

German energy policy – a blueprint for the world?




World Energy Council – Germany
Berlin, January 2015



Agenda

- 1 **Global View – 35 responses**
- 2 Europe vs. Rest of the World View – 20 vs. 15 responses

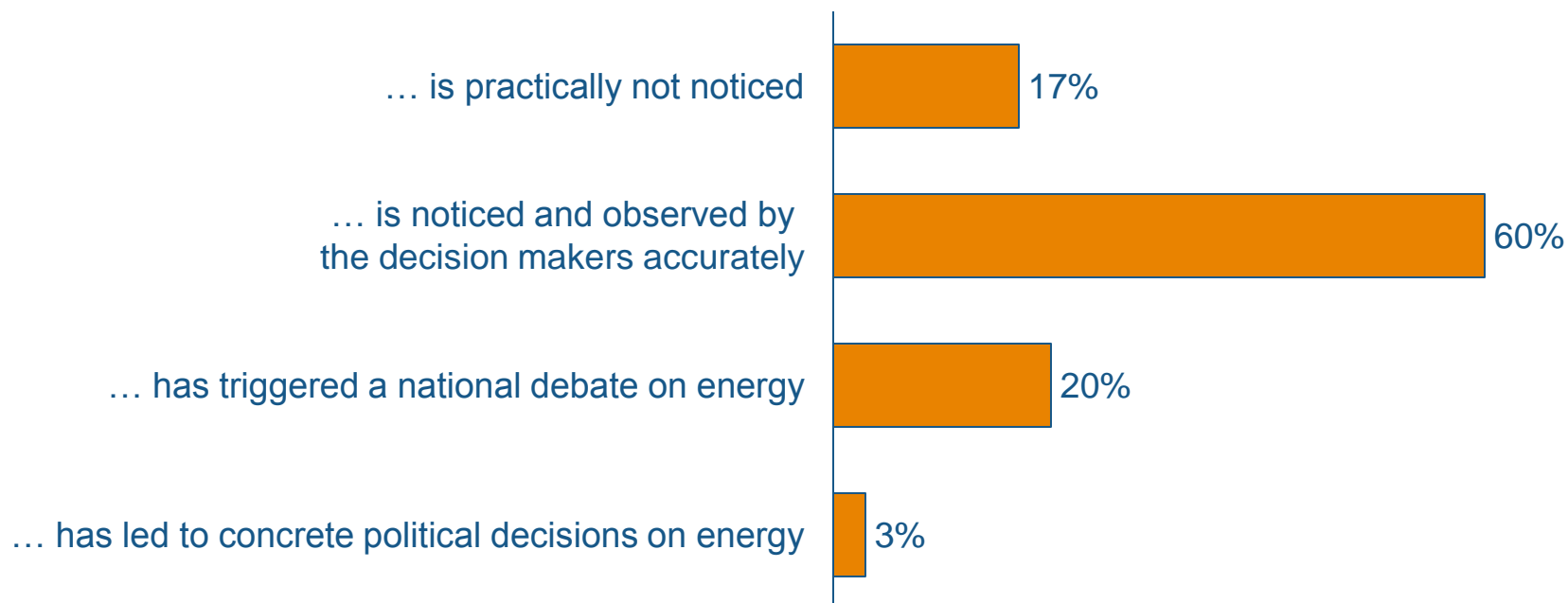
Executive Summary

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- ▶ More than 70% of respondents consider German energy policy a **threat to European security of supply**.
 - ▶ According to the survey, in **short term**, the current energy policy will **impact German growth prospects negatively**, in the longer run, many respondents also see a **strengthening** of the economy.
 - ▶ A third of respondents are confident that the German energy policy could serve as a **global energy policy blueprint**. A bit more than half of respondents thinks that **parts of the concept** – i.e. expanding renewables – could be copied, almost half of respondents reject the proposal of the German energy policy completely.
 - ▶ Close to 50% of surveyed experts think that **household consumers** would accept a **price increase of up to 10%** in their countries, if they thereby could contribute to climate protection. However, this does not apply to industrial consumers.
 - ▶ In the international perception, German energy policy will only **partly be implemented and with delays**.
 - ▶ Only a minority believes that Germany can achieve its **CO₂ reduction target** until 2020.
 - ▶ Survey carried out among the member committees of the World Energy Council in November 2014, received responses from 35 countries¹.

1: Not all questions were answered by 35 countries. The responding countries are listed in the backup.

German energy policy is observed world-wide and partly triggered national debates on energy

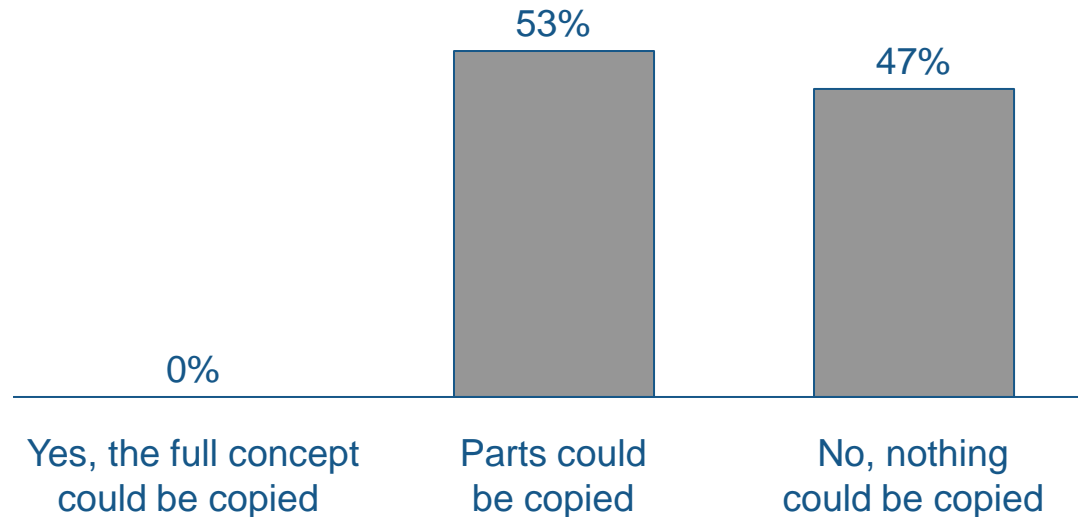
Question 1: How is the current German energy policy perceived in your country?



- The current German energy policy is noticed widely abroad
- For a fifth of respondents, it triggered a national debate on energy

No respondent would apply the entire concept of German energy policy in their country

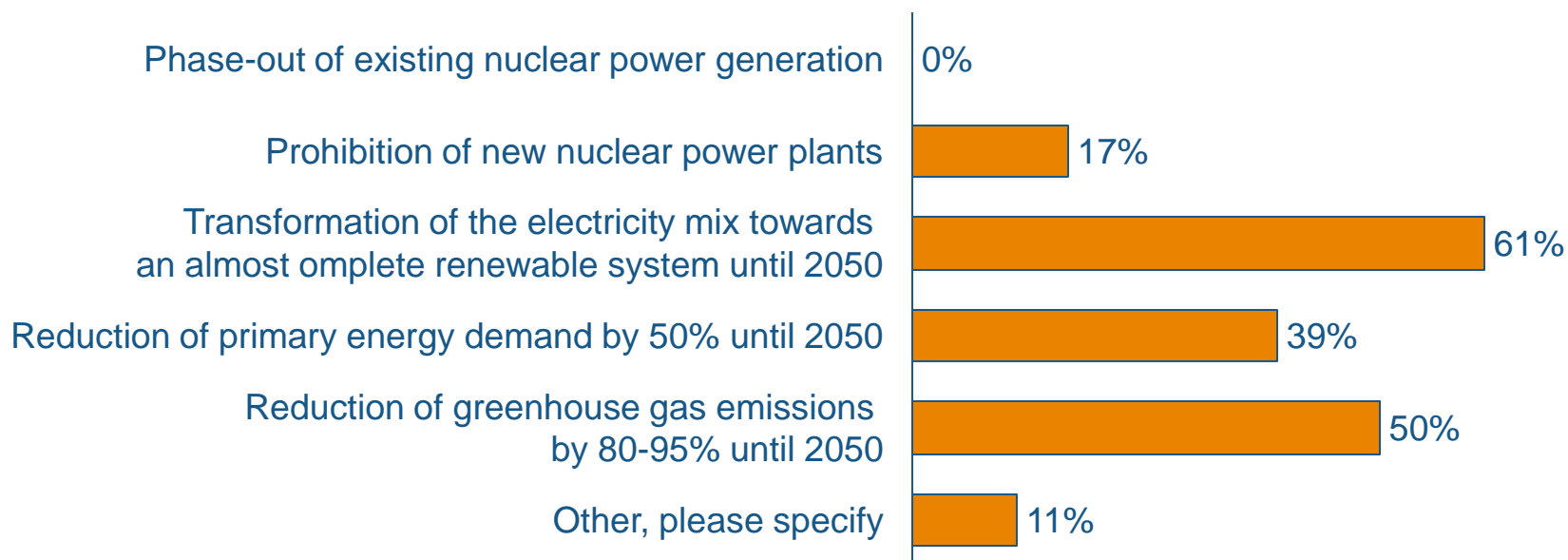
Question 2: Do you expect that your country copycats parts of the German energy policy approach?



