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Ambassador of the Federal Republic of Germany

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Stockholm, 29th November 2014

Dear Madam/Sir,

I have the honour to forward to you a letter from Dr. Dietmar Woidke, Minister President of Brandenburg, and Mr Stanislaw Tillich, Minister President of Saxony.

Respectfully yours,

Michael Bock



Committee on Trade and Industry
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SCHWEDEN

12. Januar 2015

Sehr geehrte Damen und Herren Abgeordnete,

gerne möchten wir Ihnen noch einmal ganz herzlich für die Gelegenheit zu unserem gemeinsamen Gespräch am 4. Dezember 2014 danken! Der gegenseitige Austausch von Informationen über die energie- und klimapolitischen Zielstellungen unserer Länder, die Beweggründe des schwedischen Parlamentes bezüglich der weiteren Entwicklung von Vattenfall und die Rolle der Braunkohlenutzung in der brandenburgischen und sächsischen Lausitz war für uns zur Einordnung anstehender Entscheidungen sehr hilfreich.

Gemeinsam ist uns das strategische Ziel, die aus der energetischen Nutzung fossiler Brennstoffe resultierenden CO₂-Emissionen zu reduzieren. Hierzu ist ein tiefgreifender Strukturwandel der Energiewirtschaft notwendig. Die langfristige Ablösung der fossilen Brennstoffe ist die zukunftsfähige Option für eine nachhaltige Energiewirtschaft.

Das Unternehmen Vattenfall betreibt in Deutschland seine braunkohlebasierte Stromerzeugung vorwiegend in der Region Lausitz und teilweise im mitteldeutschen Raum bei Leipzig. In diesen beiden Regionen wurden Ende der achtziger Jahre jährlich ca. 300 Mio.t Braunkohle in Kraftwerken verstromt oder anderweitig verarbeitet. Damit war die DDR der weltweit größte Braunkohleproduzent und insoweit auch einer der größten CO₂-Emittenten.

Vor diesem Hintergrund haben wir bereits vor 25 Jahren damit begonnen, die Braunkohlenwirtschaft im Osten Deutschlands grundsätzlich umzugestalten: 32 Tagebaue mit 207 Restlöchern wurden geschlossen und rekultiviert, 43 Industriekomplexe mit insgesamt 88 Brikettfabriken, Schwelereien, Kokereien und Kraftwerken wurden stillgelegt und deren Gebäude und Anlagen zum großen Teil abgerissen. Diese Maßnahmen haben wesentlich dazu beigetragen, dass in Brandenburg und Sachsen die CO₂-Emissionen seit 1990 um ca. 40 % gesenkt werden konnten.

Insgesamt acht Kraftwerksblöcke mit Leistungen von 450 MW und mehr wurden neu gebaut bzw. Blöcke von insgesamt 8.500 MW mit hochmodernen Verbrennungs- und Abgastechnologien nachgerüstet. Die letzte Inbetriebnahme erfolgte mit dem 675 MW Block R des Vattenfall-Kraftwerkes in Boxberg im Jahr 2012. Im Ergebnis steht heute in Ostdeutschland der modernste und effizienteste Braunkohlenkraftwerkspark der Welt, der aus wenigen hochmoder-

nen und effizienten Braunkohletagebauen versorgt wird. Das Unternehmen Vattenfall hat mit seinen verlässlichen Investitionen in neue Tagebau- und Kraftwerkstechnik einen erheblichen Anteil an diesen Erfolgen.

Mit der deutschen Entscheidung zum Ausstieg aus der Atomenergie bis 2022 müssen wir vor einer weiteren Reduzierung der Stromerzeugung aus Braunkohle allerdings Alternativen aufbauen. Ansonsten gerät die deutsche Energiewende in Gefahr, insbesondere wegen steigender Energiekosten an Akzeptanz zu verlieren. Aufgrund der regional gegebenen Potenziale bleibt für eine stärkere Nutzung der erneuerbaren Energien der Ausbau von Wind- und Photovoltaikanlagen. Dies erfordert aufgrund ihrer Volatilität allerdings einen parallelen Ausbau der Übertragungsnetze und der Energiespeicher. Beides ist mit einem hohen Grad an begleitender Forschung und hohen Investitionen verbunden. Dazu braucht es einen gewissen Zeitraum und Kapital.

