

German attempts to coordinate the energy transformation

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Chancellor Angela Merkel met for the second time with the prime ministers of the federal states to discuss the coordination of the German Energy Transformation (Energiewende) on 2 November. The third meeting has been scheduled for 21 March 2013. Then a precise action plan for Energiewende will be presented. The issues discussed during the summit included the development of power grids, the security of power supply, the development of renewable energy and also attempts to overcome existing difficulties in harmonising the goals of energy production from renewable sources in individual federal states. To develop this approach, the prime ministers of the federal states met on 26 October in Ettersburg, where a common eight-point coordination plan was prepared. According to the arrangements with Chancellor Merkel, the government will present a bill on power grid development in December, which is set to be adopted at the beginning of 2013. As regards security of supply in the winter season 2012/2013, Chancellor Merkel announced that this was guaranteed owing to the energy production reserve of 2.5 gigawatt (probably from conventional power plants located mainly in the south of Germany). The Power Plant Forum (an assembly consisting of representatives of the federal states, associations, electricity manufacturers and ecological organisations) in co-operation with the Federal Network Agency is to develop a joint solution for guaranteeing medium- and long-term energy security by summer 2013.

Commentary

- One of the key problems of Energiewende is the coordination of energy concepts of individual federal states, which are often completely different. This summit has eliminated only some of the differences. It has indicated the possibility of a compromise between southern federal states, which want to increase their own production from renewable energy sources (wind energy) and the construction of new gas power plants, and the northern part of the country, which is appealing for further development of offshore wind farms and energy exports obtained by this means to the south of the country. The prime ministers of all the federal states (with the exception of Bavaria) want the energy goals of individual federal states be coordinated to a greater extent than before with the policy of the central government.

- Both Chancellor Merkel and representatives of the federal states emphasised the role of offshore wind farms in increasing the share of renewable energy sources in the German energy structure. The federal states agree that this kind of renewable energy must be given priority in the implementation of Energiewende in the long run, which signifies a change in the previous approach of the federal states. However, an effective development of offshore wind farms depends on the existence of connections with land transmission networks. A law aimed at guaranteeing the farms' connection to the network is currently being prepared in parliament.
- One of the key challenges for Energiewende is to keep the German economy competitive and to restrict electricity price growth. For this purpose, the government is planning to revise its subsidies for the most energy-consuming businesses and to amend the act on supporting energy production from renewable sources (the EEG Act). Chancellor Merkel agreed with the federal states' opinion that it was necessary to ensure investment stability for renewable energy sources and to liberalize energy prices (in fact, reduce subsidies). The federal states' proposals and the concept developed by the environment minister, Peter Altmaier, will be used as the basis for amending the EEG Act. Work on this will be continued next year. However, considering the upcoming election campaign and the major differences of opinion inside the coalition, no compromise should be expected on this issue before the elections in autumn 2013.