Statement on "No New Coal" from Michael Bloomberg, Mark Carney and Mary Schapiro

We want to be unequivocal on this point: **there is no rationale for financing new coal projects**. The consensus, across all rigorous science-based pathways, is that new coal capacity (both extraction and power generation) is inconsistent with achieving net zero and limiting global warming to 1.5 degrees C.

Coal is the single largest source of global carbon emissions, and power generation from coal has rebounded to historically high levels, far off the path to net zero consistent with limiting global temperature increases to 1.5 degrees C.[1] We, therefore, reinforce those calling[2] for the phaseout of all unabated coal in advanced economies by 2030 and globally by 2040. At COP26, 46 countries supported the Global Coal to Clean Power Transition Statement committing to "cease issuance of new permits for new unabated coal-fired power generation projects, cease new construction of unabated coal-fired power generation projects and to end new direct government support for unabated international coal-fired power generation".[3]

The economics of energy clearly favours renewable sources. Latest estimates[4] suggest the all-in costs of electricity generation from utility-scale solar and wind are around 40% lower than for new coal or gas-fired power and represent the cheapest source of new-build power in countries representing 90% of global electricity generation. Indeed, across countries that make up two-thirds of global electricity generation, deploying new solar and wind would be cheaper than running existing coal and gas power assets.

Energy security also favours renewable power. The folly of our lean, fossil fuel-based global energy system has been laid bare by the war in Ukraine. In contrast, once built, clean energy systems will be more efficient, resilient, and reliable—no one owns the sun and the wind; hydrogen is everywhere.

We welcome the recently published GFANZ report on "The Managed Phaseout of High-emitting Assets" to promote the development of a net zero-aligned approach to the early retirement of high-emitting assets, including coal. This approach supports an orderly transition, including in those emerging market and developing economies ("EM&DEs") that are currently heavily dependent on coal. The GFANZ Report stresses that simply divesting or withdrawing finance from high-emitting assets may not shorten their lifespans and may even lead to higher real world greenhouse gas emissions if those who buy and finance such assets are not themselves committed to align with Net Zero. The GFANZ report proposes a more effective approach that involves greater transparency on the near-term continuance of finance for existing assets in line with the net-zero objective, and consistent with the commitments regarding early retirement made by GFANZ members in the context of the UN Race to Zero and the relevant sector-specific alliance.

We support a just transition away from coal, recognizing some economies' high dependence on these assets. To support EM&DEs that are pursuing ambitious approaches to coal and fossil fuel phaseout, we are working to ensure that Country Platforms, such as Just Energy Transition Partnerships (JETPs), are structured to crowd-in private finance as well as through on-the-ground efforts to begin to finance the necessary projects.

Action

Members of the net-zero financial sector alliances should identify and end any financing and investing in support of new coal activities. More generally, as part of their transition planning, members should establish and apply financing policies to phase out and align carbon-intensive sectors and activities, such as thermal

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[1] IEA, Coal 2021, December 2021.

[2] UN, UN Chief Calls for Immediate Global Action to Phase Out Coal, March 2021

[3] COP26, Global coal to clean power transition statement, November 2021.

[4] BloombergNEF, Levelized Cost of Electricity 1H 2022, July 2022.

coal, oil and gas, and deforestation, not only through asset divestment but also through transition finance that reduces real world emissions.[5] To assist with these efforts GFANZ will continue to develop and implement a framework for the Managed Phaseout of High-emitting assets.[6] Finally, GFANZ will continue to work with partners to support EM&DEs looking to carry out their own energy and wider net zero transitions, to ensure that the private sector plays its full part.

While ambitious actions from net zero-committed private financial institutions are essential, it is critical that governments make good on their own net-zero commitments. In particular, they should deliver the necessary policies to perform their own energy transitions as quickly as is feasible, and in line with the science to limit warming to 1.5 degrees C. Governments should also do more to require that companies perform - and disclose - their own transitions. In addition, efforts should support EM&DEs in their own energy transitions, including addressing shared and country-specific barriers to the crowding in of public and private finance.

While halting the financing of new coal is absolutely necessary to limit warming to 1.5 degrees C, we recognize this imperative brings significant operational and social challenges. We stand ready to work with sector-specific alliances, individual financial institutions, and other relevant parties to overcome these challenges.

Signed,

Michael Bloomberg (Co-Chair of GFANZ)
Mark Carney (Co-Chair of GFANZ)
Mary Schapiro (Vice Chair of GFANZ)
These remarks reflect the personal views of the authors. Updated as of Sept. 14, 2022

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[5] GFANZ, Recommendations and Guidance on Financial Institution Net-zero Transition Plans, June 2022.
[6] GFANZ, The Managed Phaseout of High-emitting Assets, June 2022