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Cashing in on Coal

RBS, UK Banks and the Global Coal Industry

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Executive summary

There has never been a clearer global consensus about the urgent need for large cuts in carbon emissions as soon as possible if the most catastrophic impacts of climate change are to be avoided. Despite this knowledge, coal, which is the most emissions intensive fossil fuel, is experiencing a global boom. Some banks see opportunities in this boom, and have been all too quick to forget previous expressions of concern about climate change.

While a sustained campaign in the US has forced banks to start taking steps to assess and reduce their climate impact derived from coal financing, UK banks are lagging behind. This

Timeline of coal investment by UK banks May 2006 to April 2008

May 2006 - RBS, HSBC and 9 other banks lend \$779 million to Millmerran Power Partners, who operate a 850 MW coal fired power station in Queensland Australia.

report examines the role in the last two years of the Royal Bank of Scotland (RBS), HSBC and Barclays in providing and arranging the financial means to the coal industry to extract and burn vast quantities of coal.

The research behind this report (presented in Appendix 1) shows that RBS, Barclays and HSBC are all heavily involved in financing new and expanded coal operations. Between May 2006 and April 2008, HSBC was involved three times in loans to coal-related companies, Barclays 17 times, while RBS participated in 27 different loans. According to this report's estimates, Barclays was responsible for sourcing an estimated \$5.79 billion, HSBC \$10.10 billion and RBS \$15.93 billion in loans to companies engaged in the extraction and/or combustion of coal.

May 2006 – RBS and 11 other banks lend \$814 million to Tejo Energia SA, who own the 628MW coal-fired plant at Pego, Portugal.

While all three banks have been involved to some degree, the data available shows RBS as having been involved in the greatest number of loans, as well as having been responsible for loaning the largest estimated sum of money.

This report recommends that RBS and other banks should fully disclose the details of all their fossil fuel financing; make no further loans to the development of new unabated coal combusting and extracting infrastructure; and that they should cap and decrease the overall level of carbon emissions embedded in their fossil fuel financing.

September 2006 – RBS and two other banks lends \$200 million to Constellation Energy, which is the biggest wholesale power seller in the U.S. It owns 78 electricity generating units in the U.S. with a combined capacity of 8,700 MW, 35% of which is generated from coal combustion.

Coal & climate change

From concerns over air pollution and acid rain, to the recent rising awareness of carbon emissions and climate change, coal has been recognised as the dirtiest, most dated and most inefficient fossil fuel option. The reductions in national emissions levels in the 1990s in UK were largely attributable to the switch amongst power generators from coal to natural gas, which is less emissions-intensive. In the first decade of this century, rising gas prices and increasing electricity demand are reversing this trend, and the 'dash for gas' has turned into the 'roll to coal'. This trend was highlighted in December 2006 when the power

company E.ON applied to build the first new coal-fired generating units in the UK in 30 years, with proposals for six more such plants already in the pipeline.

While use of coal varies from year to year according to the relative prices of different fuels, there appears to be an upwards trend. Following the dash for gas, coal's share of UK electricity generation fell to its lowest level in 1999 at 31.5%. Since then it has steadily risen, to 41.0% in 2006 (although it declined slightly in 2007, to 38.6%).¹ Carbon emissions from the power sector, which accounts for a third of the UK's total greenhouse gas output, have risen accordingly. Carbon dioxide emissions from power stations in the UK rose by a staggering 25% between 1999 and 2006.² Many environmental groups have pointed out that a continued trend towards coal would

October 2006 - RBS and one other bank loan \$185 million to Lower Wilgat LLC, the developer of two coal mine complexes under construction in Illinois and West Virginia.

October 2006 - RBS and 4 other banks made a \$1000 million loan to Exelon Corp, a power generation company in the US whose 6,500 MW capacity includes coal as well as oil and gas.

threaten the emissions reduction targets that the government has set.

