



Perspectives for the Production and Use of Cal in Germany

by Thomas H A SCHNEIDER

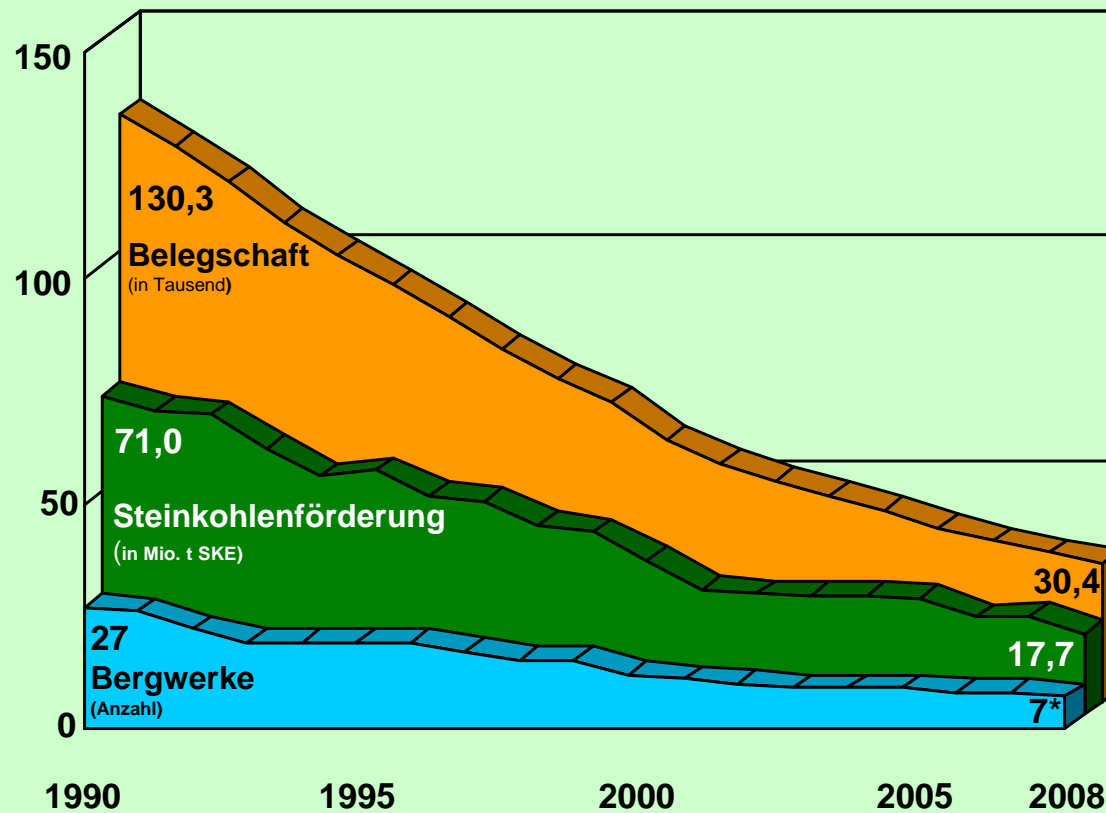
Head of Brussels Office – German Hard Coal Association

Conference „Future of Miners“, Budapest, June 10th -12th 2010

Outline

- **Current cornerstones determining Germany's coal policy**
- **Forthcoming decisions of the German federal Government**
- **Unconventional gas: not enough bubbles to change Europe's indigenous fossil fuels play**
- **New disinformation campaign on fossil fuels subsidies**
- **Future EU-regulation on state aid to the coal industry: state of the play**
- **Future role of social partners in the energy sector**