- Close to 50% cannot imagine to copy the concept of German energy policy
- A little more than 50% could imagine to use at least parts

Further expansion of renewable energy is perceived as the most promising tool in the German approach

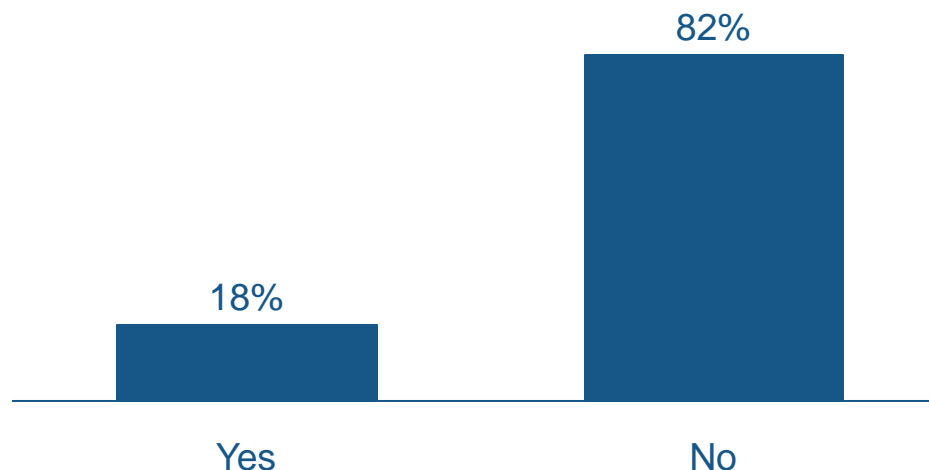
Question 2: Do you expect that your country copycats parts of the German energy policy approach? – Possible answers for „Parts of the concept could be copied“



Especially climate-friendly policy choices such as more power from renewable energy, a drastic reduction of primary energy demand as well as the decrease of CO₂ emissions are perceived as tools from the German approach that are worth copying

More than 80% of respondents doubt that their country possesses the ability to implement German energy policies

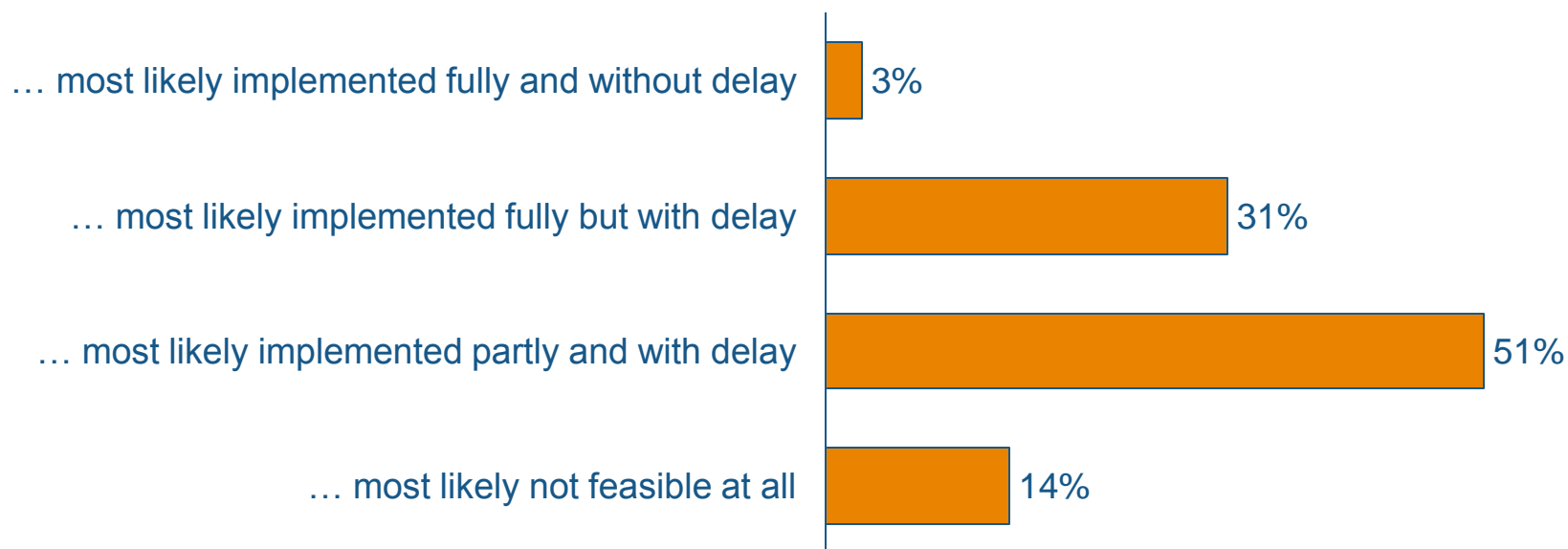
Question 3: In your country, are the technical and economic conditions given to follow the German policy path?



▶ Even countries at a comparable level of industrial development seem to remain doubtful about their ability to implement such a profound change in energy policy

Although achievable, more than 80% of respondents expect delays in the implementation of the goals of the “energy transition”

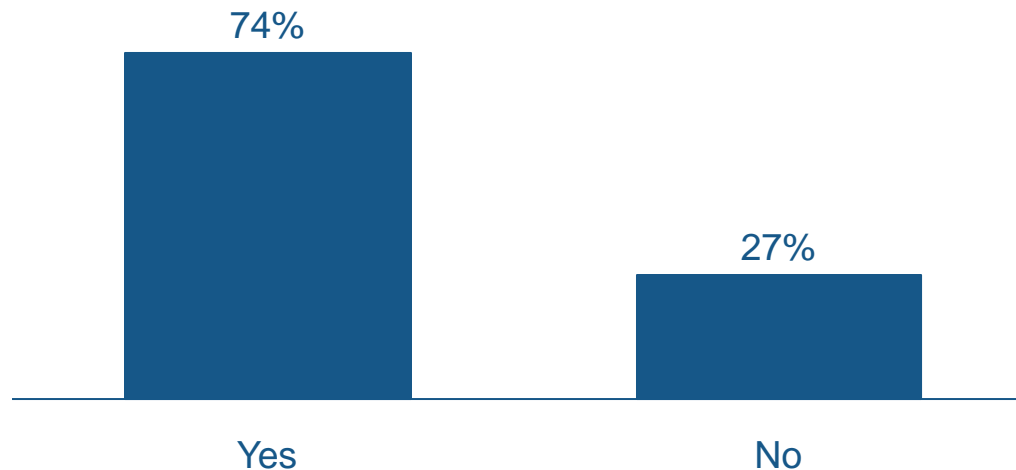
Question 4: How do you assess the feasibility of the German goals?



