

Germany's interaction with the EU: How did Germany influence European renewable energy policy – and vice versa?

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presentation based on a co-authored paper,
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Questions

- How did Germany influence European renewable energy policy?
Did Germany push a pioneer policy at the EU level?
Did it block policies at the EU level which did not fit the domestic aims?
- Did the EU influence German RE policy, and to what extent?
Did the EU undermine Germany's pioneering role?
- Which mechanisms and strategies were at play in the context of the German – European RE policy?
- What are the aims behind the different strategies of the EU and the national level - and can the conflicts between the levels be solved?

Analytical framework: Europeanization mechanisms

Type of Europeanization	Europeanization strategies	Operationalization
uploading (bottom-up)	Pace-setting	pushing policies linked to national preferences
	Foot-dragging	blocking or weakening policies potentially costly for MS
downloading (top-down)	Prescription of concrete institutional and governance models	Degree of Institutional Compatibility
	Altering the opportunity structure	Degree of resource and power redistribution between domestic actors
	Promoting changes in beliefs and expectations	Degree of Support Mobilization for Domestic Reforms
crossloading (horizontal)	Learning	use of information about existing policies in other MS (e.g. best practice)
	Norm-based imitation	norm entrepreneurs try to push ideals
in the absence of EU-wide legal harmonization; MS as norm entrepreneurs	Competition	unilateral action in order to avoid negative political or economic externalities from other MS policies

Source: Solorio & Jörgens' elaboration from Knill and Lehmkuhl (1999, 2002), Börzel (2002), Busch and Jörgens (2012a)

German renewable energy policy

- Electricity Feed-in Law (1990)
obliging public energy utilities to purchase and remunerate RE on a yearly fixed basis
- conflicts about compensation scheme
 - EU Commission considered FIT to be distortive state aids, strove for harmonization;
 - Environment Commissioner, Germany, Spain and RE lobby advocated FITs
- Renewable Energy Sources Act (EEG) (2000)
 - new, pioneering support policy with improved investment security
 - priority feed-in for RE, differentiated FITs, guaranteed grid access
 - degression of FITs (via regular law review) brought down costs
- 2001 RES-E Directive did *not* prescribe a harmonized support scheme
ECJ found that FIT in the German EEG was *no impermissible state aid* (Preussen Elektra vs. Schleswag case)
 - *Directive provided national scope of action;*
result of a foot-dragging process (bottom-up Europeanization)

German renewable energy policy

- Germany's support scheme served as a model for other countries
 - diffusion by observation, learning and Germany's active *crossloading strategy*
 - > in 2007, 19 of 27 MS had adopted FIT
 - *horizontal Europeanization*
- 2008: draft version of new RES-E Directive
 - debate about harmonization and against FIT continued
 - idea of a harmonized European quota system
- a coalition of countries defended FIT schemes
 - The coalition became active in an *uploading, foot-dragging sense*, it influenced the design of EU law in order to keep room for maneuver at the national level
- 2009 renewable energy Directive (RED)
 - substantially strengthened the EU legal framework for RE,
 - provided support for FIT, set the stage for *convergence* of MS subsidy policies
- financial and economic crisis:
 - discourse in Germany focused on the pace of RE expansion and the respective costs
- 2013: EU Commission reinforced harmonization efforts
 - opened an investigation into the German EEG, specifically on support for energy-intensive companies benefitting from a reduced renewables surcharge

Current policy: Paradigm change

- 2014: EU presented revised Environmental and Energy Aid Guidelines: prescribed a concrete governance model: FITs are no longer permissible state aid (with the exception of small installations) ; tendering procedures or tradable certificates are to be introduced instead
- new German government (grand coalition) presented revised EEG (2014):
 - comprehensive reform of Renewable Energy Sources Act
 - maximum extension corridors (quotas) for wind, PV, biomass,
 - burdens self-generated and consumed RE with a surcharge,
 - prescribes mandatory use of self-marketing
 - fundamental instrumental shift to a volume-based auction system,
 - Level of remuneration is determined in a competitive procedure, aiming at lower costs
 - > paradigm change with risk of a backlash (instable phase) of the development
- at first glance: *top-down, prescribing Europeanization*
- it is not clear whether the guidelines require opting out of FITs; they were a welcome argument for the German government to chose another support scheme in the latest EEG revision of 2014

