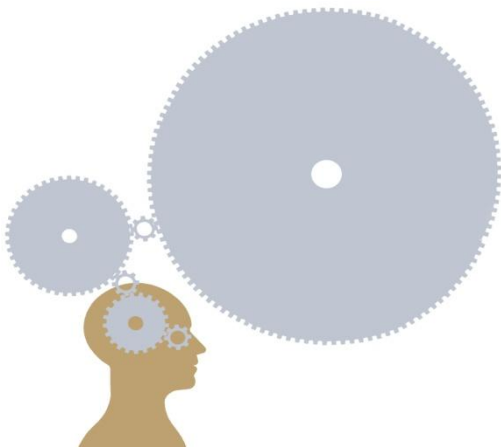


# Challenges for German energy policy after the elections

Bruegel

Dr Michael Kraus, Associate Director

October 2013



# Oxera



- high-quality, evidence-based economics consultancy
- established 1982
- offices in Oxford, Berlin, Brussels and London
- clients include major companies, investors, regulators and governments
- unique combination of core economic skills and detailed industry expertise



# Energy market reform in Germany: what can we expect?

Oxera Agenda - September 19th 2013

Dr Michael Kraus, head of Oxera's Berlin office, argues that the feed-in tariff regime is over-supportive and economically inefficient, and that it has considerably increased costs for electricity customers.

He sets out the drivers of German energy market reform and the rationale behind the principal options.



# Overarching principles as a guidance to reform – a reminder

- minimum-carbon economy and welfare optimization (energy production vs. energy savings)
- welfare distribution and social equity ("Stromarmut")
- economic efficiency
  - productive (excess returns on renewable assets)
  - allocative (negative electricity prices)
- regime sustainability and investor confidence („Vertrauensschutz“)

# Stakeholder interests in the reform of the energy market – a reminder

- renewable generators
  - existing vs. new assets
  - high-cost vs. lower-cost technologies (offshore, onshore, PV, biomass)
- conventional generators (pushed out of merit)
- privileged industrial end-users
  - national vs. int'l competition
- federal vs. state governments („Länder“)
  - VAT
  - electricity tax

Follow us on Twitter [www.oxera.com](https://www.oxera.com)  
[@OxeraConsulting](https://twitter.com/OxeraConsulting)

Contact:

Dr. Michael Kraus

+49 (0) 30 300 145 558  
[michael.kraus@oxera.com](mailto:michael.kraus@oxera.com)

Although every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented herein, the Company accepts no liability for any actions taken on the basis of its contents.

Oxera Consulting Ltd is not licensed in the conduct of investment business as defined in the Financial Services and Markets Act 2000. Anyone considering a specific investment should consult their own broker or other investment adviser. The Company accepts no liability for any specific investment decision, which must be at the investor's own risk.

© Oxera, 2013. All rights reserved. Except for the quotation of short passages for the purposes of criticism or review, no part may be used or reproduced without permission.

