

“Energiewende”¹ or “nuclear energy”? From coexistence to a common vision for European renewable energy.



This conference took place on 28th of November 2013 in Paris and was organised by the French Fondation de l'Écologie Politique, the German Heinrich-Böll-Stiftung (EU Office) and the Brussels-based Green European Foundation¹. It aimed at assessing the debates surrounding energy transition both in France and Germany and on the European level.

By comparing these energy policies, the objective was to jointly discuss collaboratively the future of the European energy transition, around the French-German duo.

This conference was part of the GET@EU project (The German Energy Transition in the European Context), which aims at strengthening dialogue and exchange on energy transition issues between Germany and its European neighbours.

PANEL I - Where does France stand regarding its national debate on energy transition?²

France is the only country in Europe where the proportion of energy produced from renewable sources is less today than in the 1980s. It is also the country that is furthest from achieving its 2020 objectives in terms of renewable energy production. Aware of this achievement gap, France organised a national debate on energy transition from fall 2012 to summer 2013. Though the debate constituted a significant step forward, the Energy Transition Law, discussed in fall 2013, has not yet been examined by the Parliament. It has been postponed until after the European elections in spring 2014. However, France must continue to move forward on the issue of energy transition, in order to be ready for two key events: the European Council, in March 2014, which will discuss the EU's 2030 policy framework for energy and climate, and the UN Climate Conference COP 21 taking place in Paris in 2015.

Challenges for the future

The first challenge for France lies in the proportion of national energy sources, with particular attention on the need to reduce the share of nuclear energy. President François Hollande, committed to cutting the share of nuclear power in the energy production sector to 50% by 2025 (against 75%

¹ German translation for “energy transition”.

² Speakers were **Andreas Rüdinger**, researcher with IDDRI (Sciences Po), **Denis Baupin**, EELV, vice-chairman of the Assemblée Nationale, and former co-chairman of the Energy Cities European network, **Marc Jeldlicka**, co-founder of négaWatt and managing director of Hespul, and **Jean-Louis Bal**, chairman of *Syndicats Énergies Renouvelables*. **Lucile Schmid**, vice-chairman of the *Fondation de l'Écologie Politique*, introduced the session.

today), as well as a 50% decrease in total energy consumption by 2050 and a 30% decrease in fossil fuel consumption by 2030.

The second challenge lies in figuring out how to support an economically viable and socially acceptable energy transition. The issue at stake is how to support the creation and development of more jobs in the renewables sector. Other questions raised were addressing the issue of how the job-intensive energy sectors can contribute to local economic development as well as finding solutions to problems like fuel poverty.

Both from a technical and a political perspective, the centralised nature of the French energy model was criticised by a number of speakers.



Main strategies for the development of renewable energy

From an economic perspective, feed-in tariffs for photovoltaic and wind energy are defined at levels close to those implemented in Germany. Better guidance, as well as adaptation to market evolution and new technologies, should improve the efficiency of the mechanism, as has been observed in Germany. The *Fonds Chaleur*³ is another interesting economic approach used to promote the development of renewable energy such as biomass within French heating networks.

On a more administrative level, the *Grenelle de l'Environnement* gave local governments responsibilities with regard to Territorial Climate and Energy Plans (PCET) and Regional Schemes. However, it is necessary to combine this measure with a deeper decentralisation in order to give public local institutions the proper means.

³ The *Fonds Chaleur* came out of the *Grenelle de l'Environnement*, an open party debate initiated in 2007 to define the key points of public policy on ecological and sustainable development issues. The *Fonds Chaleur* aims to develop heat production from renewable sources by providing financial support to collective housing, local governments and firms. It is run by the French Environment and Energy Management Agency.

PANEL II – Where does Germany stand regarding energy transition?⁴

Renewable energy in Germany increased from 5% in 2004 to 25% today, and is expected to keep rising up to 40 or 45% by 2025 if progress continues on a similar trajectory. This progress notably stems from the strong financial support given to the development of wind and mostly photovoltaic energy in order to encourage investments in these sectors. The nuclear power phase-out is an important element of the German energy transition. The process is ongoing; seven nuclear plants have been decommissioned so far, and the last ten will follow by 2022.

Consumers' perception of the energy transition

Public perception and broad civil acceptance is an important factor in Germany. Consumers are aware of the many challenges and opportunities that a new energy mix brings. Beyond reducing CO2 emissions, energy transition stands for many different things: energy independence, employment, economic development and participatory democracy. While for many years, energy production in Germany has been controlled by a small number of big utilities, it now involves a wider variety of stakeholders, including consumers, who have started investing in energy cooperatives⁵ and becoming “prosumers”. As of today, there are more than 800 energy cooperatives in Germany.

Debates around the rise of renewable energy in Germany

Inside the common market, it seems necessary to determine on a national level the energy mix to be adopted by Germany, given that its current energy mix is not functioning as well as hoped.



4 Speakers were: **Dorothee Landgrebe**, in charge of the Ecology and Sustainability programme within the Heinrich-Böll-Stiftung in Berlin, **Niels-Sönrick Schnoor**, director of the Renewable Energies programme within the Federal Association of German Consumers and **Andréas Wieg**, director of the Federal Association of the cooperatives of renewable energy production in Germany. **Guillaume Duval**, editor in chief of *Alternatives Economiques*, introduced the session.

