



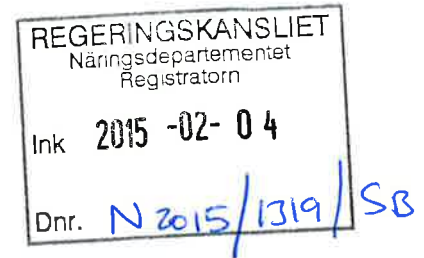
LAND BRANDENBURG  
Der Ministerpräsident

MINISTERPRÄSIDENT



Freistaat  
SACHSEN

Ministry of Enterprise, Energy and Communications  
Minister Mikael Damberg  
Mäster Samuelsgatan 70  
SE-103 33 STOCKHOLM  
SCHWEDEN



12. Januar 2015

Sehr geehrter Herr Minister,

gerne möchten wir Ihnen noch einmal herzlich für die Gelegenheit zum gemeinsamen Gespräch am 4. Dezember 2014 danken! Der gegenseitige Austausch von Informationen über die politischen Beweggründe der schwedischen Regierung in Bezug auf die weitere Entwicklung von Vattenfall sowie über die Bedeutung der Braunkohlenutzung in der Lausitz war für uns sehr wertvoll.

Sie haben dargelegt, dass die Verantwortung für den Verkaufsprozess und den damit verbundenen Zeitplan in den Händen des Unternehmens Vattenfall AB liegt. Gleichzeitig haben Sie darauf verwiesen, dass nach Abschluss der Verhandlungen die Regierung und das Parlament als Eigentümer über einen Vorschlag seitens Vattenfall politisch entscheiden werden. Wir haben für die Abgeordneten des Wirtschaftsausschusses einige Informationen zum Themenkomplex Lausitzer Braunkohle zusammengestellt, die wir Ihnen im Anhang dieses Schreibens zu Ihrer Kenntnis geben.

Wir wären Ihnen sehr dankbar, wenn wir weiterhin einen offenen und konstruktiven Dialog führen würden. Dies wäre für alle Seiten hilfreich, da potentielle Käufer auch das Gespräch mit unseren Landesregierungen suchen werden.

Mit freundlichen Grüßen

Dr. Dietmar Woidke

Stanislaw Tillich

Bäste herr minister,

låt oss än en gång uttrycka vårt hjärtliga tack för möjligheten till ett gemensamt samtal den 4 december 2014! Det ömsesidiga utbytet av information om den svenska regeringens politiska bevekelsegrunder när det gäller den fortsatta utvecklingen av Vattenfall och om betydelsen av brunkolsanvändningen i Lausitz var mycket värdefullt för oss.

Ni förklarade att ansvaret för försäljningsprocessen och den därmed förknippade tidplanen ligger hos företaget Vattenfall AB. Samtidigt hänvisade Ni till att efter avslutade förhandlingar kommer regering och riksdag som ägare att besluta politiskt om ett förslag från Vattenfalls sida. Vi har för riksdagsledamöterna i näringsutskottet sammanställt information om frågeställningen Lausitz-brunkolet, vilken vi bifogar detta brev för Er kännedom.

Vi vore mycket tacksamma om vi även framgent kunde föra en öppen och konstruktiv dialog. Det vore värdefullt för alla parter, eftersom potentiella köpare också kommer att vilja samtala med våra regeringar.

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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 Statuses, 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.