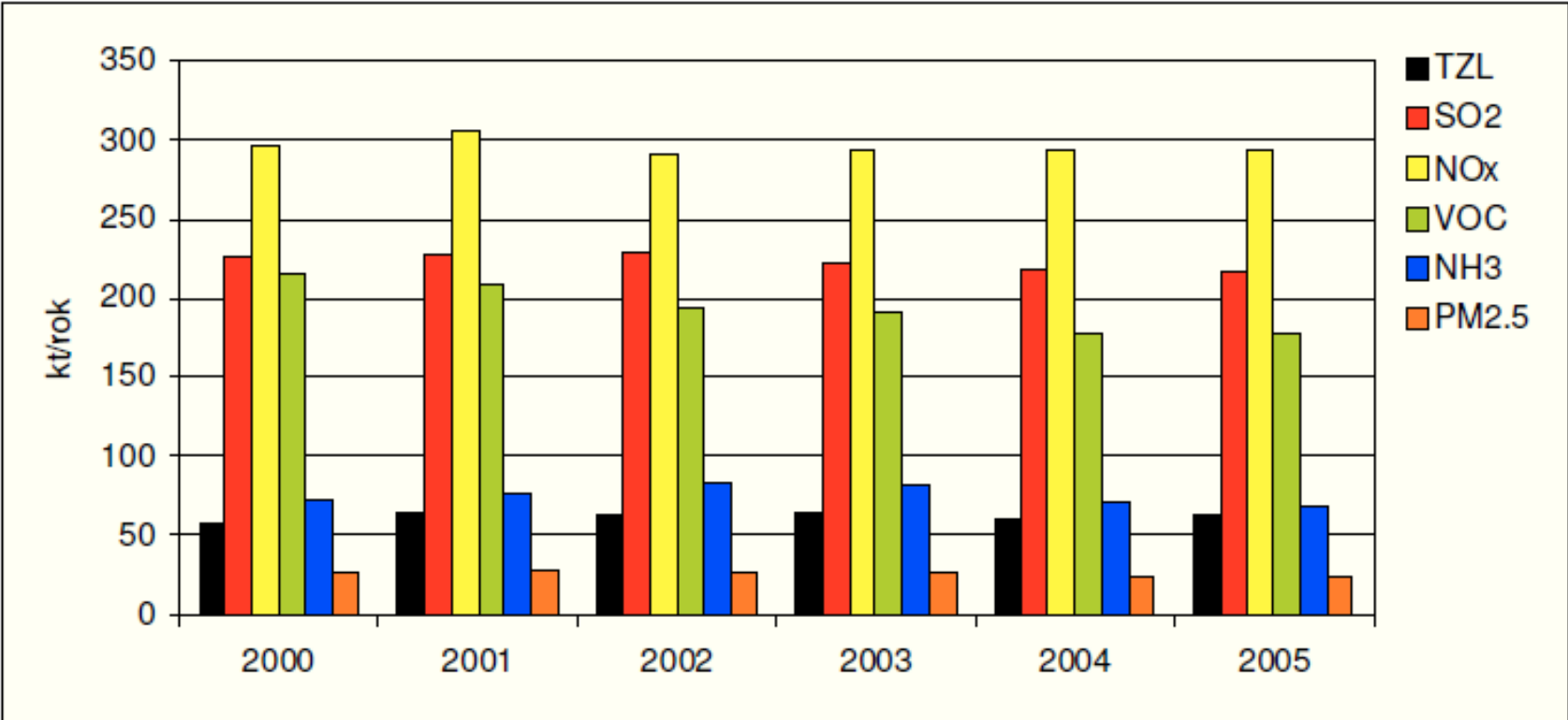
- there are many affected parties, so it is expensive to coordinate the necessary contracts for the sale of property rights.
- one person can block the sale, regardless of the costs actually imposed on them.
- enforcement of the contract is too expensive, such as the costs of court proceedings if there is a breach of contract.
- the costs of monitoring the offending behavior are high.

