



EU-2030 – which way to follow?

Main reasons for the German approach

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German position for 2030

- at least 40% GHG reduction
- binding EU-RES target of at least 30%, and
- binding and ambitious EU-EE target



Rationale of the German position: investing right is most cost efficient

- Europe **needs to invest anyway** in Energy
 - Aging power fleet
 - Energy security
 - Climate protection
- **Invest right**: choose options which are **most cost-efficient** and offer **highest return on investment** and is a “no-regret”
- **Avoid “lost decade”**: postponing investment will be more costly in the end
- **Flexibility vs synergy**: taking advantage of coordination and synergies in areas of “no-regret” brings costs down and increases reliability for all MS



RES and efficiency are most cost-efficient new Low Carbon Investment

- RES costs came down significantly; LCOE costs became lower than for CCS and Nuclear

	2010	2014	2020
PV (ct./kWh)	24-35	9.5-13.5	~7-10
Wind (ct./kWh)	6-10	5.5 -9	~ 4.5-8

- 40% GHG + 30% RES + 30% Efficiency lead to annually 20 bn € lower overall costs than 40% GHG only (*Fraunhofer ISI*)
- ... if investment framework is set right...



RES and Efficiency offer highest return on investment

■ Turning sunk cost for fossil fuels into future investments

- **260 bn. € additional savings** of fossil fuels with 30% RES and 30% EE cp to 27% RES and 25% EE [*COM 2030 Impact Assessment*]

■ Thereby increasing **energy security**

■ New Growth Agenda for Europe

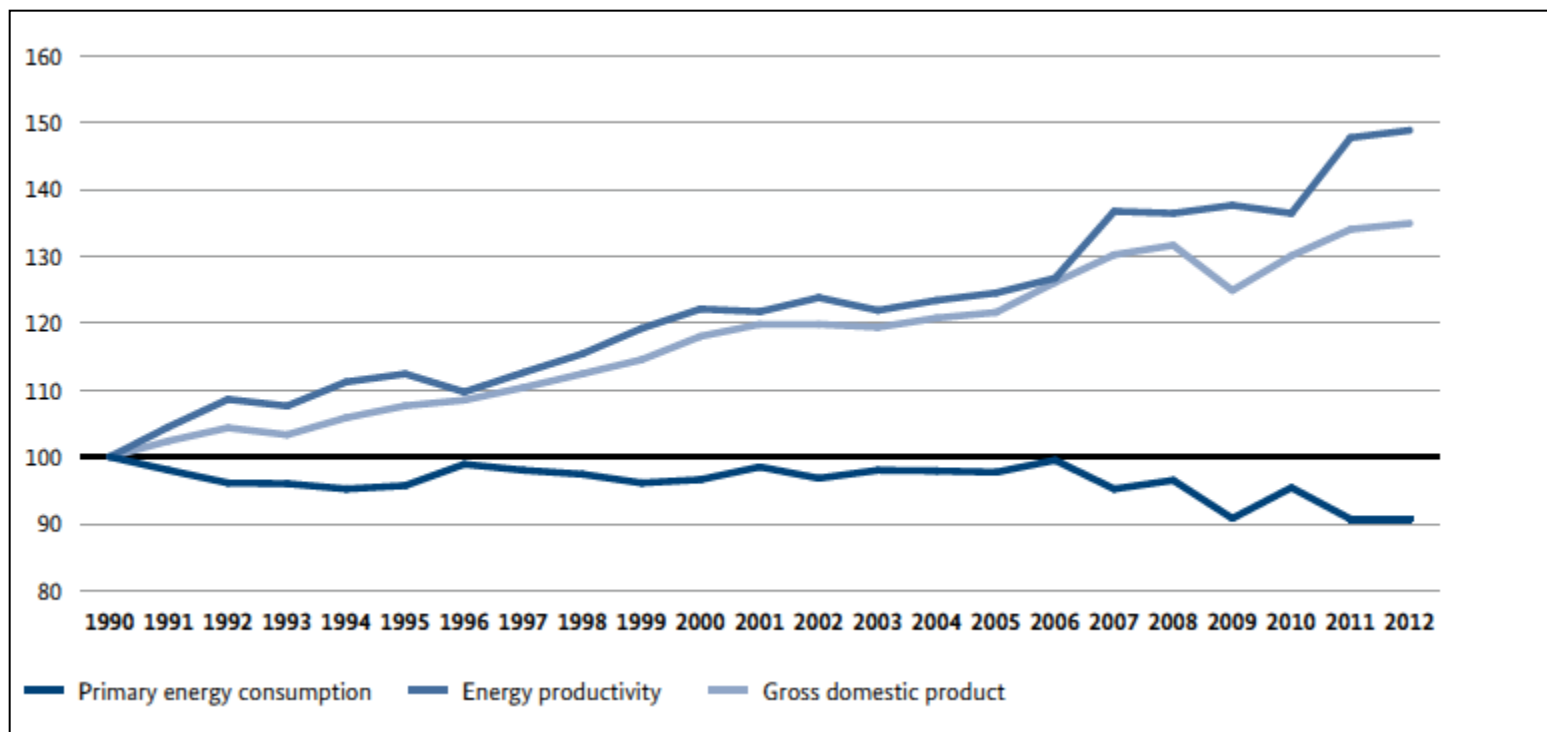
- RES and EE are labour intensive: **1,25 Mio additional jobs** in Europe with 40% GHG, 30% RES target and 30% efficiency compared to reference scenario [*COM Impact Assessment*]
- **New system competence:** multiplying innovation spill over effects for the whole economy

■ Future **competitiveness** will be decided by use of energy per GDP and cost of kWh



Germany decoupled growth from energy consumption

- Energy productivity increased by 46% since 1990
- primary energy consumption reduced by 3.3 (cp. To 2008) while economy has grown by 50% (since 1990)



Need for balanced mix of tailored instruments

■ ETS important overall instrument

■ ETS alone cannot meet the various challenges of changing Europe's Energy system, since ETS

- ... cannot overcome **non-economic barriers** ➡ most cost-efficient energy efficiency potentials remain untapped
- ... cannot achieve **technology shift** (or only at very high costs)
- ... cannot answer to the **changing electricity market** (Merit order effect)
- ... leads to **higher risks and financing costs**

■ Balanced mix of tailored instruments

- **decreases support and financing costs** and
- allows for **ex ante consistency** (! taking RES + EE into account when designing the ETS)



Flexibility vs Synergy

■ **Flexibility** is important

- **Energy Mix** remains MS competence
- MS will follow different ways

■ Europe should **take advantage of synergies in areas of “no regret”**

- All MS will rely on RES and EE to a significant amount
- **EU-Roadmap 2050**: all scenarios require 30% RES and ambitious EE in 2050

■ **Targets for RES and EE allow for:**

- **EU-framework which lowers financing risk**
- **Coordination, consistency of instruments and control**
- **Reliability** for all actors: investors – conventional power park – the electricity market – the grid development (!!) – and neighbouring countries
- **Synergies, common efforts and regional cooperation**



Challenge: right balance between flexibility and reliability

- Room for **different level of ambition and “speed”**
- **avoiding lost decade or “full stop” in some MS**
 - Important for grid development
 - Market challenges
 - Investors confidence
- Need **minimum of coherence and common effort**
- What has been **“pledged” must be reliable**



Thank you.