Wir gehen davon aus, dass uns die weitere Nutzung unseres heimischen Rohstoffes Braunkohle sowohl die notwendige Zeit als auch die notwendige regionale Wertschöpfung für die weitere Umstrukturierung – insbesondere auch in der Lausitzer Region – verschaffen kann.

Voraussetzung ist, dass die Investitionstätigkeit in der Energiewirtschaft nicht nachlässt. So bauen wir darauf, dass Vattenfall die notwendigen Investitionen für eine kontinuierliche Fortführung seiner Tagebaue und Kraftwerke unabhängig von den Verkaufsabsichten fortführt. Dies würde einerseits sehr helfen, den Umstrukturierungsprozess in den Braunkohleregionen zu verstetigen, andererseits aber auch die Attraktivität von Vattenfall für potentielle Käufer erhöhen.

Im Gegenzug werden das Land Brandenburg und der Freistaat Sachsen alles tun, um die notwendigen Verwaltungsverfahren zur Fortführung der Tagebaue Welzow-Süd und Nochten unabhängig von den Verkaufsabsichten zügig zu führen. Hier hoffen wir auf Ihre politische Unterstützung und Begleitung für die anstehenden Entscheidungen. Dies würde aus unserer Sicht dazu beitragen, den Unternehmenswert von Vattenfall zu erhalten und so die Verkaufschancen für das Unternehmen und damit zusammenhängende mögliche Erlöse für den schwedischen Staat zu erhöhen.

Wie bereits in unserem gemeinsamen Gespräch erwähnt, möchten wir Sie ganz herzlich zu einem Besuch in der Lausitz einladen. Sie können sich über unsere Erfolge auf dem Weg zu einer CO₂-armen Energiewirtschaft vor Ort informieren. Gleichzeitig könnten wir Ihnen die Ergebnisse der Rekultivierung der Hinterlassenschaften des Braunkohlenbergbaus der DDR und der Revitalisierung der Braunkohleindustriestandorte zeigen. Es wird auch möglich sein, über noch offen gebliebene Fragen zu diskutieren, die aufgrund der unvorhergesehenen Kürze unseres gemeinsamen Termins leider nicht alle erörtert werden konnten. In der Anlage haben wir für Sie einige Informationen zum Themenkomplex Lausitzer Braunkohle zusammengestellt.

Wir gestatten uns, eine Kopie der beiliegenden Informationen Herrn Wirtschaftsminister Damberg und Herrn Vorstandsvorsitzenden Hall zu übermitteln.

Mit freundlichen Grüßen



Dr. Dietmar Woidke



Stanislaw Tillich

Bästa riksdagsledamöter,

låt oss än en gång uttrycka vårt hjärtliga tack för möjligheten till en gemensam diskussion den 4 december 2014! Det ömsesidiga utbytet av information om våra länders energi- och klimatpolitiska målsättningar, bevekelsegrunderna för den svenska riksdagen när det gäller den fortsatta utvecklingen av Vattenfall och rollen som brunkolsanvändningen spelar i brandenburgska och sachsiska Lausitz var mycket värdefullt för oss för inordnandet av beslut som skall fattas.

Det vi har gemensamt är det strategiska målet att minska de CO₂-utsläpp som uppstår vid energiutvinning av fossila bränslen. Här krävs en djupgående struktumvandling av energiproduktionen. Den långfristiga avlösningen av fossila bränslen är ett framtidsinriktat alternativ för en hållbar energiproduktion.

