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The German Coal Commission

How to say farewell to coal

How to reconcile climate protection, jobs, and structural change during the coal phase-out



Social acceptance for the coal phase-out

Conflicts of interest are inevitable when phasing out coal: in terms of climate protection, speed is of the essence; workers, on the other hand fear for their jobs, regions for their industries, and companies for the loss of revenue.

In order to cut through this Gordian knot, the Federal Government established a commission in 2018 comprising of representatives from all social groups. Its mission: to develop an exit plan that meets everybody's needs.

Now, following ten meetings, several trips, and months of hard work, the so-called Coal Commission has almost unanimously agreed on a compromise. The plan stipulates the phase-out of coal as well as the provision of aid for the affected regions and compensation for the energy companies.

Could the Coal Commission model also help other countries to organise the phase-out of coal? In this brochure we present the work of the Commission and the results achieved. We also highlight the conditions that were necessary for the success of the expert group in Germany.



Balance and compensation as a recipe for success

Check box: How to create acceptance for the coal phase-out with a Commission or a Round Table.



Assign clear tasks

- The Commission or Round Table needs to submit a fixed deadline for the coal phase-out.
- It must outline a credible plan for the future of the affected coal-mining regions.
- Consideration must also be given to the security and affordability of energy supply.

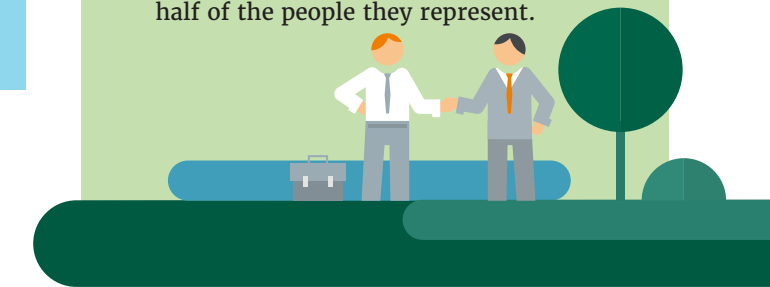


Ensure good organisation

- Provide sufficient expertise through studies, expert hearings, and site visits.
- Give the Commission enough time to gain the trust of the stakeholders: it is easier to develop solutions in an atmosphere of mutual understanding.
- Task small working groups to deal with specific aspects.

Select the right participants

- All key social stakeholders must be represented, ranging from trade unions and climate campaigners to the affected municipalities and environmental associations.
- Assurances must be sought that all participants are prepared to phase out coal in the interests of climate protection.
- Participants have to be willing and able to negotiate compromises on behalf of the people they represent.



Opt out in an amicable manner

Everyone agreed that Germany would have to phase out coal if the country were to achieve its climate protection goals. The question was how to achieve this without putting energy security and jobs in the energy industry at risk. Following months of tough negotiations, the representatives of all important social groups in the Coal Commission succeeded in paving the way for a climate-neutral and prosperous future for the country.

The final night was exhausting. “Gaining the approval of all stakeholders was hanging in the balance,” recalls Barbara Praetorius, chair of the German Coal Commission and a climate economist. The members of the Commission had worked hard into the small hours of the morning and the representatives of environmental associations, industry, miners, and coal-mining regions were only able to agree on a common policy shortly before the sun rose on 26 January 2019. How and by when should Germany shut down the last coal-fired power plant? What can the country do to provide the coal regions with a future beyond coal? The purpose of the Commission was to put an end to years of debate in Germany.

Exhausted but satisfied

“I was tired and wanted a shower,” Commission member Michael Vasiliadis, head of the German energy and mining union IG BCE recalls, “and I was glad that we got a result, which I knew I would have to justify to 14,000 mining sector workers the following day.” “It was a long road to reach agreement”, the Commission leaders told the press the morning after the final night. “The Commission will provide the government with a clear guideline for securing jobs, creating value, and protecting the climate”. Success at last!

No one would have thought this possible seven months earlier, in the summer of 2018 when the business newspaper Handelsblatt published an article under the headline “Climate targets missed”. One tabloid even suggested that “it would be more honest to bid farewell to the climate targets altogether.” And in the coal-mining regions there is a fear that populists are exploiting worries about the future to drive people into the welcoming arms of their parties.

