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Article

"We should not overshoot the target": Six questions to Jochen Diekmann

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Dr. Jochen Diekmann, Deputy Head of the Department of Energy, Transportation, Environment at DIW Berlin

SIX QUESTIONS TO JOCHEN DIEKMANN

» We should not overshoot the target«

1. Mr. Diekmann, in the past few years, the German Renewable Energy Sources Act (EEG) has led to an unexpectedly widespread expansion of photovoltaic systems. In order to stabilize the EEG surcharge to be paid by consumers, the solar power feed-in tariffs were reduced by 15 percent at the beginning of the year. Now the legislation to promote solar energy is about to be changed again. What exactly is planned here? The government has proposed an entire package of changes. It is about a one-off reduction of the feed-in tariffs, an additional rigid linear degression, and a reduction in the amount of electricity eligible for payment under the EEG. Taken as a whole, this package means very drastic cuts to the feed-in tariffs.
2. So far, the threat of overfunding of solar power has often been discussed. Is there now a threat of underfunding? It is true that it has partially come to overfunding. And so it was also a good thing to have a particularly high degression rate in the field of photovoltaics which was then subsequently readjusted. But you have to be careful not to overshoot the target now and, when making adjustments, also to consider the individual categories in the EEG because reductions in the individual size categories vary considerably.
3. Is it possible that the planned new legislation might lead to overshooting the target? On the one hand, there has been a sharp decline in system costs. This means there is some leeway for further adjustments. On the other hand, we don't know how the system costs or market prices will continue to develop. Consequently, there is the risk that drastic adjustments will mean photovoltaics are no longer profitable, at least in some fields. This may affect medium-sized systems in particular because the categories in this group have now been redefined.
4. Why is this new legislation being implemented so quickly? Wouldn't it have been better to wait until we can see the effects of the January 2012 reduction of the feed-in tariffs? There is some truth in this. On the one hand, however, this short-term approach is a result of trying to avoid pull-forward effects because these have already been observed here in the past. On the other hand, there is political pressure to reduce the tariffs at the moment because there have been differences of opinion in the government, too, and a compromise has now been reached.
5. Is the German government planning to limit the overall expansion of photovoltaic capacities with this new legislation? Yes, we see this as a major problem, and we don't understand this approach, either. The German government's National Action Plan for 2020 provides for a total volume of 52 gigawatts. To now use the drop in system prices as a reason for reducing this medium-term expansion target is something we just don't understand.
6. Should the entire package of new legislation on solar energy be reconsidered? We believe the entire package still has major short-comings. The cuts were very sudden, the short-term reduction is drastic, and we must distinguish more clearly between the individual size categories. Even the degression legislation is too rigid in our view and, in the medium term, it is a move in the wrong direction because it is linear and formulated in cents per kilowatt hour. Moreover, the planned adjustments are not stipulated by the law at present. There is subsidiary legislation which might authorize these, but we don't know what will actually happen, and, in our opinion, the market integration model which is also part of the new legislation is half-baked, too.

Interview by Erich Wittenberg.

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