

An assessment of the draft legislation of the “Coal Phase-out law” as well as an outlook on its implications for the German power sector

Agora webinar series

» Germany's long goodbye from coal «

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The German coal phase-out Legislation

Legislative process is on the way and is expected to be finalized by Summer 2020

Significant shortfalls/changes

- steady decline of lignite capacities was blocked by East German State Prime Ministers
- commissioning of new hard coal plant Datteln 4 (without full compensation of emissions by other measures)
- substantive action on safeguarding the roll-out of renewables is lacking
- questionable decommissioning payments for old lignite plants in the Lusatian region (a significant state aid problem will emerge here)

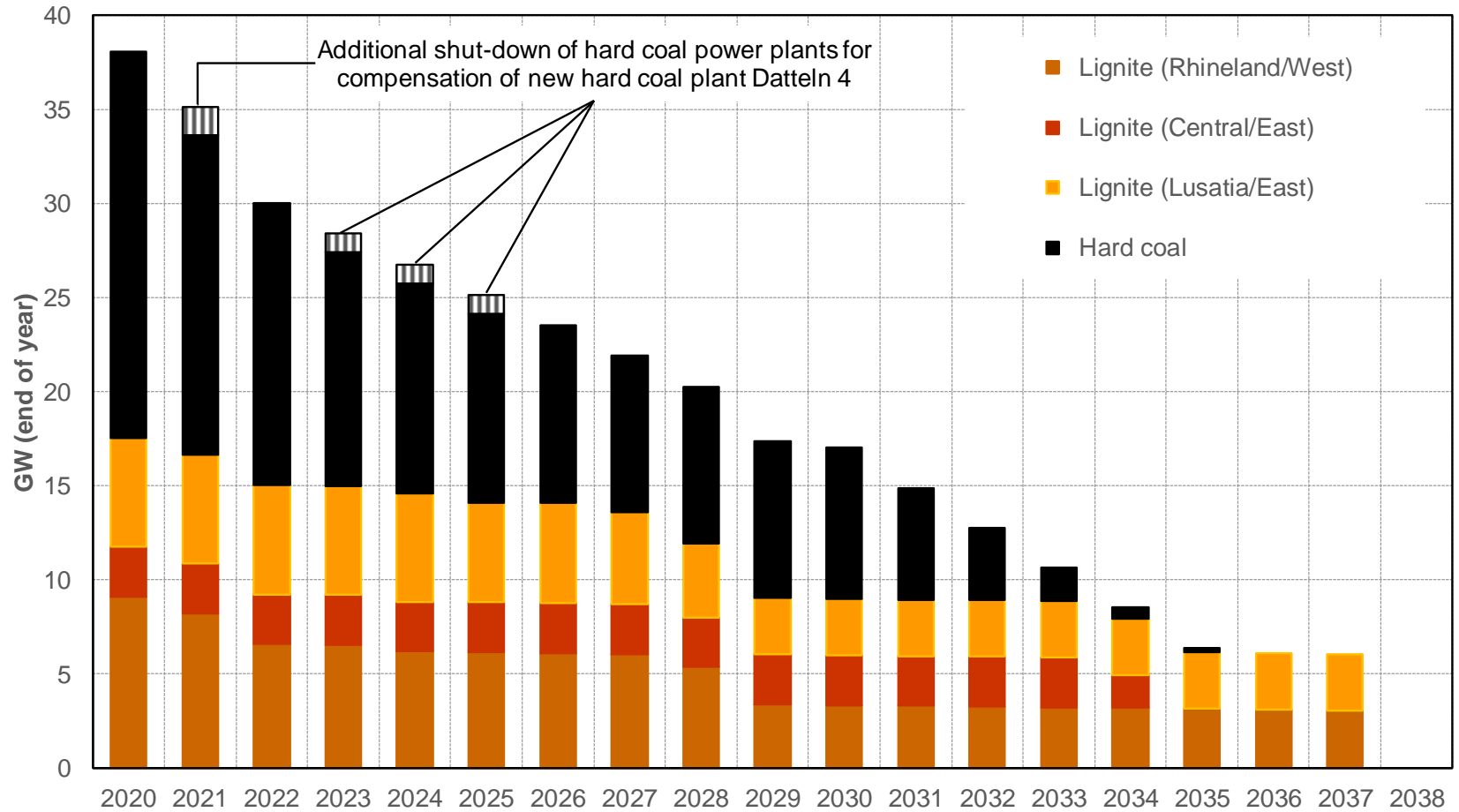
Remaining controversies

- decommissioning payments for hard coal plants and CHP support

Other implementation measures are more or less in line with the recommendations of the Coal Commission