- Close to a third of respondents think that German energy policy will be implemented fully but with delay
- More than half however believe that only parts will be realized and even these with a delay
- Only a fraction of respondents can imagine full implementation without delay

A majority considers German energy policy a threat to European security of supply

Question 5: Do you see threats to security of supply in Europe by the current German energy policy?

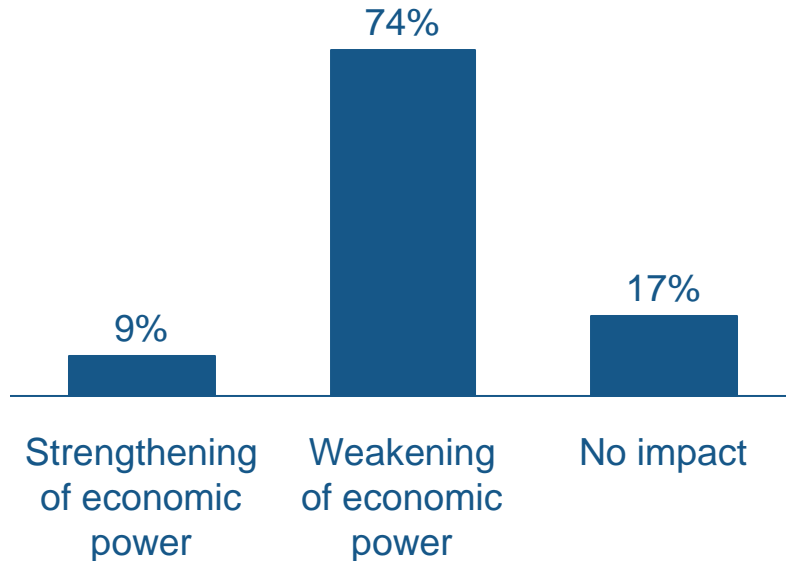


▶ The majority of respondents believe that German energy policy antagonizes efforts towards more security of supply for power in Europe

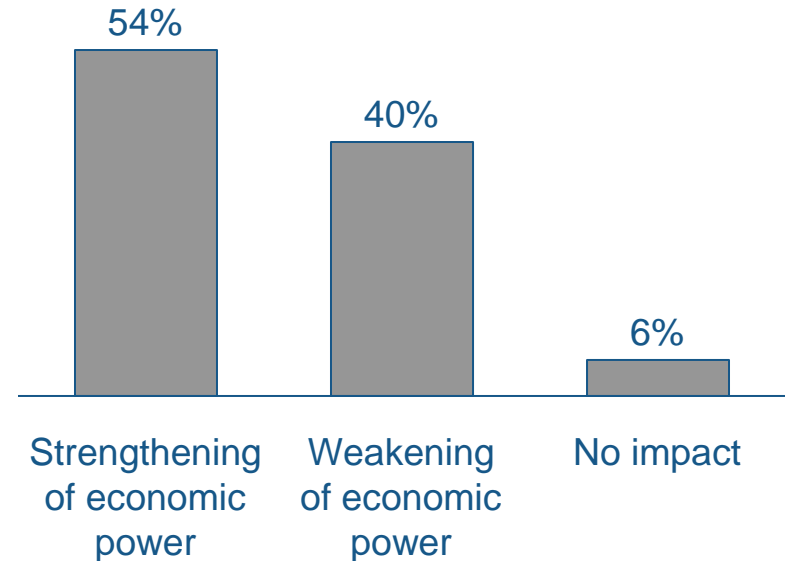
In short term, respondents expect the “energy transition” to impact German growth negatively, in the longer run, not necessarily

Question 6: What impact do you expect for the economic power of Germany due to the current energy policy?

1 Short/medium term (until 2020)



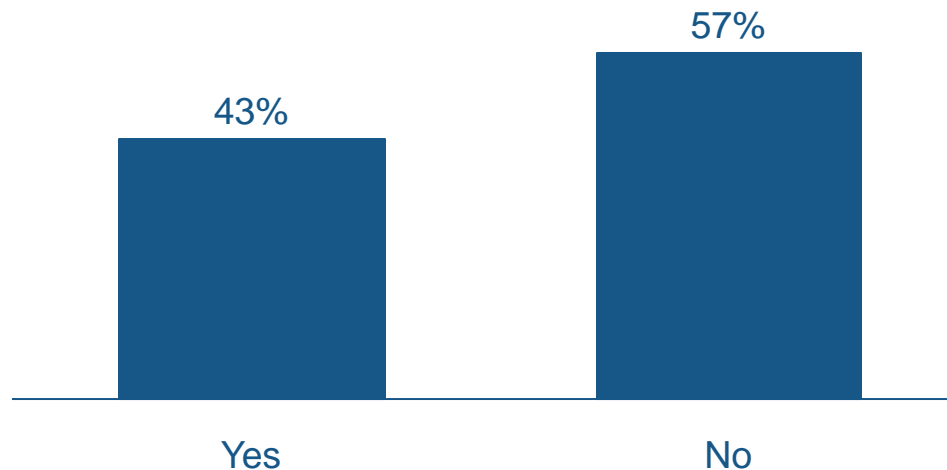
2 Long term (from 2020 onwards)



- Largely homogenous view of respondents for the short/medium term perspective until 2020: Close to three quarters expect a weakening of Germany's economy
- Views differ on the long term perspective: More than 50% expect the German economy to be strengthened, but also 40% expect it to be weakened by the current energy policy

More than 50% of respondents do not believe that Germany can achieve its CO₂ reduction target until 2020

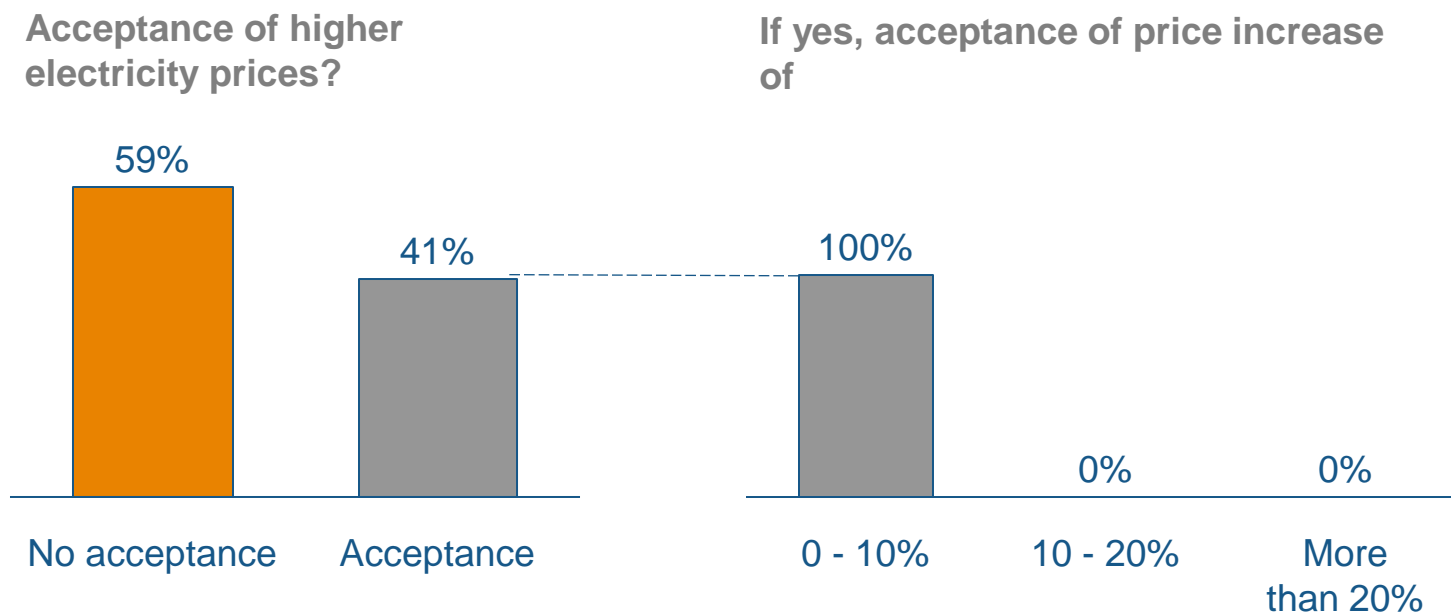
Question 7: Do you expect that Germany will achieve its CO₂ reduction target of 40% for the year 2020 against the 1990 level?



