



European  
Commission

# Current outlook of the Coal Regions in Transition Initiative

Coal regions in transition virtual week

*16 November 2020*



# A few guidelines before we begin

## Interpretation will be provided

### Step 1:

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## We will use Slido for Q&A! To submit questions:

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Submit your question, vote on other questions!

*Please note this meeting will be recorded*

*If you have any technical issues, send a message via the chat to the host*

# Updates on the Initiative

**Catharina Sikow-Magny**

Deputy Director-General, DG ENER, European Commission

# Update on recent EU developments and progress under the initiative for coal regions in transition

**Catharina Sikow-Magny**

Director, DG ENER

*16 November 2020*



## Recent EU policy developments

**JTF and Just Transition Platform** – initiative for coal regions is a dedicated strand for coal, peat and oil shale regions under JTP

Ongoing work on **EU Recovery instruments** (RRF)

**Upgrade of climate targets** (Commission proposal of 55% by 2030 + climate neutrality by 2050)

Policy developments on future EU energy system: EU strategies on **hydrogen, Renovation Wave, energy system integration, etc.**



# Progress under the initiative for coal regions in transition

**Newcomers** (coal regions in Poland and Bulgaria);

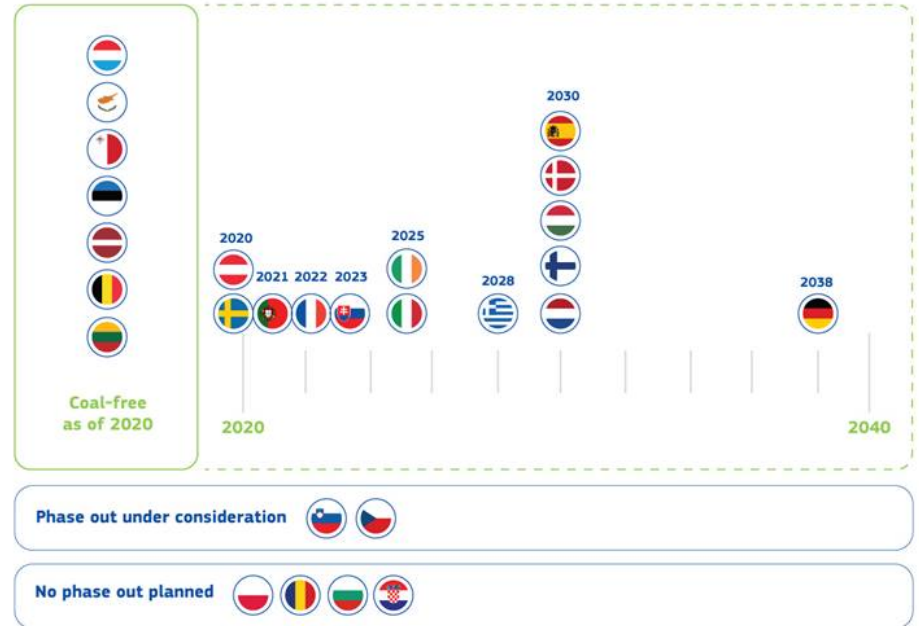
**Progress under START, new toolkits** under preparation on technology options for coal regions and on funding;

**New exchange programme** ('Erasmus for coal regions');

Sister initiative for coal regions in the **Western Balkans and Ukraine**;

**Steady progress** in EU regions and countries.

## Update on transition-related issues in the EU Coal phase out commitments as per National Energy and Climate Plans (NECPs)



# Asturias and its People Towards a Just Transition

**María Belarmina Díaz Aguado**

Director-General of Energy, Mining and Reactivation,  
Government of Asturias

# Updates on the Initiative

**Nicola de Michelis**

Director, DG REGIO, European Commission



# Updates on the Initiative

**Andrea Gentili**

Deputy-Head of Unit, DG RTD, European Commission


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1. Which topics would you like us to feature in the agenda of our next meeting?

 Start presenting to display the poll results on this slide.

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2. Is there a specific EU country/region you would like to hear from in the next meeting – either a newcomer or a region that already presented?

 Start presenting to display the poll results on this slide.

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# Audience Q&A Session

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# 15 minute break

Relax and enjoy some memories  
of meetings past...





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**Welcome back!**



## Newcomers in the Initiative: Małopolska, Poland

Piotr Lyczko,  
Deputy Director of the Department of  
Environment, Marshal's Office of the Małopolska  
Region



# ***Energy transition in the Malopolska Region***

***Tomasz Urynowicz***

Deputy Marshal of the Malopolska Region





**Malopolska region:**

3.4 million inhabitants,  
182 municipalities

**Subregion Oswiecimski  
(NUTS 3):**

550,000 inhabitants,  
30 municipalities



**Malopolska ranks 11th**  
among all European regions  
in terms of the number of  
coal-related direct jobs and  
**12th** in terms of the risk of  
socio-economic effects of  
energy transformation.



## Energy transition in the Malopolska Region

✓ The hard coal is extracted in 2 coal mine:

- HCM Brzeszcze
- HCM Janina in Libiąż

with a total annual production of over 2.3 million tons/yr.

approx. **4,000 employees** (2019).

✓ 3 coal power plants:

- Trzebinia PP (546 MW)
- Kraków CHP (460 MW)
- Skawina CHP (490 MW)

approx. **1,200 employees** (2019)