Reconciling climate protection and prosperity

As Praetorius explains: “Politicians have been searching for solutions for how climate protection and prosperity can be achieved at the same time.” That is why former German Chancellor Angela Merkel decided to bring the disputing groups together around one table including representatives from industry and business, science, environmentalists, trade unions, coal regions, and three politicians from the Bundestag, the latter with no voting rights in the coal commission.

The Commission on Growth, Structural Change and Employment’s mandate was: “Climate protection should not be a one-sided burden to regions generating

The task

1. To reduce emissions from the energy sector by up to 62% by 2030 compared to 1990 levels
2. To develop a plan for phasing out and ending coal-fired power generation and to set a deadline
3. To set out measures for closing the emerging energy gap
4. To create specific prospects for new, future-proof jobs in the affected regions
5. To develop a mix of instruments to reconcile economic development, structural change, social sustainability, societal cohesion, and climate protection.
6. To invest in regions and economic sectors affected by structural change



“Save the world”: Demonstrating for climate protection while the coal commission meets

coal-based electricity. It should create opportunities for sustainable economic dynamics in conjunction with high-quality employment.” This left the decision on the future of coal in the hands of the experts.

Entrenched positions at the start

The starting positions could hardly have been further apart. The environmental associations were demanding the shutdown of all the hundred or so coal-fired power plants by 2030 and a rapid transition to renewable energies. The unions, on the other hand, were focused on jobs. “The burden of the coal phase-out must not be borne by the miners alone,” demanded union leader Michael Vassiliadis, who wanted to ensure a good transition into retirement for the older workers while providing a real perspective for the younger ones. The main concern of the representatives of the large electricity companies was to prevent their power generation facilities from being shut down leading to the loss of billions of euros in value.

But it was the four mining regions that had the most to lose: Lusatia and the central German mining region in the East of the Republic and the Helmstedt and Rhenish coal regions in the West. In particular, Lusatia, an already structurally weak region close to the Pol-

ish border where some 25,000 people were employed in the lignite extraction industry, would be hit hard by an excessively rapid phase-out of coal-fired power generation. The mayor of the small town of Spremberg in the Lusatian coal region, Christine Herntier, who represented the regional municipalities in the Commission, would have preferred to keep all open-cast lignite mines and the associated power plants running until 2040, with a view to ensuring sufficient time for structural change. According to chairperson Barbara Praetorius: “The main bone of contention was the mediation between the environmental forces and the regions”.

Gathering the necessary data

Before the Commission could even start thinking about solutions, a basic set of accepted data was required: how many jobs are really still linked to mining and electricity generation? How will the coal phase-out affect energy security? The Coal Commission heard from dozens of experts and made site visits to the respective coal regions.

No matter where the Commission appeared, climate activists would demonstrate for a rapid phase-out of coal and the closure of active open-cast mines whilst the coal miners themselves would hold demonstrations for

“Our work secures prosperity” warn energy union members at their demonstrations



The members

The Ministry of the Environment and then Ministry of Economic Affairs selected the 31 members of the Commission, which was convened by the Federal Government on the 6th of June 2018. The Commission was chaired by two former Minister-Presidents of the affected regions (Matthias Platzeck and Stanislaw Tillich), the environmental economist Barbara Praetorius, and Ronald Pofalla, head of Deutsche Bahn (National Railway Company) and a confidant of Angela Merkel. It was made up of

- **7 representatives** from industry & business (including employers, employees, energy companies, and municipal companies);
- **5 representatives** from the scientific community (including the Potsdam Institute for Climate Impact Research (PIK), the Fraunhofer Institute, and the Öko-Institut (the Institute for Applied Ecology);
- **3 representatives** from the environmental organisations Greenpeace, BUND (Friends of the Earth Germany), and Deutscher Naturschutzring (German League for Nature and the Environment);
- **3 representatives** of the trade unions Bergbau, Chemie, Energie (IG BCE), the Mining, Chemical and Energy Industrial Union, Verdi (the United Services Union), and Deutscher Gewerkschaftsbund (the German Trade Union Confederation);
- **5 representatives** from the affected regions as well as mayors and district councillors from the coal regions;
- **1 German Red Cross representative;**
- **3 Members of the Bundestag** with no voting rights, and
- **4 chairpersons**

A number of state secretaries from the federal ministries concerned also took part in the meetings (without voting rights).

the preservation of their jobs. “Over 20,000 miners confronted the Commission with a demonstration,” says Holger Lösch, Deputy Chief Executive of the Federation of German Industries (BDI), “which reminded us that we were dealing with the cultural fate of entire regions.”

