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# Germany's Energy Strategy and the Energy and Climate Fund (EKF)



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# Outline

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- Germany's Energy Strategy
  - Central pillars of climate and energy policy in Germany
- Funding climate protection
  - International Climate Initiative (ICI)
  - Energy and Climate Fund (EKF)



# German Climate and Energy Policy

## Central Pillars

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- **Long-term climate and energy policy up to 2050** aimed at fundamentally restructuring the **energy system**.
- **Transition towards a highly efficient renewable energy system as an opportunity for the generations to come.**
- **Climate and energy targets, cap and trade, renewable energy sources and energy efficiency.**
- **Focus on innovation and advanced technologies, on effective and cost-efficient measures in line with market and competition principles.**
- **Generation of strong economic opportunities and thus growth and jobs in Germany.**



# German Climate and Energy Policy

## Central Pillars

### Economic Instruments

- Emissions Trading
- Finance Reform



### Energy Efficiency

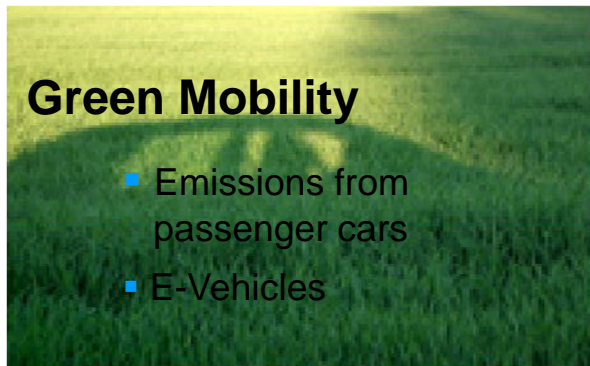
- Buildings
- Combined Heat & Power
- Products and Services



### Low Carbon Strategy

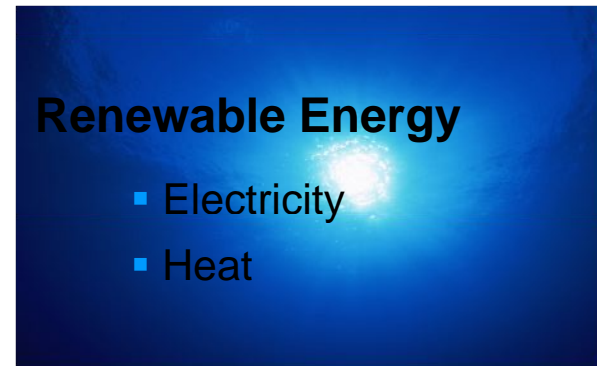
### Green Mobility

- Emissions from passenger cars
- E-Vehicles



### Renewable Energy

- Electricity
- Heat





# German Climate and Energy Policy

## German Energy Concept

### 100 specific measures in three areas

#### Renewable energies

- rapid and continuous expansion
- cost-effective and environmentally sound



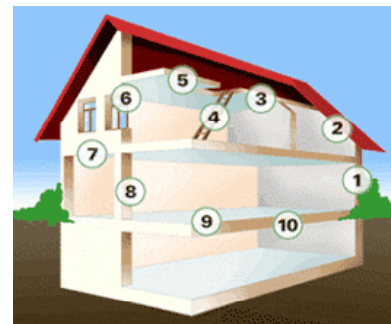
#### Future grids

- flexible and powerful
- integrate RE electricity



#### Energy Efficiency

- reduces energy consumption
- secures economic efficiency





# Summary

## Towards a Low Carbon Society

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- Energy Concept: unique long-term strategy
- Goals: renewables era with 80 to 95% ghg reduction
- Mix of more than 100 comprehensive measures
- Monitoring reports from 2013 every year
- Focal targets:
  - expansion of renewable energies
  - significant increase in energy efficiency
  - massive expansion of grids and infrastructure
- Economic benefits due to green growth and jobs



# German Climate and Energy Policy?

## Energy Efficiency is the Key

- **Target: halving primary energy consumption (PEC) by 2050**
- **Measures**



- further development of energy services
- expansion of energy management in industry
- new energy efficiency fund (up to 300 million €/year)
- expansion of funding programmes for buildings
- expansion of National Climate Initiative





# German Climate and Energy Policy

## Expansion of Renewable Energies

- Electricity: Renewable Energy Sources Act (EEG) and priority feed-in remain in place, Further expansion based on cost-efficiency
- Example wind energy
  - investment risks for offshore wind power will be secured
  - improved conditions for repowering onshore
- Renewable Energy in Heating: Legislation and Funding





# German Climate and Energy Policy?

## Expansion of Electricity Grids

- **Development of Target Grid 2050**
  - overlay grid
  - cluster connection of offshore wind energy
  - expansion of cross-border connections
- **1<sup>st</sup> step: two north-south pilot lines**
- **Goal: electricity grid in the EU**
  - efficient
  - modern





