



Press release 01/ 2020

German steam coal imports in 2019 plummeted by 17 % - electricity generation from hard coal halved in only 3 years

Unequal treatment of coal-fired power plants in the Coal Exit Act would be neither legally secure nor sustainable

Despite the coal exit: the existing hard coal-fired power plants will be needed for a considerable time to compensate for the fluctuating electricity feed-in of renewable energies and have made the expansion of renewable energy sources possible in the first place.

New Deloitte study proves: Hard coal-fired power plants are flexible and can support renewables in a customized way.

However, this should not be a reason for not allowing and discriminating against hard coal-fired power plants in the planned decommissioning tenders in southern Germany.

World trade in hard coal will increase by 0.7 % in 2019, global hard coal production by as much as 2.0 %.

According to preliminary calculations by the German Coal Importers Association (Verein der Kohlenimporteure e. V.), world trade in hard coal increased by 0.7 % to 1,218 million tonnes in 2019, and global hard coal production increased by 2.0 % to 7.2 billion tonnes. China's production alone rose by 171 million tonnes or 5 % to 3.7 billion tonnes, while Indonesia, a major supplier to China, increased its production by 52 million tonnes or 11 %. The seaborne exports of Indonesia, Australia, Russia and Canada increased, while those of the USA significantly declined.

In 2019, German hard coal imports dropped substantially by around 15% or 7 million tonnes. Imports of coking coal receded by 7 % and imports of steam coal by 17 %. Electricity generation from hard coal even decreased by 31 %. Within only 3 years it has roughly halved to about 57 terawatt hours (TWh). The reasons for this are the growth of power generation from renewables, the intensified competition with currently cost-effective natural gas, and the distinctly risen CO₂ price in the European emissions certificate trade.

Hard coal-fired power plants can stabilize the electricity grid. This was illustrated by the Deloitte study "Assessing the Flexibility of Hard Coal-fired Power Plants for the Integration of Renewable Energy in Germany" (Deloitte Finance, November 2019), commissioned by the VDKi. From a purely technical perspective, the existing coal-fired power plant park in Germany (2018) could absorb a growing share of fluctuating renewable energies of 50%, 60% or 70%, and integrate them safely into the system. The study shows in particular:

- During a "cold dark doldrum episode", coal-fired power plants generate twice as much electricity as on an average day when the share of renewables is 50%, and three and a half times more electricity when the share of renewables is 70%.

- Germany becomes a net importer during a "cold dark doldrum episode".

Regarding the imminent adoption of the Coal Exit Act, it becomes increasingly evident that decommissioning tenders would lead to an unacceptable unequal treatment of hard coal-fired power plants between themselves. This unequal treatment would foreseeably lead to lengthy legal disputes and would therefore be neither legally secure nor sustainable. For this reason, a consensual solution between all power plant operators should instead also be sought in the hard coal sector. The flexibility of hard coal-fired power plants must be considered in the legislation. As a result, new and lower-emission plants must not be discriminated against any more than hard coal-fired power plants in the South, which will not be permitted in tenders at the beginning, according to the latest draft legislation. Moreover, equal treatment should be provided for safety readiness, as well as fair access for hard coal-fired power plants to safety readiness previously reserved for lignite-fired power plants.

Berlin, 17 January 2020

Responsible pursuant to the German Press Act: Verein der Kohlenimporteure e. V., Dr Franz-Josef Wodopia, Managing Director

About the Coal Importers Association e. V. (VDKi)

The Coal Importers Association e. V. (VDKi) represents the interests of the imported hard coal market in Germany. The German and European members come from the fields of power industry, industry, trade and logistics. The association currently has 59 members, whose plants consume about 80 % of the German hard coal requirement of around 47 million tonnes. Imported coal covers 100 % of Germany's coal requirements. The VDKi thus represents the majority of the hard coal market in Germany with a financial volume in the billions. The VDKi regularly examines the significance of the global hard coal markets for the European and German import hard coal markets, points out prospects for the further development of imports and regularly publishes statistics on German hard coal imports and prices. Further information is available at www.kohlenimporteure.de.