



BEYOND COAL



TOWARDS  
**NET-ZERO**



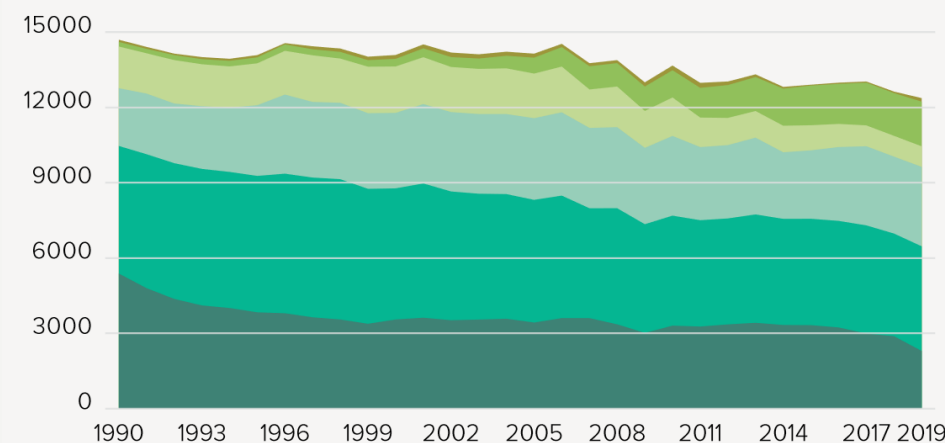
## **„THE LONG WAY OUT“ – GERMANY AND COAL**

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International Secretariat, Climate Transparency  
18 December 2020

# THE ROLE OF COAL IN GERMANY'S ECONOMY IS DECREASING

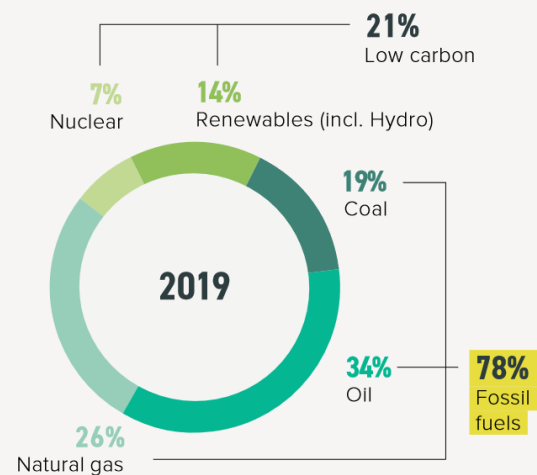
BUT ALMOST ONE THIRD OF GERMAN POWER IS STILL GENERATED FROM COAL (2019)

Total primary energy supply (PJ)



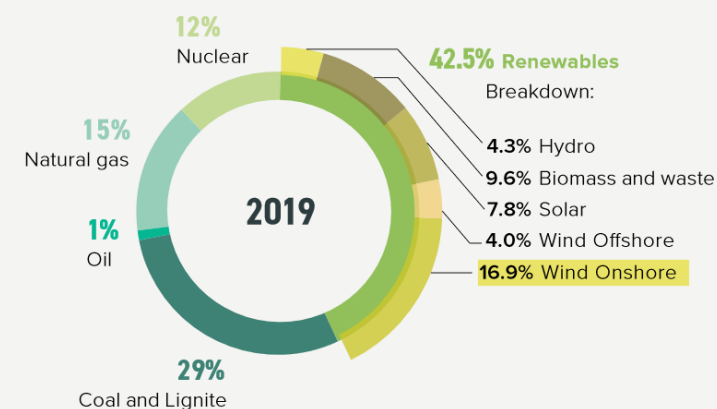
Coal Oil Natural Gas Nuclear Renewables Other

Source: Enerdata, 2020



Due to rounding, some graphs may sum to slightly above or below 100%.