# EU Emissions trading

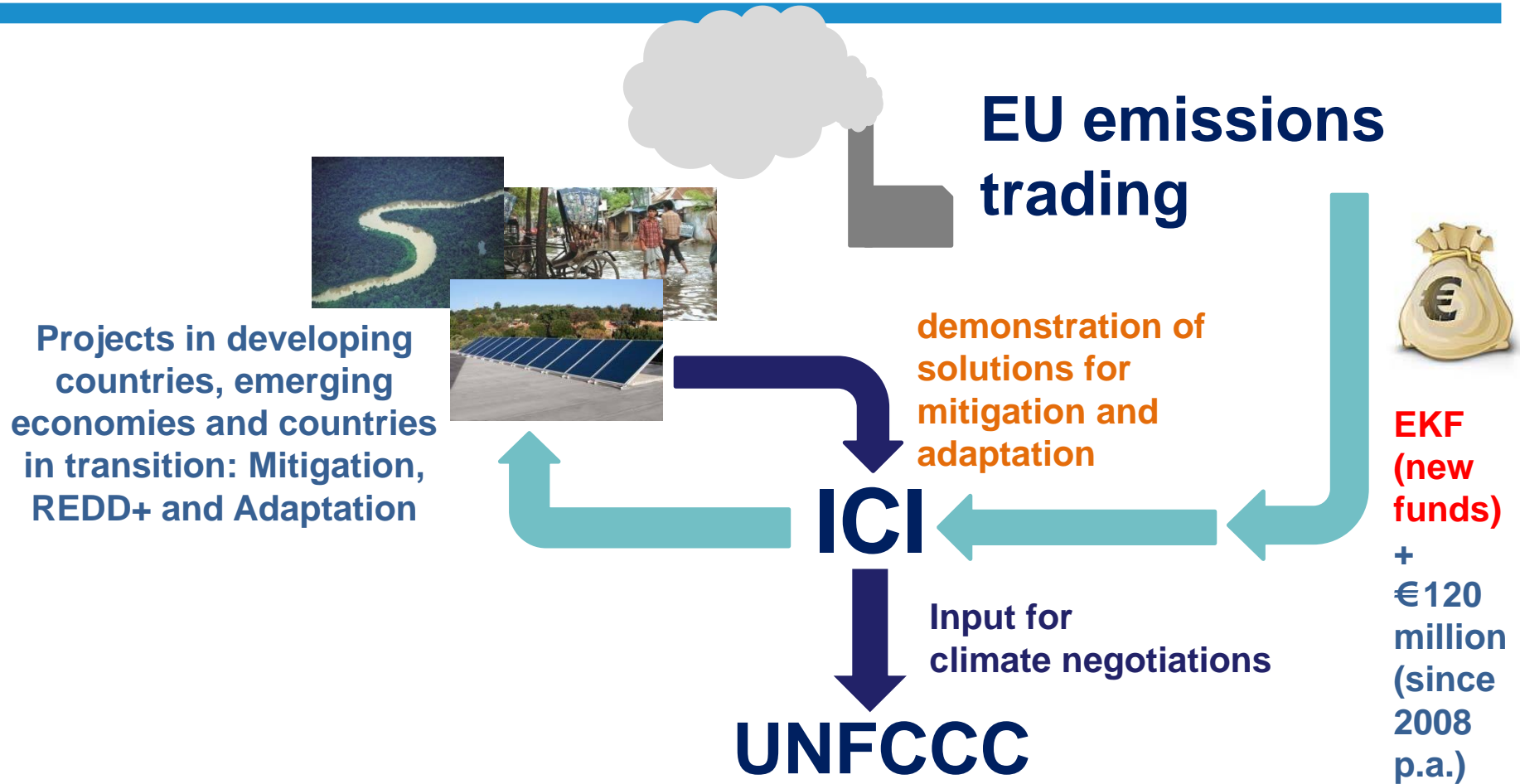
## Auctioning revenues for climate protection

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- Key policy instrument to implement Kyoto targets in EU
- First trading period 2005-2007:  
learning phase
- Second trading period 2008-2012:  
10% auctioning - revenues of around 600 million Euro  
per year for international and national climate policy
- Third trading period from 2013:
  - full auctioning for electricity sector, partially for industry –  
expected revenues: around 3 billion Euro per year
  - Energy and Climate Fund (EKF) – full use of revenues for  
climate and energy policy



# The International Climate Initiative (ICI)





# ICI achievements

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- supporting partner countries in addressing climate change through a project based approach
- targeted cooperation as an important impetus for a comprehensive global climate agreement
- 2008 until mid 2011:
  - funding more than 230 projects, BMU commitments exceeding € 500 million
  - mobilising additional capital (implementing agencies + other public and private-sector sources)
  - more than € 1.3 billion total funding volume of ICI projects



# EU Emissions trading

## Auctioning revenues for climate protection

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- Germany uses significant portion of revenues from auctioning allowances to support transformational change in developing countries
  - ICI launched in 2008 as innovative financing mechanism
  - Energy Concept 2011: additional funds for EKF with growing income from auctioning in coming years
- Germany well prepared to fulfill its international climate financing commitment



# Funding climate protection

## Energy Concept - Energy and Climate Fund (EKF)



R&D Renewables and Efficiency
Building refurbishment programme
Energy efficiency, including e-mobility
National climate protection
International climate protection
Compensation energy intensive industries

- Source of financing:
  - revenues from emissions trading
  - €300 million in 2011, €780 million in 2012
  - around €3 billion as of 2013



## Energy and Climate Fund (EKF) International Climate and Environment Protection

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- **EKF International Programme:**  
Ministries for Environment (BMU) and  
Development Cooperation (BMZ)  
share responsibility
- **3 focal areas:**
  - Extension of climate protection programmes
  - Biodiversity/REDDplus
  - German Climate Technology Initiative (DKTI)