

A compromise on shale gas is still uncertain in Germany

Konrad Popławski, Porozumienie w sprawie gazu łupkowego w Niemczech wciąż niepewne

The debate on shale gas extraction has become more intense in Germany. In early February, a group of MPs from the government coalition appealed to the government for a law to be passed which would set the conditions of shale gas extraction. This has been delayed for a long time. The law will enable shale gas production, provided that certain strict environmental protection criteria are met. No separate law to regulate shale gas extraction exists in Germany at present. Local offices in charge of mining and geology decide on the possibilities and conditions of extraction. In the opinion of MPs, Germany can no longer disregard the rapid growth in shale gas extraction worldwide, and cheaper natural gas would facilitate the implementation of the energy transformation (*Energiewende*). In response to this, the minister for the environment, Peter Altmaier, announced on 11 February that he would soon present a bill on shale gas which would set stricter regulations and impose a ban on extraction in the areas where deposits of potable water used for consumption are located.

Commentary

- It would be economically reasonable to launch shale gas extraction in Germany. Estimated shale gas reserves in this country range from 6.8 to 22.6 trillion m³, of which between 0.7 and 2.3 trillion m³ could be produced, with the level of present technologies. This would be enough to satisfy German gas consumption for more than ten years, which could be especially important given the fact that conventional gas production in Germany – which at present satisfies approximately 13% of the demand – is falling. Natural gas is also vital for the *Energiewende*, since gas power plants, which can be started up very quickly, can be the best additional suppliers of energy, given the significant fluctuations in the levels of energy produced from renewable sources. However, due to high gas prices, the share of coal in energy production is increasing, which is contrary to the government's plans.
- German business circles are aware of the fact that lower energy prices in the USA resulting from the development of shale gas extraction technologies are contributing to the reindustrialisation of the country. Therefore, they fear the consequences this may have on the Germany's competitiveness. For this reason, many German companies are

investing more and more in the USA and intend to invest in the shale gas sector in Europe. BASF is among those companies which have announced this.

- Despite the potential large economic benefits shale gas extraction could offer, fears of the threats this entails predominate in the German public debate. For this reason, the government coalition is unwilling to raise this issue ahead of the parliamentary election, which has been scheduled for September this year. Furthermore, the Bundesrat's approval is necessary for the shale gas law to be passed. Meanwhile, the opposition parties (the SPD, the Greens and the Left Party), who do not want shale gas extraction in Germany, are dominant in the Bundesrat. Altmaier's proposal of passing a law which would set stricter criteria for shale gas extraction across Germany is intended to encourage the opposition parties to accept it and at the same time to appeal to public opinion. However, the opposition has reacted with scepticism, which may mean that the question of the regulation of shale gas extraction will be resumed in the Bundestag only after the election. If a coalition of the SPD and the Green Party wins, much stricter regulations or even the imposition of a moratorium on shale gas extraction may be expected.