Use of coal has soared globally, in both the Global South and the North. New coal plants are rapidly being commissioned in the US, India and China, with more than one new plant each week. From 2003-2005, coal demand increased by 15% in China, 7% in Russia and 5% in Japan.³ The resulting rise in the price of coal has created financial incentives for the development of new mines and expansion of existing production in Indonesia, Australia, India and the US. New coal ports are under construction in Australia, Russia and South Africa.⁴

In order to counteract the dirty image that coal has accrued in recent decades, the coal industry is developing and promoting a number

of technological processes to allow industry boosters to attach the adjective 'clean' before the word 'coal'. This re-branding of 'clean coal' is being used as a justification for burning more of it, even if it is marginally less emissions-intensive, resulting in a net increase in emissions rather than a reduction. The process of Carbon Capture and Storage (CCS), which some consider to be a more promising option, has yet to be demonstrated in an integrated, commercial scale pilot project. None of the current coal power proposals funded by the banks in this study will involve more than small scale testing of CCS.

A report released in July 2008 by the Parliamentary Environmental Audit Committee pointed out that 'clean coal' can be used as a 'fig leaf' to cover technological and economic uncertainties over coal's future, and concluded that, "unless there

October 2006 - RBS and six other banks lend \$1,829 million to AGL Energy Ltd, an Australian power company whose generation portfolio includes coal.

October 2006 - RBS participates in an \$800 million revolving credit facility to Arch Coal, a coal mining company that is involved in extremely destructive mountain top removal coal mining in the Appalachia Mountains in the eastern US.

is a dramatic technological development, coal should be seen as the last resort, even with the promise of carbon capture and storage.”⁵

Leaving aside the public relations campaigns, coal remains dirty coal, and stands to add considerably to greenhouse gas emissions. Yet this is precisely the industry that banks are helping grow, by providing financing and investment to build new plants and dig new mines.

Banks & coal finance

The last seven years of rising oil and gas prices and the resulting increase in global coal use has allowed the coal industry to dramatically ramp up its operations the world over. For example, over 50 coal-fired plants are being planned to be put into operation across Europe over the next five years⁶ while in July 2008, Rio Tinto announced plans to double its mined output in Australia by 2015.⁷

Opening new mines and commissioning new coal plants requires large sums of capital, and banks have readily stepped in to provide the money to make this coal boom possible. In the two years prior to April 2008, British banks were involved

November 2006 - Barclays and two other banks lend \$855 million to NE Energy Inc, whose power generating assets include Mt Tom, a 146 MW coal fired facility.

November 2006 - RBS and two other banks make a \$1,260 million loan to Glencore International, one of the world's largest suppliers of a wide range of commodities including coal.

in over \$108 billion of lending to corporations involved in the coal sector. RBS, Barclays and HSBC financed coal mining companies operating in Bangladesh, Kazakhstan and Indonesia and new coal power stations from the US to Australia.

British banks, with a background in financing oil and gas and large infrastructure projects, have actively supported the rise of coal in recent years by providing the financial means needed for rapid expansion. Banks play a vital role in driving forward this carbon frontier. As in other capital intensive industries, both power and mining companies rely heavily on banks to finance their ongoing operations and expansion of infrastructure. When an electricity generating company such as E.ON plans to build a new coal power station, it needs to borrow a significant

proportion of the construction costs. Similarly, coal extraction companies such as UK Coal or Arch Coal require loans and credit to open or expand new mines.

Apart from providing and arranging loans, bonds and credit, RBS, Barclays and HSBC play an increasingly key role acting as financial advisers and structuring the loan agreements that make new projects possible.

November 2006 - Barclays and four other banks lend \$100 million to Alliant Energy Co, whose power generation portfolio includes coal-fired plants.

November 2006 – RBS and five other banks lend \$907 million to Rugeley Power Ltd, who run a 1,000 MW coal-fired power station in the UK.

