Coal phase-out process in Germany

Beyond Fossil Fuels 2021 by POCACITO

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Coal power and jobs in Germany

Figure: Development of coal and renewable energy employment depicted by bars, and share of electricity production in Germany from 1980 to 2017 depicted by lines.

Figure: Locations of coalfields and coal-fired power plants in Germany.

Source: German Institute for Economic Research, Wuppertal Institute, Ecologic Institute (eds.) 2019: Phasing out Coal in the German Energy Sector. Interdependencies, Challenges and Potential Solutions; p. 9
‘Commission on Growth, Structural Change and Employment’ – set-up

Development of an “action programme” including:

– Measures to achieve Climate Action Plan 2030 target for the energy sector (-62% emission, 1990 base)
– A coal phase-out date and pathway
– Measures to support the affected regions
– Measures to support former coal workers
(In the context of energy security and competitiveness for German companies)

June 2018 - January 2019

10 meetings & 3 trips to coal regions
Passed with 27 against 1 vote

Figure: Resulting coal capacities in Germany [in GW]

- Phase-out date 2038 with option of early phase-out by 2035

- A total of €40bn (~$46bn USD) in transition measures in German coal regions for next 20 years

- Costs and conditions for compensating utilities subject to negotiations with the government (~€4.2bn as of 2021)

- Early retirement/adaptation allowance mechanisms (labor market policies following the blueprint of German hard coal mining phase-out)
Outcomes of commission

- Successfully moved coal phase-out debate in Germany from “if” to “when”
- Legitimacy for political implementation

Yet:
- 2035/2038 not Paris-compatible (for Germany)
- High compensation payments
- Strong influence of incumbent actors in process

Source: WSB (2019)
Concluding remarks

• Commission helpful to find compromises and increase legitimacy
• Important to address power imbalances among stakeholders in commission
• Tension between local (economic) interests and global objectives
• Prior political decisions required to set frame (e.g., remaining emission budget)
• International and economic developments superseding commission’s recommendations?!
Thank you very much for your attention

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