Center for Geopolitics of Energy and Raw Materials
(CGEMP)

In partnership with:

French Association of Energy Economists

Power in Germany: The turning point of 2011

One year later, lessons for neighbouring countries

Introductory session: 2011, the turning point for energy in Germany

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Power in Germany:

The turning point of 2011

One year later, lessons for neighbouring countries

& Bird & Bird

- a personal view -

Johannes Kindler

Paris, 21 June 2012

After Fukushima:
3 Stages of reaction in Europe

- **Shock**
- **Reassessment** of the current Energy Policy (a.o. stress testing of nuclear power plants)
  - European Union
  - Member States
- Differentiated **confirmation**
- **Exception: Germany**

Bird & Bird

Reassessment and differentiated confirmation of the current Energy and Climate Strategy

- **The European Union** reaffirmed its decisions on
- the targets to be reached by **2020**
- the achievement of a **single energy market** by **2014**
- the right of every member state to choose its generation mix – including nuclear power (as long it is safe) – which enables it to meet the European targets
- the urgency to accelerate a **1 Trillion Euro investment programme** in energy infrastructure by **2020**

Most of EU-Member States - more or less - reaffirmed

- their national targets within the EU-Strategy
- their intention to **keep** their **existing** capacity until the end of the respective life circle
- some Member States decided to **extend** the lifecycle
- some Member States (particularly F, UK) decided to build **new** capacity
- particularly **Eastern** Member States are not only driven by economic reasons or the sake of security of supply, but are also motivated to reach stronger energy **independence**

What did Germany decide?

- Shut down of 45 Percent of its nuclear Power capacity (8.400 MW)
- Between 2015 to 2022: Phase out of the remaining capacity (12.000 MW)
- **The most ambitious transformation programme of the energy landscape within the EU:** Accelerated build up of renewables (esp. wind), modernisation and extension of the Grid, new base load and backup generation, storage facilities, additional programmes for energy conservation

Why did Germany act so differently?

PM: In **fall 2010** Germany had still decided to **extend** the lifecycle of its nuclear park

- the **emotional** factor: Strong majority of the population in favour of an accelerated phase out
- Nuclear phase out – at least in the long run – seems to be unavoidable. Beside the acceptance issue there is **no** concrete prospective in sight that **new** nuclear power plants can be run **profitably**
- **Germany** (or the EU) alone can **not** save the climate. But if we could prove that the change to a more sustainable world is **feasible** and **economically successful**, this might motivate **other** states (China, US) to follow…

How did the neighbouring countries react to Germany's decisions?

- Surprise and lack of comprehension
  (Nicolas Sarkozy: "A step backward to the middle age").
  The "unilateral character" of Germany's decision was also sharply criticised
- Strong concern about the impact on neighbouring countries (security of supply)
- But:
  - At a conference on 20 July (EU-COM, Governments, MS) aiming to assess the German decision no significant objections were made
  - Very soon after the decision Germany has established full transparency by regular reports and close cooperation with all its neighbours

How did the security of supply develop in Germany? Was there a negative impact on its neighbouring countries?

- Security of supply remained stable – also in the winter 2011/2012 – thanks to additional provisions of the TSO ordered by Bundesnetzagentur. Even in the very cold period in February 2012 the situation was kept under control. But the same safety provisions must be maintained for the coming winter as well.
- But the situation remains delicate. Risks even with cross border impacts can not be excluded.

What action took Germany to accelerate the "Energiewende"?

- Relevant legislation profoundly revised (energy act, renewables act, planning and permitting legislation)
- Planning process for the new grid so far in time
- But:

  Grid building process still too slow. Problem with the off shore sector

  Insufficient conventional backup capacity to balance the renewables ("capacity market")

  No credible storage strategy

What is the State of Play of the European climate and energy strategy? (My strictly personal view)

- **A more and more open secret:** The - extremely ambitious - **EU Infrastructure Programme** will **not** be achieved by 2020 to its full extend.
- **Germany** – despite strong legal and financial efforts – might **not** be successful in to sufficiently accelerate the modernization and extension of its grid to adapt it to the fast growing renewables.
- **Moreover**: Europe – including Germany – do **not** have a credible concept of realizing additional **backup** and **storage** capacities.

➢ **Political need to "synchronize" the two speeds of fast growing renewables and the relevant infrastructure**.

To sum it up: is energy the second matter of fundamental disagreement between Germany and France?

- Close cooperation in most areas
- Even some convergence in the two conflicting points. Already under the previous government there was a cautious opening towards renewables. And this will continue… par la force des choses.