Banks & climate change

It is only in recent years that some banks have clearly recognised that fossil fuel consumption is primarily responsible for climate change. As recently as 2007, an RBS spokesperson was quoted publicly as saying that there was still 'debate' among scientists as to the cause of global warming.⁸ All the major banks now have some form of environmental policy in which they address the emissions of their high-street branches and offices by energy efficiency measures, reducing paper and water wastage and so forth.

November 2006 – RBS, HSBC and four other banks lend \$48,025 million to E.ON, that plans to build 17 new gas- and coal-fired power plants in Europe and Russia by 2010.

November 2006 - Barclays and one other bank make a \$350 million loan to Duke Capital Corp, part of an electricity generating company with an approximately 28,000 MW capacity including coal-fired plants.

But most banks are less keen to accept their responsibility for emissions from projects that they finance. However it is clear that the public believe banks should share the responsibility for the impacts of the activities they fund, through, for example investment in projects or companies that are responsible for human rights violations. In the 1980s, Barclays bank was the subject of a high-profile boycott due to its financial involvement in apartheid-era South Africa. The influx of money can play a key role in enabling, sustaining or amplifying social injustice and/or human rights abuses.

While the Co-operative Bank's ethical investment policy prohibits it from financing any coal, oil or gas projects, some banks have made more timid steps in cautiously acknowledging the role that their lending and investment portfolios play in

exacerbating climate change. In 2006 HSBC admitted that its "most significant impact [on climate change] is the investment and lending decisions we make."⁹

There have been a number of initiatives that have been developed to address the issue of banks and their impact on climate change. These vary considerably in terms of how far they go in attributing responsibility for emissions.

The Carbon Disclosure Project (CDP), one such initiative, is a not-for-profit organisation that encourages banks and other corporate entities to respond in detail to questionnaires that delve into their operational attitudes to climate change, how they account for their emissions and what steps they are taking to reduce them. Like most such initiatives, it is based on the 'Greenhouse

December 2006 - RBS and four other banks lend \$600 million to OGE Energy Corp that controls 5 coal-fired generating stations with 2,854 MW total capacity.

December 2006 - RBS and three other banks make a \$1,600 loan to PSEG Power LLC, one of the largest independent power producers in the US whose generating capacity includes coal-fired plants.

Gas Protocol' of the World Resources Institute and the World Business Council on Sustainable Development which focuses on direct emissions in order to avoid double counting.¹⁰

What that means in the context of the banking sector, is that the CDP only covers the internal emissions of banking operations and the energy the bank buys to run its facilities, and doesn't count the core business of lending money. So a bank like RBS can score a high 'AAA' rating in the 2007 report, but still be heavily involved in financing fossil fuel expansion around the world. According to an (unpublished) analysis undertaken by the Rainforest Action Network based on ProFundo¹¹ research on European and North American banks and corresponding reports to the CDP, financed fossil fuel extraction consistently represents more than 99% of the

total carbon footprint of large commercial banks, with those emissions covered by the CDP representing less than 1%.¹²

The CDP, like other such initiatives, lacks any binding commitment on the part of the banks to adjust their lending behaviour accordingly. Many commentators feel that corporations participate in such voluntary agreements in an attempt to pre-empt stricter forms of regulation that could be imposed by governments.

December 2006 - Barclays and one other bank provide Duke Energy Corp with a \$2,000 million loan. Duke Energy Corp is part of an electricity generating company with an approximately 28,000 MW capacity including coal-fired plants.

December 2006 - RBS is appointed financial adviser for the development of two 800 MW coal-fired plants in Lünen and Krefeld-Uerdingen in Germany, sponsored by Trianel.

Coal financing from UK banks in the last two years

The information gathered here represents a snapshot of the involvement of the three largest UK banks in financing coal-related operations in the previous two years. The information has largely been collated from reports of individual projects in the industry press.

A company involved in coal-related operations has been defined in this context as: any power company that involves coal combustion as a significant part of its generation portfolio,¹³ coal-fired power stations and any company involved in the coal extraction process. Companies involved in the manufacture and construction of coal plant or mining equipment have not been

included at this time. Any loan being made to a coal-related company during the two year period from May 2006 to April 2008 has been counted in this data analysis unless the information given in *Project Finance* magazine has explicitly stated that the loan is towards a part of that company's operations that does not involve coal.