**A total of 8,900 workers in Malopolska are related to the mining sector.**





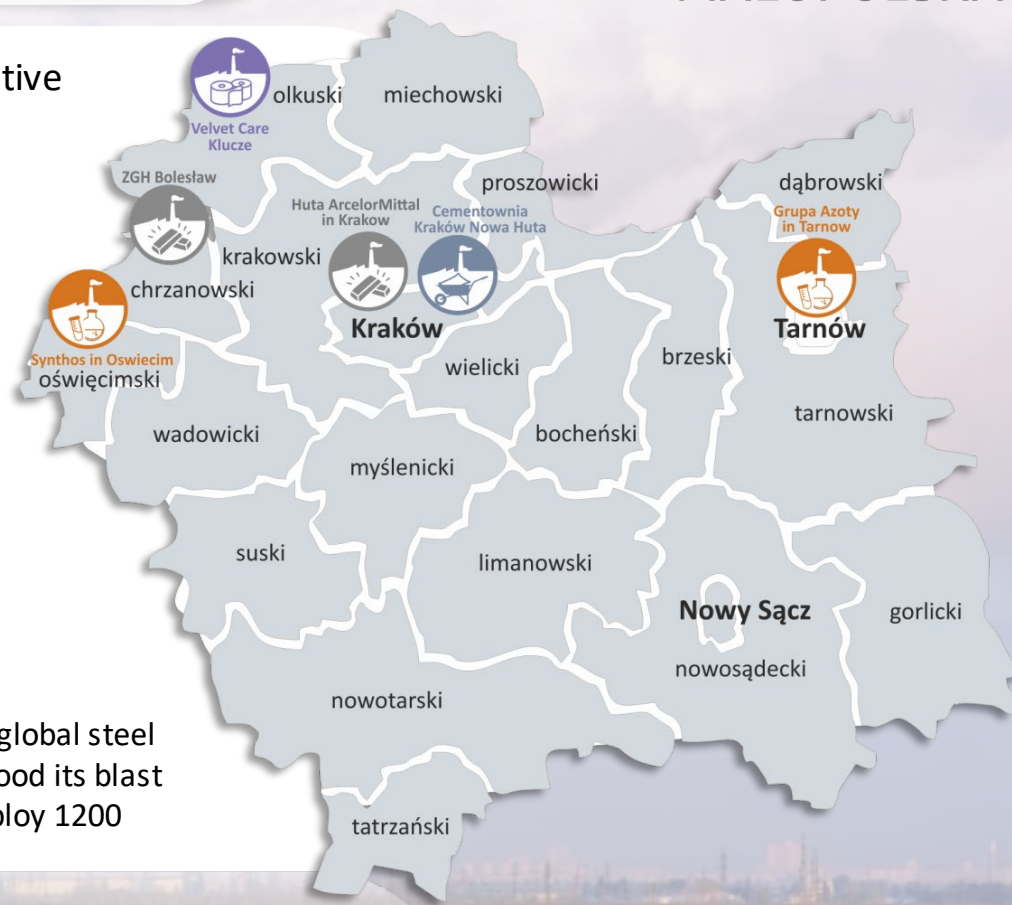
- ✓ The region's energy transformation began in the 1990s. The closure of 3 mines (**in Trzebinia in 2001, and some mine shafts in Brzeszcze in 1995 and Libiąż in 2005**) still has negative social, economic and environmental effects in the region.
- ✓ In 2010-2019, the total employment in HCM Brzeszcze and HCM Janina decreased by 30%.
- ✓ In 2020, two 120 MW coal-fired units at the Siersza Power Plant in Trzebinia was decommissioned. The complete shutdown of the coal units in Trzebinia is planned by the end of 2025.
- ✓ The restructuring of the coal mining sector in Malopolska **is directly related to the strategic decisions at the national level and the government's mine restructuring plan.**

## Energy-intensive industries in Malopolska

Industrial sectors exposed to the negative effects of the energy transformation operating in Malopolska:

- ✓ metallurgical industry  
ArcelorMittal in Krakow  
ZGH Bolesław
- ✓ chemical industry  
Grupa Azoty in Tarnow  
Synthos in Osiecim
- ✓ paper industry  
Velvet Care Klucze
- ✓ cement industry  
Cementownia Krakow Nowa Huta

ArcelorMittal Poland, the Polish unit of the global steel giant, announced the decision to close for good its blast furnace and steelwork in Krakow, which employ 1200 people.





## Malopolska as a leader of air protection



Malopolska is the first Polish region to limit the use of coal for household heating. The Regional Assembly adopted a **solid fuel ban in Krakow** effective from 01/09/2019, and **an obligation to replace old solid fuel boilers in the region** by 31/12/2022.



Since 2015, Malopolska has been successfully implementing LIFE Integrated Project - Ecomanagers in 62 municipalities help residents to replace old boilers with environmentally friendly energy sources, control compliance with air protection regulations and conduct educational activities.



Between 2015 and 2020 winter season, **Malopolska reduced the PM10 concentration by an average of 30% in the region and 45% in Krakow.**



Malopolska is the first Polish region with a dedicated plan for climate change mitigation and adaptation. **The Regional Action Plan for Climate and Energy (RAPCE)** was adopted by the Management Board of Małopolska on 18 February 2020. **The Plan supports a low-carbon transition of the region through mobilisation of public and private funds.**

In the years 2021-2030, **the new LIFE IP EkoMałopolska** will be implemented in the field of climate change mitigation.

Main tasks:



- ✓ low-carbon transformation of the heating appliance market and related green job creation,
- ✓ scenarios for GHG emission reduction in the Malopolska Region for 2030 and 2050,
- ✓ support for the use of renewable energy sources at the local level.



## Malopolska for the climate

### Malopolska is one of the 7 regions in the EU that received technical support under the START project:

- ✓ a **regional profile of the Western Malopolska** was prepared,
- ✓ **project concepts for transition of coal regions in Malopolska** applying for support from JTF will be developed,
- ✓ **in January 2020, the Malopolska Region officially joined the Platform for Coal Regions in Transition,**
- ✓ representatives of Małopolska participate in the Working Group for Just Transition at the Ministry of Development Funds and Regional Policy,

The **Territorial Just Transition Plan (TJTP)** is under preparation – the draft is scheduled by the end of 2020.



The local governments and companies in the Western Malopolska prepared **60 project concepts** with the **total budget over 700 Million EUR**.

### Environment and energy:

1. Supporting the European Green Deal through integrated operations to protect the environment, ensure local energy security and create permanent job vacancies in mining municipalities: Babice, Libiąż, Trzebinia, UG Libiąż, 15 Million EUR.

### Social infrastructure:

1. „FabLab” a social project aimed at increasing the competences of the region's inhabitants and supporting the transfer of advanced technologies, MARR, 698,000 EUR.
2. The "Small Grants Program" Program aims to develop small and micro-enterprises, MARR, 1,3 Million EUR

### Revitalization:

1. Revitalization of the closed Coal Mine Brzeszcze Wschód [East] with its surroundings - implementation a the model of transition to a climate-neutral, circular economy, UG Brzeszcze, Spółka Restrukturyzacji Kopalń, AGH University of Science and Technology, 47 Million EUR.



## The Board of the Malopolska Region appointed Tomasz Urynowicz as the Plenipotentiary for Just Transformation

**A Just Transition Working Group** was established with the participation of:

- ✓ government, regional and local administration
- ✓ owners of mines and post-mining areas
- ✓ entrepreneurs, employers' associations
- ✓ research units
- ✓ trade unions, non-governmental organizations

The first meeting of the Working Group took place on 12 November 2020.



**On 12 November 2020, the cooperation agreement was signed with the Tauron Polska Energia Group.**

Tauron Wydobycie S.A. is the owner of the HCM Brzeszcze and HCM Janina in Libiąż as well as the Siersza Power Plant in Trzebinia.

Tauron Dystrybucja S.A. is the largest electricity distributor in Malopolska, and serves 5.6 million energy consumers in southern Poland.



**The capacity of the Tauron Group's energy sources is 5.2 GW.** The Group's plan envisages increasing the contribution of low and zero-emission energy sources from 10% in 2018 to 66% in 2030.