Adaptation Process in the German Hard Coal Sector



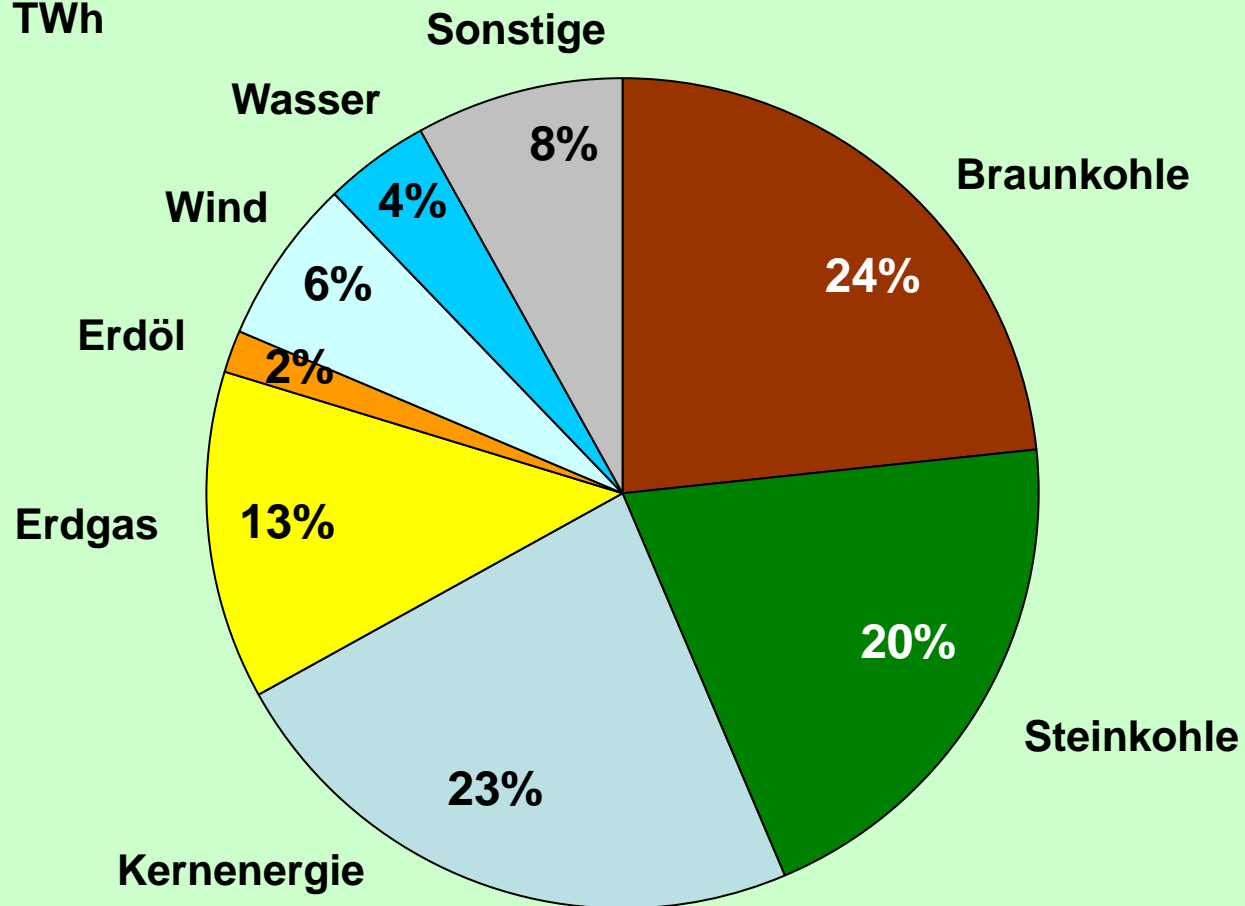
* 2009: 6

Current cornerstones determining Germany's coal policy

- Stakeholder agreement on hard coal
- EU climate and energy targets (20/20/20 targets)
- Gvt coalition agreement on GHG emissions