Företaget Vattenfall bedriver i Tyskland sin brunkolsbaserade elkraftsalstring främst i regionen Lausitz, delvis i centrala Tyskland i trakterna av Leipzig. I dessa båda regioner bröts i slutet av 1980-talet årligen ca 300 miljoner ton brunkol i kraftverk, eller bearbetades på andra platser. Det gjorde DDR till världens största brunkolsproducent och även ett av de länder med störst CO₂-utsläpp.

Mot denna bakgrund började vi redan för 25 år sedan att omforma brunkolsproduktionen i östra Tyskland: 32 dagbrott med 207 dagbrottshål lades ned och rekultiverades, 43 industrikomplex med totalt 88 brikettfabriker, torrdestilleringsanläggningar, koksverk och kraftverk stängdes och en stor del av byggnaderna revs. Dessa åtgärder har i hög grad bidragit till att CO₂-utsläppen i Brandenburg och Sachsen har kunnat minskas med ca 40% sedan 1990.

Totalt åtta kraftverksblock med kapacitet på 450 MW och däröver har byggts, och block med totalt 8 500 MW har uppgraderats med toppmodern förbrännings- och avgasteknologi. Den senaste idrifttagningen skedde med 675 MW block R vid Vattenfalls kraftverk i Boxberg under 2012. Därigenom har östra Tyskland idag en av världens modernaste och effektivaste parker av brunkolskraftverk, en park som försörjs av ett fåtal ultramoderna, effektiva brunkolsdagbrott. Företaget Vattenfall har med sina tillförlitliga investeringar i dagbrotts- och kraftverksteknik en väsentlig andel i dessa framgångar.

Genom det tyska beslutet att avveckla kärnkraften fram till 2022 måste vi bygga upp alternativ inför en fortsatt minskning av strömalstringen från brunkol. I annat fall riskerar den tyska energiomvandlingen att förlora acceptans, i synnerhet på grund av ökade energikostnader. Genom den regionala befintliga potentialen kvarstår utbyggnad av vind- och solcellsanläggningar för en effektivare användning av de förnybara energikällorna. Detta kräver dock p.g.a. sin känslighet en parallell utbyggnad av överföringsnät och energiackumulatorer. Båda dessa frågor är förknippade med en hög grad av parallell forskning och stora investeringar. Det krävs också tid och kapital.

Vi utgår ifrån att det fortsatta användandet av vårt inhemska råmaterial brunkol kan skapa både den nödvändiga tiden och den nödvändiga regionala värdeskapandet för det fortsatta omstruktureringen - i synnerhet i regionen.

En förutsättning är att investeringsverksamheten i energiproduktionssektor inte minskar. Vi förlitar oss på att Vattenfall fortsätter de nödvändiga investeringarna för en kontinuerlig fortlevnad av sina dagbrott och kraftverk oberoende av försäljningsintentionerna. Detta skulle dels vara en mycket stor hjälp i att permanenta omstruktureringsprocessen i brunkolsregionerna, dels också öka attraktiviteten hos Vattenfall för möjliga köpare.

I gengäld kommer delstaten Brandenburg och Fristaten Sachsen att göra allt för att skynda på de nödvändiga administrativa processerna för fortlevnaden av dagbrotten Welzow-Süd

och Nochten, oberoende av försäljningsintentionerna. Här hoppas vi på Ert politiska stöd och ledsagning i de beslut som skall fattas. Ur vår synvinkel skulle det bidra till att öka Vattenfalls värde som företag och därigenom stärka försäljningsmöjligheterna för företaget och därmed förknippade möjliga intäkter för svenska staten.

Som vi redan nämnde vid det gemensamma mötet vill vi framföra en hjärtlig inbjudan till ett besök i Lausitz. Ni kan då plats få mer information om våra framgångar på vägen mot CO₂-snål energiproduktion. Samtidigt skulle vi kunna visa Er resultaten av nykultiveringen av det gamla brytningslandskapet i DDR och revitaliseringen av de orter där brunkol har brutits. Det kommer också att finnas tillfällen att diskutera övriga frågor som tyvärr inte hanns med eftersom vårt möte måste kortas. I bilagan har vi sammanställt information i fråga Lausitz-brunkolet.