## Challenges faced by the authorities of Malopolska

- ✓ confirmation of the participation of Western Malopolska in the possibility of using the Just Transition Funds
- ✓ **preparation of the Territorial Just Transition Plan** in the process of cooperation with local governments of Western Małopolska and social partners
- ✓ **development of investment projects** that will serve the energy transformation of Western Malopolska and mitigate its negative effects
- ✓ **preparation of a transformation strategy for energy-intensive industries** in Malopolska Region



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*—eko—*  
 MAŁOPOLSKA

## Newcomers in the Initiative: Stara Zagora, Bulgaria

**Ina Lazarova**

Deputy CEO, Bulgarian Energy Holding

**Momchil Vanov**

CFO, Bulgarian Energy Holding



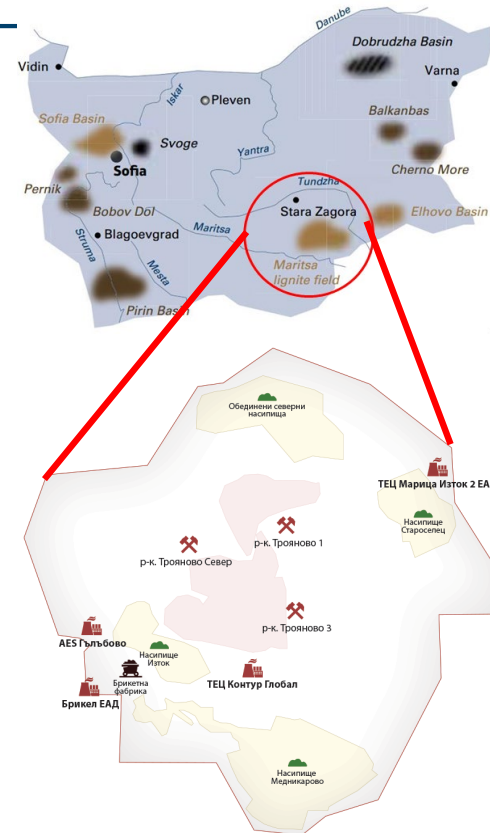
# Bulgaria: Stara Zagora Coal Region Coal Regions Virtual week

16 November 2020

# Stara Zagora Coal Region

## At a glance

- ▶ Stara Zagora is the sixth-largest city in Bulgaria, and the administrative capital of the Stara Zagora Region. The region is situated in the South-central part of Bulgaria. Stara Zagora is the administrative centre of Stara Zagora District, part of South-eastern Planning Region of the country.
- ▶ The region covers an area of 5151.1 km<sup>2</sup> and is often referred to as “The Energy Heart” of Bulgaria.
- ▶ The region hosts an open pit lignite mine and 3 (three) big coal-fired Thermal power plants for electricity generation as well as one combined thermal and electric coal-fired power plant. These energy companies are forming Maritsa East Energy Complex.
- ▶ Maritsa East Energy Complex is the biggest energy complex in South-Eastern Europe with strategic importance not only on regional but also on national level.
- ▶ The complex is located in a large lignite coal basin, which includes several mines, enrichment plants, a briquette plant and operates its own railway system.
- ▶ Coal mine sites in the region – open-pit mine, managed by Maritsa East Mine company
- ▶ Coal-fired power plants in the region:
  - TPP AES Galabovo Maritsa East 1
  - TPP Maritsa East 2
  - TPP Contour Global Maritsa East 3
  - Brikel Jsc. – national private company;





## I. Bulgarian Mining Sector - overview



# Maritsa East complex - Coal production

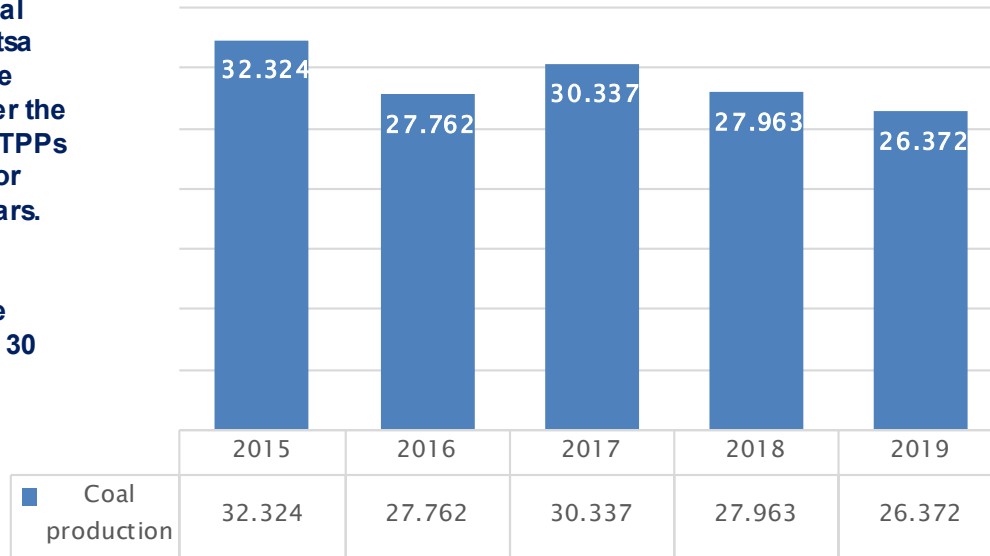
- Maritsa East complex has over 70 years of operational history – complex development started in 1948
- 240 sq.km open-pit lignite mine
- The largest energy complex in the SEE
- The heart of Bulgarian national electricity grid
- TPPs with over 3.1GW installed capacity connected to the low, mid and high voltage grids
- Focal point of 3 new electricity EU Projects of Common Interest (PCI)
- Crossroad of 3 EU transport corridors – 4, 8 and 9
- Well developed railway infrastructure – connections with international railway to Istanbul;
- Well developed road network – connections with highway “Trakia” (north from the complex) and highway “Maritsa” (south of Maritsa East complex).
- Located near the main national gas ring as well as close to the new gas interconnector with Greece



# Maritsa East complex - Coal production (continued)

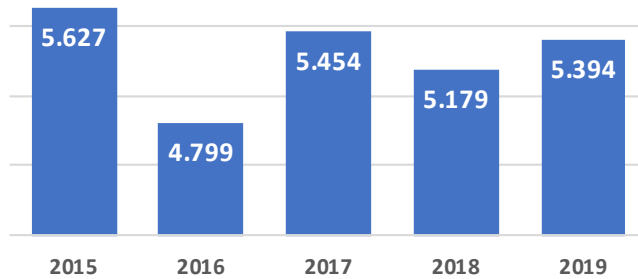
- The available coal reserves in Maritsa East complex are expected to cover the consumption of TPPs in the complex for more than 50 years.
- The annual coal production in the region is around 30 mn. tones

Annual Coal production 2015 – 2019 (thsd. tones)