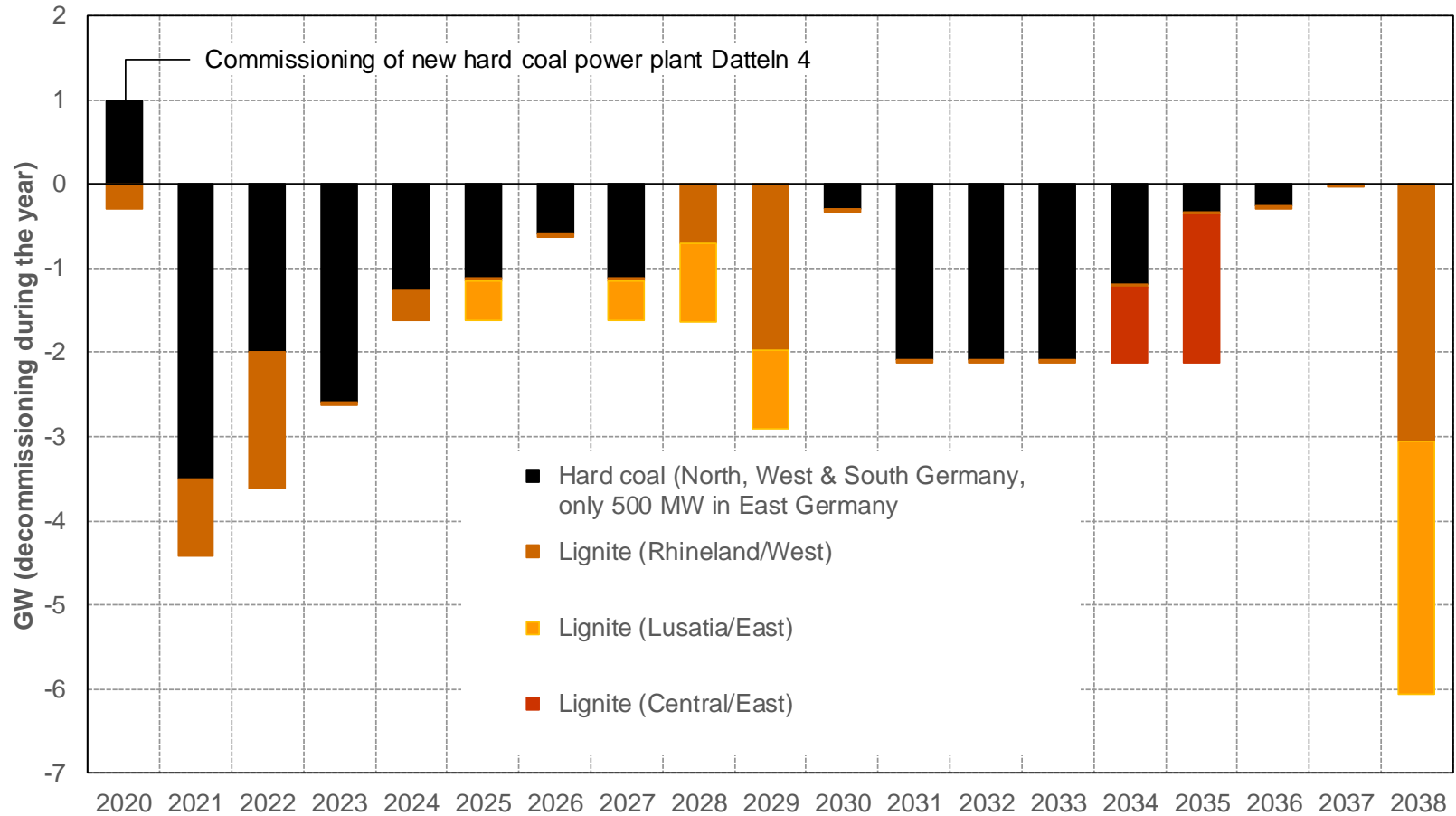
The German coal phase-out

Results from the recent implementation plans (1)



