

Comments to State aid case SA.53625 (2020/N) Lignite phase out Germany

Dear European Commission representative,

dear representative of the German government,

The Health and Environment Alliance (HEAL) is an alliance of over 90 member organisations from the health community working for better health through a healthier environment.

For almost a decade, HEAL has worked to showcase the health cost of coal power generation, from the release of large amounts of health-harming air pollutants, including particulate matter, nitrogen dioxide, sulphur dioxide and mercury. In 2013, we published the [first ever assessment](#) of the large unpaid health bill from coal power, as the pollution cost of coal has been externalised for decades, in Germany and elsewhere.

Lignite is the [most health-harming form](#) of energy generation, and given the large share of lignite plants in Germany's power mix, the country consequently ranks as one of the top health harming coal countries in the EU. For example, in 2016 alone, German coal plants (both lignite and hard coal) have led to a health bill of up to 12.20 billion EURs. This calculation is based on an agreed methodology which is also used by the European Commission, the EEA and the World Health Organization.

A breakdown of the [share of companies in terms of health cost](#) is also available, showcasing the significant health costs from RWE plants especially.

In these assessments, the [mental health and other costs from open pit mining](#) have not been factored in.

The externalised cost of pollution from coal power generation can be considered an indirect subsidy.

HEAL does not support [any compensation payments to German lignite operators](#) for the following reasons:

1. The externalised health costs of coal power have not been factored into the calculation of the foregone profits nor the mine rehabilitation cost. This leads to a distorted assessment. The projected health costs from pollution should have been deducted from the foregone profits for

the timeframe chosen. So the externalised cost should have been internalised to achieve realistic pricing.

2. The calculation of the compensation was not done in a transparent and accountable manner, and civil society was not involved. Given that the compensation is actually public money civil society should have had a say in this matter.

3. The compensation payments have to be viewed in the context of the overall approach of the German government's trajectory and steps for a coal phase out. The German government has not taken all means to ensure that lignite operators reduce pollution until the phase out as much as possible, and then awarding compensation as a last resort. In the current government's proposal to implement the EU's pollution limits for large combustion plants (EU Industrial Emissions Directive, BATs), the government has proposed weak new emission limits, allowing for more pollution than would technically be feasible. In this sense, lignite companies benefit twice, from a compensation payment, and, until plants' closure, from indirect subsidies through higher pollution.

4. DG Competition is currently considering on how to align the EU Green Deal with state aid law. The EU Green Deal places a strong emphasis on zero pollution, and a zero pollution action plan has recently been adopted. Politically, we consider compensation payments for lignite operators against the spirit and the goals set in the EU Green Deal.

We would encourage that the compensation money foreseen is rather spend for Just Transition, for the benefit of workers and communities, instead of compensating companies for profits that were gained on the back of huge health and environment cost (externalities).

I remain at your disposal for any further questions.

Regards,

Anne Stauffer