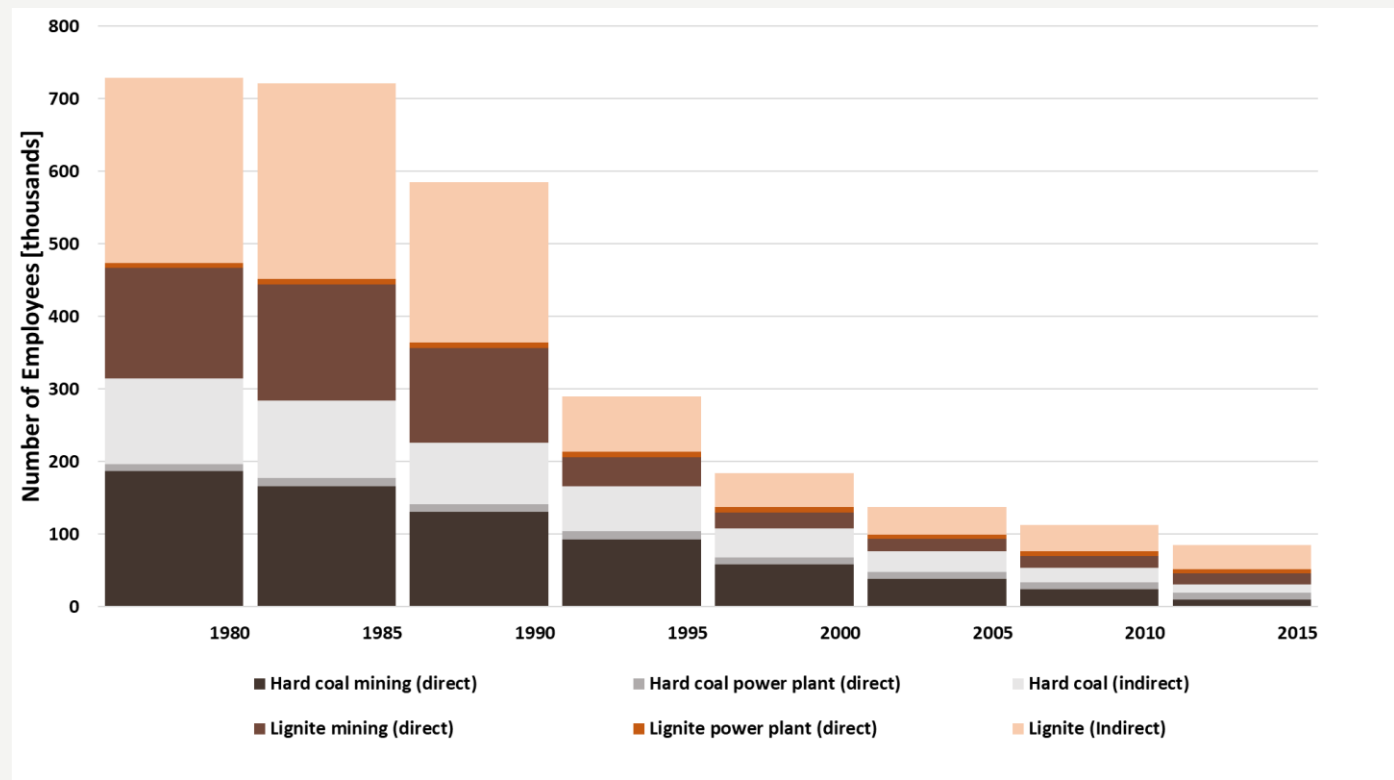
Gross power generation



# REGIONS' ECONOMY & IDENTITY SHAPED BY THE COAL SECTOR

THOUGH COAL EMPLOYS FEWER TODAY, STRUCTURAL REFORMS ARE NEEDED TO SUPPORT REGIONAL TRANSITIONS

Employees in Germany's coal sector (direct & indirect), 1980 - 2015



Source: Oei et al. (2020); Foto credit: Orchi, StagiaireMGIMO



# THE GERMAN COAL PHASE-OUT DECISION PROCESS

COAL COMMISSION BRINGS TOGETHER DIFFERENT SOCIAL AND ECONOMIC INTERESTS AND BUILDS CONSENSUS

Nov 2016

Climate Action Plan includes Coal Commission

Jun 2018

Government convenes 'Coal Commission' on Growth, Structural Change and Employment

