

German Cabinet adopts climate and energy package

In its closed meeting in Meseberg on 23 August 2007 the Federal Cabinet adopted the climate and energy package submitted by the Federal Ministry of Economics and the Federal Environment Ministry. With the 30 concrete individual measures in the package Germany will ensure that its climate protection targets – approved by the Council of the EU - are achieved until 2020. Under the agreements of the Cabinet in Meseberg the programme will be adopted by the Cabinet as a legislative package and introduced into the Bundestag before the climate change conference in Bali in December. We hope that we won't stand alone with our efforts.

4 important points contained in the package can be stressed:

- **1. Germany will expand the share of renewable energies.** For electricity from renewables an expansion target of 25 - 30 percent by 2020 was agreed. It was also agreed to increase the share of renewables in the heat sector to 14 percent by 2020. A **biogas feed-in act** rounds off the measures relating to renewables. In this way we are ensuring that there is an increased use of biogas as a fuel and in power plants in future.
- **2. Germany will substantively expand the environmentally friendly and particularly efficient generation of electricity and heat in combined heat and power (CHP) plants.** With an amendment to the law we aim to achieve our long-stated aim of doubling the share of CHP in electricity generation by 2020, to approximately 25 percent. This is bolstered by an average funding volume of 750 million euro. The expansion of local and distance heating is included in the support with an investment grant of up to 20 percent and a volume of 150 million euro.
- **3. Germany will stride ahead with more stringent requirements for energy efficiency in buildings.** The energy efficiency requirements placed on buildings will be progressively adjusted to reflect the latest technological developments and movements in energy prices. As of 2020, new buildings should be heated as far as possible without the use of fossil energy sources. Therefore as a first step the energy requirements for buildings will be raised by an average of 30 percent in the coming year (2008), with up to another 30 percent increase envisaged for 2012. This provides a major impetus for the construction industry and gives tenants substantial savings in their heating costs.

Allowances are foreseen for cases of financial hardship among those affected. Exceptions, in particular, for buildings protected by heritage-conservation law or scheduled for demolition. Retrofitting obligations will cease to apply if retrofitting is uneconomic even when funding options are taken into consideration. Appropriate transitional periods for the cost intensity of the measures. Funding under the modernisation programme to reduce CO₂ emissions from buildings.

- 4. The German Government will act rapidly to formulate its position in order to develop a stable legal framework for CCS at the European level. The European Commission will present proposals for a directive intended to put in place a legal framework for CCS before the end of the year.

As concerns the measures for the development of CCS technology being pursued at the moment in Germany, current mining and environmental law provides a basis for the conduct of the forthcoming research projects. A suitable legal framework for underground CO₂ storage on an industrial scale (including the planned demonstration power stations), transport and capture must be developed in Germany on the basis of the European directive announced for November 2007.

To make sure that industrial-scale projects for the permanent storage of carbon dioxide can be realised while taking account of European targets, binding standards are to be drawn up that ensure the carbon dioxide is sealed off permanently from the atmosphere and otherwise guarantee its secure, environmentally compatible storage over the long term.

It is intended to include a provision in the Federal Regional Planning Act that would grant the Federal Government the power to lay down binding stipulations in spatial plans concerning spatially significant projects and measures of national significance relevant to climate protection. This would make it possible to secure significant locations for the storage of CO₂ across Germany.

The German Government is working vigorously for the inclusion of CCS in the European Emissions Trading Scheme and its incorporation into the post-Kyoto regime.

The German Government is developing a detailed roadmap for CO₂ capture and storage.

Construction of demonstration power stations in Germany:

Construction of at least two or three demonstration CCS power stations to be built, subsequent permanent storage of the carbon in Germany and the earliest possible implementation of smaller-scale CO₂ storage projects.

- 5. The **budget figures** clearly demonstrate how seriously the German government takes climate protection: Germany will substantially increase funding for climate protection. For the budget year 2008, a total of 2.6 billion euro (including up to 400 million euro from the auction of emissions allowances) are available from the federal budget for climate protection. In the total federal budget this is over 1.8 billion euros more than in the budget for 2005 – an increase of around 200 percent!

Other points of the package are:

- Smart metering
- Clean power-station technologies
- Introduction of modern energy management systems
- Support programmes for climate protection and energy efficiency outside buildings
- Energy-efficient products
- Provisions on the feed-in of biogas to natural gas grids
- Programme for the energy-efficient modernisation of federal buildings
- CO₂ strategy for passenger cars
- Expansion of the biofuels market
- Reform of vehicle tax on CO₂ basis
- Energy labelling of passenger cars
- Extension of emission trading to air traffic and shipping.

Germany will work swiftly to implement this ambitious programme aiming to have the individual points in the legislative package adopted by the Cabinet and introduced into the Bundestag before the climate change conference in Bali. By implementing these key points before the Bali conference, the Federal government intends to show that Germany is meeting its climate protection responsibilities and takes its leading role in this field seriously.