Since banks do not provide any systematic record of their fossil fuel financing, any attempt to quantify their coal lending will necessarily be a rough estimate. There are two main limitations to representing a fully comprehensive picture of coal financing.

1) The list here is incomplete. There are undoubtedly other instances of financing that have not been reported in the information sources accessed for this report.

December 2006 - Barclays and three other banks make a \$500 million loan to Northern States Power Co, who are now known as Xcel Energy, who operate 16 coal-fired plants across the US with 7,921 MW capacity.

March 2007 - RBS, Barclays and four other banks make a \$1,500 million loan to the American Electric Power Co Inc, currently the largest electricity generating utility in the United States and the 35th-largest corporate producer of air pollution, includes coal in its energy portfolio.

2) Some of the loans listed here have been made to companies that are also involved in spheres of activities other than coal. While some instances of financing are project-specific, many transactions are general corporate loans with no public information as to how the money is spent.

One of the demands being made to the financial institutions by civil society organisations such as the BankTrack network is that they provide a complete and transparent picture of their fossil fuel financing so that these possible inaccuracies can be resolved. In addition, banks need to insist on greater accountability on the part of the borrowers as to how the money will be used. In the absence of such transparency and accountability, it can only be assumed that the loans, at least in part, are being used in the production and consumption of coal. Until the banks themselves are willing to

make such detailed disclosure about their loan history, reports such as this represent the best estimate that can be made.

In September 2007, RBS won a joint takeover battle for Dutch bank ABN-Amro, jointly with Santander and Fortis. ABN-Amro is being split three ways, with Santander taking ABN's operations in South America, Fortis swallowing Dutch retail and RBS the global markets and lending, investment banking and other emerging markets divisions – including most energy financing. For this reason, post-October 2007 loans from ABN-Amro have been counted towards the RBS total in the data analysis.

March 2007 – Barclays and four other banks lend \$300 million to CMS Energy Corp, a utility holding company in the US whose assets include a 1,600 MW coal-fired plant and nearby coal mine in Illinois.

April 2007 – RBS co-arranges an \$819 million loan to LS Power for its 664 MW Plum Point coal-fired plant.

UK banks involvement in financing the coal industry

The research behind this report (presented in Appendix 1) shows that RBS, Barclays and HSBC are all heavily involved in financing new and expanded coal operations. Between May 2006 and April 2008, HSBC was involved three times in coal loans, Barclays 17 times, while RBS participated in 27 different loans. The total value of the loans that the banks were involved in was \$38.24 billion for Barclays, \$71.09 billion for HSBC, and \$95.83 billion for RBS.

Most loans involve a consortium of banks, so these figures do not represent the actual sums for which each bank is responsible. Given the lack of

May 2007 – RBS, Barclays and 10 other banks participate in a \$2,070 million credit facility for Dynegy, which plans to build numerous new coal fired plants across the US.

June 2007 – Barclays and one other bank loans \$950 million to Tata Power, which has a stake in coal production in Indonesia and operates a number of coal-fired plants in India.

public data as to the exact breakdown of each banks' involvement, an estimated calculation can be made by dividing each loan by the number of banks involved, and then attributing an equal slice of the pie to each participant.

Bank	Total No. of Loan Deals	Total Value of all Deals (billion)	Estimated Total Share (billion)
RBS	27	\$95.83	\$15.93
HSBC	3	\$71.09	\$10.10
Barclays	17	\$38.24	\$5.79

Based on this process of estimation, Barclays was responsible for an estimated \$5.79 billion, HSBC \$10.10 billion and RBS \$15.93 billion.

This method of estimating involvement in

June 2007 - RBS, Barclays and 21 other banks loan \$3,000 million to Energias de Portugal, which operates a number of coal-fired plants in Portugal.

financing indicates that HSBC loaned more to coal-related industries than Barclays. However, this is due to their involvement in two substantially larger loans to E.ON. Barclays has been involved in significantly more separate loans to a larger number of companies than HSBC.