Jan 2019

Coal Commission publishes final report

Aug 2019

Government adopts *Structural Change Aid Law*

Jan 2020

Government adopts *Coal Phase-out Law*

July 2020

Coal laws are passed in Parliament



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# GERMANY'S COAL EXIT LAWS

IN JULY 2020, THE COAL EXIT LAWS WERE PASSED IN PARLIAMENT

## COAL PHASE-OUT LAW

- Coal phase-out by 2038, with option to move to 2035 (reviews: 2022, 2026, 2029 and 2032)
- Compensation for hard coal phase-out up to 2026, followed by regulated closures
- Lignite-phase out through contracts between state and companies (€4.35 bn for compensation)
- Ban for new coal power facilities
- Transition payments for coal employees



## AID FOR STRUCTURAL CHANGE LAW

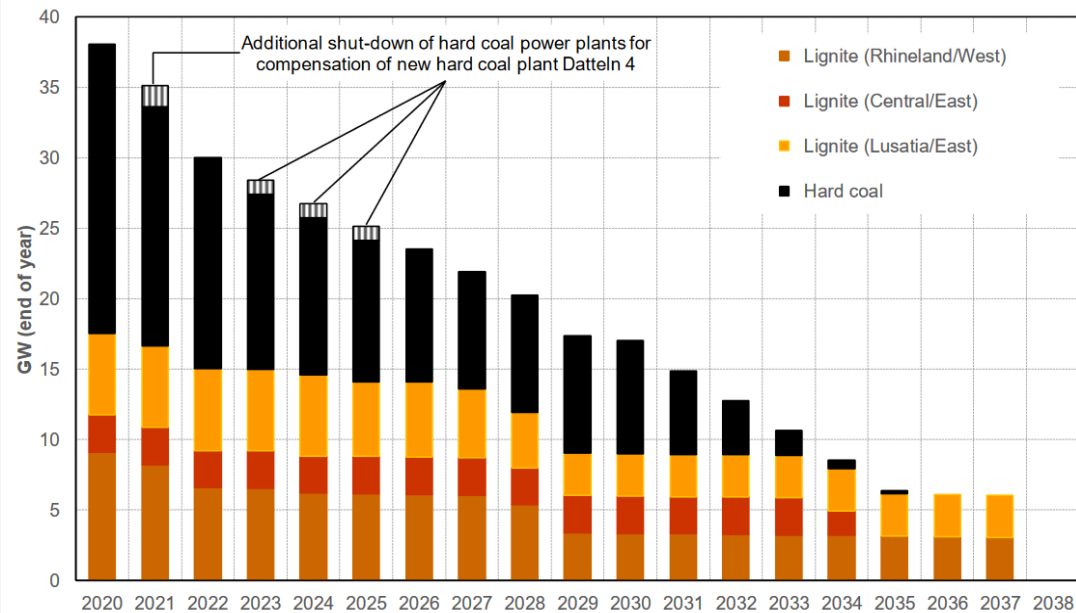
- Investment law for regional investments of up to €14bn until 2038
- Federal investment projects of up to €26 bn until 2038
- Support for former lignite regions & communities with economically relevant hard coal plants