EU's 2030 Framework for Renewable Energy

- 2014: EU 2030 climate and energy package
 - lacks ambition for 2030 targets (GHG mitigation, RE and energy efficiency),
 - step backwards in the ambitiousness of EU climate protection policy
 - *top-down Europeanization*
- Germany did not step up its *uploading* efforts
 - failed to act as a pioneer in the sense of *uploading or crossloading* its ambitious policy and aims

Conclusion

- The changing strategies of uploading, downloading and crossloading represent a permanent struggle between the national and the EU level for the power of defining energy policy rules
- Germany's RE policy can mainly be characterized by its pioneering position
- The German model of RE promotion via fixed FITs has been adopted in many other EU Member States (*crossloading*)
-> Germany adopted a pioneering role / role of a "*norm entrepreneur*"
- Germany was for a long time able to safeguard its RE policies against harmonization efforts by the EU Commission; advocacy coalition successfully managed to defend FITs for RE against the attacks by proponents of a quota system up to 2014, fend off EU-wide harmonization
- strategy of *foot-dragging* has been accompanied by processes of *horizontal Europeanization* (*crossloading* of the German pioneer policy to other EU Member States in the absence of EU-wide legal harmonization)

Conclusion

- German government eventually adapted its RE policies to EU pressures (top-down Europeanization)
- EU regained influential power over German RE-policy, -> a new convergence is becoming apparent
- top-down Europeanization seems to be stronger than it appears at first sight, even when EU competencies have emerged relatively late in this case
- However: whether the EU Commission's preference materializes in Germany or not, strongly depends on domestic factors (power of opposing coalitions).

Domestic factors (such as the stance of the ministry of finance and the ministry of economic affairs and the increasingly politicized impact of costs) played a major role in the German RE policy process

Open questions

- German RE electricity policy recently was europeanized - can the German RE promotion approach still be perceived as a role model for other EU member states?
- How will the paradigm change influence the German energy transition (both regarding implementation performance & actor structures)?
- an integrated European approach is required - at the same time this is associated with significant risks, since EU climate and energy policy seems to be losing its dynamic .

What is the solution? Do we need new pioneers for ambitious policy? Should Germany restart its efforts to pursue ambitious domestic energy transition policy and resuming its pioneering role against harmonization attempts? Or do we need harmonization?

Open questions

- conflict between two ideals:

EU market coordination ("principle of competition") in a single market on the one hand
(harmonization)

<->

requirements and competencies of a decentralized transformation of the energy system (climate and environmental objectives) on the other side
(national fragmentation)

If a fully harmonized energy policy is not realistic :