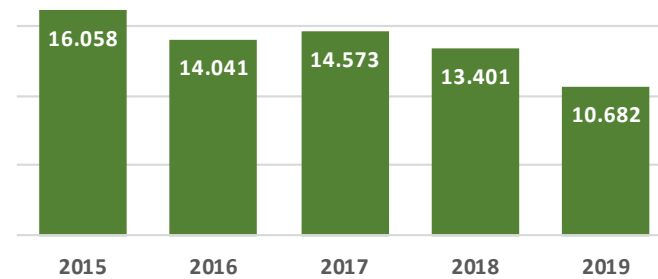


# Coal supply to the TPPs for the period 2015-2019

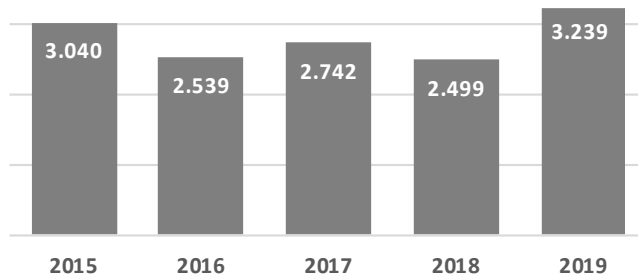
TPP AES Maritsa East 1 (thsd. tonnes)



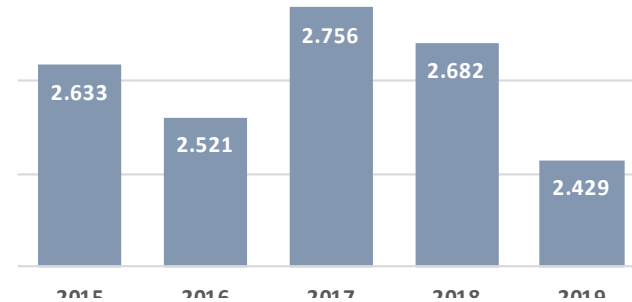
TPP Maritsa East 2 (thsd. tonnes)



TPP ContourGlobal Maritsa East 3  
(thsd. tonnes)



TPP Brikel (thsd. tonnes)

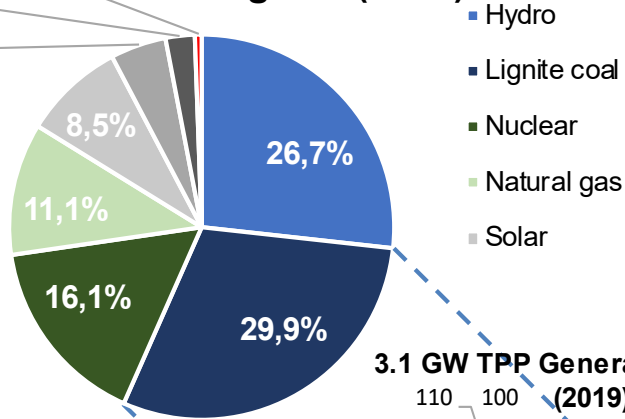




## II. Bulgarian Electricity sector - overview

# Overall Installed Generation capacity vs Coal-fired TPPs in Maritsa East region

11.8 GW Installed Generation Capacity in Bulgaria (2019)

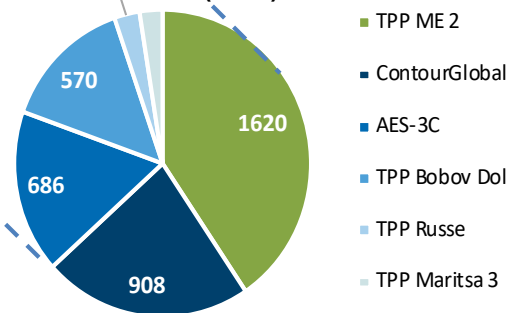


The lignite coal TPPs are with predominant share in the Energy mix and represent 30% of Bulgarian generation capacity.

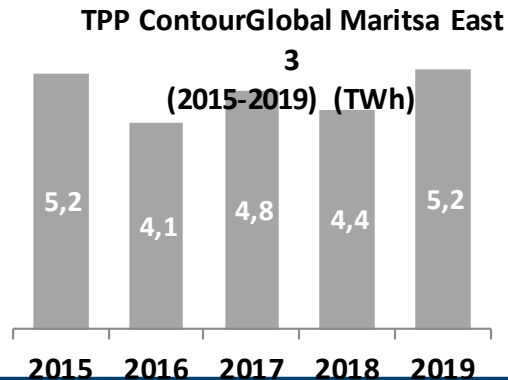
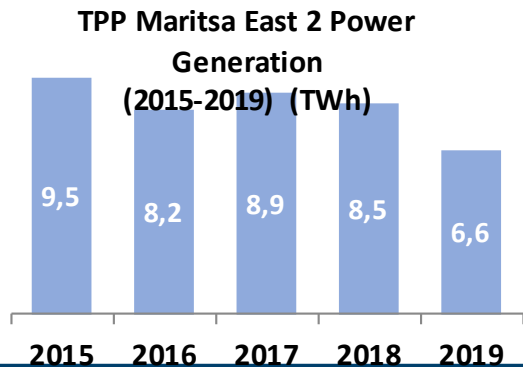
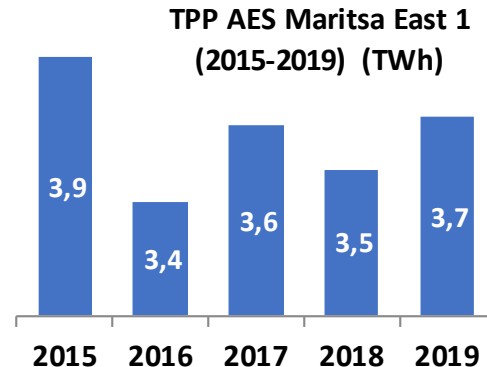
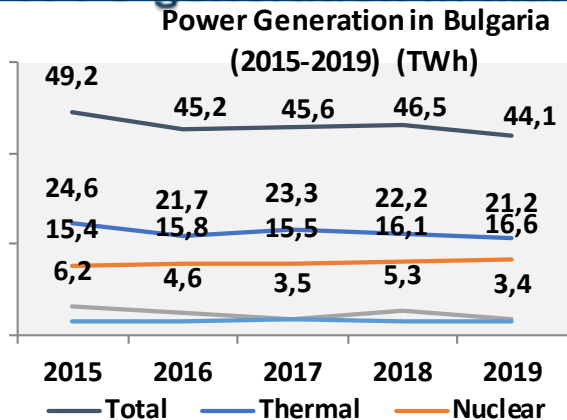
The TPPs in Maritsa East region are providing balancing and additional services to TSO.

The TPPs in Maritsa East region are part of Bulgarian critical infrastructure because of their importance for the Bulgarian energy system and national security.

