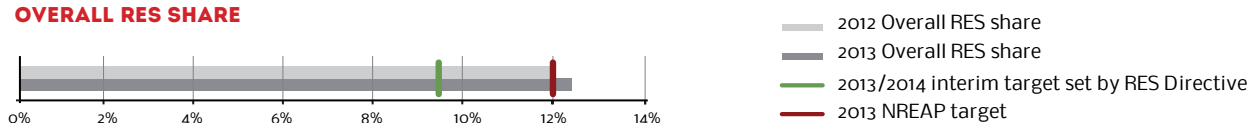




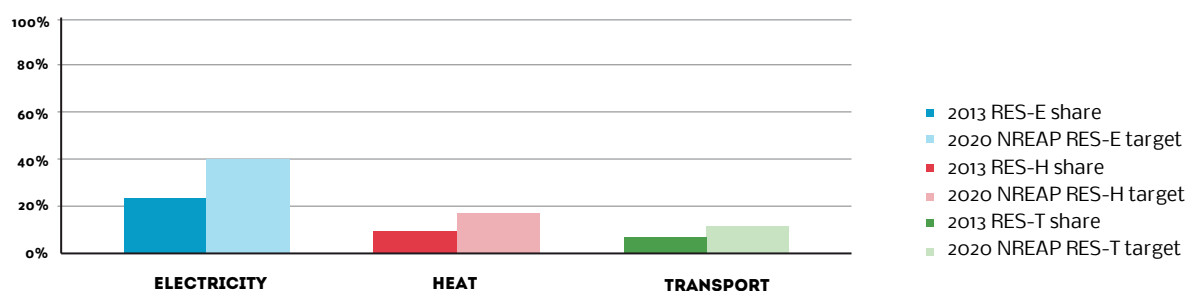
# IS GERMANY on track?

- Germany has achieved both its 2013 NREAP target and the interim target 2013/14.
- Growth in the RES-E share is enough to achieve the 2020 target, if it can be maintained. However, growth rates in the RES-H&C and RES-T shares need to be increased significantly.

## OVERALL RES SHARE

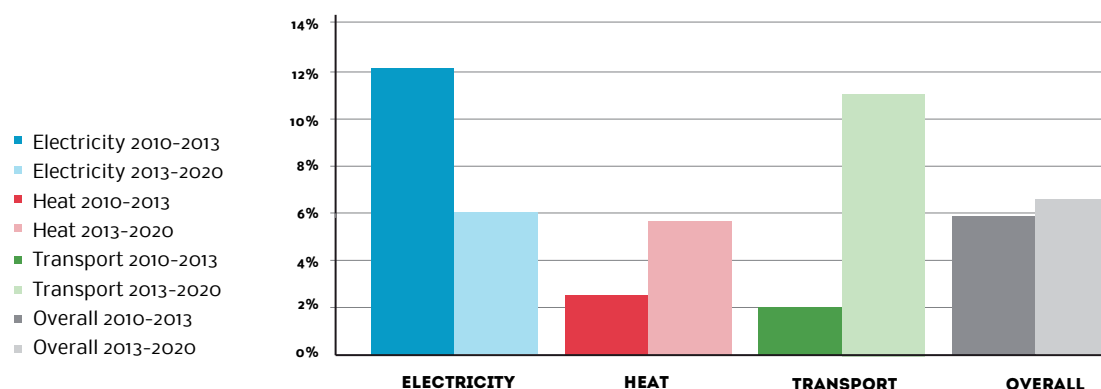


## 2013 RES SHARE COMPARED TO 2020 TARGET SHARE IN CORRESPONDING SECTORAL GROSS FINAL ENERGY DEMAND



	ELECTRICITY	HEAT	TRANSPORT	TOTAL
2013 actual share of RES in sectoral gross final energy demand	25.6%	10.6%	6.3%	12.4%
2013 NREAP target	22.7%	10.5%	7.0%	12.0%
2013/2014 interim target set by RES Directive	-	-	-	9.5%

## AVERAGE ANNUAL GROWTH RATES OF RES SHARES FROM 2010 TO 2013 COMPARED TO GROWTH RATES REQUIRED FROM 2013 TO 2020





## BARRIERS to RES deployment

### ELECTRICITY

BARRIER	DESCRIPTION
<b>CURTAILMENT IN CASE OF NEGATIVE PRICES</b>	The new EEG foresees the curtailment of new installations if electricity market prices are negative for more than six hours in a row. The industry fears severe implications of this regulation.
<b>REMUNERATION REDUCTION AND CAP ON BIOGAS</b>	The amended EEG introduced a cap of 100 MW yearly for new systems. This threshold will not be reached, as the remuneration is too low and projects cannot be financed.
<b>EEG SURCHARGE ON SOLAR ON-SITE CONSUMPTION</b>	By introducing a surcharge on solar self-consumption, while maintaining the privileged treatment of conventional power stations' self-consumption, Germany is massively slowing down the development of PV.