# 2038 PHASE-OUT DATE NOT IN LINE WITH PARIS AGREEMENT

## GERMANY NEEDS TO EXIT COAL BY 2030 AT THE LATEST

### Capacity reduction path of the coal exit law



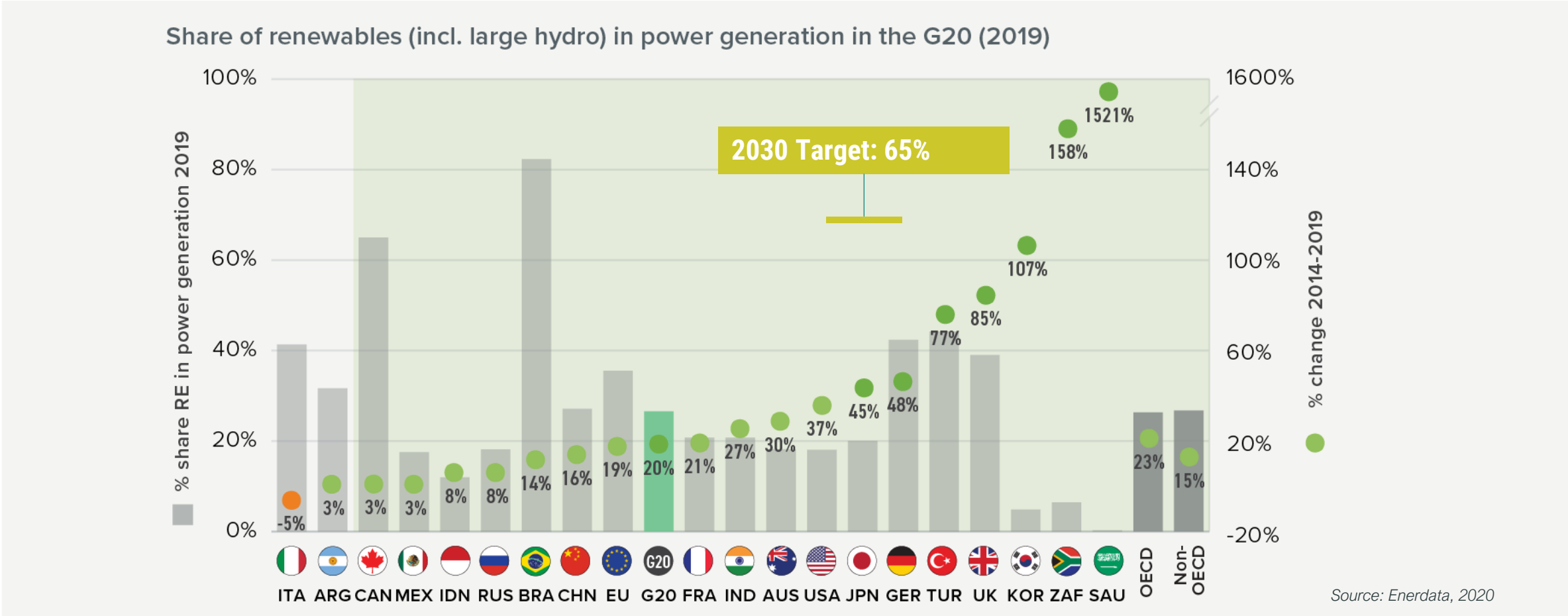
Source: Felix Chr. Matthes/Öko-Institute

### FACTORS THAT MIGHT SPEED UP THE PROCESS

- ⇒ More ambitious EU 2030 emission reduction target and related increases in EU-ETS prices
- ⇒ Covid-19 impacts
- ⇒ Lower costs of renewables and gas
- ⇒ EU Green deal and structural change programmes in regions
- ⇒ German public demands a faster coal exit
- ⇒ International pressure for coal exit in Germany increases

# RENEWABLE ROLL-OUT ALSO NEEDS TO SPEED UP

RENEWABLES ARE ON THE RISE, BUT REGULATORY BARRIERS RISK ACHIEVEMENT OF GERMANY'S 2030 RE TARGET



# OPPORTUNITIES FOR INTERNATIONAL COOPERATION

## JAPAN AND GERMANY CAN JOIN FORCES TO MOVE BEYOND COAL TOWARDS NET-ZERO EMISSIONS



- 1 Drive a 'Green Recovery' agenda within the G7 and G20 in 2021
- 2 Align finance flows with net-zero targets and support review of the OECD Coal-Fired Electricity Generation Sector Understanding
- 3 Scale up renewables and lead in the development of a global (green) hydrogen market
- 4 Use Powering Past Coal Alliance (PPCA) as a forum for joint learning on a 'just transition'