Electricity Generation in Germany

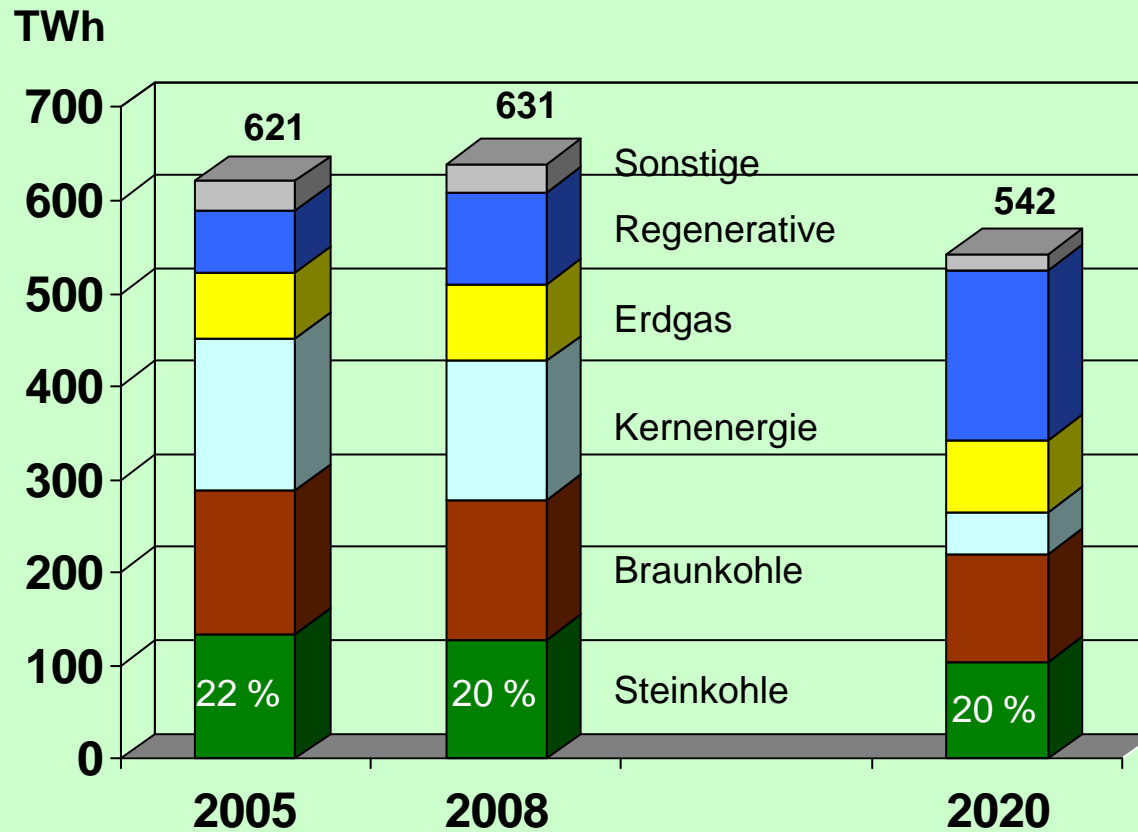
2008: 639,1 TWh



Forthcoming decisions of the German Federal Government

- Revision of early nuclear plants decommissioning
- National Energy Strategy – “Energiekonzept”
- CCS regulation
- Implementation of EU Energy Roadmap 2050

