German Employers Slam Cost of Energy Switchover

The Associated Press

German Chancellor Angela Merkel on Tuesday defended her government's decision to phase out nuclear power and switch to renewable energies within a decade, but acknowledged the need to overhaul and speed up the transition plan.

Business leaders have criticized the way the switchover has been managed, saying the costs are spiraling and hurting some companies.

"We have achieved a lot but we are far from being where we should stand," Merkel told a gathering of the German Employers Association.

The country's grid operators this week said a surcharge on households' electricity prices financing the expansion of renewable energies will increase by 47 percent on the year in January. A typical family of four will have to pay about €250 ($324) per year on top of their bill, but many large companies are exempt from the surcharge to safeguard their competitiveness.

The surcharge is used to guarantee producers of wind, solar or biomass power a long-term above-market rate for their electricity output, making sure their investments are profitable.

Merkel acknowledged there is "urgent need to reform" the system because renewable energies' rapid expansion has led to sharply rising costs. She warned, however, that the changes won't be easy as they have been opposed by an increasing number of producers of alternative energies.

"When a great number of people benefit from a law then it of course gets always more difficult to override that law by democratic means," she said.

Environment Minister Peter Altmaier presented a roadmap toward overhauling the transition program last week, but warned it was unlikely to be implemented before the general election expected next September.

The employers association's chairman, Dieter Hundt, strongly criticized Merkel's government for failing to live up to the ambitious challenge of reforming the energy sector within a decade, saying it must act faster and end "the madness of subsidies" for renewable energies because they threaten the nation's companies' competitiveness.

"In light of the hesitant implementation of the energy switchover and the exploding energy prices must we not reconsider the decisions and time frames?" wondered Hundt.

Merkel, however, ruled out changing track.

She said that if Germany successfully manages the energy switchover, "then Germany will be a model for many countries around the world in how one can achieve a sustainable energy supply." It will also help exports as German companies produce alternative energy technologies.

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