Vi tar oss friheten att skicka en kopia av bifogade information till närings- och innovationsminister Damberg och till koncernchef Hall.

Med vänliga hälsningar

Future of the Lignite Sector for Vattenhall in the Lusatia Region

I. Structural Aspects

1. Modernisation of the Lignite Economy since the Political Changes of 1990

In 1990, around 170 million tonnes of raw lignite were mined from 18 lignite strip mines in Lusatia. The closure of growing numbers of strip mines, power stations and refineries, and the re-cultivation of land and streams used for strip mining over the past 25 years meant that ecological waste could be disposed of, and resulted in an improvement in environmental and living conditions for local people. Between 1991 and 2013, over 7.9€ billion of public money has been spent on sanitation in Brandenburg and Sachsen, and on providing sustainable employment.

By 2018, a water landscape unique to Europe, and a potential tourist attraction, will have been completed: the Lusatian Lakeland, built from quarries left by mining. The Lusatian Lakeland rates among one of the top marketing points of the Czech Republic. The interest in Sorbian and Wendish history and culture plays a major role in the travel choices of our European neighbours - particularly the Czech Republic.

Today, lignite production in Lusatia is solely concentrated in five high-performance strip mines, with a yearly output of around 60 million tons of lignite. Lignite is used for over 90% of electricity and heating energy in three power stations, the components of which were modernised extensively and replaced by newer, more efficient systems between 1995 and 2013. The amount of emissions is significantly below the legal limit.

A reduction of staff, from almost 100,000 to the current number of around 8000 employees occurred as a result of the structural adjustment of the conditions of the Lusatian lignite economy. This structural upheaval was – in comparison with the continual downturn in production and employment in West German coal mines over the last four decades - a turning point unlike any other. The East German mining regions have also recorded the highest amounts of job losses in Germany.

2. The Significance of Lignite for Structural Change in Lusatia

Structural change in Lusatia will only succeed with the continued usage of lignite. It is to be hoped that the regional development of Lusatia will lead to the development of a sustainable economy and job market and should prevent the movement of labour, create incentives for private investors, and turn the former strip mines into a tourist destination. An attractive cultural landscape and waterscape will be developed with the refurbishment of the lignite mines. Without the mining industry and added value of Lusatian lignite, Lusatia will not be able to sustain itself in the long term. Lignite is the backbone of the regional economy. A successful economic structure for the future use of lignite can only develop with the cooperation of a strong industry based around lignite.

The current structural deficits in the region make the stabilising effects of the lignite industry on the local economy very valuable. The net product that depends on the lignite industry accounts for scarcely 3% of the entire net product. In relation to the production industry, it is a fair 13%.

In autumn of 2013, an agreement was made between the Brandenburg state government and Vattenfall Europe GmbH to implement a strategy on energy policy, and to develop Lusatia as an energy region of the future. One of the key points of the agreement is energy research. Several research and development projects are being carried out with the aim of a better relationship between renewable energy and lignite usage in mind.

3. Perspectives on Lignite in Germany

Prerequisites for a successful process of transformation to energy production using renewable energy sources are that energy supplies are safe at all times; that energy remains affordable for the economy and private users; and a steady reduction in CO₂ emissions in the energy economy.

Various types of renewable energy sources currently account for scarcely 25% of gross electricity usage in Germany; however, for technological reasons, they can only be relied upon to produce a small amount of energy for the time being (for example, wind energy plants account for approximately only 7% of gross electricity usage in Germany). In comparison, Lusatia's lignite power stations provide a reliable output of over 90%. They can react flexibly to the fluctuating power input of renewable energy sources. In addition to generating electricity according to demand, Lusatia's lignite power stations are indispensable with regard to stable voltages and frequencies in the electricity system.