Yet RBS comes out significantly worse than either HSBC or Barclays, both in terms of the size of its lending to coal companies, and in the number of different loans that it has been involved in. Compared to other British banks, RBS is clearly the biggest provider of financing to coal mining and power plants, including some of those most controversial for environmental destruction and human rights. The bank has been involved in the most and the largest loans financing coal operations from Indonesia to Kazakhstan, from Australia to Portugal.

June 2007 - Barclays and six other banks arranges a \$2,650 million loan to Duke Energy, an electricity generating company with an approximately 28,000 MW capacity including coal-fired plants.

The response of RBS to its fossil fuel financing

RBS has responded to the charges of dangerously exacerbating climate change by highlighting how much money it puts into renewables. While it is laudable to increase the amount of financial support being directed into the renewables industry, this needs to happen *instead* of fossil fuel financing rather than alongside it. Massive deployment of renewable energy infrastructure will not address the threat of climate change if we continue to increase the rate at which we extract and consume fossil fuels, in particular coal.

This response from RBS is also inconsistent in that the bank claims that it should not have

to take responsibility for the climate impacts of its lending, - suggesting that must rest with the borrower¹⁴ - while simultaneously claiming responsibility for the climate benefits of the renewables that it finances.

RBS has issued thousands of glossy leaflets to all its branches titled 'RBS & the Environment,' in which it talks about its renewables financing and the fact that they 'achieved the highest possible rating (AAA) for environmental and social management, by the Innovest ratings agency in 2007.'¹⁵ RBS chooses not to mention Innovest's October 2007 Carbon Beta Rating which specifically assesses climate risk management. RBS scored only BBB, worse than Barclays (AA) and HSBC (AAA). Out of 15 banks reported on in Innovest's Carbon Disclosure Project report, RBS was the only bank to score worse than "A".¹⁶

July 2007 - Barclays and seven other banks make a \$500 million loan to Southern Co, a power generation company whose energy portfolio includes coal-fired stations.

July 2007 - RBS and nine other banks loan \$1,200 million to the Noble Group, that owns coal production assets in Australia and Indonesia, and supplies a wide range of coal products from China, Russia and South Africa.

Specific examples of coal financing

A detailed investigation of the operations of each company that has received loans from UK banks is beyond the scope of this report. What follows are three examples of the companies involved in the coal industry who have received money from UK banks.

E.ON

In the UK, no power company has generated more controversy in 2008 than energy giant E.ON. The company has faced wide-scale opposition over its plans to build the first coal-fired power station in the UK for 30 years at Kingsnorth in Kent,¹⁷ and it has also announced plans to build a further 17

coal and gas-fired power plants across Europe and Russia by 2010.¹⁸ E.ON is also exploring options of switching its Russian gas-fired power stations to increased coal use.¹⁹

Acting as mandated lead arranger alongside Barclays and HSBC, RBS participated in financing E.ON \$70 billion over the course of 2007.²⁰ The proximity of the financing to the announcement of the new power stations, combined with the size of the sums of money, leads to the suspicion that this borrowing will help finance the new power plants.

Despite vigorous attempts to promote its green credentials, E.ON Group's project choices are based firmly in a commitment to shareholder profit through 'vertical integration'. E.ON seeks to gain control of the entire supply chain, with

August 2007 – RBS and one other bank arrange a \$1,000 million loan billion for LS Power & Dynegy for their 900MW Sandy Creek coal-fired plant.