Development of Electricity Production in Germany: Scenario „Roadmap 2020“ of BMU

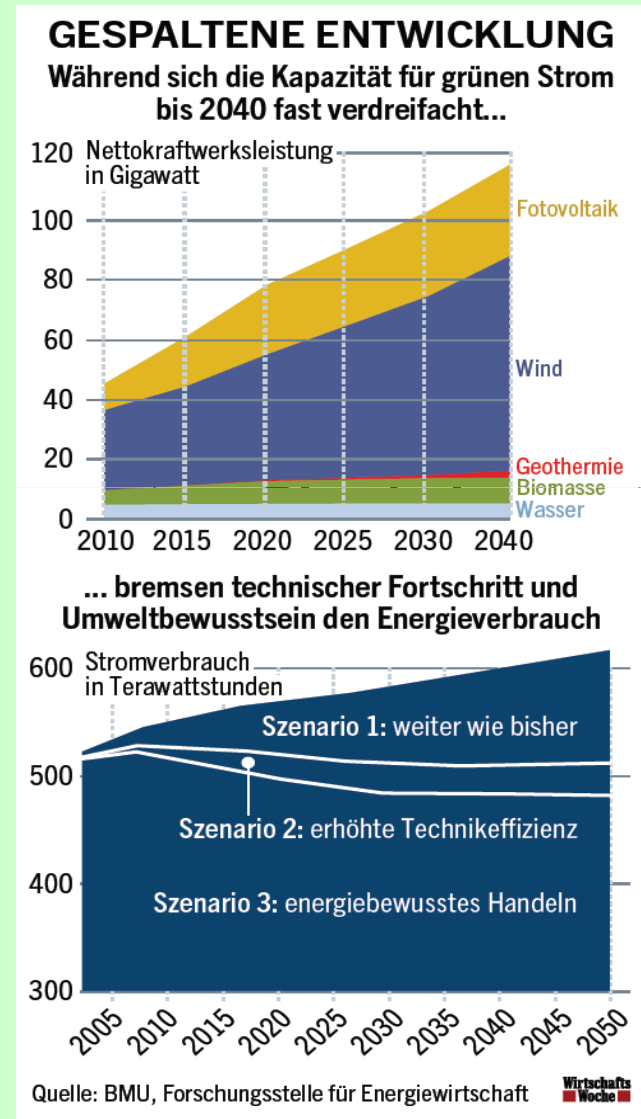


Quellen: AGEB, 2009; Prognose: BMU, 2009, Szenario „Roadmap 2020“

Germany: Current scenario for RES capacity development by 2040



- Current overall power generation capacity: 154 GW
- RES capacity extension to 120 GW by 2040
- Theoretically, almost no fossil or nuclear power plants needed anymore
- Risk of overcapacities: preference for RES feed-in?
- What will be the costs for this scenario, i.e. who will invest in production and transmission capacities
- Who will pay the electricity bill?



**Unconventional gas: not enough bubbles to
change Europe's indigenous fossil fuels play**

Included in “Unconventional Gas Hype”:

- **Tight gas**
- **Shale gas**
- **CBM Coal bed methane**
- **CMM Coal mine methane**
- **UCG Underground coal gasification**