▶ On the issue of CO₂ targets, the opinion displayed by the surveyed international experts is divided

Almost 60% of the respondents believe that industrial consumers in their country would not accept higher electricity prices

Question 9: Do you think that consumers in your country would accept higher electricity prices if revenues from these financed e.g. an increase in renewable energy or technologies to reduce emissions? – Industrial consumers¹

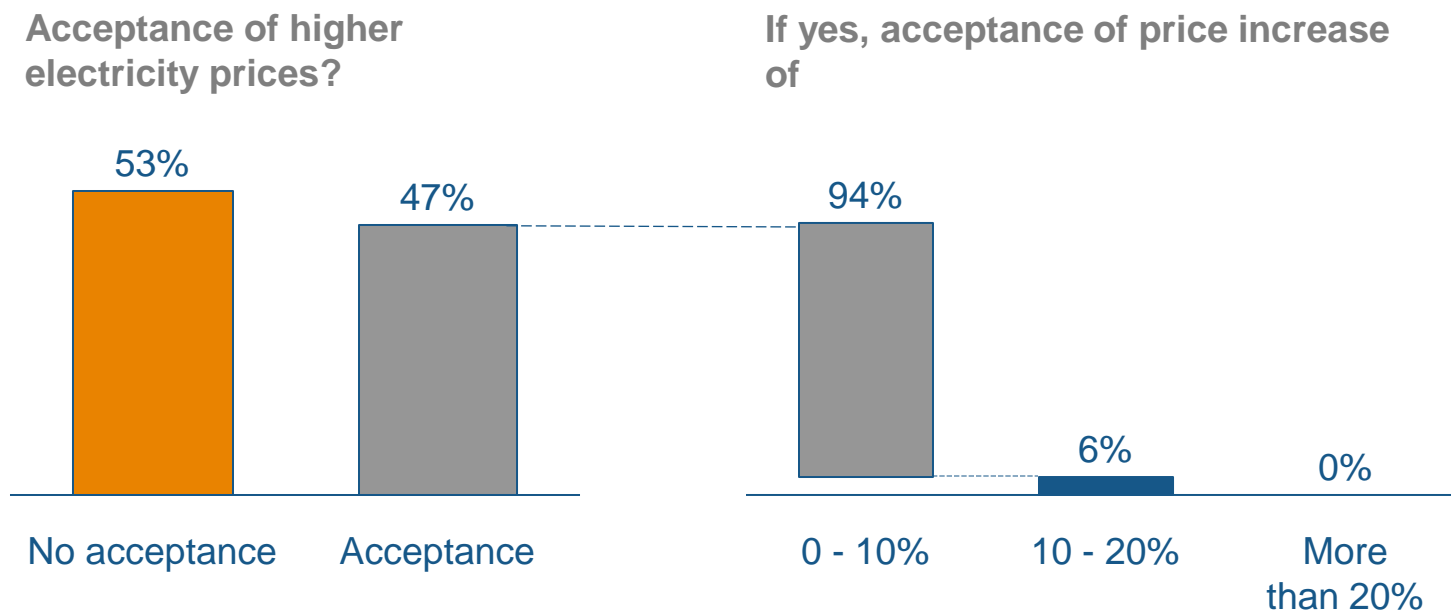


▶ It is unlikely that industrial consumers in other countries would be willing to share the financial burden of an „energy transition“, according to the experts

1: New question in 2014

Almost 50% of the respondents are convinced that private households in their country would accept slightly higher electricity prices

Question 9: Do you think that consumers in your country would accept higher electricity prices if revenues from these financed e.g. an increase in renewable energy or technologies to reduce emissions? – Household consumers¹

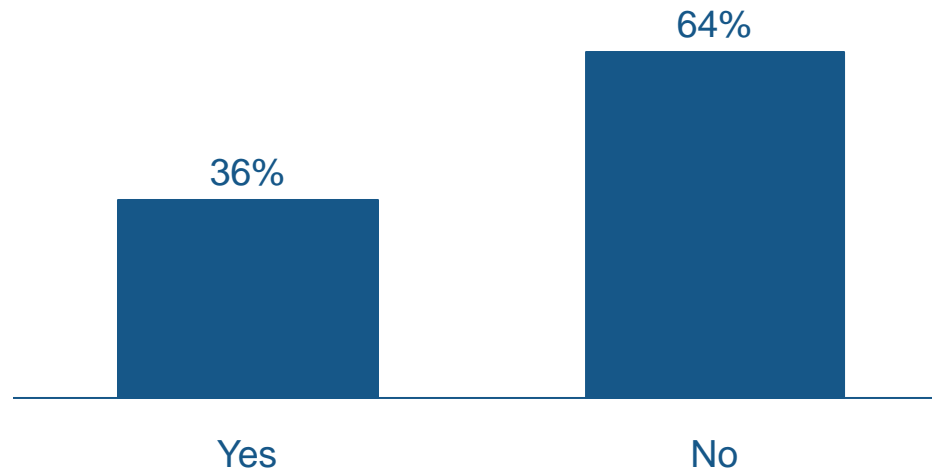


- Acceptance among private households is expected to be higher than among industrial consumers: households would sustain a price increase of approx. 10%
- It remains unclear if such a minimal price increase would cover the cost incurred by an energy transition policy

1: New question in 2014

A third of respondents are confident that the current German energy policy could serve as a global energy policy blueprint

Question 10: Could the current German energy policy serve as a blueprint for the world?



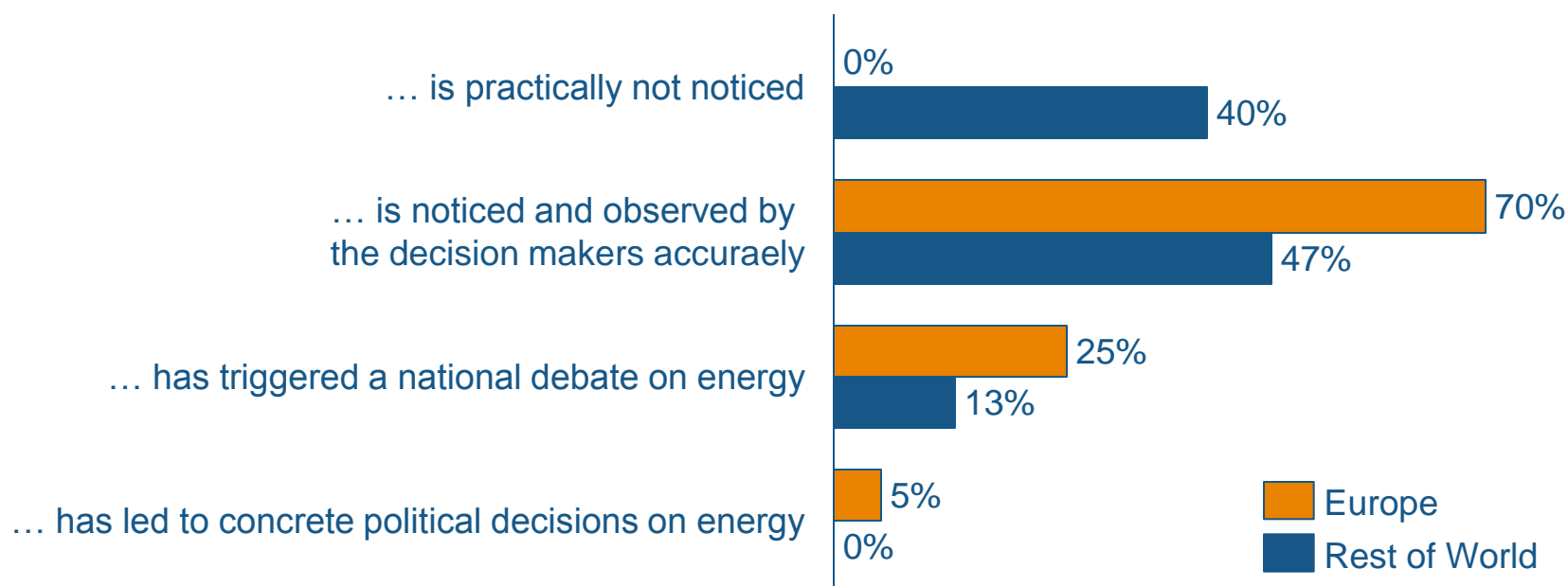
▶ The majority of respondents believes that the “energy transition” is not a model energy policy for their country

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Our European neighbors closely observe the implementation of German energy policy...