3.1 GW TPP Generation capacity (2019)



# Electricity generation in Bulgaria vs TPPs generation in Maritsa East region





### III. Social reliance to coal production, electricity generation and supplementing activities

## Social importance of Maritsa East Region

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- ▶ The Maritsa East Energy Complex has a huge impact on social life and welfare in the region. More than 13 000 people are directly employed at the companies in the complex while the number of indirect jobs is difficult to be estimated precisely but various researches and calculations point to the number 24 000 people. In the case of closure of the lignite mine and the power plants, these people will lose their jobs and more than 100 000 people will be affected severely. Southeastern area in the country will be devastated as lignite mine and the power plants are the main industry in the region.
- ▶ Maritsa East Energy Complex has a crucial role for the prosperity of the region in every aspect.
- ▶ **Maritsa East Mines:** In 2019 the number of employees was 7 276 and employee benefits expenses amounted to BGN 267.7 mln (EUR 137 mln);
- ▶ **TPP Maritsa East 2:** 2 400 directly employed in the company in 2019 and employee benefits expenses amounted to BGN 112.7 mln (EUR 58 mln);
- ▶ The energy sector is the biggest industry in the region and employs people from Stara Zagora as well as Haskovo, Sliven, Yambol, Kardzhali.





## IV. European Green Deal - challenges in the transition

# European Green deal challenges for Bulgaria

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- ▶ **The decarbonization process is expected to challenge the Bulgarian industry as follows:**
- ▶ • Risks for the **competitiveness of the Bulgarian economy** in the short and medium term due to significant costs for new investors resulting from the Green Deal;
- ▶ • Decarbonization process will impact companies that create raw materials for other economic activities, **affecting the related industries**, and in particular small and medium-sized enterprises;
- ▶ • **Significant investment costs** for enterprises for new technologies, including digital and resource-efficient, affordable carbon capture and storage technologies;
- ▶ • **Potential higher cost of energy resources** needed for businesses;
- ▶ • Risk of **shifting production in other countries and increasing imports of raw materials from non-EU** countries with a lesser weight of environmental legislation (carbon leakage);
- ▶ • **Increased unemployment rate due** to closed companies and social costs, including re-training and reintegration into the labour market;
- ▶ • In each area of the Republic of Bulgaria, there are structural determinants that provide basic raw materials for other industries in the economy of the country. Maintaining these businesses is important in order to ensure sustainable employment, preserve the external trade balance and the sustainable economic development of Bulgaria. The 13 industries affected by carbon leakage and green transformation are located in all administrative areas, employing 79% of the employees and creating 79% of the added value in them.

# European Green deal challenges for Stara Zagora region

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- ▶ Stara Zagora is one of the mostly affected Bulgarian regions in terms of carbon intensity.
- ▶ The potential phase-out of the coal-fired thermal generation will have several negative impacts on the economy of the region, as follows:
  - ▶ **Effects on added value in the economy** - the suspension of coal mining and the possible suspension of electricity exports would lead to a reduction of the value added in the economy of BGN 1.4 billion (1.5% of the GVA for 2018)
  - ▶ **Effects on the number of persons employed** - Assessment of the expected negative impact was conducted in the area of Stara Zagora, with 76% of the employees potentially affected by the closure of coal-fired power generation capacities. In the area of Stara Zagora, employment is expected to decrease by 11.8% and the number of unemployed to increase 1.6 times (from 7.4 thsd. people at the end of 2017 to 19.4 thsd. people in a capacity-stop scenario), resulting in an increase in the unemployment rate from 3% to around 8%. In the municipalities of Galabovo and Raja, the employment reduction will reach around 44% and 77% respectively, as the energy related activities provide more than 80% of their revenue.
  - ▶ **Decommissioning of operational assets** - A preliminary cessation of coal mining in Maritsa-East Mines will result in the decommissioning of assets amounting to EUR 435 mln. The value of the production assets in the Thermal power plants in the complex amounts to around EUR 1.76 billion, with relatively small fraction that could continue to be used if replacement capacity is built on their sites. The total amount of decommissioning of assets in the region amounts to around EUR 4.3 billion.
  - ▶ **Costs of reclamation and final removal of mines** – The costs for early exit of MMI and associated costs, including the restoration of the concession area (biological and technical), liquidation and other costs are estimated at around EUR 434 million.



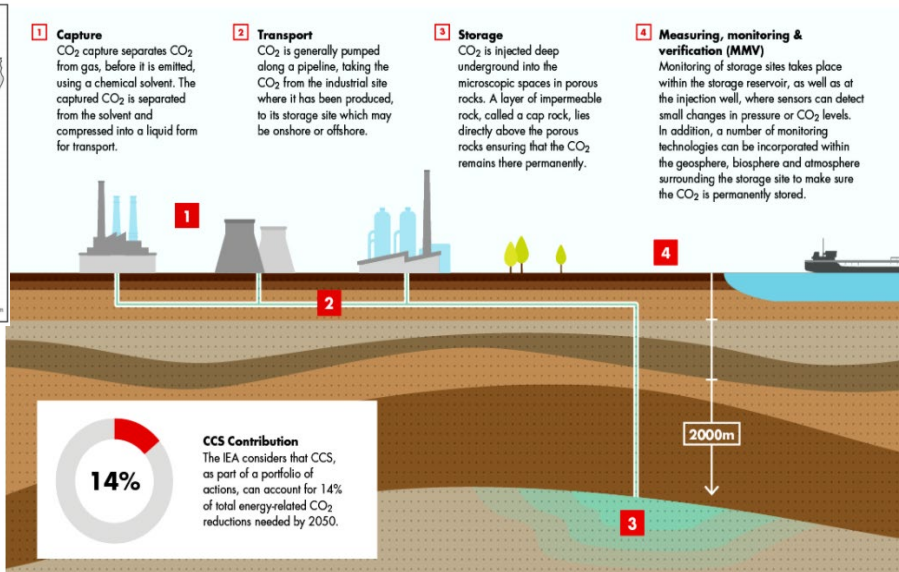
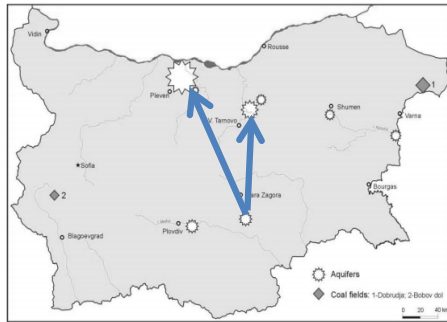
## V. Main decarbonization projects

# Decarbonisation projects for the region

## Carbon Capture and Storage

### ► Carbon Capture and Storage

Retrofitting the TPPs in Maritsa East complex with Carbon Capture facilities and building of a pipeline for CO<sub>2</sub> transport to storage areas. Bulgaria has saline aquifers suitable for CO<sub>2</sub> storage, especially in the northern parts of the country (in Pleven and Veliko Tarnovo areas, located 270 Km from Maritsa East plants) capable of storing 2,100 to 2,660 million tonnes of CO<sub>2</sub>. These areas could provide storage for more than 50 years at the present CO<sub>2</sub> emissions levels in Maritsa East Region.