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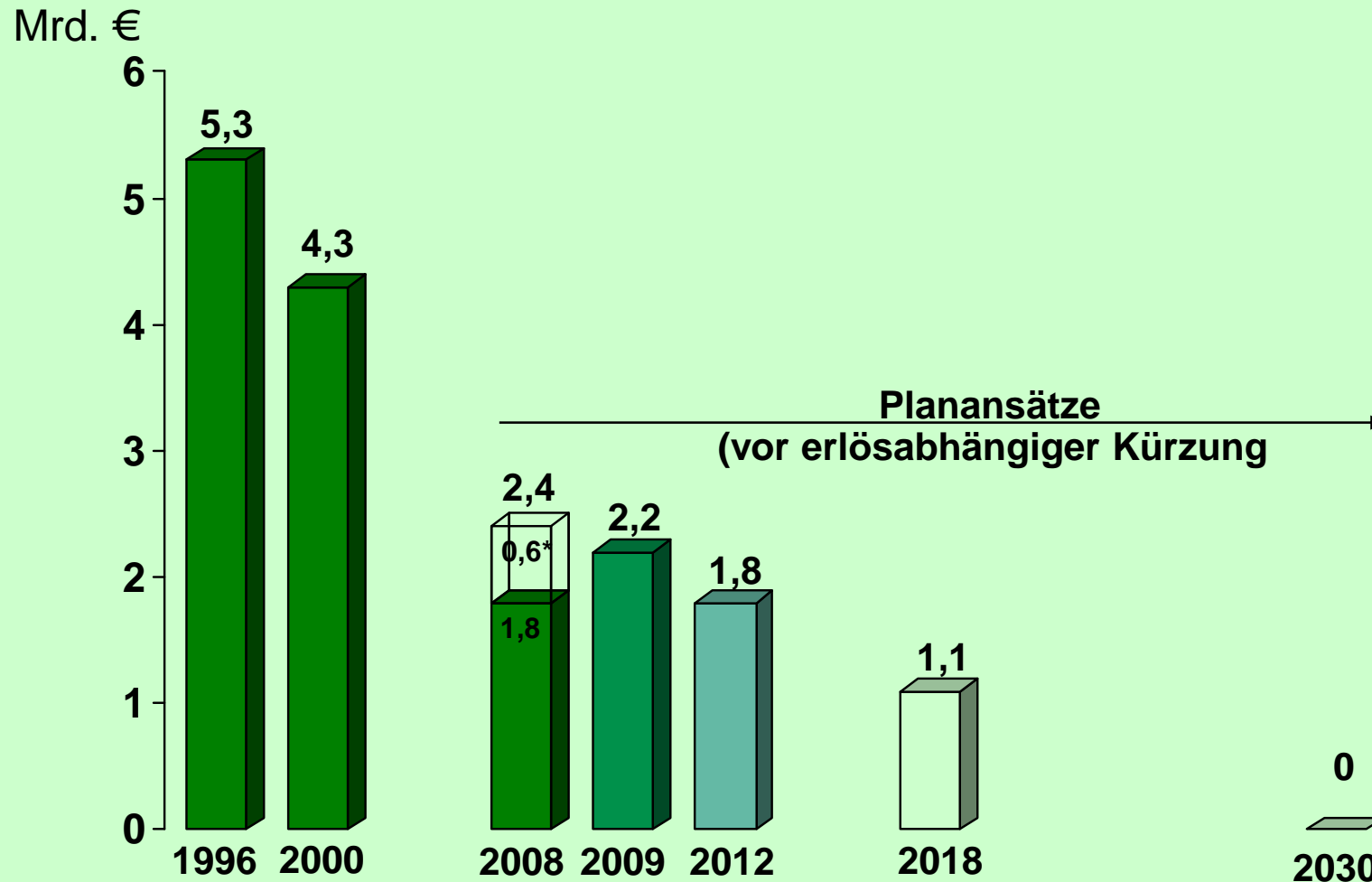
Shale gas: major prospective regions in Europe



Greenpeace Germany: New disinformation campaign on fossil fuels subsidies

- Headline “Hard coal funding seven times higher than stated by Government” for paper on public funding for coal and lignite
- Juggling with definitions of funding, R & D support and state aid
- Paper a “Triple use weapon”: contribution to public debate on (i) government spending cuts, (ii) future EU regulation on state aid to the coal industry and (iii) G20 initiative on fossil fuel subsidies?
- R & D for CCS described as “wrong subsidies”

