On 28 August 2019, the German government adopted the draft Act on Structural Change in Coal Mining Areas (Strukturstärkungsgesetz Kohleregionen). The first reading in the Bundestag was on 26 September 2019. The second and third reading are planned to occur jointly with the adoption of the Act on the Phase-Out of Coal (Kohleausstiegsgesetz).

The Act on Structural Change creates the required conditions for the phase-out of coal. Structural development and the coal phase-out are inextricably linked to one another in the legislation; one cannot happen without the other.

**Key points:**

**Design**

- The Act on Structural Change consists of two parts. The first part regulates **financial assistance for the affected Länder (federal states) and associations of local authorities**. This financial assistance is to be made available via Article 104b of the Basic Law for investments with a total volume of up to 14 billion euros to 2038.
- The Länder provide their own share to this end as envisaged in the Basic Law. The federal government will ensure that the structural assistance is directly used for the goal of creating new jobs and new value creation in these regions and that it supports the Sustainable Development Goals in line with the German National Sustainable Development Strategy.
- In addition to this direct financial assistance for the Länder, the Federation is also obligated to promote **further measures** under its competences for the benefit of lignite coal regions. In this, the Federation will orient its action to a financing volume of up to 26 billion euros to 2038. Initially the focus will be on realising especially relevant projects that have been identified by the Länder in close coordination with the pertinent federal ministries.

**The projects here include**

- plans for the expansion of infrastructure for rail and road transport,
- establishment and strengthening of numerous research facilities and
- innovative projects in the field of environmental economy and climate technologies.

These projects are flanked by

- funding for the scientific community, research, teaching and education in the mining districts,
- the comprehensive expansion of funding programmes and
- support activities in energy policy.

**Locating federal authorities in the mining districts**

The federal government has set itself the goal of preserving and newly creating up to 5,000 jobs in federal authorities by establishing federal facilities in the mining districts by 2028. A coordinating office will be set up at the Federal Ministry of the Interior, Building and Community.

**Hard coal sites and the Helmstedt district**

The act also envisages structural assistance for economically underdeveloped hard coal power plant sites and for Helmstedt, a former lignite coal district, in the amount of 1.09 billion euros, of that sum up to 90 million euros for the Helmstedt district.
Act on Structural Change in Coal Mining Areas

Background

The document "Key elements for an Act on Structural Change", adopted on 22 May 2019 by the German cabinet, formed the basis for the ministry draft.

Parliamentary process:

- Cabinet: 28 August 2019
- First reading in the Bundestag: 26 September 2019
- Bundesrat: 11 October 2019
- Counter-statement from federal government: 23 October 2019
- Second/third reading in the Bundestag: to be determined, depends on the
  Act on the Phase-Out of Coal

<table>
<thead>
<tr>
<th>Indicator / mining district (As of 2016)</th>
<th>Lausitz district</th>
<th>Rheinisch district</th>
<th>Leipzig/Halle district</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population in millions</td>
<td>1.1</td>
<td>2.4</td>
<td>2</td>
</tr>
<tr>
<td>GDP in millions of euros (rounded)</td>
<td>31,500</td>
<td>80,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Employees in lignite coal industry</td>
<td>some 8,500</td>
<td>nearly 10,000</td>
<td>nearly 2,500</td>
</tr>
<tr>
<td>Production quantities in millions of tonnes (rounded)</td>
<td>&gt;60</td>
<td>90</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Prognos

Adaptation allowance (Section 52 Act on the Phase-Out of Coal)

The federal government will introduce an adaptation allowance (APG) for employees in lignite coal power plants and open-cast mines and in hard coal power plants. (An APG already exists for employees in hard coal mining.) The plan is as follows:

- The APG will be paid for a period of five years maximum to those who are five years or less from the earliest possible starting date of an old-age pension (generally at 63 years of age).

- Employees of a company that generates coal power or extracts coal are eligible. Employees of subsidiaries almost exclusively and directly operating under such companies are also eligible. Employees of partner companies are also eligible if these companies are almost exclusively and specifically active in lignite coal extraction.

- Pension insurance credited periods: APG recipients receive credited periods for their future pension for the duration of receipt of the allowance.

- Compensation for pension deductions: After drawing APG, affected employees begin to draw their pension early. The earlier starting date of the pension results in pension deductions. To offset this, the Federation will make contributions to the pension insurance system via the Federal Office for Economic Affairs and Export Control (BAFA) to compensate for the difference.

- APG will only be granted to workers employed by one of these companies on 30 September 2019 and whose employment ends prior to 1 January 2044 (reference date
rule). Accordingly, the last payment of APG to eligible employees will occur at the latest at the end of 2048.

- Companies will also be given the option to apply the APG across sites and locations as a substitution solution.