The Commission finds common ground

Whilst all this was going on, something astonishing happened in the Commission. Even as the public battle of opinion became increasingly contentious, the Commission’s work was becoming more and more productive. As trade unionist Michael Vassiliadis explained: “We discovered an identity within the Commission and increasingly entered into factual rather than political discussions.” Other participants have also praised the increasingly “constructive collaboration as equal partners”.

All the major social stakeholder groups rallied behind the decision to phase out coal and how to achieve it when the Commission presented its findings to the press in Berlin on the morning of 26 January 2019. The central goal has been achieved: A major social conflict has been settled.

Germany to invest 100% in renewables

This makes Germany the first industrialised nation in the world to phase out coal and nuclear power generation and rely fully on renewable energy sources. At the same

What was done

- **10 meetings** of the entire Commission (between 26.6.2018 and 26.1.2019)
- **2 meetings** of the “Energy Economy and Climate Targets” and “Economic Development and Jobs in the Regions” working groups.
- **3 full-day** visits to the central German mining region, the Lusatian mining region and the Rhenish mining region

Power plant in Lausatia: When will it be shut down?



Happy chair: The former Minister-Presidents Platzeck (left) and Tillich with environmental economist Praetorius and Pofalla (head of Deutsche Bahn) on the right.

time, the regions whose economies are based on coal are to be transformed into modern energy production regions. The German Federal Government intends to promote structural change in these regions by investing in transport, digitisation, and research as well as by locating federal authorities there.

Michael Vassiliadis is satisfied with the result: “For the first time in the history of this kind of transformation,” he says, “we have achieved an active regional support package.” Former employees in the coal sector will be able to opt for continuing education or early retirement.

Studies and experts

Approximately 70 experts and stakeholders, ranging from a pastor working in a lignite mining region to an energy market professor, provided advice to the Commission or presented views on their regions. The Commission also received a series of studies to serve as a common database for the discussions, which included:

- Framework data for the lignite mining regions as a basis for structural policy
- Socio-economic dimensions and structural change
- Climate protection: international, European, and national climate policy frameworks
- Coal industry facts and figures
- The electricity market and security of supply

The Commission also heard from all the companies involved in coal-fired power generation and representatives of the coal regions, as well as numerous entrepreneurs and researchers who presented examples and thoughts about the opportunities for the coal regions after the phase-out of coal.

According to Christine Herntier, mayor of one of the coal regions’ towns: “The coal compromise opens up the opportunity for the people of Lusatia to really do something about the dramatic demographic change that is taking place”.



The results

The Coal Commission's historic success rests on five pillars.

Germany is phasing out coal-fired power generation gradually and in line with a defined phase-out roadmap. There will be no new coal-fired power plants and no new opencast mines by the agreed deadline.

The Federal Government is preparing the current coal regions for the future through an active policy of structural development. This will secure employment and value creation in the affected regions.

The German electricity and energy system is being comprehensively modernised. The plan is to rapidly expand renewable energy production, extend electricity grids, and maintain back-up power plants.

Cushion hardship for those affected. Coal-fired power plant operators will receive compensation from the Federal Government for the necessary shutdowns.

Review: Starting in 2023, the coal phase-out and energy transition will be reviewed every three years and the Federal Government will adjust its course as necessary.

Nor will the energy companies be abandoned. As Holger Lösch, industry representative on the Commission, explains: "We managed to find a reasonable solution for the affected companies: there will be no expropriation without compensation." (see box: The results).

All members agree that the model adopted by the Commission could also be successful in other countries. "In my opinion," says Lösch, "the basic idea of solving a major social conflict through public dialogue will work in any liberal state." The Commission, he continues, had "dealt with a major societal issue in a broad way and provided the framework for policy-makers to make decisions that they could hardly have made on their own".

A model for others?

But does this mean that the German Coal Commission could also serve as a model for other countries that want to switch to a carbon-free energy supply?

The members of the Coal Commission are convinced that it could, and trade union leader Michael Vassiliadis explains the prerequisites for this to happen: good organisation of the practical work of any such commission, and clear mandates in conjunction with sufficient analytical and scientific input. Failing these, he says, there is a risk of failure from the outset as it will be difficult to agree on a common factual description of the challenges to be tackled.

