

EUROPEAN ENERGY REVIEW

Battleground Energiewende, part II

The Lost Honor of Germany's Energiewende: An Analyst Returns Fire in the War of Words

By Paul Hockenos

Claudia Kemfert, Director of the Energy, Transportation, and Environment Unit at the prestigious Deutsche Institut für Wirtschaftsforschung in Berlin and one of the best-known energy experts in Germany, has had enough of the "Energiewende-bashing" that she feels has stymied the progress of the country's energy transition and sullied its reputation. She has set out to explode the myths and lies that are being spread by Energiewende-sceptics. "When these myths are repeated again and again, they sink in," she tells EER's Paul Hockenos in Berlin. "Not so long ago Germans were extremely concerned about climate change and the dangers of nuclear power. Now they're scared of the Energiewende."

Just recently, Claudia Kemfert, one of the best-known public voices in the German energy debate who appears routinely in the German media, was tipped to be the next energy minister in Northrhine-Westphalia, should the Christian Democrats have won the vote there last year. That did not happen. So instead of wrangling with the thorny issues of Germany's shifting energy policies in the political sphere, Kemfert has taken them on in a polemic little *Streitschrift*: a succinct book entitled *Kampf um Strom: Mythen, Macht und Monopole* (The Battle over Electricity: Myths, Power, and Monopolies), which is hot off the press.

In this book she argues that the Energiewende is the object of a furious propaganda war in Germany. And she fears that its detractors are getting the better of its proponents. But according to Kemfert, who is no spokesman for the Greens or anyone else, the nay-sayers aren't shooting straight but have armed themselves with spurious arguments, low-ball populism, and outright lies. In *Kampf um Strom*, she aims to correct the myths that, she argues, are slowly turning Germans against the clean energy switch.



Claudia Kemfert (c) ClimatePartner

How would you evaluate the success of the Energiewende to date?

"Electricity supply transition" is a better description of what's actually happened. We have a growing supply of renewably generated electricity that is impressive, but otherwise nothing much. The Energiewende had gotten off to a good start, but now it's faltering and in danger of being stopped entirely. Take, for example, investment into a new and better grid or advances in storage capacity, where little has happened. The demand side is completely ignored, namely energy efficiency in industry, mobility, and buildings.

The boom in renewables is a success but with caveats. Now we need new gas-fired plants that are efficient and low-carbon to back them up, but the problem is that they're just not lucrative at the moment. The gas price in Germany is too high and the price of carbon is too low. So what we see now is investment into coal-fired power plants and this is not compatible with a stable energy transition. If we continue this way and do not, for example, correct the price of CO₂ we will effectively be substituting coal for nuclear power. This is harmful to the climate and undermines the effort to reduce GHG emissions, where Germany is clearly failing.

The Merkel government calls the Energiewende one of its flag ship projects. What do you think of its policies in the name of the Energiewende?

Policy-wise, it's more or less a mess. Just to start with, there's the fact that energy policy is spread out over at least five ministries. What Germany needs is one institution responsible for the Energiewende, whether that be an energy minister or an authorized commissioner. It is not uncommon that the interests of the environmental and economic ministries conflict, but with Energiewende policies there is also the ministers for agriculture, for infrastructure, for buildings, etc., in the mix which makes it all the more complicated.

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are being drawn upon, like for an electricity price cap or a slowing down of the growth of the renewable supply, in order to cover up the gross misadministration of German energy policy. Our politicians are blaming clean energies rather than their own lack of sound policies. It's a clever communications strategy, and it's working too, but it's not based in fact.

What has the replacement of the former environment minister Norbert Röttgen with the current minister, Peter Altmaier, meant for energy policy?

Röttgen was the primary initiator of the Energiewende, but he could not find enough like-minded peers in the coalition. Moreover, a large segment of industry opposed him. It's not a minority in the CDU that think that the Energiewende is too "green" and is harming the economy. In my opinion they're underestimating the economic opportunities posed by this kind of transition.