Lignite is currently the most economical form of energy generation along with nuclear power, more so than natural gas and coal. According to several economic predictions, lignite is estimated to hold onto this position for the foreseeable future. Lusatia's lignite power stations are among the most efficient in Europe. With plans to withdraw from nuclear energy by 2022, there is no direct technological equivalent for base load supply that manages to be both cost-effective and controllable. With regard to perfecting the European strombine market, Lusatia's power stations are playing an ever increasing role in creating a reliable supply that is worth the money it costs.

Since 2005, the European emissions trading scheme has been the principal instrument in Europe's climate policy. Since the beginning of 2013, it has been mandatory for European electricity producers - with the exception of some of the Eastern European member states - to acquire all the required certificates. Certificate trading will ensure that the electricity economy meets its emissions targets. This has occurred without taking the locations of power stations across the continent into account. Due to the high usage rate of a coal power station, there is no threat to the goal of CO₂ reduction in its entirety, as the amount of emissions remains the same.

Not least can the European Union curb its dependency on imported energy sources with a mixture of renewable energy and local energy sources such as lignite.

II. Licensing Aspects / Strip Mines

1. Legal Framework

Administrative mining procedures are a necessity because of the complexity and size of the projects, particularly with regard to so-called 'multilevel' procedures.

A plan for land development is prepared according to regional planning guidelines. It is here that guidelines, rules and goals for the usage of local raw materials are set. These ideas are fine-tuned and shaped into regional plans. A lignite plan must be prepared for each lignite mine as a solid and substantial subregional plan. Mining business plans for the respective lignite mines should be in accordance with lignite plans.

Further mining and business plans are being put into place for the respective mines on the basis of federal mining law. The mining authorities will give said plans their approval. In principle, business plans made by companies are approved by the relevant mining authorities if there are no underlying reasons against such an authorisation. Licenses can be provided with constraints and collateral clauses.

The activities set out in the company's business plans will adhere fully to federal mining law. The business plans will describe as many activities as possible over the working period, from information on strip mines to the end of the mining inspection. The mining inspection will end after the completion of the tasks set out in the final business plan, or the fulfilment of related directives by the relevant authorities. The assessment standard is that by this point, the general consensus will be that there is no longer any risk of the company potentially endangering the lives and health of bystanders, other mining companies and mineral deposits which must be protected in the interests of the public, or of any other potential damage being caused.

Further types of business plan are head works plans and special business plans with a general deadline period of two years. Special business plans are being implemented for proposals both with and without specific deadlines. Examples of the same are business plans for mine drainage or emission control. New and synthesised business plans will be proposed and approved, contingent upon the complexity and extent of the proposals and the considerable time period given.

2. Planning Statutes, Process Flow

2.1 Nochten Mine

Nochten Mine currently planned to stay open until 2026; until 2045 with Mining District 2
Beginning of production: water hoisting 1960; beginning of coal production 1973
2013 output: Coal 17.0 million tons

Plan:

The **lignite planning process** for the expansion of the Nochten Mine (Nochten II) commenced on 24th October 2007. The regional planning association passed the resolution on 1st October 2013. The resolution was approved by the Saxony Ministry of the Interior on 5th March 2014. The planning association was granted a permit by agreement on 2nd April 2014.

On 20th August 2014, a citizen of Rohne, the environmental groups BUND, Greenpeace and an alliance 'Structural changes now - no to Nochten II' lodged a request for a judicial review of the lignite planning resolution for the Nochten II Mine with the Supreme Administrative Court of Saxony in Bautzen.

On 27th October 2014, Vattenfall Europe Mining AG (VEM) lodged a **strategic mine operating plan**, in accordance with mining law, for the expansion of the Nochten Mine - inclusive of Mining District 2 - with the Oberberg administrative office for approval.

No timetable has yet been set for planning permission with regard to the authorisation of the strategic mine operating plan. VEM hope to receive a decision with regard to planning permission by the end of 2016.

The reason for this particular time is the technological processes required for the expansion of the Nochten Mine. One aspect of the strategic mine operating plan is the erection of a grout curtain in order to minimise the effects of the ground water level lowering as a result of the work carried out. The building of this grout curtain is planned for the beginning of 2018. The early start is necessary for the functioning of the grout curtain in the transition to Mining District 2 in 2026.