A second point, which Vassiliadis emphasises, is that the participants must be selected in such a way that they are able and willing to make compromises for the success of the Commission.

"In addition, leadership is needed," he says. "Processes like this should avoid reacting to every provocation, and the discussions must always be focused on the common goal." If these conditions are met, he adds, then the Coal Commission's model could also work in other countries.

The costs

The estimated costs of the coal phase-out amount to around one per cent of the annual federal budget.

The following expenditure is planned for the period 2018 to 2038:

- **40 billion euros** in structural aid for the affected regions
- **16 to 32 billion euros** for electricity cost compensation
- **5 to 10 billion euros** compensation for power plant operators
- **5 to 7 billion euros** for labour market policy measures
- **3 to 4 billion euros** to be set aside for re-deeming CO₂ certificates

Success through participation

Rainer Schröder represented the German Agency for International Cooperation (GIZ) in the successful Chilean Coal Commission. A conversation about goals and the German Coal Commission as a model for success.

Chile also established a Coal Commission in 2018. Why?

Chile's goal is to become CO₂-neutral by 2050 and the country has been expanding renewable energies very dynamically since 2014. The electricity generation costs there are becoming increasingly favourable in comparison with coal-fired power generation. Against this backdrop, the Chilean Ministry of Energy decided in 2018 to establish a Coal Commission. Up to mid-2019, the Commission looked into the phasing out of coal-fired power generation, with a view to establishing a more sustainable power supply. This is because in 2018, the 28 coal-fired power plants in Chile still accounted for over 40 per cent of electricity generation, and all of the coal had to be imported.

Who was in the Commission?

Represented in the Commission were the four Chilean coal-fired power plant operators, the Ministries of Energy, Environment and Health, the national electricity grid operator, the electricity regulator, trade unions, mayors from the communities that would be affected by the closure of the power plants, the Association of Major Electricity Producers, the Association of Renewable Energy Producers, the Association of Major Electricity Users, mining companies, representatives of indigenous peoples, NGOs and us, the German Agency for International Cooperation, or GIZ for short.

What did the Commission expect to achieve?

The Commission expected to discuss the pros and cons of phasing out coal-fired power generation in an open technical dialogue with the main stakeholders in the Chilean electricity sector. The objective was for the Commission to set a date for phasing out coal-fired power generation and the conditions under which this would be done.



Rainer Schröder was a member of the Chilean Coal Commission and has headed up the GIZ's Renewable Energy and Efficiency Programme in Chile since 2014.

What was the biggest conflict for you in terms of the basic concept?

The main opponents of the closure of the coal-fired power plants included certain trade union representatives as well as some mayors of the municipalities that would be affected by the closure of the power plants. Lengthy discussions were also held on the security of the Chilean electricity grid and on the economic consequences of the decommissioning of power plants, which was particularly important for the power plant operators.

Was there ever a moment when it seemed like the Commission might fail?

Not really, despite the fact that one of the mayors and trade union representatives in particular campaigned fiercely and occasionally very vociferously against the phase-out.

What are the most important results and lessons learned?

Coal-fired power generation is to be phased out gradually by 2040 at the latest, and the first two power plants already shut down in 2019 will be followed by another six by 2022. The operators of these coal-fired power plants do not receive any compensation for the shutdown.

What is happening in the effected communities?

In areas in which coal-fired power plants represent a significant economic factor, economic alternatives for the affected population are to be developed and promoted in a collaborative effort between the government and the power plant operators.

What about energy supply security?

The national electrical grid operator is responsible for securing the electricity supply when power plants

are shut down. Operators are required to apply for the shutdown and receive approval from the electricity grid coordinator and the electricity market regulator. The GIZ is continuing to work with the power grid operators, the Ministry of Energy, and the power plant operators to develop concepts for the conversion of existing coal-fired power plants into renewable energy storage facilities or to find other uses for them, the aim being to incentivise the operators and help stabilise the electricity grid in order to expedite the phase-out of coal-fired power generation facilities.

The composition and organisation of the Coal Commission in Germany were important for its success: what role did that play in Chile?

The participative approach, the multidisciplinary composition of the Coal Commission members, and excellent facilitation were also important success factors in Chile. I believe that would be true for any country that sets up a similar Commission to support the coal phase-out.



Decidedly for the coal phase-out: The presidential palace in Santiago de Chile

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