

Germany to cut solar subsidies to households

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A house with solar panels on its roof is seen in Hamm, western Germany. Germany plans to slash subsidies paid to households generating electricity with their own solar panels by up to 15%, and six months earlier than planned, the government has said.

Germany plans to slash subsidies paid to households generating electricity with their own solar panels by up to 15 percent, and six months earlier than planned, the government said Thursday.

Consumers generating electricity with solar panels have been able to sell any excess at an artificially inflated price subsidised by the government, leading to a boom in recent years, fuelled also by cheap Asian imports of panels.

But this has drastically increased the cost to taxpayers and led to higher energy bills for consumers. The economy ministry expects the total bill to be more than 13 billion euros (\$17.5 billion) in 2011.

Last year, half of [solar panels](#) installed worldwide were installed in Europe's biggest economy, although solar power accounts for just two percent of national [electricity generation](#).

The subsidies have already been cut by a third since late 2009.

The environment ministry said that from July 1, subsidies for new solar installations would be cut by between three and 15 percent, depending on how much solar power production capacity is added in the coming months.

Solar power generation capacity is currently around 17 gigawatts, with more than seven gigawatts added last year. The government had expected only five [gigawatts](#) more.

"These figures demonstrate the success of solar power in Germany and show how big interest is in [renewable energy](#) overall," Environment Minister Norbert Roettgen said.

"But in the interest of electricity consumers the [subsidies](#) have to be made more cost-efficient and be made more flexible to recent market developments."

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