5 Today, 150 000 members invest approximately 3000€ each in energy cooperatives.

The speakers agreed on the two major issues that are at the centre of debate in Germany:

- The first issue regards the uneven distribution of costs. Due to the poor flexibility of lignite power plants, as well as to variations in sun and wind, the development of renewable energy has led to an excess in supply on the electricity market, itself leading to a fall in spot prices. This brings about an uneven distribution of costs: consumers contribute to the development of affordable renewable energy by paying a tax whose amount tends to increase; meanwhile, large energy-consuming firms benefit from the drop in electricity prices and an increasing number of them are exempt from the tax - growing from 500 to 2000 in the space of 2 years.
- The second issue regards the security of energy supply. As Germany aims for a nuclear power phase-out by 2022, problems of supply are bound to arise. In the event of a peak in consumption, how will Germany provide the necessary gas supply, given that gas and coal power plants will have been ousted from the market by then? Points being negotiated inside the coalition are as follows:
 - In order to generate flexibility, do we need capacity markets or rather commercial incentives? According to the Social Democrats, flexibility should be guaranteed by coal.
 - What shape must these capacities take? How to avoid the coal option when trying to make stocks suitable for fluctuations in supply and demand?

In the coalition agreement end 2013, the new German coalition government has suggested slowing down slightly the development of renewable energy, in particular subsidies, so as to control the fall in prices.

Prospects for the future

By 2050, the coalition agreement aims to see Germany producing at least 80% of its electricity using renewable sources. To this end, Germany must keep developing a reliable network – and consider extending it to Europe – capable of addressing peaks in consumption as well as sunless and windless periods. The country also needs an efficient emissions trading system on the European level and thus a reform of the current ETS system.

Future efforts could also be dedicated to other aspects of energy transition, such as heat networks and mobility, or energy efficiency.

PANEL III- What is the future of a European energy transition with the Franco-German duo?⁶

Though the Lisbon Treaty granted the EU more competencies in the area of energy policy such as market regulation and grid development, energy mix is still the preserve of Member States. Meanwhile tools like the European Emissions Trading Scheme (ETS) have become less efficient.

6 Speakers were: **Yannick Jadot**, EELV French Member of the European Parliament; **Silke Malorny**, advisor and chief of Rebecca Harms' Cabinet, and president of the environmentalist group of the European Parliament; **Célia Gautier**, in charge of European Policies within *Réseau Action Climat France*, spokesperson of the French civil society for European policies; and **Franck Gouery**, representative of the European Commission in France. **Pierre Jonckheer**, chairman of the Green European Foundation, introduced this session and **Bastian Hermisson**, director of the Heinrich-Böll-Stiftung's EU office, led the discussion.

Yet, the EU could be a driving force for a Europe-wide energy transition, as well as on the national level in both France and Germany.

France and Germany face differing challenges, but would profit from better coordination of efforts on the EU level. The following points were mentioned in the debate:

- France's climate targets are too low. Its objective for 2020 is to reduce its GHG emissions by 20%, and by 40% by 2030, which is not sufficient compared to the scientific minimum requirements. Germany must address the same question: should it raise its objectives for 2020 to a 30% reduction?
- France still needs to find the means to reduce its dependence on nuclear power. In this regard, France would benefit from the development of industrial and economic devices on a European level, as the development of a better definition of common objectives.
- The EU could include an ambitious energy efficiency goal to be achieved by 2030, and might thus promote an aspect that is often forgotten in Germany.
- The EU could reform the ETS, which at the moment is not sufficiently efficient to encourage the development of technologies necessary to complete the energy transition successfully.
- The EU could lead the way for a combination of ambitious goals in both environmental and economic policies. EU investments should be oriented towards renewable energy production projects, such as photovoltaic panels in Greece.
- Germany, France and the EU could agree on three objectives: the reduction of dependency on imports, the fight against fuel poverty, and the nuclear power phase-out.

European challenges and prospects for the future

The first challenge for a European energy transition involves agreeing on the energy sources to be promoted. The energy transition must be based upon energy independence, decentralisation, nuclear power reduction and the decrease in the use of fossil fuels.

But when it comes to details, agreements are more complex. How can a European Energy Community be built, in the absence of a common position on the nuclear question and of a common vision of the energy mix? Discrepancies between France and Germany on these issues add to the complexity of a European energy transition that paves the way for an ambitious EU role in international climate politics.

The second important challenge of this transition involves the security of energy supply both at a European and a national level. Today, nuclear plants enabling France to face peaks in consumption are not cost-effective. Germany faces a similar problem and relies for now on carbon solutions, but with a long-term will to break the reliance on coal. The development of an integrated energy market must be encouraged, that would bind European markets together, stabilise prices and ensure Europe's energy independence. It is important to overcome these challenges, all the more so as energy transition offers the EU an opportunity to rediscover its leadership in innovation.

The state of debate at EU level

In the months to come, several events will offer the opportunity to move forward on the European energy transition: the European energy efficiency directive will be up for revision in 2014 ; the fulfilment of the EU Member States' 2020 packages on energy efficiency and infrastructures should make progress; the adoption of the climate and energy package will be debated early 2014 among Member States and within the institutions, following the concrete proposal for the 2030 energy and climate package expected for January 2014 from the European Commission. All this work is likely to feed a common vision in Europe for future international negotiations.



Conclusion of the debate

This debate's assessment of energy policies led by France and Germany reveals that the idea of a European energy transition carried by the French-German duo is not evident. Yet, they could and should promote a European leadership advocating three common objectives: 1) to change the energy production mix, 2) to reduce the dependency of the European Union on exporting regions, and 3) to give consistency to the climate policy.

But mainly what comes out of this conference is the will to build a renewable and decentralised energy production system, based on citizens' participation. For this transition to work it must go beyond technical, scientific and political speeches in order to involve all stakeholders in the debate, including consumers. Giving them the opportunity to share their own experiences of energy, as producers, would provide a new framework to comprehend energy transition and to address issues such as education on energy conservation and environmental justice.