EVENT REPORT

Böll Lunch Debate: "French-German Renewables Cooperation: Is the 'airbus de l'énergie' ready for take-off or a launch failure?"

At their ministerial meeting in February of this year, France and Germany have agreed to closer cooperation of their respective energy transition activities. French President Hollande spoke of the need to create an "Energy Airbus", quoting the example of the transnational airplane construction company launched in the 1960s.

The French-German tandem has very often been an important driving force for all kinds of European projects. However, when it comes to energy issues, their respective political philosophies differ quite significantly: Germany is generating a quarter of its electricity production with renewables, whereas France is (less, but still heavily) relying on nuclear power. This might explain the lukewarm reception of the "energy airbus" by some Germans.

After referrals to the respective industries or research institutes tasked with picking up the ball, politicians in Berlin and Paris have become rather quiet on the issue. In May, a concrete consortium cooperation emerged between the French INES (Institut Nationale de l'Énergie Solaire) and the German Fraunhofer Institute (Institut für Solare Energiesysteme), author of a 2013 feasibility study on the build-up of a X-GW factory in Germany. Together with a Swiss partner, they are planning to build a pilot PV plant in Europe, starting as early as 2015. No more mention of a French-German alliance has been made.

In the meantime, the Ukrainian crisis meant a wake-up call for Europeans regarding their energy dependency and security of supply. Furthermore, the current discussion of EU 2030 climate and energy targets and the international struggle for an ambitious climate agreement make the picture more complex. It all adds to the urgency of the question whether the French-German couple can and should play a significant role here.

Where do we stand with regard to energy transition ambition on both sides of the Rhine? Has the Débat National sur la Transition Énergétique and the Energiewende 2.0 led to a better understanding of the matters at stake and the need for a transnational and European cooperation? Or is it merely political window-dressing without concrete follow-ups?

These and similar questions were discussed at a lunch debate organized by the Heinrich Böll Foundation on the 25th of June 2014 in Brussels.[1]

[1] This event took place in the framework of the EnergyTransition@EU project of the Heinrich Böll Foundation (HBF) and organised by the HBF's Brussels office. The panellists (as pictured) included: Reinhard Bütikofer, MEP, Greens/EFA; Co-Chair of the European Green Party, Brussels; Antonin Ferri, Permanent Representation of France to the EU, Conseiller politique de l'énergie, Brussels; Kathrin Glastra, Project coordinator Climate & Energy Programme HBF EU Office (Moderation); Stefan Bössner, Notre Europe – Jacques Delors Institute, Research Fellow Energy policy and energy security, Paris; Dr. Jochen Rentsch, Fraunhofer ISE Freiburg, Division PV Production Technology and Quality Assurance, Freiburg. The event was held under Chatham House Rule. The opinions expressed do not necessarily represent the opinions of the Heinrich Böll Foundation.

Franco-German Energy Cooperation: Facts, Potentials and Challenges

There is wide agreement that Germany and France have been key drivers in energy issues in Europe, especially regarding their collaboration in research and development. However, the extent to which the capacity for energy collaboration among France and Germany being used efficiently is subject to much critique. Both countries have fairly different energy policies: Germany is investing in renewables and has decided to phase-out its nuclear power plants, whereas the energy supply in France still highly depends on nuclear energy. These differences might be a barrier for further collaboration. However, it can be argued that different energy mixes and resource endowments should not be seen as an obstacle, but rather as an opportunity for resource-optimization. Thus, panellists suggested that exploiting different energy resources where they are socially accepted would result in maximum efficiency. Based on this argument, an exchange of lessons learned can be beneficial for both countries – for example, Germany can share its experiences with renewable energy and energy cooperatives whereas France can offer knowledge on smart grids, capacity mechanisms and market infrastructure. French President Hollande has been trying to foster such exchange of knowledge and cooperation in the energy sector by promoting the idea of the 'airbus de l'energie'.

Critics of the term, however, have pointed out that it merely seems to propose an industrial cooperation between France and Germany leading to a one-sided discussion only on pricing. The primary goal of the French-German cooperation on energy is supposed to be much broader; it implies a successful alliance between the two countries, focusing on sustainability, affordability and reliability.

Furthermore, it was underlined that 'collaboration only' policies between the two countries are not sufficient and should be embedded into the European context. Germany and France have already intensified their bilateral collaboration on different issues like cooperation between energy agencies, common ministerial declarations on the 2030 framework, biannual meetings on renewable energy and security of supply of the respective Directorates-General for energy and the Directorates-General for environment, as well as launching common research projects. Several common projects are still being

planned like a joint call for tenders on renewables or delivering the right message for a successful EU agreement at COP 20 in Lima. Still the question remains if this is sufficient, especially in a pan-European context.

