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Exchange on CEEAG DG Competition - German salt industry

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Salt – raw material for 10,000 products (Sodium Chloride)



- Health and medical
- Food and feed
- De-icing
- Chemical Industry
- sodium-ion battery
- Covid-19-Biontech-Vaccine
-
-

Salt mines in Germany



Germany is the biggest salt producer in Europe and no. 5 in the world

1	Bergwerk Braunschweig-Lüneburg	(Salz)
3	Bergwerk + Saline Bernburg	(Salz, UTV)
4	Bergwerk + Saline Borth	(Salz)
5	Saline Luisenhall	(Salz)
6	Bergwerk Teutschenthal	(UTV)
7	Bergwerk Sondershausen	(Salz, UTD, UTV)
10	Bergwerk Heilbronn Saline Bad Friedrichshall Bergwerk Bad Friedrichshall-Kochendorf	(Salz, UTD) (Salz) (UTV)
11	Bergwerk Stetten	(Salz, UTV)
12	Saline Bad Reichenhall Bergwerk Berchtesgaden	(Salz) (Salz)

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CEEAG – relevance



CEEAG 4.11

The Salt sector is included in the EU ETS carbon leakage list, included in the EEAG sector list and included in the national carbon leakage list of the German emission trading system.

In the context of the Renewable Energy Law in Germany the German salt sector is granted a reduction from additional electricity levies. This levy is an additional cost on the electricity price to finance renewable energies in Germany. The levy is only charged on German companies. So, the aid is a reduction from additional costs and not an advantage compared to other European salt producers.

The levy and the reduction are a significant financial factor for the concerned salt mines in Germany. The amount of reduction varies and can be higher than the profit (EBIT) of the concerned salt production line! The elimination of the eligibility for the reduction would have a huge negative impact on the profitability of the concerned mining sites and would risk site-closures and job losses.

The draft CEEAG does not include the salt sector in the list of sectors eligible for certain aid in the form of reductions from electricity levies according to 4.11.

Therefore, it is absolutely necessary to amend the draft CEEAG to allow the salt sector to qualify for the list of eligible sectors to avoid negative impacts on production and jobs.

CEEAG – relevance EXAMPLE



Salt mine Bernburg, vacuum salt production:

Production volume: 260.000 tonnes p.a.

Turnover: 34 Mio. EUR p.a.

Costs: 31 Mio. EUR p.a.

EBIT: 3 Mio. EUR p.a.

BesAR (reduction from levy): 2,8 Mio. EUR p.a.



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CEEAG – sector definition



NACE 08.93 „extraction of salt“ does not adequately cover the salt sector for energy analysis. The salt sector is characterized by three main types of salt production: vacuum salt, rock salt, sea salt. These types heavily differ by the energetic processes and the quality/purity of the salt needed for certain uses. E.g. vacuum salt is highly energy intensive and provides highly purified salt for special uses in the chemical sector, the medical and pharmaceutical industry (e.g. used for Covid-19-vaccines).

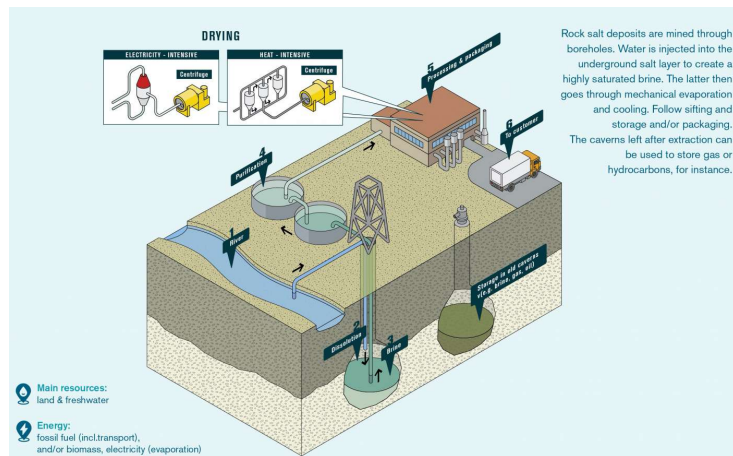
There are no NACE subgroups (e.g. Prodcom) to differentiate between these three types of salt production. That's why the Commission already allowed in the context of the EU ETS carbon leakage list that the salt sector provides a separate (ecofys) assessment to adequately cover the vacuum salt sector that is subject to the ETS and other energy related regulations.

