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Germany wants to extend CO2-related aid for firms beyond 2020: sources

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FILE PHOTO: Uniper's Scholven coal power plant is pictured in Gelsenkirchen, Germany, September 28, 2018. REUTERS/Thilo Schmuelgen

BERLIN (Reuters) - The German government wants to extend beyond 2020 CO2-related compensation for companies that are heavy energy consumers as Europe's largest economy shifts towards renewables, several sources close to a government coal commission told Reuters.

Companies want some protection from the rise they fear they will see in electricity

prices when coal-fired power plants and nuclear power plants are taken off the grid in the coming years.

The Economy Ministry proposed that the compensation - a refund for surcharges on the electricity price that reflect the carbon emissions prices paid by generators - be extended beyond 2020, several people said on Thursday.

The coal commission is working on a plan to phase out brown coal mining and coal-fired power plants without causing further economic weakness in affected regions and triggering thousands of job losses.

The European Union's Emissions Trading System (ETS) charges power plants and factories for every tonne of carbon dioxide (CO2) they emit.

The latest available data shows compensation amounted to around 300 million euros of relief for companies in 2016. But because carbon prices have drastically increased, the amount is expected to be far higher in future.

The German Economy Ministry declined to comment.

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