November 2007 – Barclays, ABN Amro and three other banks make a \$100 million loan to the Alliant Energy Corporation, who are operating and building new coal-fired plants in the US.

renewables playing a minor role – in the UK its renewables portfolio accounts for just 2% of energy generated, with coal accounting for 61%.²¹

Arch Coal

In October 2006, RBS participated in an \$800 million revolving credit facility²² for Arch coal.²³ Arch Coal is the second largest coal producer in the US, and owns a number of mountain top mines in the Appalachia region.²⁴ Its use of Mountain Top Removal coal mining (MTR) has attracted high levels of controversy and criticism. Arch Coal has been responsible for the disappearance of 300,800 acres of biologically diverse hardwood forest through MTR.²⁵ The practice uses explosives to remove up to 1,000 feet of vertical rock and produces vast quantities of coal sludge which is dumped in neighbouring

valleys. The company's operations have been condemned by numerous groups such as the Sierra Club, Rainforest Action Network and the Ohio Valley Environmental Coalition.

Arch Coal is making substantial profits from the global coal boom. Its share price almost doubled in 2008, while its West Virginia production increased from five million tonnes in 2007 to nine million tonnes in 2008.²⁶ Referring to both the global demand and relative cost of renewable energy, John W. Eaves, Arch Coal President asserts that we are facing “the pure economics of coal.”²⁷

Dynegy/LS Power

In 2007, RBS took part in almost \$4 billion of loans to LS Power and Dynegy. In March 2007, Houston-based Dynegy acquired LS Power, and

November 2007 – Barclays, ABN Amro and three other banks make a \$300 million loan to the Interstate Power and Light Co, the Iowa utility subsidiary of Alliant Energy Corporation that operates coal-fired plants.

November 2007 – RBS and three other banks loan \$1,000 million to Oklahoma G&E which has nine power plants capable of producing about 6,100 MW and generates about 70% of its electricity from coal.

in doing so became the largest developer of coal plants in the US.²⁸ About 91% of the additional energy capacity that Dynegy gained from the acquisition was derived from emissions-intensive pulverised-coal plants and added an extra 62.4 million tonnes to its annual carbon dioxide emissions.²⁹

Strong criticism from civil society has quickly mounted against Dynegy's expansion plans. CEO Bruce Williamson, was runner up to the 2008 'Fossil Fool of the Year' in recognition of the company's "unceasing promotion of dirty coal power."³⁰ In March 2008, a coalition of environmental organizations and activists including the Sierra Club and Co-op America rallied at the company's shareholder meeting in Houston against new coal plant plans, as part of the 'Clean Up Dynegy' platform.³¹ The Sierra

Club has also announced plans to sue Dynegy over the potential mercury emissions of the first coal-fired plant planned to be built in the state of Georgia in over 20 years.³²

November 2007 – Barclays and four other banks take part in a \$2,750 million loan to First Energy Corporation, whose electric generation is primarily from coal and nuclear power plants.

November 2007 – RBS and four other banks loan \$600 million to OGE Energy Corporation which has nine power plants capable of producing about 6,100 MW and generates about 70% of its electricity from coal.

Conclusion: The future of financing coal

This report shows that the three largest British banks are all heavily involved in financing new coal, locking in emissions from the dirtiest fossil fuel, over the decades-long lifetimes of power stations and coal mines. These investments will have devastating impacts on the climate. Among the three, RBS is the most involved in the drive to support coal.

Banks outside Britain are slowly beginning to address climate issues resulting from coal financing. A high-profile civil society campaign in the US pressured three of the biggest US banks (Citibank, JPMorgan Chase and Morgan Stanley)

November 2007 – RBS, Barclays, HSBC and eight other banks make a loan of \$22,284 million to E.ON, that plans to build 17 gas- and coal-fired power plants in Europe and Russia by 2010.

February 2008 – ABN Amro, Barclays and 7 other banks take part in a \$750 million loan to EN+ Group. Two months later, it acquires assets including a coal-fired power-station in Russia and a coal field which had a coal output of about 10 million tons in 2007.

to lay out a set of principles in relation to their lending to coal-fired power stations in February 2008.³³ These guidelines assess the future carbon emissions of proposed power plants and give indications of what should and should not be financed. While a positive first step, the organisations co-ordinating the campaign argue that the 'Carbon Principles' must go further, as so far they involve no clear and binding commitments.