Altmaier's under pressure to deliver very quickly and at the same time wants to please everyone. But he has more or less accepted the line of the Energiewende opponents in the government. This is mostly what you hear from him these days. In terms of doing anything progressive for the Energiewende – and there have been some efforts – he's faced exceptionally tough opposition from the economic planning ministry. In the end, Germany has to really pursue the Energiewende whole-heartedly or simply give it up. But this current vacillating is not an option.

In your book, you talk about the "battle for electricity" in Germany. You talk about forces of progress and the future, on the one hand, and those of yesterday on the other. But you don't specially name "those of yesterday," the "lobbies" that oppose the Energiewende. Who are they exactly and what are their motivations?

It is those figures and forces who want the old status quo of conventional energies back. In other words, they're proponents of the past order. It's a heterogeneous group including some of the utilities, companies with coal-powered plants, energy-intensive industries that fear high investments in energy efficiency, and conservative ideologues who think that everything "green" is bad.

This latter group is convinced that anything environmental will have a negative impact on the German economy. They see the Energiewende as a Green project rather than one for the future of Germany. In word they say they're for the Energiewende, but their actions speak quite differently. And it's not just one party that's agitating against it: Take the Initiative Neue Soziale Marktwirtschaft (INSM) [an initiative founded by leftist, centrist, and right-wing party figures near to the metal and electronics workers associations]. They've spends millions on a campaign to slow or stop it.

What is their strategy? How does it work?

Their strategy is to disseminate myths, which is what I describe in the book. These myths prey upon many peoples' fear of the new and of disorder. Take for example the myth that energy prices in Germany are going up just because of the Energiewende and that the Energiewende is terribly expensive. It's simply not the case, as one study after another has proven. There are many factors behind the price increases. But the Energiewende opponents place it all squarely on the incentives stipulated in the Renewable Energy Act (EEG) as if it is the only factor.

Then there's the claim that the Energiewende is tremendously expensive, that we can't really afford it. In fact, the cost of renewable energy is really quite small for the average household, about 2.3% of the average household's consumption expenditures goes to electricity. This is certainly a lot less than the high prices of gasoline and heating since the price of fossil fuels has been rising – and will continue to. In the long run, renewables are cheaper. Germany is making a smart investment in the future.

There are more myths. For example, that we only have ten years to make the Energiewende happen and that this isn't enough time. In fact, this is a process that will happen over four decades. Germany doesn't expect the transition to clean energy to be completed by 2022; this is when nuclear power will be phased out. And then there's the claim that the Energiewende is part of a planned economic model that has replaced the forces of the free market. As if in the past the energy market was any different! Of course this isn't true either. Nuclear and fossil fuels have long been subsidized but the consumer never saw it tacked on to their energy bill the way it is with renewables.

As to the costs, there are figures saying Germany will spend €100 billion on renewable energy subsidies. This doesn't seem negligible. Is this correct? How much will the Energiewende cost?



'Energy transition now' (c) campact via Flickr

This amount is not an annual figure but for a time horizon of 20 years. Even if we would say the cost of the energy transition is 20 billion a year, we need to look at the figure relatively: Germany spends 90 billion per year on fossil energy! If you would add this up for the next 20 years we would have a real cost tsunami of trillions of euros. And the investments in the Energiewende are investments in the German economy, very different than costs for fossil fuels, money that is leaving the German economy. This investment goes into grids and the like that would have to be made anyhow because the German grid is old, as are many power plants.

You obviously believe that the better arguments are those on behalf of the Energiewende. If so, why then aren't they winning in the public debate?

They're put into circulation one after another and indeed now you see that popular support for the Energiewende is waning. It is a very effective PR strategy. After a while, when these myths are repeated again and again, they sink in. Not so long ago Germans were extremely concerned about climate change and the dangers of nuclear power. Now they're scared of the Energiewende.

At the same time there aren't enough politicians standing up and saying that this set of arguments is factually wrong. The Energiewende opponents are becoming increasingly vocal and there's no one out there refuting them. No single party in Germany has proudly made the victories of the Energiewende part of their public campaigns.

Why have conservative political forces not come around more quickly when one considers the way that many of their constituencies have benefited immensely from the Energiewende?