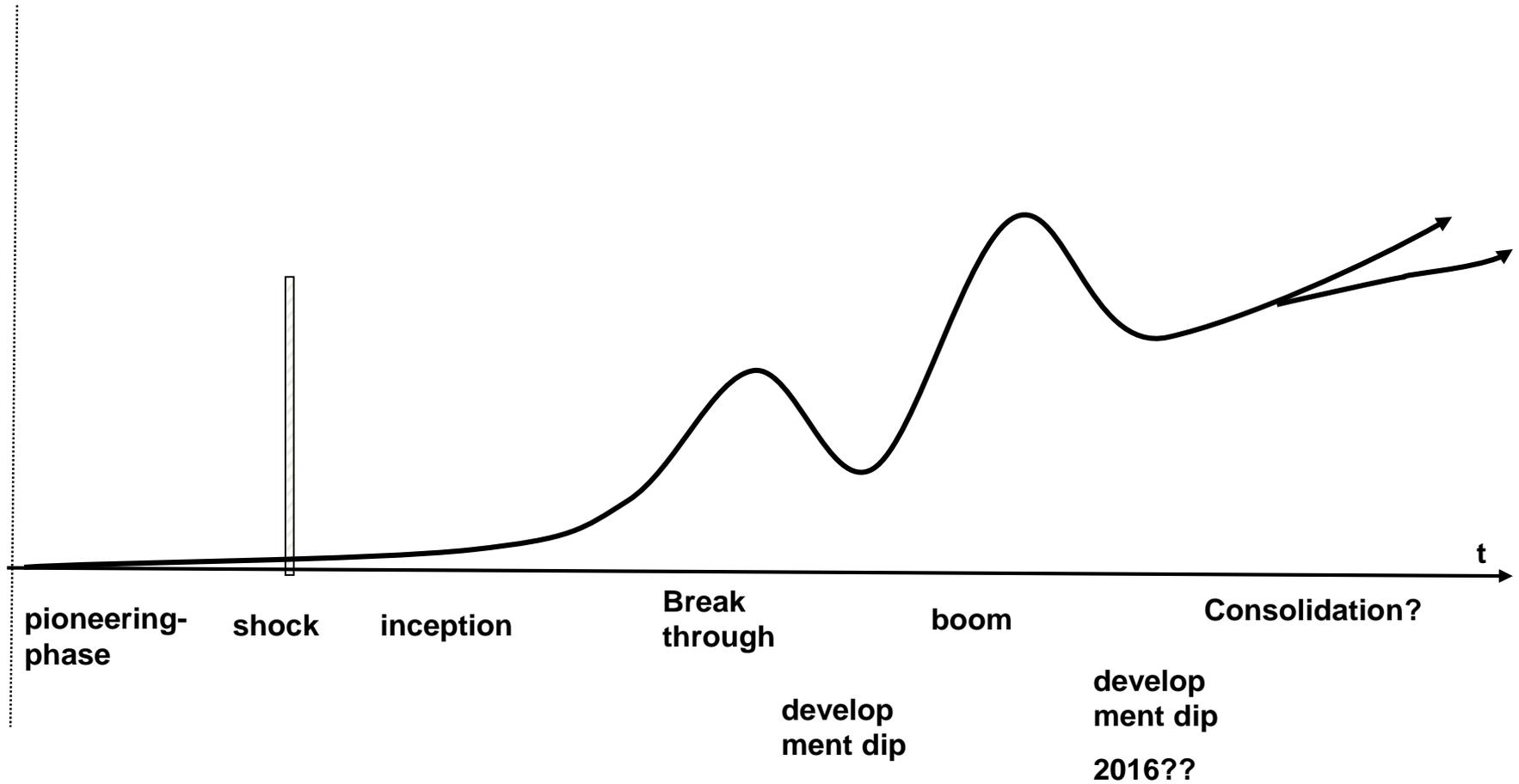
- are there intermediate forms of energy policy in the EU?
- which varying degrees of coordination in individual energy policy fields are useful and appropriate?