These first moves away from coal by international banks, particularly in the US, are threatened by the fact that the coal companies can turn instead to the UK banks, who have no guidelines or policies regarding coal finance and climate change.

While Barclays and HSBC also finance the coal industry, RBS is the most heavily involved. In

the UK, RBS has already been the subject of a sustained campaign in recent years over its heavy involvement in financing new fossil fuel developments around the world. A report released by civil society groups in 2007 highlighted the fact that the bank's lending decisions were responsible for over 43 million tonnes of carbon emissions - more than Scotland.³⁴ In the year since summer 2007 there have been over 60 protests at bank branches, student unions have passed motions condemning the bank's fossil fuel financing and a number of shareholders have raised concerns.

The bank is helping hold back wider industry change both through its financing and through its general positioning on climate change - refusing to accept any responsibility for lending to fossil fuels. By aggressively arguing that it is 'preposterous' to believe that RBS derives climate

March 2008 - Barclays and nine other banks loan \$845 million to Tata Power, which has a stake in coal production in Indonesia and operates a number of coal-fired plants in India.

March 2008 - RBS and two other banks make a loan of \$700 million to Constellation Energy Partners, which is the biggest wholesale power seller in the U.S. It owns 78 electricity generating units in the U.S. with a combined capacity of 8,700 MW, 35% of which is generated from coal combustion.

responsibilities for financing fossil fuels, the bank is providing a disincentive for other banks to step forward and adopt progressive policies.³⁵

Faced with the serious threat of climate change, the expansion of the coal industry is highly irresponsible. Yet banks are failing to live up to their responsibilities, and are continuing to drive forward the carbon frontier, by investing heavily in coal. These banks will increasingly be placed in the spotlight for their role in climate change, as civil society, bank customers and investors demand that they stop being part of the problem, and become part of the solution.

This report recommends that banks:

- Fully disclose information on all fossil fuel financing activities.

April 2008 – RBS/ABN Amro and three other banks loan \$2,500 million to Florida Power and Light, which maintains two coal-fired plants in Florida.

- Recognise the full implications of their operations on climate change and introduce comprehensive climate change policy.

- Cap and decrease the overall level of carbon emissions embedded in their fossil fuel financing by shifting their portfolios away from projects and companies directed at expanding fossil fuel extraction and consumption.

- Make no future loans that support unabated coal operations.³⁶

Websites and resources on coal and fossil fuel financing

'The Oil & Gas Bank – RBS & the financing of climate change'
www.carbonweb.org/documents/Oil_&_Gas_Bank.pdf

Campaign site targeting RBS and its financing of fossil fuels
www.oyalbankofscotland.com

The Stop Kingsnorth campaign
www.stopkingsnorth.org

End Mountaintop Removal Resource and Action Centre
www.ilovemountains.org

Appendix 1 - Table of investment data

As far as we could determine from public information, all the cases included here involve either finance of which a significant proportion supported the development of coal-related activities, or financing activities with a significant absolute impact on emissions. We acknowledge that not all of the sums included here will have directly financed coal-related activities, but as noted in the body of this report, there are other investments which support coal which are not included here. On the information publicly available we could not make a more definitive assessment. We call on the banks involved to disclose full information. It may prove that the banks involved do not gather or record adequate information on the likely climate impacts of their investments to be able make a definitive assessment. Rather than a reasonable excuse, this might be considered to be a failure of due diligence in a world with rapidly rising carbon prices.