State Aid to the German Hard Coal Industry

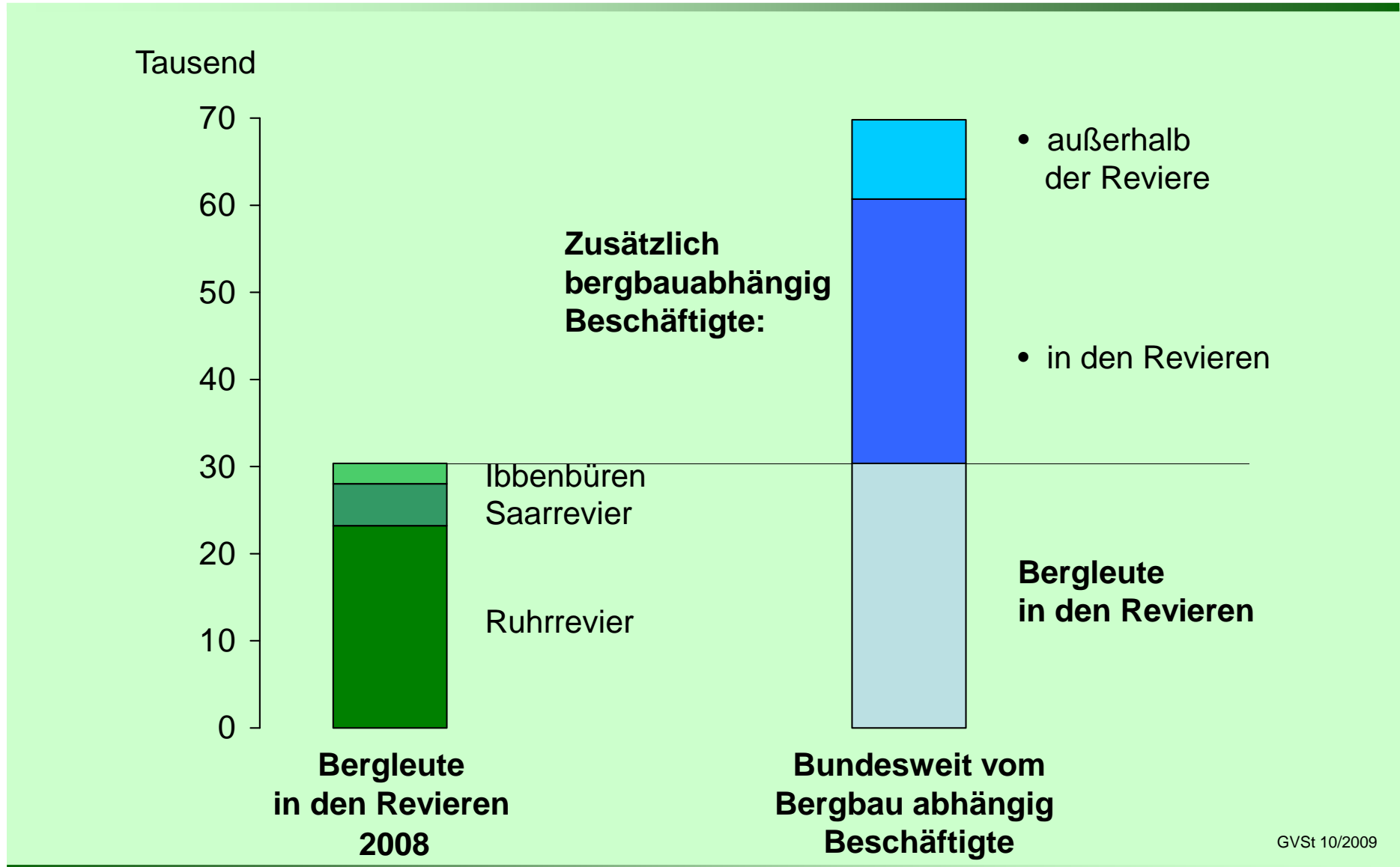


Ohne RAG-Eigenanteil, * erlösabhängige Kürzung

Bis 2008: gemäß Zusagen aus den kohlepolitischen Vereinbarungen 2003 (ohne Berücksichtigung der zeitlichen Zahlungsverchiebungen); ab 2009 Planansätze gemäß Rahmenvereinbarung 2007; 2018 unter Vorbehalt der Revision in 2012; ab 2019: keine Absatzhilfen

GVSt 10/2009

The Hard Coal Industry's Employment Effects in Germany



Future EU-regulation on state aid to the coal industry: state of the play

- Council regulation 1407/2002 will expire on Dec 31st 2010
- COM impact assessment: new regulation beneficial for social and environmental reasons
- COM services divided on new proposal
- Time constraints: COM proposal needs to be adopted by Summer break
- Spanish approach via “Public Service obligation” an alternative?
- G20 initiative on fossil fuel subsidies wrongly interpreted

Future role of German social partners in the coal and energy sector

- Continuation of trustful co-operation as established during past 60 years
- Supporting “decarbonisation” of fossil energy use by reducing CO₂ footprint
- Giving critical advice to law makers through a holistic/ sustainable approach: reconciling social, economic and ecological aspects
- Sharing responsibility for development of coal regions
- Safeguarding and furthering competencies and skills along the entire fossil fuel value chain as macroeconomic assets
- United in their perception that coal will remain a strategic resource in Europe

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