### HEAT

BARRIER	DESCRIPTION
<b>FOCUS OF THE ENERGIEWENDE ON THE ELECTRICITY MARKET</b>	Public discourse focuses almost exclusively on the power sector when referring to the German Energiewende. The heating market, with its huge potential for financial and GHG emissions savings, is widely ignored.
<b>TOO LOW FUNDING</b>	Oil and gas prices are stagnating or falling, while renewable heating systems imply a high upfront investment with long payback periods. The existing public support does not close the gap between investment in conventional and renewable heating systems.
<b>LACK OF EFFECTIVE POLICY INSTRUMENTS FOR THE BUILDING STOCK</b>	The existing policy focuses on new buildings. The available financing (through the MAP) is not being used, first due to the complexity of the application process (especially for heat pumps), and secondly, because it is currently not financially attractive for customers to install renewable heating systems. For the building stock, the Government is discussing a strategy, but no concrete measures have been taken as of yet.

### TRANSPORT

BARRIER	DESCRIPTION
<b>LACK OF A EUROPEAN STRATEGY FOR THE TRANSPORT SECTOR BEYOND 2020</b>	The European Commission's 2030 climate and energy package fails to focus on targets for renewables in the transport sector. This lack of perspective for 2030 discourages Member States from focusing on the achievement of the 2020 targets and implies that national policies will be needed after 2020.
<b>EU FRAMEWORK DISCUSSION FOR 2030</b>	The fixed biofuel share of 6.25% of the energy content of all fuels was abolished at the beginning of 2015. The Government introduced a GHG emissions reduction target for the entire fuels market, which can be achieved through the use of biofuels. Unfortunately, this change will bring no growth in the biofuel sector until 2017.
<b>FEW TAX INCENTIVES FOR ELECTRIC CARS</b>	Buying an electric car is significantly more expensive than buying a conventional one. Tax incentives could level the playing field and incentivise consumers to buy more electric cars, thus spurring their widespread introduction.

## KEY TRENDS IN THE RES SECTOR

- High levels of uncertainty in 2014, with the Renewable Energy Sources Act (EEG) undergoing a fundamental change. The European Commission played an important role, due to their investigation into the German support scheme and the publication of new guidelines on state aid for environmental protection and energy.
- The amendments of the EEG - an expansion goal of 100 MW and low tariffs for bioenergy, changes regarding solar self-consumption, the inclusion of competitive bidding starting 2017 and a provision regarding negative market prices and RES - will have a negative impact on the development of the RES sector.
- In the heating sector, the discussions on tax relief for retrofitting the building stock failed, the tariffs of the financing tool for renewable heating (MAP) were raised, and the Government initiated dialogue platforms.
- Little change in the transport sector in 2014. The Government released the first part of a new e-mobility law. As for biofuels, the uncertainty remains high, with the European institutions still discussing and not agreeing on the future of the sector.

## POLICY RECOMMENDATIONS



### ELECTRICITY SECTOR

- Forego the introduction of competitive bidding (26DEE): Competitive bidding increases the support costs and threatens to exclude a large number of small and medium stakeholders from participating in the Energiewende. It increases investment uncertainty and negatively impacts public acceptance.
- Further develop the electricity markets (29DEE): The new challenges of the Energiewende and the growing share of RES at the center of our energy system require increasing the degree of flexibility of both generation and demand. Exploring these new options and introducing a strategic reserve also guarantee the security of supply.
- Strengthen the role of bioenergy (15DEE): Under current conditions, bioenergy and especially biogas cannot play a significant role in providing flexible and reliable electricity. Financial incentives are needed to increase the flexibility of biogas and spur investment.



### HEATING AND COOLING SECTOR

- Develop a concept for retrofitting the building stock (34DEHC): By 2050, the building stock needs to be carbon neutral. There is an acute need for renovation roadmaps in order to achieve this goal. The roadmaps would implement necessary measures in a predetermined order, taking into account the age and the state of the building, the income and the age of the inhabitants, etc.
- Create a level playing field for renewable heating (30DEHC): Falling oil and gas prices do not encourage consumers to replace their heating systems. Further, the total cost of renewable heating systems is not on a par with conventional ones, as the external costs of the latter are not internalized.

Provide better and clearer information (33DEHC): The Government plans to address uncertainty and misinformation among consumers by labeling heating systems. The labeling scheme should be paired with heating system checks, and renewable heating systems should be among the options installers recommend to their customers.



### TRANSPORT SECTOR

- Create a clear and stable framework for biofuels with a clear perspective for after 2020 at both the national and European level (41DET, 44DET): The biofuel sector is grappling with enormous uncertainty about its future in the years to come and after 2020. The ILUC proposal with its planned provisions, such as multiple counting, and the introduction of a GHG quota in Germany, with the possibility of upstream emissions reductions counting towards fulfillment, have to be put on an objective footing to allow the biofuel industry to continue developing.
- Implement and further develop the incentives included in the e-mobility law (59DET): The law grants electric vehicles a number of benefits, such as parking spaces in the city center, use of the bus lane, etc. These provisions should be fully implemented and complemented by further incentives, possibly financial ones.



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