DATE	NAME OF COMPANY	DESCRIPTION	COUNTRY	LOAN AMOUNT (million)	UK BANKS	TOTAL BANKS
May-06	Millmerran Power	Power Station	Australia	\$779.38	RBS, HSBC	11
May-06	Tejo Energia SA	Power Station	Portugal	\$814	RBS	13
Sep-06	Constellation Energy	Power Company	USA	\$200	RBS	3
Oct-06	Lower Wilgat LLC	Coal Mine Developer	USA	\$185	RBS	2
Oct-06	Exelon Corp	Power Company	USA	\$1000	RBS	5
Oct-06	AGL Energy Ltd	Power Company	Australia	\$1,830	RBS	7
Oct-06	Arch Coal	Coal Mining	USA	\$800	RBS	1
Nov-06	NE Energy Inc	Power Company	USA	\$855	Barclays	3
Nov-06	Glencore International	Commodity Supplier, including coal	USA	\$1,260	RBS	3
Nov-06	Alliant Energy Co	Power Company	USA	\$100	Barclays	5
Nov-06	Rugeley Power Ltd	Power Company	UK	\$908	RBS	6
Nov-06	E.ON AG	Power Company	Germany	\$48,026	RBS, HSBC	6
Nov-06	Duke Capital Corp	Power Company	USA	\$350	Barclays	2

Dec-06	OGE Energy Corp	Power Company	USA	\$600	RBS	5
Dec-06	PSEG Power LLC	Power Company	USA	\$1,600	RBS	4
Dec-06	Duke Energy Corp	Power Company	USA	\$2,000	Barclays	2
Dec-06	Trianel	Power Stations	Germany	Appointed Financial Advisor	RBS	1
Dec-06	Northern States Power Co, known as Xcel Energy	Power Company	USA	\$500	Barclays	4
Mar-07	American Electric Power Co Inc	Power Company	USA	\$1,500	RBS, Barclays	6
Mar-07	CMS Energy Corp	Utility Holding Company	USA	\$300	Barclays	5
Apr-07	Plum Point Power station	Power Station	USA	\$819	RBS	1
May-07	Dynegy	Power Company	USA	\$2,070	Barclays, RBS	12
Jun-07	Tata Power	Power station, coal production	India	\$950	Barclays	2
Jun-07	Energias de Portugal	Power Company	Portugal	\$3,000	RBS, Barclays	23
Jun-07	Duke Energy	Power Company	USA	\$2,650	Barclays	7
Jul-07	Southern Co	Power Company	USA	\$500	Barclays	8
Jul-07	Noble Group	Coal Production	Australia, Indonesia,	\$1,200	RBS	10
Aug-07	LS Power & Dynegy	Power Station	USA	\$1,000	RBS	2
Nov-07	Alliant Energy Corporation	Power Company	USA	\$100	Barclays, ABN Amro	5
Nov-07	Interstate Power and Light Co	Power Company	USA	\$300	Barclays, ABN Amro	5

Nov-07	Oklahoma G&E	Power Company	USA	\$1,000	RBS	4
Nov-07	First Energy Corporation	Power Company	USA	\$2,750	Barclays	5
Nov-07	OGE Energy Corporation	Power Company	USA	\$600	RBS	5
Nov-07	E.ON AG	Power Company	Europe, Russia	\$22,285	RBS, Barclays, HSBC	11
Feb-08	EN+ Group	Power Company	Kazakhstan	\$750	ABN Amro, Barclays	9
Mar-08	Tata Power	Power Station, Coal Production	India	\$845	Barclays	10
Mar-08	Constellation Energy Partners	Power Company	USA	\$700	RBS	3
Apr-08	Florida Power and Light	Power Company	USA	\$2,500	RBS/ABN Amro	5

Appendix 2 - Sources & footnotes

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36 In the context of these recommendations, 'abated' emissions refer to a hypothetical, fully operation CCS system that was responsible for reducing coal emissions by at least 80%

Cashing in on Coal

From concerns over air pollution and acid rain, to the recent rising awareness of carbon emissions and climate change, coal has been recognised as the dirtiest, most dated and most inefficient fossil fuel option.

Despite this, coal is experiencing a global boom, and private banks are making large sums of money by financing the expansion of coal extraction and combustion. This report examines the role in the last two years of the Royal Bank of Scotland, HSBC and Barclays in providing and arranging the financial means to the coal industry to extract and burn vast quantities of coal.