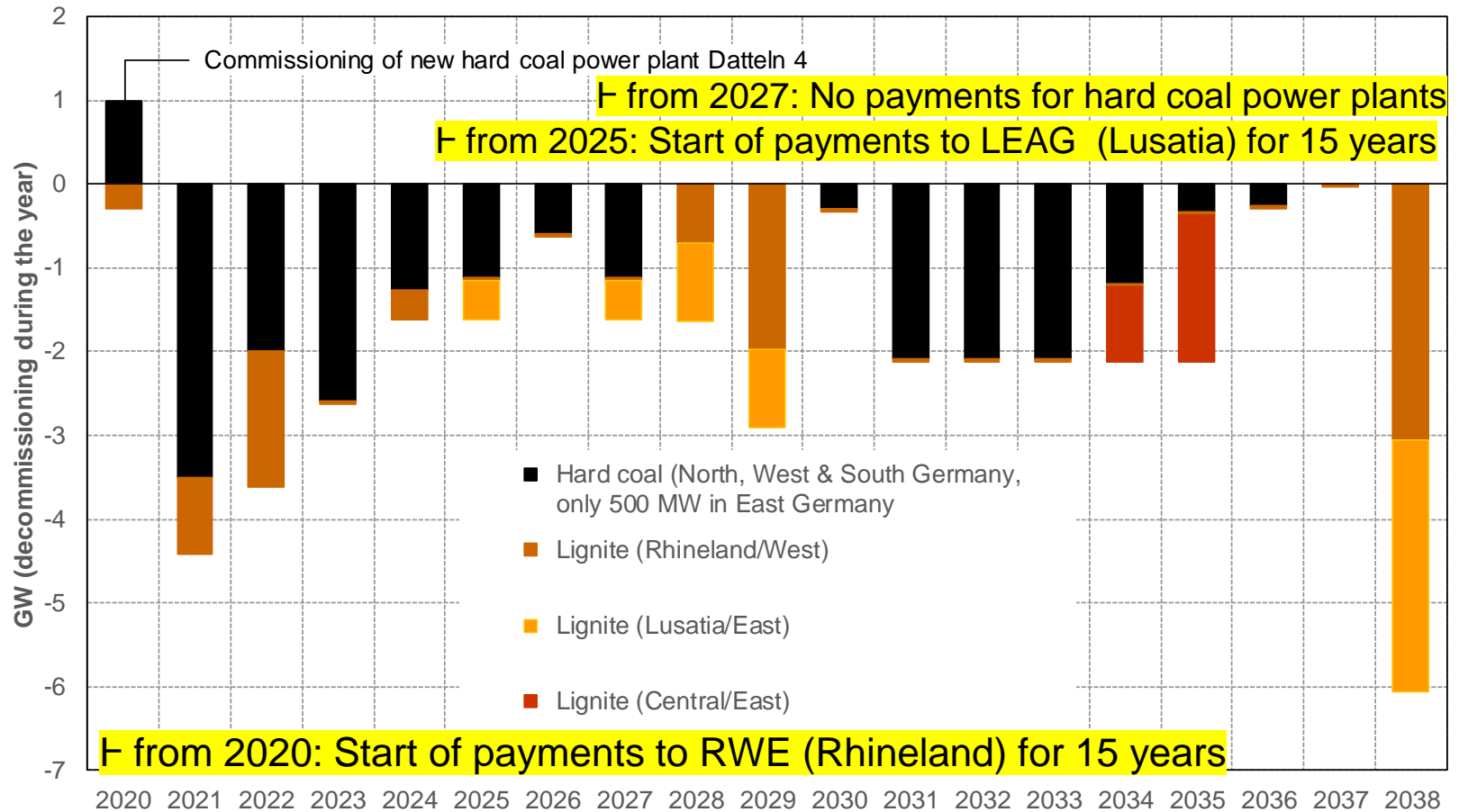
The German coal phase-out

Results from the recent implementation plans (2)



The German coal phase-out

Results from the recent implementation plans (2)



The German coal phase-out

Costs

Auctions to decommission hard coal power plants

- Maximum price of 165 € / kW in 2020
- Decreasing to 49 € / kW in 2026 (no payments from 2027 onwards)

Contracts to decommission lignite power plants

- 2.6 bln € for RWE (Rhineland), 6 GW until 2030, 433 € / kW
- 1.75 bln € for LEAG (Lusatia), 2.8 GW until 2030, 625 € / kW
 - payments comparable to the „Sicherheitsbereitschaft“ from 2016
- No payments for the decommissioning of lignite plants after 2030

Outlook for the German power sector

- **Very low gas prices (and constant ETS prices) lead to substantial abatement in 2020/2021**
- **Controversy about the roll out of renewables energies (PV, Onshore)**
 - Missing capacity additions lead to a shortfall in emission abatement in 2030
- **Reform of surcharges on the way**
 - EEG-surcharge will be limited to 6.5 ct / kWh in 2021, 6.0 ct / kWh in 2022 (agreed last week)
 - Network charges partly to be paid from taxes (compensation for increasing electricity prices)
- **Discussions about a 50/55%-target for 2030 on EU-level will impact targets in the EU-ETS and will increase prices in the EU ETS**
 - Higher prices will reduce operating hours of coal power plants

Thank you very much

The report of the Coal Commission is available
in English at:

https://www.bmwi.de/Redaktion/EN/Publikationen/commission-on-on-growth-structural-change-and-employment.pdf?__blob=publicationFile&v=3



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The German Coal Phase out law

Further reading

Proposal for the German coal phase out law

<https://dip21.bundestag.de/dip21/btd/19/173/1917342.pdf>

Berlin, 24th February 2020 (in German)

Statement from the Federal Council of Germany

<https://dip21.bundestag.de/dip21/btd/19/184/1918472.pdf>

Berlin, 08th April 2020 (in German)

Hearing in the German Parliament about the coal phase out law

<https://www.youtube.com/watch?v=Tf8H3EhR23o>

Berlin, 26th Mai 2020 (in German)

Statement of Felix Matthes (Öko-Institut) during the hearing about the coal phase out law:

<https://www.bundestag.de/resource/blob/697412/ff1b408f05f7070851d73affc6797f60/sv-matthes-data.pdf>

Berlin, 26th Mai 2020 (in German)

The German Coal Commission

Further reading

Matthes, Felix Chr.: The recommendations of the Commission "Growth, Structural Change and Employment" with regard to climate protection and the energy sector. Berlin, 11th February 2019 (in German)



Öko-Institut: The German coal-based power generation up to 2030. A model-based analysis of the recommendations of the Commission "Growth, Structural Change and Employment". Berlin, 12th March 2019 (in German with English Summary)



Öko-Institut: Electricity price and cost effects of a managed phase-out of power generation from coal. Berlin, 12th March 2019 (in German with English Summary)



Last but not least: The German coal phase-out in the context of other European efforts