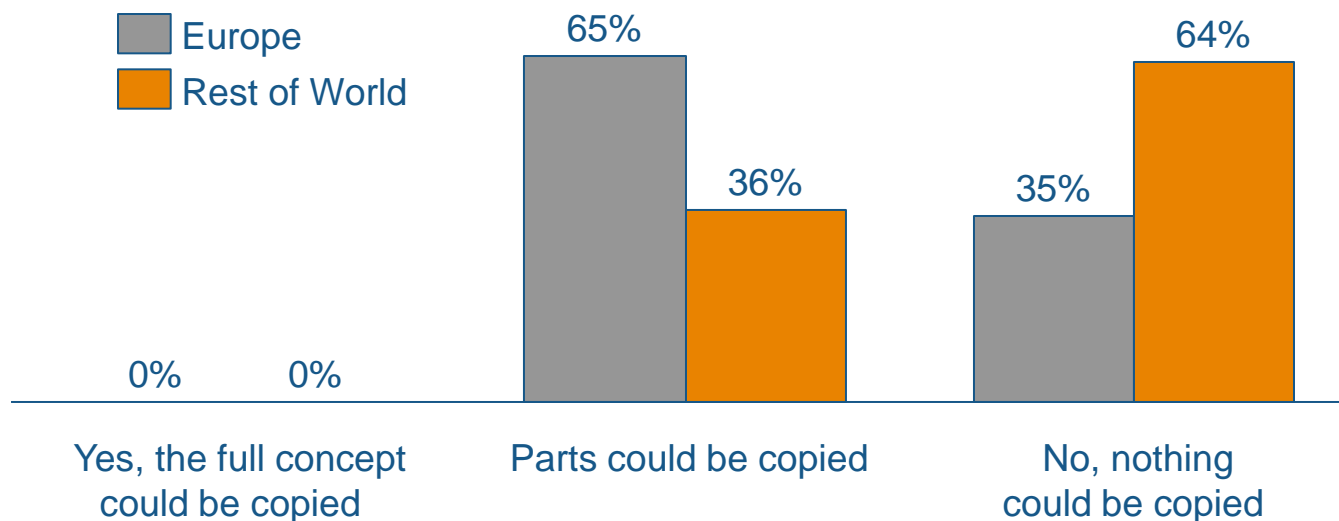
Question 1: How is the current German energy policy perceived in your country?



- A quarter of European respondents has recognized debates on energy issues immediately triggered by the German energy policy
- The political realm outside of Europe remains much more untouched by the energy transition

...while two thirds could imagine implementing parts of the German energy policy

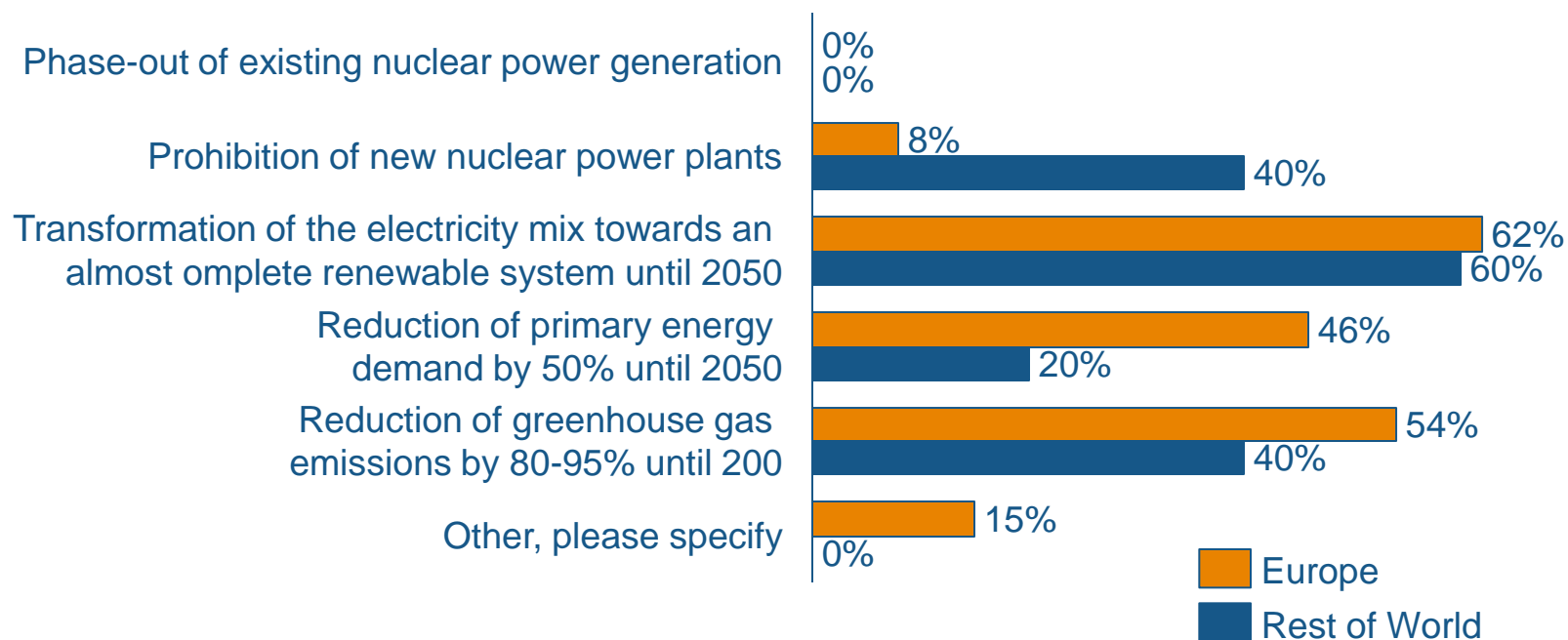
Question 2: Do you expect that your country copycats parts of the German energy policy approach?