# Situation in the Czech Republic





# Situation in the Czech Republic

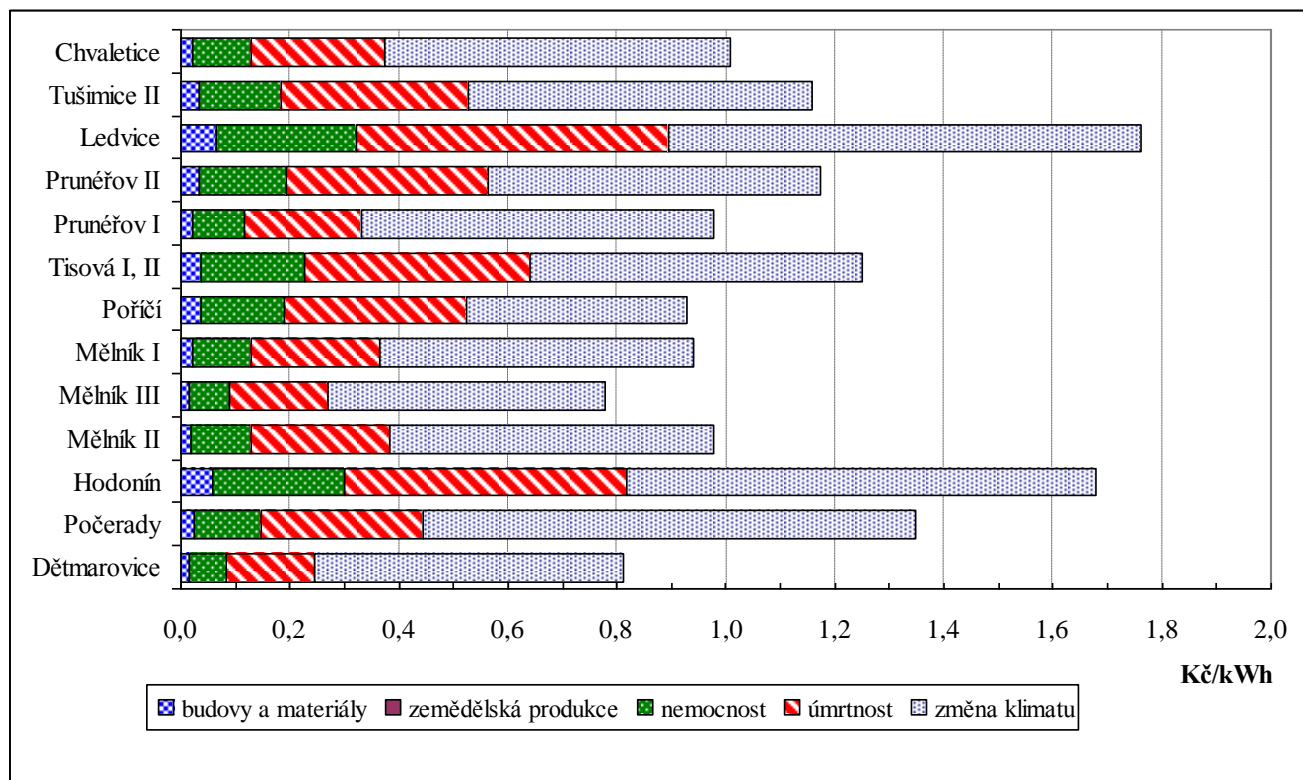


# Externalities of electricity production

Source: Centrum pro otázky životního prostředí UK

Price of electricity in 2003 – 3-5 Kč/kWh

In Kč/kWh for selected energy sources in 2003



# Solution of the 'coal problem'?

- Source substitution.
- Higher efficiency of coal combustion.
- Reduction of coal pollutants during the process.

# Sources

- IEA: Medium Term Coal Market Report 2015
- EIA: International Energy Statistics, 2015.
- HEAL: The Unpaid Helth Bill: How Coal Power Plants Make Us Sick, 2013