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German energy corporations – victims of environmental policy

Mid-June saw the publication of a ranking of CO_2 emitters among EU firms. The top places were taken by German firms – RWE and E.ON. Those firms are encountering considerable costs in purchasing carbon emission credits and thus are leaning towards the development of energy production technology with low carbon emissions (nuclear, wind power) and are lobbying in the EU to limit further increases in the cost of CO_2 emissions. In the short term they are a natural supporter of EU countries against increases in climate protection policy.
The Carbon Market Data report, published in June by an institute specialising in monitoring the CO_2 market, presents date for 2009 on firms active in the EU. According to the report, the biggest carbon emitters in 2009 were RWE (141 million tonnes), E.ON (94 million tonnes) and the Swedish Vattenfall (91 million tonnes – to a large degree from its German power plants). Those corporations did not receive a high enough allocation of free carbon credits. According to the ETS system currently in force in the EU, the firms must possess an amount of carbon credits (some of these are without charge) equal to the actual level of CO_2 emissions. In 2009 RWE was forced to purchase on the emission trading market credits for 52 million tonnes, Vattenfall for 29 million tonnes and E.ON for 20 million tonnes. Otherwise they would have been unable to account for their actual emissions.
The insufficient allocation of free carbon credits will become an ever increasing burden for these firms as the price of the credits increases. For RWE the costs of purchasing carbon credits could reach as much as one billion euros annually. The corporations are attempting to counteract this situation by seeking to invest in nuclear power plants, in wind farms and in carbon capture technology (CCS) and by acquiring their competitors who have low carbon emissions. These firms are aiming towards limiting the detrimental (for themselves) effects of environmental policy, for example by attempting to prolong the activity of German reactors and by influencing the regulations concerning carbon trading in force from 2012. <ŁAN>