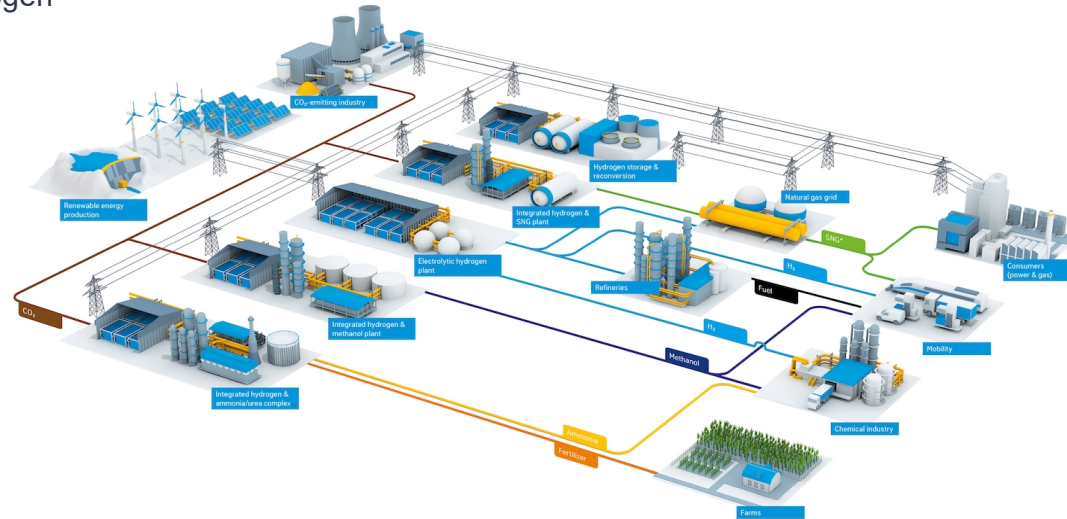
# Decarbonisation projects for the region

## Hydrogen

### ▶ Hydrogen

The region is considered as suitable for developing of a hydrogen complex composed by different type of hydrogen sources:

- ▶ Fossil-based hydrogen;
- ▶ Fossil-based hydrogen with carbon capture;
- ▶ Clean hydrogen



**THANK YOU!**

# Presentation of national cases: Greece

**Antonios Kailis**

Just Transition Development Plan, Greece





ΣΧΕΔΙΟ ΔΙΚΑΙΗΣ  
ΑΝΑΠΤΥΞΙΑΚΗΣ  
ΜΕΤΑΒΑΣΗΣ

# Plan for a fair development transition of the lignite areas

OCTOBER 2020



# Main Goal

As a key part of The National Energy & Climate Plan, the government committed to decommission all lignite power plants by 2028 with the majority expected to take place by 2023

The goal is to support the transition local economies and employment and minimize the associated social and environmental impact during this transition



# According to the timetable, a holistic and quantified transition plan was created



A clear **vision for “the next day”** was specified



It is supported by **real investments** which create realistic vacancies



It provides a **comprehensive set of incentives**



It mobilizes **private, national and community funds**



It takes care of the **reskilling** of human resources

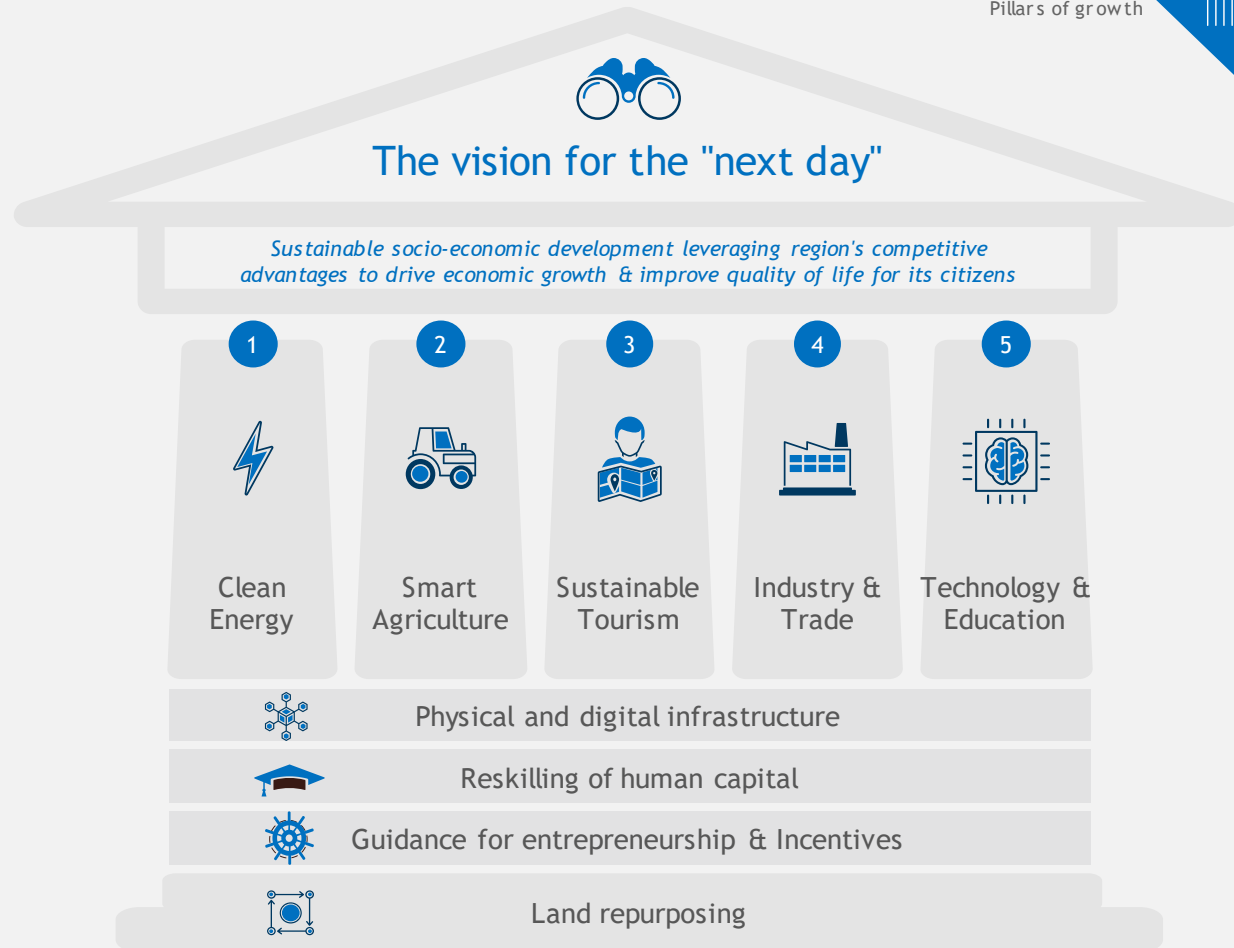


# Five basic principles underline the vision for the next day

-  1 Focusing on **labor-intensive industries** to create **new job opportunities** for local communities
-  2 Leveraging the **innate advantages** of the affected regions
-  3 Ensuring a **speedy transition** with a focus on **quick wins**
-  4 Promoting **social and environmental sustainability**
-  5 Integrating **modern technology** and promoting an **entrepreneurial spirit** throughout all new activities

