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Farewell to coal: another phase in Germany's Energiewende

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On 15 January Angela Merkel and members of her government held a meeting in the Chancellor's Office with the prime ministers of the federal states where mines and brown-coal power plants are sited (Brandenburg, North Rhine-Westphalia, Saxony, Saxony-Anhalt), together with the four chairmen of the so-called *coal* exit commission (the Commission for Growth, Structural Economic Change and Regional Development). On the government side at the meeting were the head of the Federal Chancellery Helge Braun, and the ministers of finance, the economy, the environment and labour, Olaf Scholz, Peter Altmaier, Svenja Schulze and Hubertus Heil. The meeting was closed to the media. Its aim was to support the *coal* exit commission in the punctual completion of its task, which is to develop recommendations on how to direct the economic transformation of those regions where brown coal is mined, and to establish a schedule for closing down the coal-fired power plants (the so-called 'coal phase-out'). The commission consists of 28 people, representatives of political parties, chambers of commerce & energy, and environmental organisations. Originally, the commission was to have presented its recommendations by the end of December 2018, and the switch-off date for the last brown-coal power plants should have been set by the end of November before the climate summit in Katowice, but in early December it was announced that the work would be extended until 1 February.

Around 20,000 employees are directly employed in the brown-coal mining and energy sector in Germany (c. 15,000 in mines and c. 5000 in power plants), including 9700 in North Rhine-Westphalia and 8600 in the Lusatian Basin. It is estimated that indirect employment in the brown coal sector is responsible for between 42,000 and 74,000 jobs in Germany. In comparison with other branches of the industrial sector, brown-coal energy is not a major employer (mechanical engineering employs 1 million workers, the automotive industry 820,000, the metal industry 408,000, and renewable energy 338,000).

Commentary

- The commission's negotiations overran primarily because there is no consensus on the amount of compensation which the federal states affected by the closure of the mines and power plants are to be offered. While the government has promised to offer €1.5 billion in aid by 2021, the states have demanded a total of €60 billion. For them, this sum is also intended to serve as compensation for the gradual elimination of the solidarity surcharge (paid to cover the costs of German reunification). In addition, commission members have been demanding compensation for the plants' operators; so far the federal government has rejected this demand.

- Chancellor Merkel wants to bring the commission's work to a rapid conclusion for several reasons. First of all, she must settle the dispute between the federal government and the coal-mining states as soon as possible, because parliamentary elections in Saxony and Brandenburg will be held in September 2019. If Merkel's CDU fails to react, they could be defeated in the east of the country, leaving the field open to radical parties – the AFD and *die Linke*. In addition, the commission's negotiations must conclude before the adoption in 2019 of the climate protection law, the implementation of which will mean that Berlin can meet the targets of its energy and climate policy by 2030. This is not only important in the domestic context; it is also a necessary condition for Germany to meet its international commitments to reduce emissions, and by extension, for Germany's credibility in the field of climate policy and energy transformation.
- The future of Germany's energy and climate policy depends on what form the consensus on withdrawing from coal will assume. Despite its ambitious political declarations on reducing CO_2 emissions, Germany has had poor results in this field so far. Reducing the burning of brown coal, which is the largest source of CO_2 emissions in Germany, is crucial to achieving the national reduction target of 55% by 2030. In 2017 CO_2 emissions in Germany amounted to 904.7 million tonnes, a reduction of 27.7% compared to 1990. The gradual shutdown of coal power plants in Germany is technically the easiest and cheapest way of achieving the reduction target by 2030. Energy production was the largest source of these emissions in 2017 (43%), half of which came from the burning of brown coal alone.