



Press release 3/2023

The world in the energy crisis

- Substitute Power Plant Provision Act EKBG must be extended
- Back-up from hard coal-fired power plants essential
- Hard coal-fired power plants will still be needed in the long term
- Security of supply should remain the top priority
- Replacing Russian gas with gas from the Middle East is not a safe alternative
- LNG price significantly more volatile than that of thermal coal

The crises in Ukraine and the Middle East have caused considerable uncertainty on the global energy market. Especially in Germany and Europe.

The tensions and armed conflicts have a significant impact on the price structure of the energy markets. Added to this is the great vulnerability of our energy supply, particularly through LNG. Replacing Russian gas with gas from the Middle East is not a safe alternative.

"Against this backdrop, it would be grossly negligent not to fall back on hard coal as the guardian angel of the energy supply in the upcoming winters," says Alexander Bethe, Chairman of the Association of Coal Importers VDKi.

German coal-fired power plants are well equipped for the upcoming winter. Especially considering the shutdown of the last nuclear power plants.

One major advantage of hard coal-fired power plants in market operation is their flexibility. They only produce when they are needed. In the winter of 2022/23, they contributed to security of supply and a reduction in gas consumption. In the summer of 2023, when more renewables were available, they hardly ran at all.

Alexander Bethe: "Hard coal is a substantial component of a secure energy supply. Another major advantage of hard coal is that the raw material comes from different countries and the supply routes are much more resilient than with gas. Last year, for example, we completely replaced the import of more than 50% Russian coal for the German market in just a few months. Even the blocking of individual shipping routes can be circumvented relatively easily.

In addition, LNG is not climate-friendly, and in some cases is even much more harmful to the climate than coal due to the escape of methane (see "Howarth/Cornell University"). In addition, the market for LNG is scarce, LNG is expensive, and the price of LNG is much more volatile than that of hard coal.

"The replacement of around 18 GW of power generation capacity from hard coal-fired power plants with LNG-fired gas-fired power plants is not in sight," says VDKi CEO Alexander Bethe. "This is why hard coal-fired power plants will still be needed to generate electricity in the long term."

For the VDKi, one thing is clear: back-up from hard coal-fired power plants is essential for Germany's energy security. "Without hard coal-fired power plants," says Alexander Bethe, "there is no security of supply.

Power plants that have been returned to the market require a maintenance plan in order to be available. Skilled personnel and special parts are in short supply. The power plant teams need planning security.

In addition, logistics capacities for coal transportation must be secured in the medium term. Before last winter, it was a huge feat for the entire industry to organize the necessary logistics (trains, barges) for transporting coal from the seaports to the power plants. We should not take this risk again!

"A lack of planning security ultimately leads to a lack of supply security," says Alexander Bethe. "That's why the Substitute Power Plant Provision Act (EKBG) must be extended."

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V.i.S.d.P.: Verein der Kohlenimporteure e.V., Jürgen Osterhage, Managing Director