## In accordance with the policy objectives of the EU

- A smarter Europe
- A greener Europe
- A more connected Europe
- A more social Europe
- A Europe closer to its citizens



Consequently, the vision for the "next day" is based on **five growth pillars** supported by key enablers

# Prerequisites for rapid implementation...



Institutionalization of incentives



Special Urban Plans (SUP)



Project financing



Land restoration agency



Public Investment



Licensing process

# ...have already begun to be launched

An comprehensive set **has been mapped** for new and existing businesses and individual investors

The **preparation of the site** has been done and the SUP will be prepared with the **acceleration of procedures**





















An **initial allocation of ~€ 2B** has been set from multiple sources of funding plus the ones from the individuals

A special purpose vehicle (SPV) is formed and the restoration work begins immediately

There is an **open invitation** to public entities until 30/09

Simplifies and speeds up the beginning of **construction**

# W. Macedonia: Expressed interest in 11 major projects estimated to mobilize over € 2 billion in new investments in the region

		Large investments under consideration	Estimated Investment
 <p>Clean Energy</p>		<ul style="list-style-type: none"> <li> Photovoltaic parks (~ 2GW) by PPC and ELPE</li> <li> Green hydrogen production unit by Solaris</li> <li> Energy storage facilities from Eunice</li> <li> Field of energy research and technology<sup>1</sup> with PPP with UWM</li> </ul>	~€1.5B
 <p>Industry, handicrafts and trade</p>		<ul style="list-style-type: none"> <li> Industrial park with emphasis on the manufacture of electric products (lithium batteries, etc.) by a nationwide group</li> <li> Establishment of a waste management unit</li> <li> Biomass processing center</li> </ul>	~€200M
 <p>Smart agricultural production</p>		<ul style="list-style-type: none"> <li> Smart agricultural production units of the latest technology (hydroponics) from an international company in the food industry</li> </ul>	~€100M
 <p>Sustainable tourism</p>		<ul style="list-style-type: none"> <li> Wine tourism ecosystem to the standards of Northern Italy (interest from a leading company in winemaking)</li> </ul>	~€25M
 <p>Other Investments</p>		<ul style="list-style-type: none"> <li> State-of-the-art physical rehabilitation clinic with PPP from public entities</li> </ul>	~€60M

1. Indicative: electric propulsion, hydrogen and alternative fuels, storage technologies  
 2. University of Western Macedonia Source: PPC, ELPE, Investment plans, Proposals of institutions, Analysis of SDAM Team

# Megalopolis: The region is modernizing its energy and industrial profile, while utilizing its natural advantages.

	Vision for the next day		Emblematic investments under consideration
 Clean Energy	<i>"Megalopolis remains an energy center with a shift to clean production"</i>		 Photovoltaic Parks (~550MW)
 Industry, handicrafts and trade	<i>"Megalopolis restarts and strengthens heavy industrial production in the Peloponnese"</i>		 Standard pharmaceutical industry
 Smart agricultural production	<i>"Megalopolis produces unique quality products and creates a dynamic export profile"</i>		 Intelligent livestock and animal feed unit  Smart agricultural units for the production of exportable products <sup>1</sup>
 Sustainable tourism	<i>"The diverse landscape and the existing infrastructure create the background for the development of a theme park"</i>		 Original adventure, entertainment and education theme park
 Other Investments	<i>"Megalopolis is the administrative center of the region and supports the smooth operation of public services"</i>		 Other public investments

1. It has been covered in the chapter of W. Macedonia for which the investment interest has been expressed
2. Source: Investment plans, Proposals of institutions, Analysis of SDAM Team



# Defying incentives: type of incentives and targeting

## Prediction of 15 specialized incentives divided into 3 groups

- Incentives to attract a new production process: Provision of a grant for a new investment, Tax exemption, Tax relief, Subsidy for insurance contributions, Exemption of fees, Loan on favorable terms, Guarantees
- Incentives to maintain the existing operation: Provision of a grant for reform/modernization of a productive operation, Subsidy of loan obligations, Subsidy of wage costs, Participation in Equity, Loan on favorable terms
- Incentives to support individuals: Income tax deduction, Mortgage subsidy, Enhancement of projected benefits and training programs

## The way of defying incentives and targeting

- The determination of the incentives took into account all the communication that has preceded with local entities, potential investors, executives of the involved services, etc.
- The main goal is to make the most of all available sources of funding, including the 3 pillars of the Just Transition Mechanism as well as the other sources (National and European).
- Incentives will mobilize and activate specific investment projects, which will allow the mobilization and leverage of additional financial resources, which otherwise would remain dormant.



ΣΧΕΔΙΟ ΔΙΚΑΙΗΣ  
ΑΝΑΠΤΥΞΙΑΚΗΣ  
ΜΕΤΑΒΑΣΗΣ

Thank you

# Presentation of national cases: Spain

## **Laura Martín Murillo**

Director, Just Transition Institute, Ministry for the Ecological Transition and the Demographic Challenge, Spain

# Presentation of national cases: Germany

## Raphael L'Hoest

Deputy DG, Deputy Director General Economic Policy, Federal Ministry for Economic Affairs and Energy, Germany

# Coal phase-out in Germany

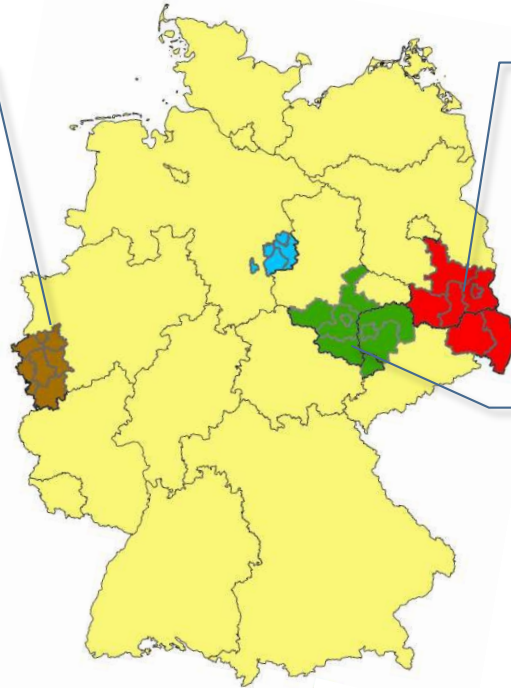
## Shutdown of power plants and structural aid for the affected regions

