

Energy politics after the federal election

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Agenda

1

A landslide victory for chancellor Merkel

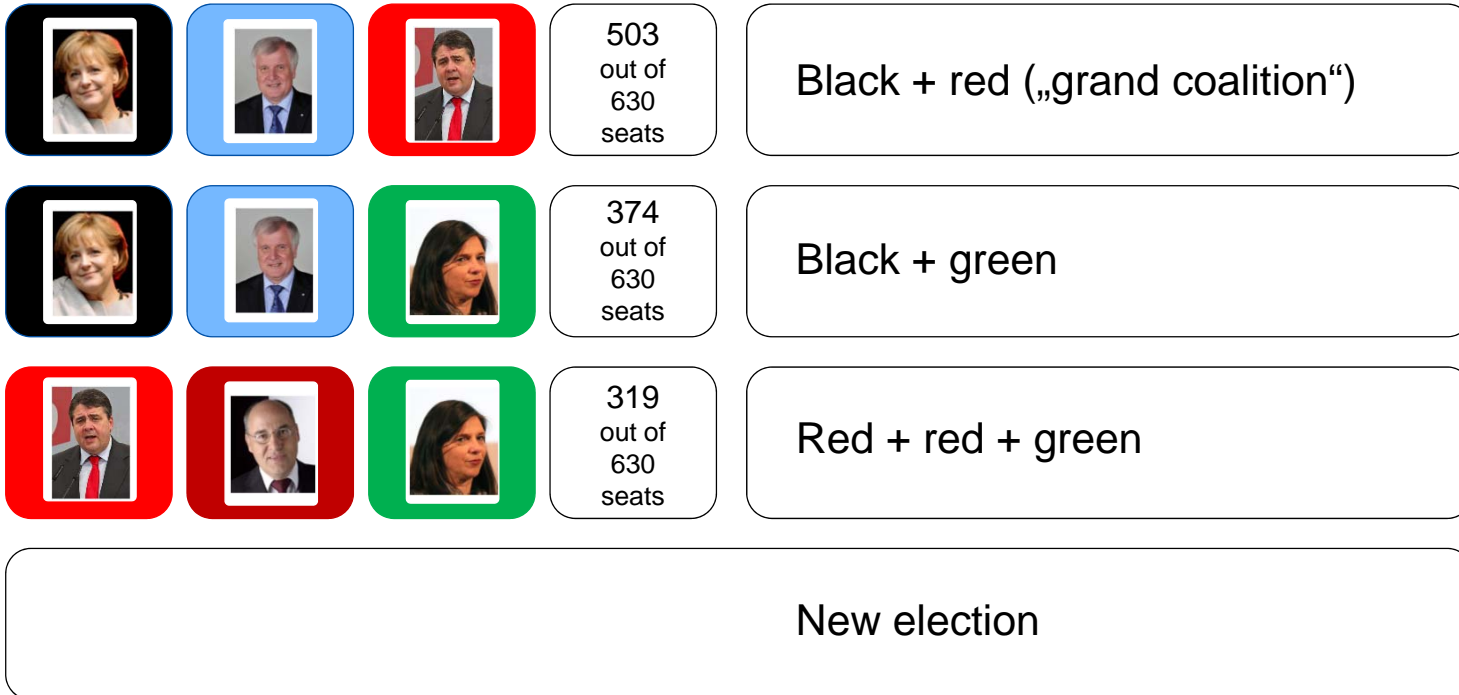
2

Renewables remain in the focus – more emphasis on security of supply

3

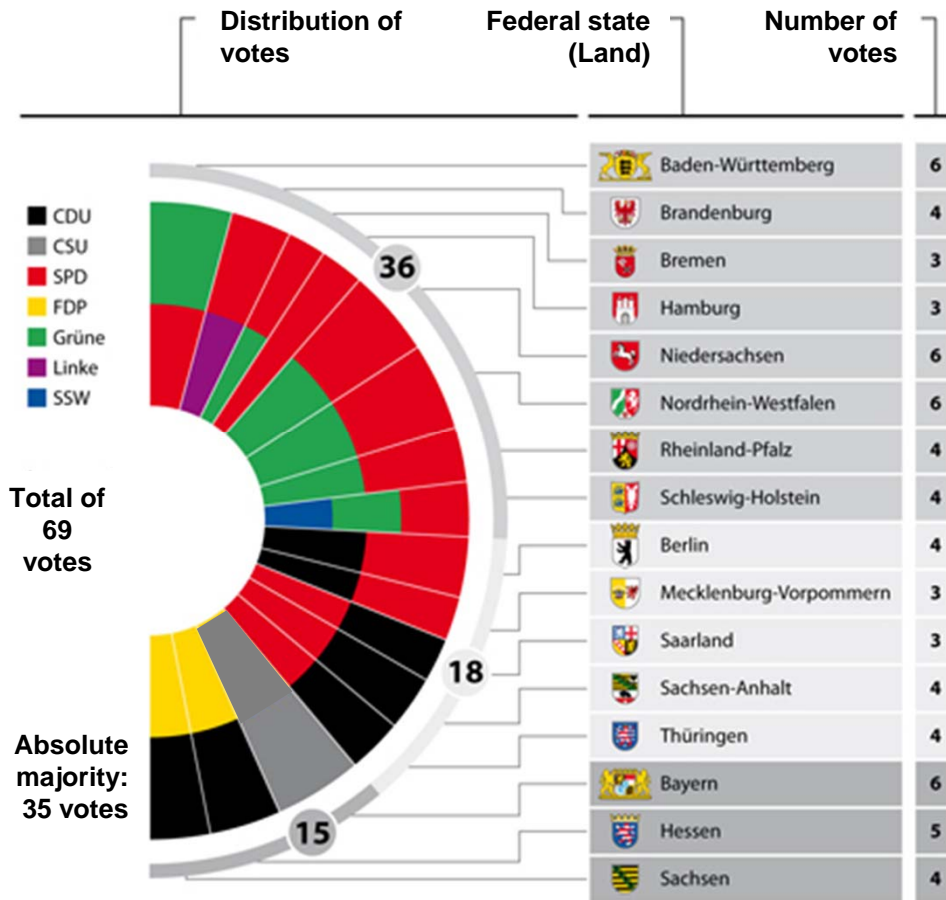
Influence of Brussels on Germany

Not many options for building a new government



No governing without the States (“Länder”)

Composition of the Bundesrat (Upper House)



Upcoming elections

-  Saxony: Summer 2014 (5-year term)
-  Thuringia: Summer 2014 (5-year term)
-  Brandenburg: Autumn 2014 (5-year term)
-  Bremen: Spring 2015 (4-year term)
-  Hamburg: Spring 2015 (4-year term)

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Influence of Brussels on Germany

Energy policy continues to focus on renewables – more emphasis on security of supply

Development of the power generation structure in North-Western Europe

1



> PV will most likely continue to grow. The development is driven by “grid parity“, because PV is commercially viable today already or in the near future compared with sourcing from the grid

2



> The growth of onshore/offshore wind will depend on subsidies in the long run, with substantial cost advantages for onshore. Further expansion programmes are to be expected

3



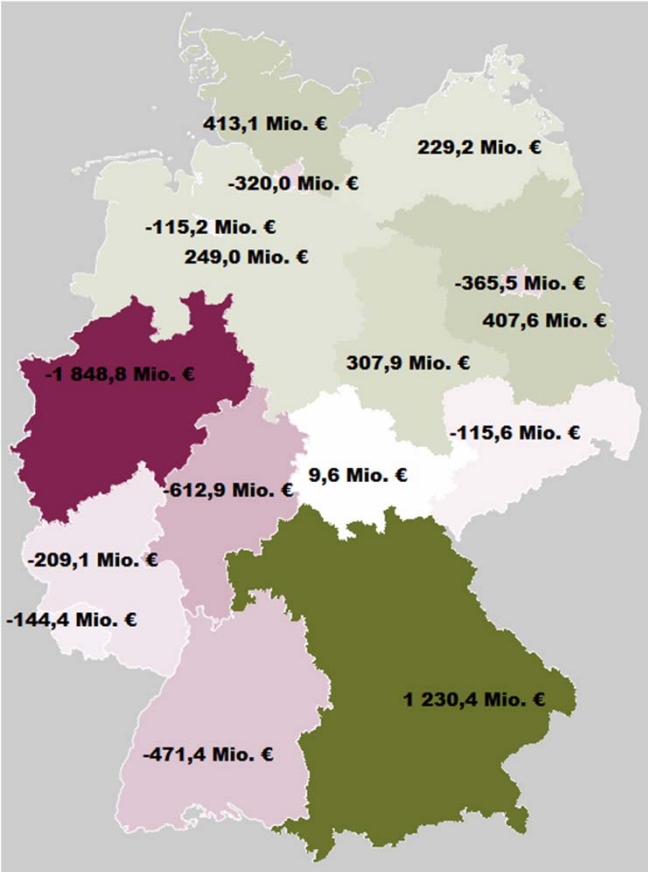
> The demand for gas- and coal-fired generation capacity will remain almost constant over the next 20 years to provide the back-up for unsecured renewable energy

The Renewables Act channels green value added into the States (“Länder”)

Net totals of EEG-payments by the states (2012)

Negative net total

Positive net total



Security of supply issue of vital interest for politicians and for RWE

1



Maintaining the conventional back-up capacities is of vital interest for consumers and politicians. Whoever is in favour of the energy transition, also has to have an interest in maintaining conventional capacities.