A French-German Cooperation for a Competitive Low Carbon Europe?

Europe is facing major difficulties in remaining competitive in terms of energy efficiency and has been overtaken by the USA, China and Japan when it comes to investments into renewable energy projects. For example, the most energy-efficient steel plants can be found in China, not in Europe. Additionally, energy security has become an increasingly important topic, especially in the light of the Ukraine crisis. With these facts in mind, several questions emerged: Does Europe really want to be a leader in energy transition? How should Europe's energy dependence be dealt with? Is Europe putting enough effort into reducing the dependence? How should CO_2 markets be improved? When it comes to these questions, high expectations are often placed on Germany and France. Yet, the French-German tandem seems insufficient, and lacks a European approach. For example, France and Germany could jointly work on a plan to generate a functioning CO_2 market. This would also help to increase the flow of investments in Europe. Following the Polish prime minister's proposal for an EU Energy Union, Germany and France could team up to elevate the proposal's level. Also, costs stemming from expensive imports could be reduced via increased production of renewable energy within the EU. This – together with regulations on grid stability as well as a diversification of the energy supply – could further mitigate Europe's energy dependence. Furthermore, advancing Europe's technological leadership will create high-qualified jobs down the value chain. It would be beneficial for Europe if France and Germany could increase their collaboration on these points and elevate it to a pan-European level. Additionally, there is the need for sufficient (political) support by the EU and from national and international programmes as well as from banks, e.g. via loan guarantees. Another important point is the increase of interconnectibility in terms of grids and pipelines between EU member states (i.e. France and the Iberian Peninsula).

It is important to note that increased ambition is not only required from the French and German side, but other EU member states need to step up and in as well. There is an overall agreement that the German 'Energiewende' would be much cheaper and easier to accomplish if Germany didn't have to do it single-handedly. In that respect, however, some criticise that Germany did not communicate its energy transition well enough. Still, Germany's move towards a nuclear phase-out and its 'Energiewende' can be seen as a necessary and positive step ahead, giving the other EU states an example they could (and should) follow.

Bottom-up Approaches for a Green European Union

In addition to initiatives on the national or European level, bottom-up approaches like citizen's initiatives play a crucial role. Citizens are a driving force in the framework of the upcoming Climate Conference, the Conference of the Parties (COP) in Lima, especially as there is often more initiative on regional than national level. Looking at the German case, only the long-standing support by citizens made the energy transition possible. Still today, the great majority of Germans is in favour of the

"Energiewende". A current example is the opposition in Southern Germany against planned power lines for the North-South corridor. These arguments can, however, be countered by recent analyses that the increased use of smart grids might be a solution that is also acceptable for citizens.

Additionally, it is crucial to adequately integrate, inform and educate the public on the measures that are necessary for an energy transition, in order to increase public acceptance. Furthermore, the German 'Energiewende' is an opportunity for entrepreneurs to invest into energy generation; an opportunity that is – according to studies – widely used in Germany. One of the main questions for citizens everywhere is if energy prices will rise due to the 'Energiewende'. However, upon investigation, it becomes clear that of all clean energy sources, renewables are the most cost-effective ones; and that wholesale prices have actually decreased. Price increases are caused by exemptions that are placed on industries and which have to be paid for by civil society. A study shows that even though citizens pay more for electricity in the EU than in the US, the real unit cost is the same in the US and in the EU. Subsidies distort the view on the competitiveness of renewables even further. Renewables receive only some support, whereas fossil fuels are, for example, also indirectly subsidized by not accounting for externalities. If that was not the case, wind energy could for example easily compete with fossil fuels. Finding a better solution for externality pricing schemes could benefit not only Germany but Europe as a whole.

Conclusion

The 'airbus de l'energie', or rather: increased French-German cooperation like the concrete project between INES and Fraunhofer ISE, is definitely needed and very welcome. It can be a positive start for a hopefully successful collaboration focussing not only on research and industry, but also kick-starting the initiative to a European-wide energy transition which contributes to Europe's competitiveness. For this, the necessary political will is required, not only from Germany and France but from all EU Member States. Before trying to solve detailed issues, the big questions need to be dealt with: How will the EU organise necessary funding for investments into the grids? Will there be enough political will for ambitious targets for 2030, including a binding efficiency target? To what extent are EU member states planning to rely on state interventionism or on markets? Will Europe come up with the necessary ambition for COP 21 in Paris in 2015? Whether or not the EU member states are willing to form a competitive, ambitious Energy Union remains the most important question. The technology and the support of the civil society already exist.