The mine is currently being operated on the basis of the facultative strategic mining operating plan authorised on 25th February 1994, as well as the business plan for 2014/2015, authorised on 20th December 2013.

2.2 Welzow South Mine

Sector I planned to stay open until 2030, Sector II until 2042. Beginning of coal production 1966. Annual coal production of around 20 million tons. Disposable supply of around 200 million tons.

Plan:

The lignite plan for the expansion of the Welzow South Mine (Welzow South II) was established by legal decree by the Brandenburg State Government on 3rd June 2014. The decree was passed on 2nd September 2014. Complaints may be lodged against it within a year of passing. The authorisation process for the strategic mining operating plan should commence during 2015. VEM require authorisation for the strategic mining operating plan until the end of 2017. The mine is currently being operated on the basis of the strategic mining operating plan authorised in 1993, and the 2014-2016 business plan authorised in 2013.

2.3 Reichwalde Mine

Planned to stay open until 2042

Beginning of production: water hoisting 1980; coal production 1987

Production in 2013: Coal, 9.1 million tons

Plan:

The lignite plan for the Reichwalde Mine (for the purpose of keeping the Reichwalde Mine running, from 1994 until expiration date) was passed as a statute by the Planning Association on 18th November 1993. The statute was granted by the Saxony State Ministry for Environment and Land Development on 31st January 1994.

The mine is currently being operated on the basis of the facultative strategic mining operating plan authorised on 25th February 1994, and the business plan for 2013-2016, authorised on 31st December 2012.

2.4 Cottbus North Mine

Mine planned to stay open until 2015. Beginning of coal production 1981. Annual coal production currently around 4 million tons.

Plan:

The lignite plan for the mine was established by decree in 2006. The strategic mining operating plan was authorised in 1994, and the final business plan in 2012. Under these plans, coal production will continue until the end of 2015.

2.5 Jänschwalde Mine

Mine planned to stay open until 2025. Beginning of coal production 1976. Annual coal production of around 9 million tons.

Plan:

The lignite plan for the mine was authorised in 2002. The strategic mining operating plan was authorised in 1994.

2.6 Jänschwalde North Mine

New decomposition of a mine. Planned to stay open from mid-2020s to mid-2040s. Disposable supply of around 250 million tons.

Plan:

The lignite planning procedure for the mine commenced in 2009, and is ongoing.

3. Legal Consequences of Surrendering the Expansion of Strip Mines, and the End of the Mining Business

The lignite plans for Welzow South I and Nochten I, strategic mining operating plans authorised under mining law and permits under water law have had to be adjusted as a result of changing mining conditions. This especially applies to the creation of water holes, and the remaining excavation sites.

In the instance of a surrender of the planned mining districts of Nochten II and Welzow South II, resettlement measures agreed with citizens and the surrounding areas affected must be cancelled immediately. For the people in question, their longstanding plans for the future would become worthless.

The closure and decarbonisation of the Cottbus North Mine is already scheduled for 2015, and the Jänschwalde Mine will most likely be closed some time around 2025. Surrendering the use of the Nochten II and Welzow South II sectors would mean the end of coal production in the Welzow South and Nochten Mines by around 2025-2026. Because of its qualities as a combustible fuel, the coal from the Reichwalde Mine can only constitute 20%-30% of the supply of a modern lignite power station. This would mean that the Schwarze Pumpe, Boxberg and Jänschwalde power stations would fall below the required combustible fuel levels.

In turn, all the lignite power stations in Lusatia (Jänschwalde, Schwarze Pumpe, Boxberg), along with other communal heating and industry power stations, would have to be decommissioned and rebuilt. They would no longer be able to remain open for the planned periods of time. The loss of thousands of direct and indirect jobs in the area would be inevitable. There would be a dramatic increase in the number of younger, better-educated people leaving the region. Lusatia would lose its footing as an innovative energy and economic region.