▶ **Europe and the rest of the world disagree on Germany energy policy: While two thirds of the European respondents could imagine implementing certain aspects of the German energy policy, two thirds of respondents outside Europe completely reject the model**

Reducing primary energy demand is not an option outside of Europe

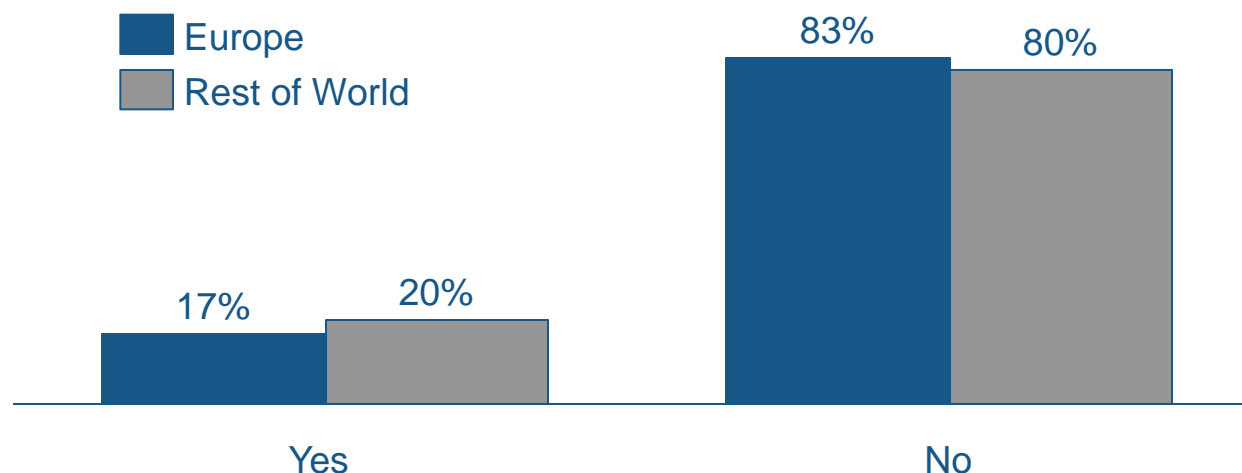
Question 2: Do you expect that your country copycats parts of the German energy policy approach? – Possible answers for „Parts of the concept could be copied“



▶ Increasing e.g. the share of renewables in electricity generation as well as a reduction of CO₂ emissions is conceivable outside of Europe. However, a decrease in energy demand is not.

Surprisingly, both European and Non-European respondents question the feasibility of German-style energy policy in their countries

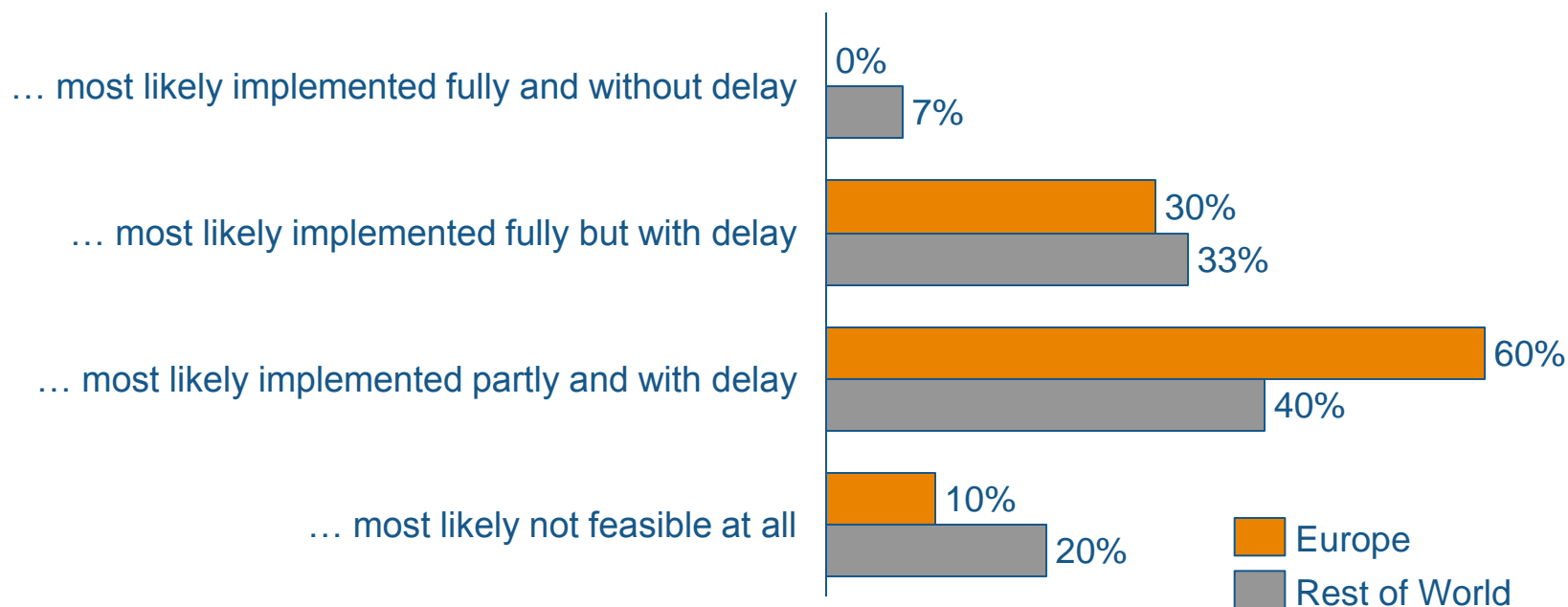
Question 3: In your country, are the technical and economic conditions given to follow the German policy path?



No difference in opinion displayed between rather industrialized European countries and the category “Rest of World” that includes everything from fully industrialized economies such as the United States to emerging markets and developing countries

The farther away a respondent is geographically from Germany, the more skepticism remains about the feasibility of German energy policy goals

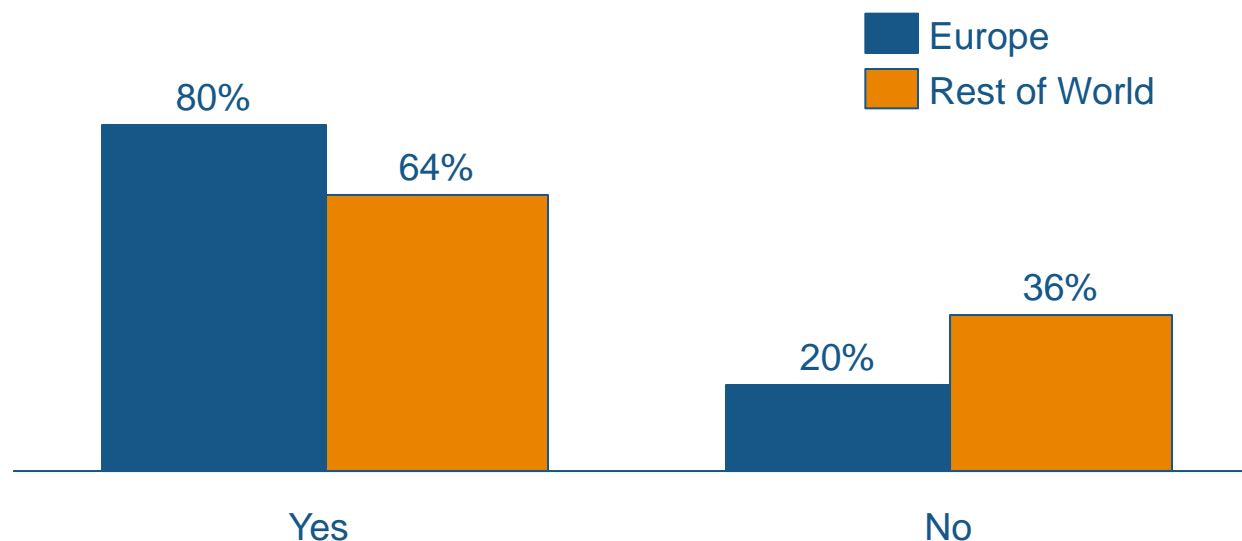
Question 4: How do you assess the feasibility of the German goals?



- **90% of European respondents believe that the implementation of German energy policy will be delayed, but ultimately be achieved**
- **Respondents from outside of Europe do not share these views to the same extent**

80% of European respondents see current German energy policy as a threat to European supply security

Question 5: Do you see threats to security of supply in Europe by the current German energy policy?

