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The growing absurdity of German energy policy

Berlin increasingly needs dirty coal to make up for scrapping nuclear



AT a time of mounting concern about climate change, governments are under pressure to introduce renewable sources of energy in order to cut greenhouse gas emissions. No nation has embraced the challenge more fervently than Germany. Under a policy long-known as *Energiewende*, or “energy change”, the government aims to derive 80 per cent of Germany’s electricity from carbon-free sources by 2050. This is an ambitious target that delights the powerful green lobby. But it is increasingly seen by other nations as a lesson in the danger of doing too much too quickly on energy policy.

In 2000, Gerhard Schröder’s government launched the Energiewende when it announced subsidies for any company that produced green energy. This led to the explosive growth of renewables, which this year supplied more than a quarter of all German electricity. The pace of Germany’s energy transition was accelerated by Angela Merkel in 2011 after the Fukushima nuclear disaster. The German chancellor promptly shut eight nuclear reactors out of 17, announcing that the rest would be closed by 2022.

The thrust of these policies is popular with Germans. Although the Green party is outside the ruling coalition, public sentiment on environmental matters remains strong. On the nuclear issue, many remain haunted by memories of the 1986 Chernobyl disaster. But Germany has been left facing two serious problems.



First, the unreliability of renewables and the exit from nuclear have created an energy supply problem that is likely to dog Germany for years. To fill the gap, Berlin has little choice but to rely on electricity generation from dirty coal-fired power stations.

A striking example of the absurdity of this emerged this week with the publication of a letter from Germany’s vice-chancellor to the new Swedish centre-left government. Ms Merkel’s deputy warned of serious consequences for electricity supplies and jobs if Vattenfall, Sweden’s state-owned utility, ditched plans to expand two coal mines in Germany. While the Germans may need the dirty lignite these facilities produce, the Swedes are under pressure to scale back the mines because of popular concerns in Sweden about CO2 emissions.

The second problem is the impact of the Energiewende on the economy. The cost of government subsidies for green energy is passed directly through to consumers. As a result, German households pay twice as much for electricity as their US counterparts. Prices for industrial customers have risen more than 30 per cent over the past four years. With the German economy narrowly avoiding a technical recession this autumn, the burden on competitiveness is proving increasingly acute.

Next week, Ms Merkel's cabinet will assess how Germany can maintain energy supplies while achieving its climate change targets. Its options are limited. A reversal of the decision to close nuclear plants would help to meet the energy gap with clean sources of electricity – but is politically impossible to sell. Alternatively, Ms Merkel could mothball some coal-fired power stations to meet Germany's carbon emissions goals – but this would potentially lead to brownouts in German homes.

Many Germans stick to the belief that Energiewende is an exciting project which, by 2050, will leave their country enjoying the cheapest, greenest and most sustainable energy supplies in the world. But the middle of the century is a long way off. In the short term, Germany's great clean-up looks likely to result in more pollution and higher energy bills.

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