That's a good question. Some conservatives think that the vision they had – and obviously still have – is one of a better world. They think they're right. They think that change can only happen through "green-thinking". But that's not true. All you have to do is look at the way nuclear power was introduced in the 1960s. It was heavily subsidized and now it's here.

After all, many different sectors are benefiting from the investment that's coming in from all over the world. We need more of this kind of investment into the grid, into capacity, into decentralized energy systems. Local economies have benefited enormously. Our economy needs this kind of push over a longer time. These conservatives claim the Energiewende hurts the economy, but the opposite is true. That's another myth.

What about German industry itself?

It depends. Not all of industry is against the Energiewende. Many companies and sectors are profiting from it and some admit as much.

But not all are so forthright. There's a huge discrepancy between what some of them say in public and how good the Energiewende has been to them. The chemical industry, for example, is largely reliant on gas. The

price of gas depends on the world market, not Germany renewable energies. This has nothing to

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do with the Energiewende. But hearing it from the chemical industry you'd think the Energiewende was to blame. Moreover, the chemical industry is always ranked highly on worldwide sustainability indicators which measure how sustainably a company produces and how sustainable its strategy is. Large chemical firms produce a lot of energy efficiency materials, like insulation for buildings, appliances, and mobility. These are key products for the Energiewende, and the replacement of oil. It's harmed by high price of Russian gas, not the Energiewende, but this they don't say.

The same goes for a company like Siemens. It earns incredibly well on an array of products associated with sustainability. But recently one top manager at Siemens called the Energiewende a mistake. I can't understand why Siemens would say this when it earns so much on sustainable products. Maybe Siemens says this because it has experienced losses on wind farms and solar projects. But the grounds for these losses lie in developments on the international market, namely the result of over-capacities and price reductions. But it's trendy these days to blame the Energiewende rather than mistakes made by the company.

If there's so little behind these arguments, they should eventually lose their clout, don't you think? For example, two winters in a row now there have been no blackouts and Germany has exported electricity.

I wrote this book because I want to inform people that these claims, like this claim about blackouts, come from a "scare campaign." In fact, we're exporting more and more to our neighbors – too much for some of them. The Netherlands had to shut down their gas-fired plants because of the renewables from Germany.

This skewed and adversarial discourse is very unfortunate because there are in fact a lot of important matters to discuss and improve upon. But there's no room in the current debate for rational discussion.

You talk about the adversaries of the Energiewende and their propaganda. What about the proponents, including the Greens? Do they speak the whole truth and nothing but the truth?

We see right now that elections campaigns have been started and that all parties, including the Greens, talk about "Strompreisbremsen" (electricity price cap) although they too know the core of the problem is the wholesale price, the low coal price, and the low CO2 price. None of them are providing solutions to these problems. All of the proposals – including those of the Greens and other proponents – to cut electricity prices do not address the core of the problems. This is the dilemma of being in an election year.

What has this battle done to the debate about reforming the EEG (the feed-in-tariff law)?

The important issues, like EEG reform, aren't being debated. This is part of the strategy to convince people that the Energiewende is too expensive, and that we need to stop it. This isn't solving any problems.

If we want the Energiewende then we have to go the whole way. We can't say after the first couple of kilometers, oh maybe we were wrong... We have to talk about how to bring both markets together, that of conventional fuels and of renewables. We need to think carefully how to do it, and there are options out there. But we're not discussing the essence of the problems. Take the recent proposal of the environment ministry for capping the EEG and taxing clean energy producers. It doesn't get at the root of the problem but simply blames clean energy for the total price increase.

Just a word about prices. You seem to think that the consumers should not be stuck with the whole bill. Who then should step up to pay? Part of the Altmaier plan is to make industry chip in on the costs.

Yes, this one aspect of the Altmaier plan is valuable. We have to broach the topic of the fair distribution of costs. It is fair to exempt those companies with very high energy costs and those on the international market. But this is really just a small number of companies. We have to look at different aspects, like for example that the wholesale prices are declining, whether taxes can be reduced, or the possibility of paying for the Energiewende from taxes, as we did with nuclear energy. Above all, we need a more honest and transparent debate.

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