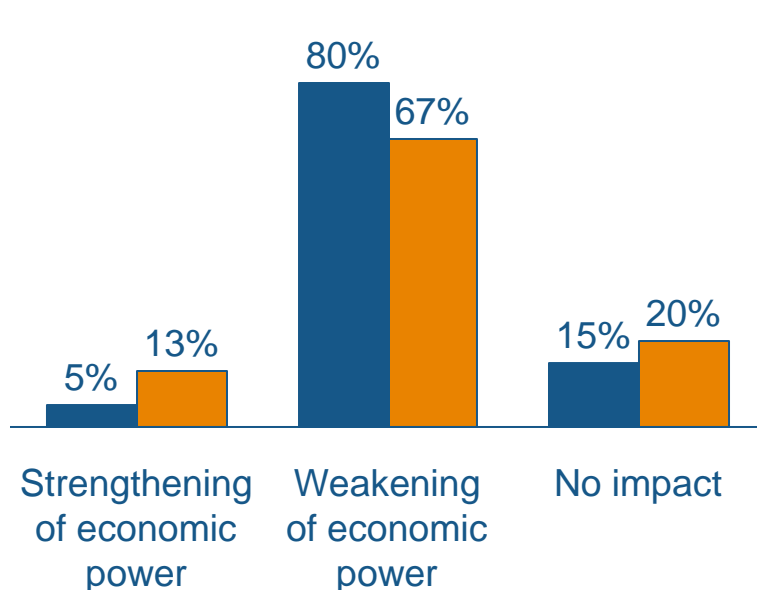


▶ Although German energy policy is not perceived negatively within Europe, its impact on European supply security for power remains a key issue to the majority of European respondents

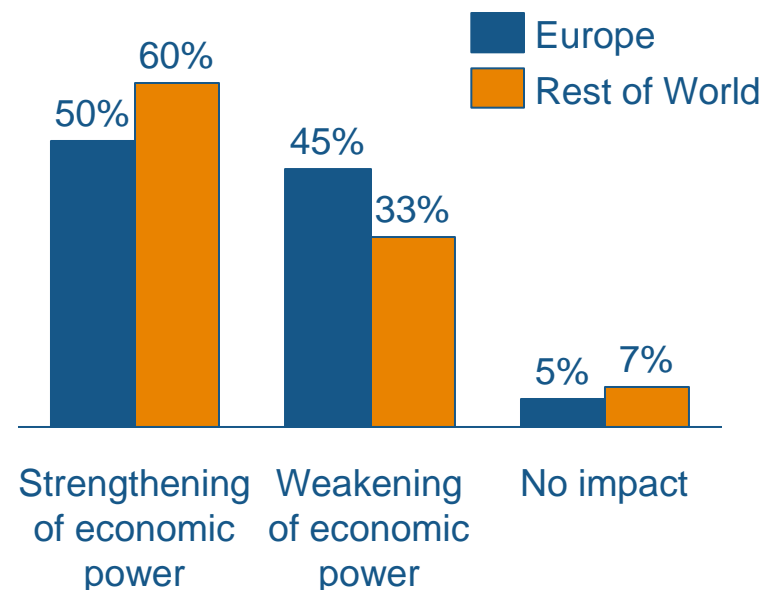
Rest of world: Long-term economic growth after a short-term economic slowdown induced by German energy policy

Question 6: What impact do you expect for the economic power of Germany due to the current energy policy?

1 Short/medium term (until 2020)



2 Long term (from 2020 onwards)

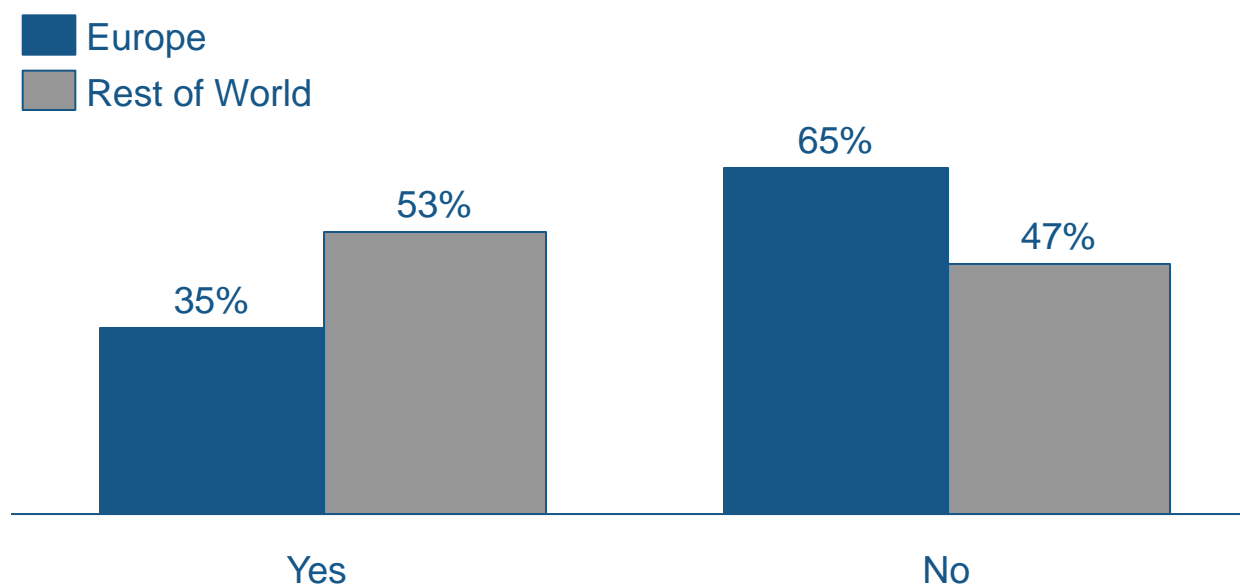


■ Europe
■ Rest of World

- Majority of respondents agree on the short/mid-term impact
- Outside of Europe, even more respondents believe that the energy transition will work as an investment program on the long run

Almost two thirds of Europeans doubt that Germany will reach its CO₂ reduction target of 40% in 2020

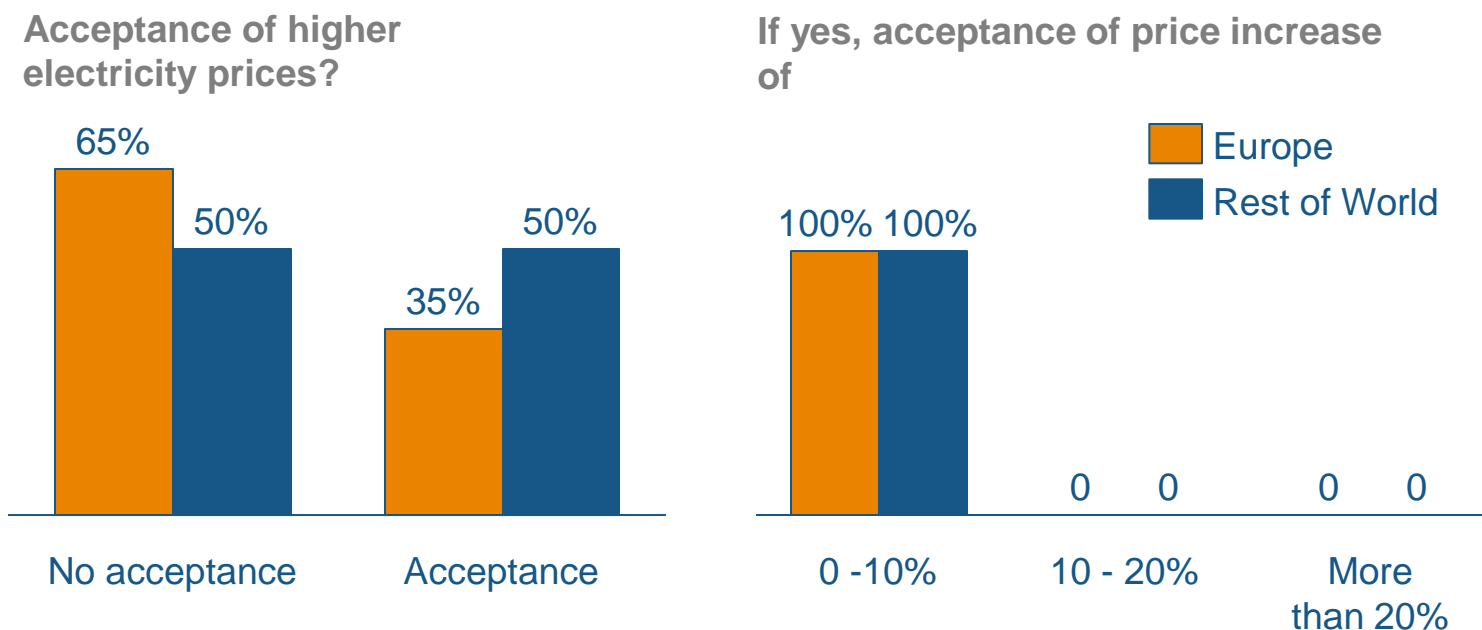
Question 7: Do you expect that Germany will achieve its CO₂ reduction target of 40% for the year 2020 against the 1990 level?



