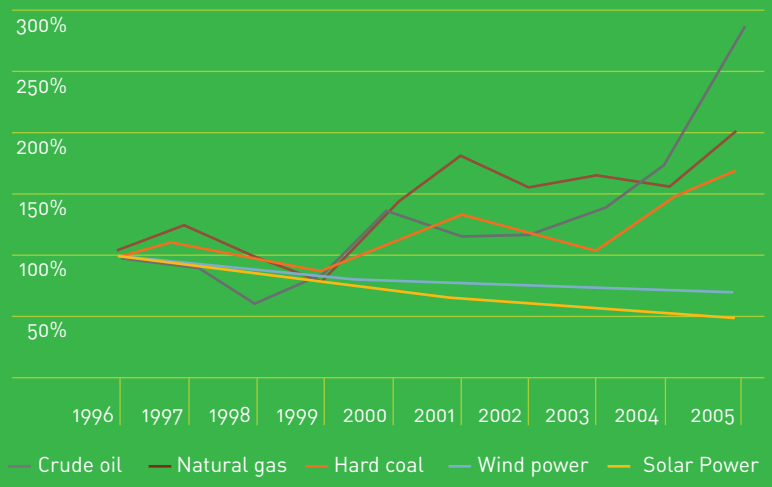
Renewable energy sources are no price boosters

Price development for different energy sources



Sources: Federal Office of Economics and Export Control, Tecson, German WindEnergy Association, German Solar Industry Federation

Renewable energy is affordable

For a price of 19.6 Euro cent per kilowatt-hour electricity

only 0.5 cents are due to renewable energies

6.0 ct	network utilisation
4.3 ct	power generation
2.7 ct	VAT
2.1 ct	power tax
2.0 ct	licence fee
1.0 ct	marketing
1.0 ct	measurement costs
0.3 ct	allocation for cogeneration

The average household pays 1.50 Euros per month for noticeable ecological relief by renewable energies

Source: German Renewable Energy Federation

What does power from renewable energy sources really cost?

The remuneration for power from the sun, wind, hydropower, bioenergy and geothermal energy regulated in the Renewable Energy Act (REA) amounted to a total of 4.3 billion Euro, i.e. on the average 9.53 Euro cents per kilowatt-hour (ct/kWh) in 2005. Under the assumption of a wholesale price for power of 4.5 ct/kWh, the additional costs for renewable energies were therefore around 2.3 billion Euro. This is allocated to the price of power.
In order not to overly burden the industry, a special "equalisation regulation" limits the costs allocated to power-intensive plants. For all other consumers this means: in 2005 they paid around 0.5 Euro cents per kilowatt-hour for the expansion of renewable energies. This is less than 3% of the total cost of power or 1.50 Euro per month for a three-person household with a yearly power consumption of 3,500 kWh. Those who use less power accordingly pay less.

Everything considered, consumers profit from the promotion of renewable energies, since it helps prevent damage to the environment. According to the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, this leads to a saving of around 65 Euro per year for each household.

Increase in energy prices is attributed to rising fuel costs and lack of competition

The increase in energy prices in recent years can be attributed primarily to higher fuel prices: Since 2000, the price of crude oil has more than doubled. During the first half of 2006 it rose to more than 70 US dollars per barrel. Due to higher oil prices, an increase in consumption and a concentration of the producer markets, the price for natural gas has also risen.
In the power sector, the greatest importance is attached to the import price for hard coal, which has increased by 50% over the last six years. Furthermore, compared with the EU average, the remuneration for the grid utilisation in Germany was around 50% higher. A lack of competition contributes to high power prices in Germany altogether and this is apparent to the Monopoly Commission: 80% of power generation and the entire transmission grid are in the hands of only four power suppliers. This accelerates the increase in the cost of power for the consumer. According to information from the German Tenants' Association, today a three-person household pays 25 Euro more for electricity, heating and warm water per month than in 2000.

Renewable energies are becoming competitive

Due to the increasing energy prices, today's investments in renewable energies are more worthwhile than ever. The costs for the utilisation of renewable energies have been halved since 1990. By 2020, they are expected to fall by another 40%. Power from renewable energy sources will therefore be competitive in 10 to 15 years. In view of the increasing prices for heating oil and natural gas, geothermal heat, solar thermal and bioenergy are already today viable economic alternatives. Nevertheless higher investment costs of renewable energy technologies compared with conventional heating prevent the usage on a wider scale. Here, a suitable market introduction programme is still lacking.

Sources and additional information

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