German minister warns of rising electricity prices

JUERGEN BAETZ - Associated Press - Associated Press

German Economy Minister Philip Roesler said Tuesday that the country needs to do more to ensure the steady and reasonably priced availability of electricity as the country phases out nuclear power over the next decade.

The debate on the country's energy switchover currently "lacks honesty" as electricity prices will be rising amid high subsidies for the renewable energies that are set to replace nuclear power by 2022, he said.

Energy prices cannot be predicted exactly — especially as a massive amount of investment is needed to upgrade the electricity grid and power generation — "but it won't be cheaper," Roesler said. Subsidies must be curbed to keep costs in check and safeguard the industry's competitiveness, he said.

Germany permanently switched off the eight oldest of its 17 nuclear reactors last year, just after Japan's Fukushima disaster. The successful transformation or the country's energy sector "will decide on Germany's image as a leading industrial power," added Environment Minister Peter Altmaier.

Both ministers, speaking at a conference taking stock of the country's progress a year after Parliament voted to speed up pulling the plug on nuclear power, were confident that the mammoth transformation of the country's energy sector will go ahead successfully.

"On a sunny day, when the wind blows nicely, we will soon be capable of securing our supply through renewable energies alone," Altmaier said.

The installation of new solar and wind production capacity will reach a new high this year, he said, noting that solar panels across Germany recently produced a "world record" amount of power that was equal to the output of 20 nuclear power plants, or about half the country's required electricity at that point.

"But there are also cold days," he added, acknowledging that the most difficult part of the government's energy switchover is to ensure Germany will always have enough and affordable energy from fossil-fuel plants to fill the gap when needed.

Wind, solar and other renewable energy sources currently account for some 20 percent of Germany's electricity production and are set to produce a third of it within a decade, reaching 80 percent by 2050.

The government has yet to find a strategy of how to keep fossil-fuel plants online as a backup. These older power stations have been stripped of their profitability because the priority given to renewable energy. Several energy companies are also threatening to close some of them.

Roesler maintained the answer cannot be further subsidies to utilities that will drive up electricity prices further. This would affect low income families who would then in turn require a new subsidy as they can no longer afford their power bills.

Subsidies and investment incentives for renewable energies are mostly financed through a special tax on electricity prices paid for by all households that has been rising over the past years — adding up to roughly €157 ($195) per year for a typical family of four.

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