Thank you

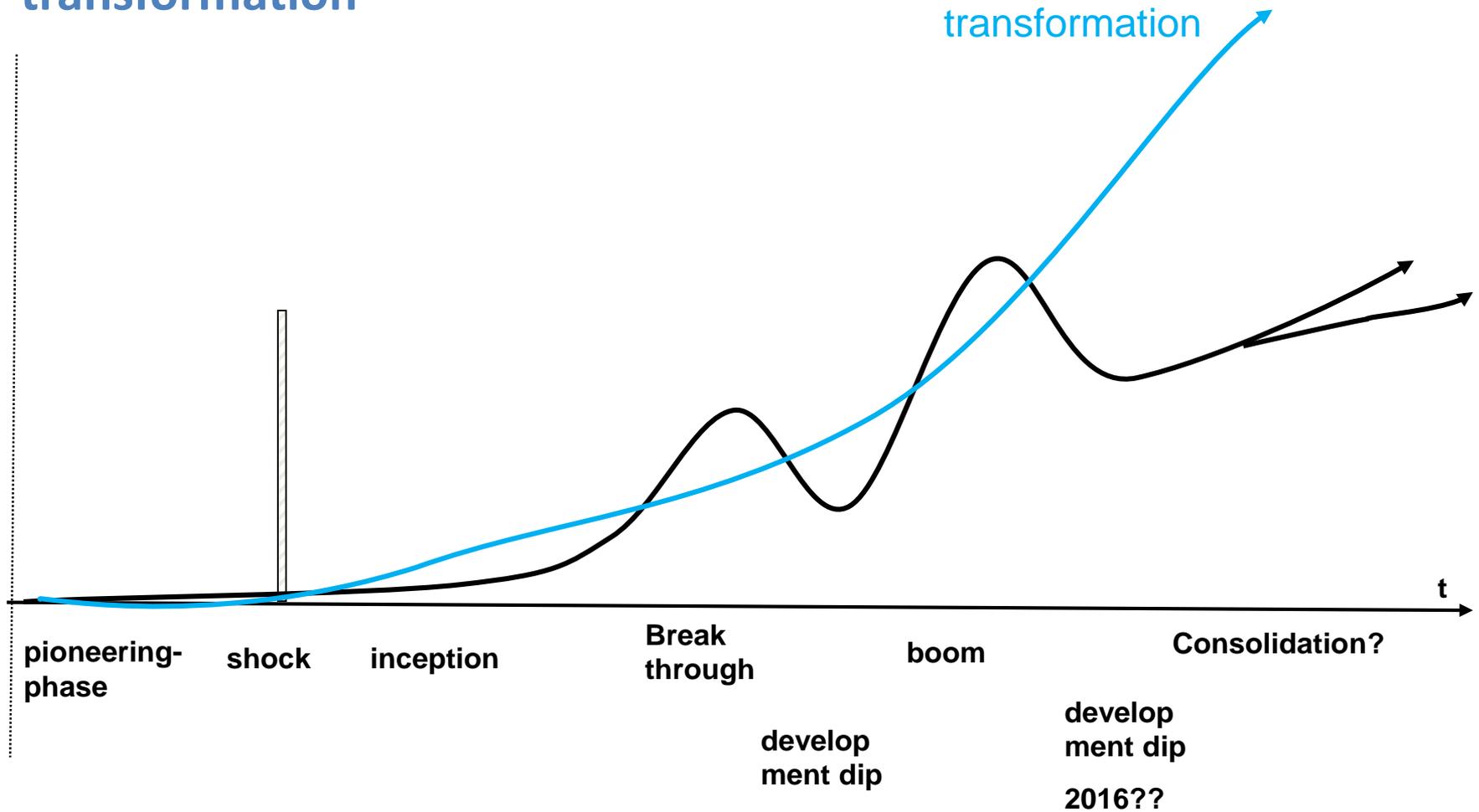
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Typical Phases of the Innovation Process



consolidation (stability) or transformation ? bottom-up engagement as prerequisite for transformation



Achievement until now:

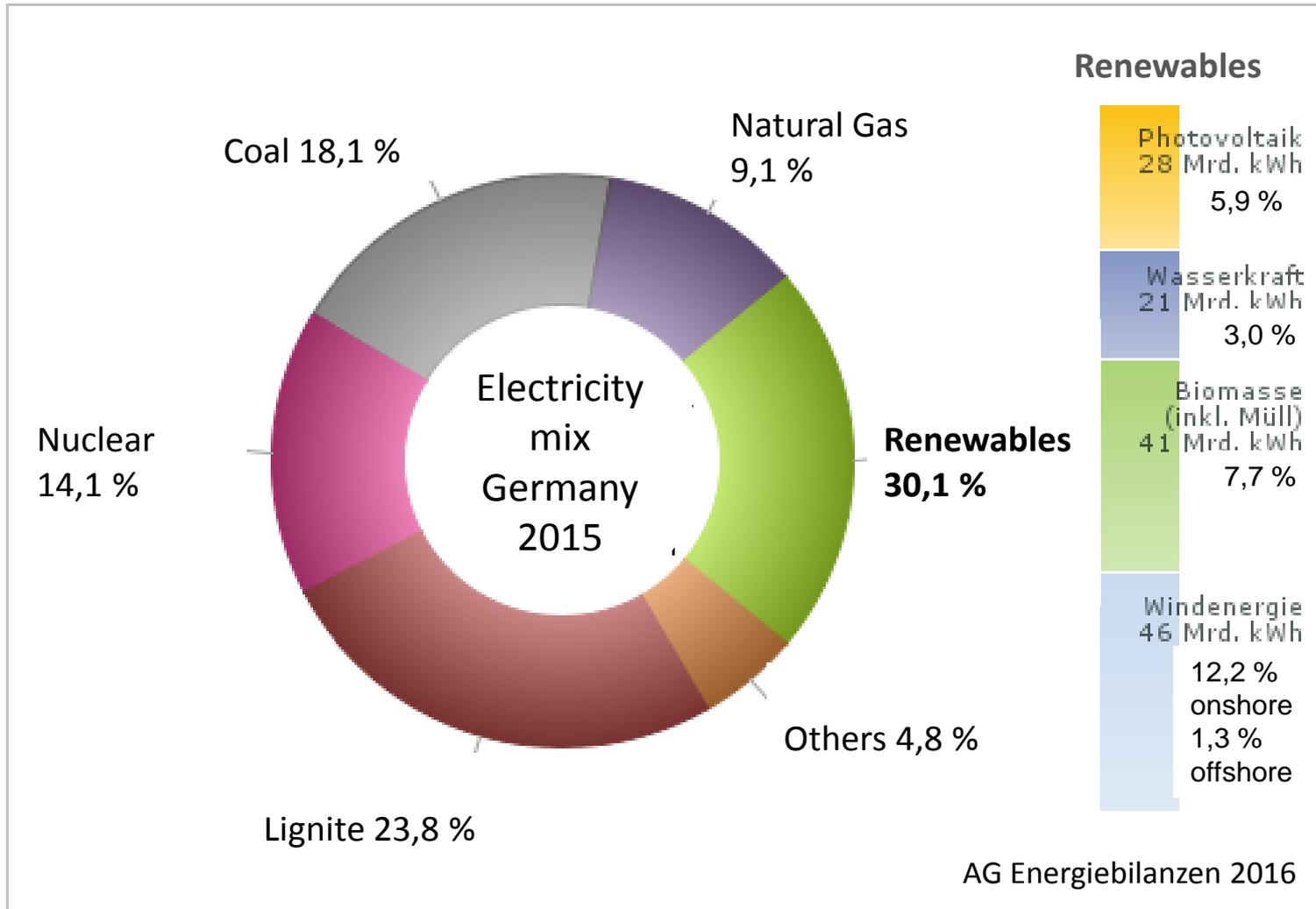
- One third of the German electricity supply comes from renewables (gross electricity generation)

Challenge:

- 50% renewable energy share by 2030
- 80-95% renewable energy share by 2050

Achievements:

Power mix in Germany 2015 (power generation)



„Energiewende“ in Germany

Goals in German climate and energy policy

- nuclear phase out by 2022
- 80 - 95% reduction of CO₂ emissions by 2050 (compared to 1990)
- 80% renewable energy share in gross electricity consumption by 2050
[50% by 2030; 65% by 2040]
- improve of energy efficiency:
Reduction of primary energy consumption of 20% by 2020
and of 50% by 2050 (compared to 2008; NEEAP)

„Energiewende“ in Germany

Nuclear Phase Out Influenced by Many Factors

- Anti-nuclear and peace movements of the 1970s
- Electoral success of the anti-nuclear Green Party
- Chernobyl (1986) and Fukushima (2011) as important contextual factors for societal opposition against nuclear energy

