

Germany slows pace of green energy transition

June 8 2016, by Frank Zeller



Germany is phasing out nuclear power by 2022

Germany on Wednesday moved to slow the rapid growth of subsidised renewable energy to cap rising costs, drawing fire from environmentalists who charged it is betraying its ambitious climate goals.

To boost competition in the [clean-energy](#) sector, wind and solar projects will from next year be put out to tender, rather than automatically

launched with generous state subsidies and guaranteed returns.

Under its energy transition plan, Europe's top economy is phasing out nuclear power by 2022 and reducing climate-harming carbon fuels while boosting clean energy sources to meet 80 percent of power needs by 2050.

State support has helped raise the share of wind, solar and other renewables to about one third of electricity production last year.

But those subsidies are financed by households and many companies as they are largely passed on as surcharges on power bills.

Big power companies including EON, REW and Vattenfall have meanwhile suffered as the price of wholesale electricity has plummeted amid the surge in green energy output, making many conventional plants unprofitable.

Chancellor Angela Merkel's government hailed its reforms as a "[paradigm shift](#)" to make the energy transition more economically viable, but environmentalists charged it torpedoed Germany's ambitious clean energy and climate goals.



Chancellor Angela Merkel addresses the German Association of Energy and Water Industries in Berlin, on June 8, 2016

'Halve pace of expansion'

The latest reforms—which Merkel agreed in marathon talks last week with her coalition partners and the 16 state governments—are aimed at slowing the growth of on-shore wind farms in particular.

Wind towers have mushroomed across the coastal north and outpaced the construction of high-power transmission lines to industrial centres in the country's south.

Merkel's government also agreed to a plan by her Bavarian allies to expand state subsidies for biomass plants, an energy source favoured by farmers in the south.

The changes are set to take effect at the start of next year, pending approval by parliament where Merkel's coalition has a crushing majority.

Vice Chancellor Sigmar Gabriel of the centre-left Social Democrats said the cabinet agreement readied Germany for a "paradigm shift in supporting [renewable energy](#)".



Germany is aiming for clean energy sources to meet 80 percent of its power needs by 2050

Old, new energy

Gabriel, who is also economy minister, said it was key to "synchronise" the expansion of renewables rather than follow a motto of "the more, the better", to ensure the electricity generated ends up where it is needed.

He insisted the goal was still for renewables to make up 40-45 percent of Germany's energy mix by 2025, and 55-60 percent by 2035.

The opposition Greens party—historically the driving force behind Germany's nuclear exit and clean energy revolution—sharply criticised the changes.

"By putting the brakes on renewable energy, the government is imperilling a central future project of our country," said its chairwoman Simone Peter.

Greenpeace said the change to a more market-based approach favours large corporate players at the expense of the many small projects that have so far driven the energy transition.



Germany's energy giants have been struggling to adapt to the energy transition, with E.ON splitting into "old" and "new" energy companies

Rather than work determinedly to boost clean energy and meet German climate obligations, "Gabriel is threatening to halve the pace of expansion of recent years," said the group's energy expert Tobias Austrup.

Despite its gains in green energy, Germany also relies heavily on dirty coal—a politically sensitive sector because of the tens of thousands of jobs it generates—which accounts for 40 percent of electricity production.

Germany's energy giants have been struggling to adapt to the [energy transition](#), with two of them, EON and RWE, deciding to split up into "old" and "new" energy companies.

Shareholders of market leader EON were expected to sign off Wednesday on dividing the company into a clean [energy](#) firm under the same name, and a spin-off called Uniper to run its conventional gas, coal and hydropower interests.

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