2



Even if the future need for conventional power plant capacities is largely agreed among politicians, the design of a future market remains politically highly controversial. The fundamental bone of contention is the question as to how much market and how much regulation should be at work in safeguarding these capacities.

3



In France and the UK, the plans for a new market design are already well advanced. In fact, concrete concepts for the introduction of a capacity market (in FR starting in 2016, in the UK starting in 2018) already exist in both countries. Especially a French capacity market increases the pressure on the adjustment of the market design also in Germany!

4



Theoretically, significantly different market designs are conceivable – the politically discussed scope for solutions comprises both discriminating solutions and market-based solutions.

The energy industry's key proposals regarding the future energy policy

Objectives

Supply security

Affordability of energy

Climate protection and sustainability

Instruments

Remuneration for providing power plant capacity

Market integration of renewables / reform of the German Renewable Energy Act

EU emissions trading system with long-term CO₂ reduction targets



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Influence of Brussels on Germany

Oettinger and Almunia may have significant influence on German energy policy

- Package will be published soon
- Preliminary versions leaked in summer

Oettinger's communication

Günther Oettinger,
EU Commissioner for Energy



- “Delivering the internal energy market: making the most of public intervention“
- Not directly binding, no executive power
- Key issues: market design, capacity markets

Almunia's guidelines

Joaquín Almunia,
EU Commissioner for Competition



- “State aid guidelines on environmental and energy aid“
- Executive power
- Key issues: support for renewable energy sources