Therefore, it is necessary that the Commission allows additional sector specific (qualitative and quantitative) assessments to cover and assess the salt sector adequately in the context of the CEEAG!

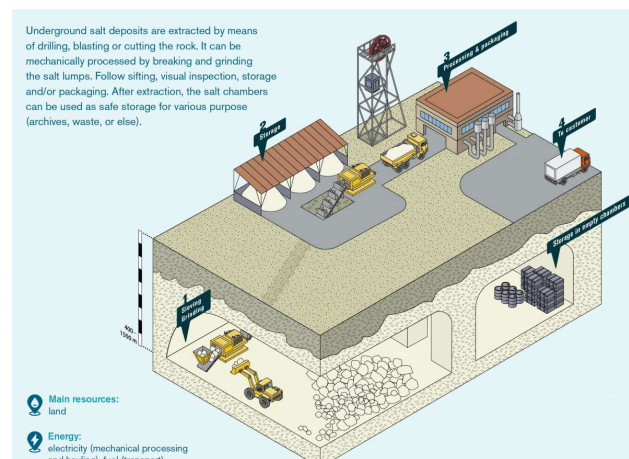
CEEAG – sector definition



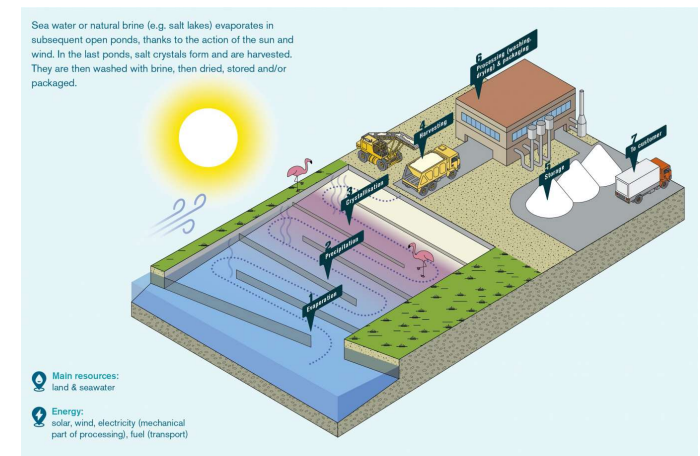
Solution mining / vacuum salt



Rock salt



Solar salt



- Highly energy intensive
- Highest quality and purity
- Industry, pharma, medical industry

No differentiation within the NACE category 08.93 (no prodcom level available).
ETS carbon leakage discussion: raised that issue > qualitative assessment needed and allowed!

CEEAG – methodology and thresholds



The published draft CEEAG does not include further explanations, assessments, data and methodological justifications.

The Commission should make this information transparent as soon as possible to allow stakeholders to substantially contribute to the consultation!

CEEAG thresholds relevant for the sector list of Annex 1 are:

trade intensity > 20 %	or	> 80 %
electro intensity > 10 %	or	> 7 %

The salt sector's trade intensity is ~14 % and the electro intensity ~21 % according to COM'S published data.

The criteria/thresholds should be more flexible to allow sectors, that are obviously at a significant competitive disadvantage and risk of relocation inside and outside the EU like the salt sector, to be eligible.

Salt – production and further electrification



- The production of vacuum salt is highly energy- and electro-intensive to achieve the high purity of salt needed for certain uses (industry, chemical, medical, pharmaceutical).
- The electro-intensity and the **demand for electricity will significantly increase in the future** due to the further electrification of processes and due to the electrification of the underground vehicles and machineries in salt mining which is necessary to comply with newly introduced occupational exposure limits for diesel (particular DEE) and nitrogen (NOx) in the context of the EU carcinogens and EU chemical agents directives.
- The required further electrification is only possible if cost-efficiency and competitiveness of the concerned salt mines are ensured. Therefore, the reduction of additional costs, like levies on the electricity price to finance renewable energy, is absolutely necessary.
- Moreover, if the profitability of German salt mines is at risk and production would decrease, salt imports would increase with a worse ecological and climate footprint due to transport emissions.

Questions



- Justification for the new thresholds?
- How to deal with sectors/companies that are not adequately covered by NACE codes (e.g. qualitative assessments)?
- How to deal with historic data to cover also the recent and future developments for more electrification?
- Better regulation: why not publishing complete data, analysis and assessments at the beginning of the process? Why such a short consultation period (during holiday)?

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Thank you and Glückauf!

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