Just Transition Platform Meeting, November 16th, 2020

Dr. Raphael L'Hoest  
Deputy Director General Economic Policy  
Federal Ministry for Economic Affairs and Energy

# The German coal mining regions

Rhenisch coal region



Lusatia coal region

Middle German coal region

# Fields of action

- Shutdown of the power plants
  - Act on the Phase-out of Coal-fired Power Plants
- Structural aid for the affected regions
  - Structural Strengthening Act for coal regions

# Act on the Phase-out of Coal-fired Power Plants

- The act has been in force since August 14, 2020.
- It contains regulations for
  - Reduction and termination of the generation of electricity from hard coal and lignite by 2038 at the latest
  - the continuous review of security of supply
  - for the deletion of released CO<sub>2</sub> certificates
  - an authorization to compensate electricity consumers in the event of an electricity price increase due to the coal phase-out
  - an adjustment allowance for older employees in the coal sector.



# Exit from hard coal

## Periode 2020 – 2030: Voluntary shutdown

- The reduction target is specified
- Compensation will be determined through an invitation to tender

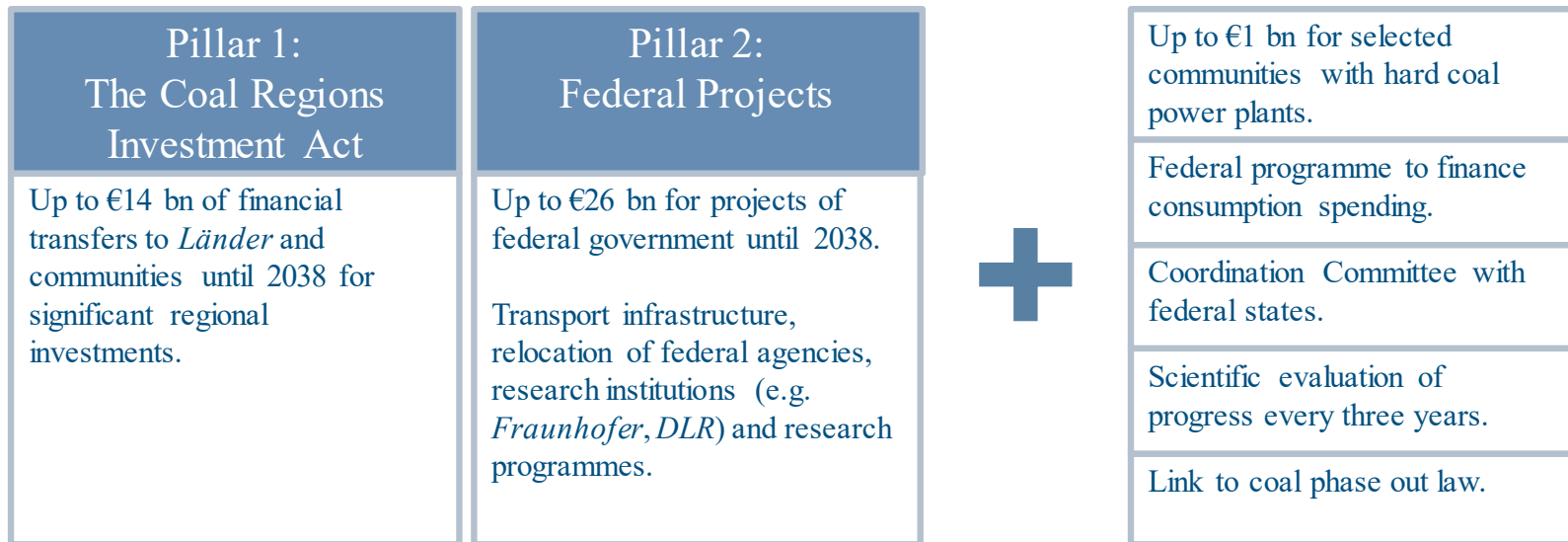
## Periode 2031 – 2038: Regulatory orders (so-called legal reduction)

- No compensation for power plant operators and therefore an incentive to exit earlier.
- If the targeted reduction is not achieved by the auction from 2024, a legal reduction will take place.

# Exit from lignite

- Legal regulations on mandatory decommissioning dates for coal-fired power plants
- A public law contract with the power plant operators
- The compensation was negotiated (RWE: 2.6 billion, LEAG 1.75 billion €)
- The contract still requires the approval of the Bundestag
- Subject to approval by the European Commission under the state aid rules

# The Structural Strengthening Act



# Pillar 1 – Federal grants to the Länder

- **Subject:** Financial aid to federal states and municipalities for public investments in the area of responsibility of the federal government
- **Volume:** € 700 million annually for all coal regions (= 14 billion €)
- **Example:** Expansion of municipal business parks
- **How it works:** The Länder develop projects within the agreed framework, implement them and receive the money from the federal government, minus a co-payment

## Pillar 2 – Federal measures

- **Volume:** € 1.300 million annually for all coal regions (= 26 billion €)
- **Subject:** Existing federal programs will be expanded
- **Example:** Expansion of infrastructure, establishment of research facilities, Settlement of federal institutions
- **How it works:** The Länder and the federal government cooperate in the federation-state coordination body.

# The federation-state coordination body

- **Objective:** Coordination of the measures taken by the federal government and the shops
- **Organizational structure:** technical committee at working level + management committee at state secretary level
- **Working method:** All projects of the 2nd pillar are discussed
- **Cooperation:** We strive for cooperation

# STARK federal program

- **Objective:** Help for an ecologically, economically and socially sustainable transformation Process
- **Eligible to apply:** Everyone: companies, individuals, municipalities
- **Subject:** non-investment projects, e.g. staff, rent, office supplies
- **Special feature:** extremely flexible. Municipalities can even finance employees to plan further projects.
- **But:** The projects must therefore explain very precisely how they support the ecologically, economically and socially sustainable transformation and demonstrate the effect achieved after the end of the project.

Thank you for your attention

Dr. Raphael L'Hoest  
Deputy Director General Economic Policy  
Federal Ministry for Economic Affairs and Energy



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# Audience Q&A Session

 Start presenting to display the audience questions on this slide.

# Concluding remarks

**Catharina Sikow-Magny**

Deputy Director-General, DG ENER, European Commission

# Thank you

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