▶ Whereas Europeans have formed a quite clear opinion on Germany's ability to achieve the 2020 goal, respondents from the rest of the world remain indecisive

Two thirds of European respondents believe that industrial consumers would reject higher power prices in their country

Question 9: Do you think that consumers in your country would accept higher electricity prices if revenues from these financed e.g. an increase in renewable energy or technologies to reduce emissions? – Industrial consumers¹

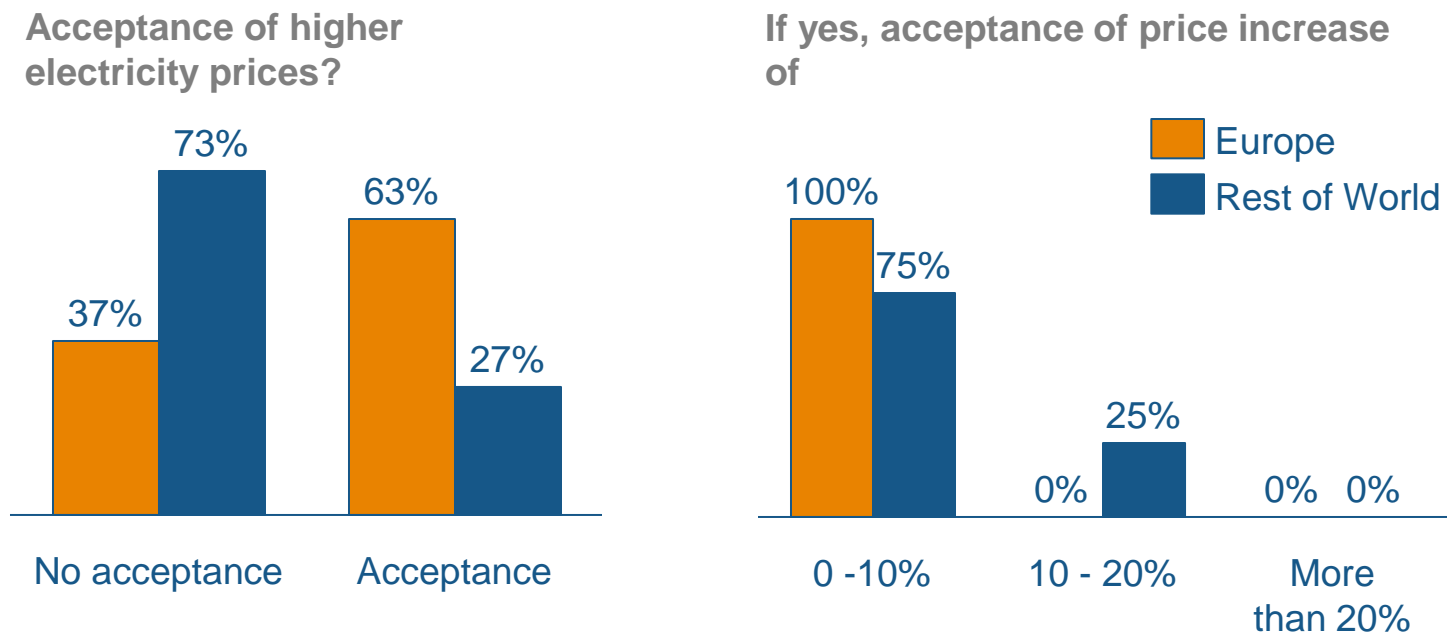


- Outside of Europe, opinions on the acceptance of higher prices are divided
- Price increases of more than 10% seem to be completely unrealistic

1: New question in 2014

Outside of Europe, higher power prices are not acceptable for households to finance an energy transition like the German one

Question 9: Do you think that consumers in your country would accept higher electricity prices if revenues from these financed e.g. an increase in renewable energy or technologies to reduce emissions? – Household consumers¹

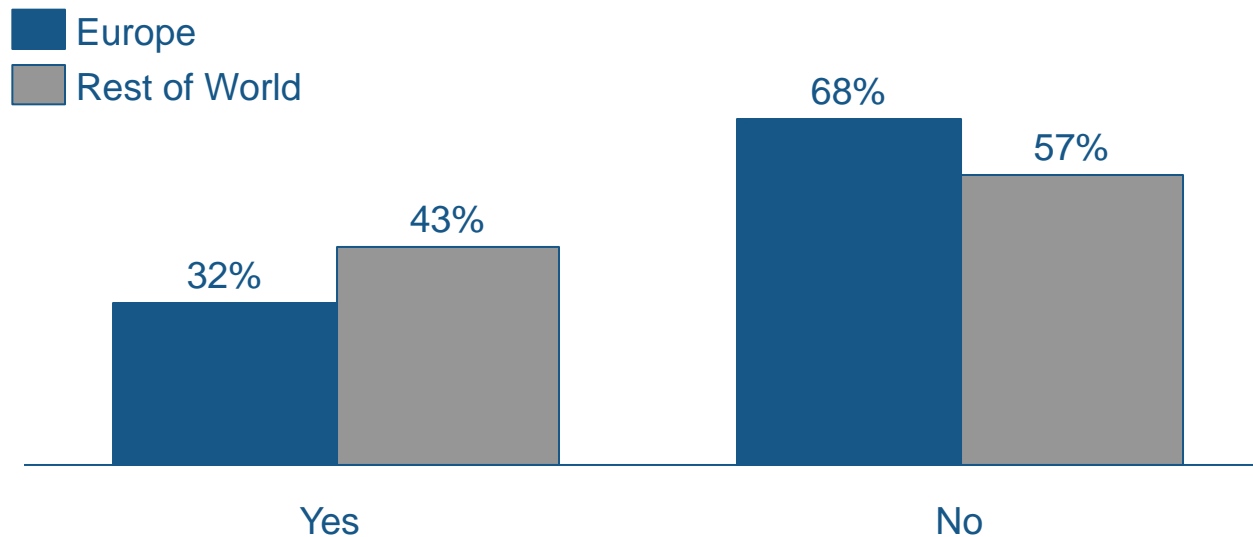


- Europe's household consumers could accept a price increase of max. 10%
- Outside of Europe, price increases are not an option for the vast majority of respondents – not everybody can afford an energy transition

¹: New question in 2014

The farther away the energy transition is, the better it looks...

Question 10: Could the current German energy policy serve as a blueprint for the world?



▶ Non-Europeans seem to acknowledge the „visionary character“ of the energy transition project

Overview of responding countries

European countries

- ▶ Austria
- ▶ Croatia
- ▶ Czech Republic
- ▶ Denmark
- ▶ Estonia
- ▶ Finland
- ▶ France
- ▶ Greece
- ▶ Italy
- ▶ Lithuania
- ▶ Netherlands
- ▶ Poland
- ▶ Romania
- ▶ Serbia
- ▶ Slovakia
- ▶ Slovenia
- ▶ Spain
- ▶ Sweden
- ▶ Switzerland
- ▶ Turkey

Countries outside of Europe

- ▶ Argentina
- ▶ Colombia
- ▶ Dominican Republic
- ▶ Ecuador
- ▶ Hong Kong
- ▶ India
- ▶ Japan
- ▶ Kazakhstan
- ▶ Lebanon
- ▶ New Zealand
- ▶ Philippines
- ▶ South Africa
- ▶ South Korea
- ▶ Tunisia
- ▶ USA

Thank you

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