

“A patchwork, not a grand design”

Joachim Rumstadt, Chairman of the Board of Management of STEAG GmbH, is critical of the Coal-fired Power Generation Termination Act

Essen. The Coal-fired Power Generation Termination Act (KVBG) passed today regulates the phase-out of coal-fired power generation in Germany by the end of 2038. Until the beginning of this week, the Grand Coalition in the German parliament was still making changes to the draft bill already submitted by the Federal Government in January. “Nevertheless, apart from undisputed improvements in detail, key issues still remain unresolved or are at best unsatisfactorily resolved,” says Joachim Rumstadt. For that reason, the Essen-based company intends to examine whether it can make use of the opportunities of judicial relief with regard to the KVBG.

From STEAG’s point of view, the changes made to the coal replacement bonus compared to the original draft bill should be welcomed. That bonus is intended to promote the conversion of a previously hard coal fired power plant to other energy sources with lower CO₂ emissions, such as natural gas. STEAG operates numerous hard coal fired power plants from which heat is also extracted and either supplied to industrial customers or fed into district heating networks.

Since power plants in which the type of fuel had been changed would no longer be threatened by premature closure, the regional heating supply could be reliably continued after the phase-out of power generation from coal. “That was a central concern for us,” says Joachim Rumstadt. “And I should like to take this opportunity to express my thanks for the support received from everyone we were able to reach with our arguments.”

No satisfactory solution for “young” hard coal fired power plants: problem postponed, not solved

At the same time, the coalition parties might have found a solution just in time for the coal-fired power plants that went on line after 2010. In Joachim Rumstadt’s view, however, it is regrettable that this has not led to a clear and binding stipulation in the KVBG. This aspect has also been criticized by Andreas

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Pinkwart, North Rhine-Westphalia's Minister of Economic Affairs, in an initial statement. In this regard, the KVBG merely hints at a vague arrangement for cases of hardship.

“The solution announced for the ‘young’ hard coal-fired power plants will therefore remain piecemeal. The main criticism is that the decision on the future of those plants has merely been postponed, without any clear rules being laid down to which future governments would also be bound,” Joachim Rumstadt points out. This makes further disputes on this issue very likely in the coming years, in place of clarity and legal certainty.

Unequal treatment of lignite and hard coal continues

Overall, STEAG believes that the piecemeal improvements have not cured the basic problems of the Act. These include, in particular, the fundamentally unequal treatment of lignite and hard coal fired power plants, which was widely criticized from the outset. There, firm timetables and fixed compensation amounts for lignite continue to contrast with unpredictable decommissioning auctions with an uncertain outcome for hard coal.

“This means that the unequal treatment of lignite and hard coal, which is objectively unjustifiable, remains unchanged,” says Joachim Rumstadt. From the legislature's fundamental adherence to the auction model with a threat of closure, there results a compulsion to take part. “That runs counter to my understanding of an auction, which is normally a voluntary event,” as Joachim Rumstadt notes.

STEAG reserves the right to legal clarification

STEAG is examining whether it can make use of the opportunities of judicial relief with regard to the KVBG. “The present Act is by no means a grand design,” Joachim Rumstadt emphasizes. “It fails to do justice to the social relevance of the phasing out of coal as the project of the century.”

About STEAG

For over 80 years, STEAG has stood nationally and internationally for efficient and reliable power generation. As an experienced partner, we support our customers comprehensively in all phases of power supply. We design, develop, implement, operate and market highly efficient power plants and their by-products. Together with tailor-made solutions in the field of electricity and heat supply, we also provide a wide range of energy services – increasingly on the basis of renewables.