

Germany To Cut Subsidies For Solar Power

Juergen Baetz, Associated Press

BERLIN (AP) — Germany plans to reduce government subsidies supporting solar power by up to 30 percent within a year because higher-than-expected demand has made the scheme far more costly than authorities initially expected.

The country's drive to abandon nuclear energy in the wake of Japan's Fukushima nuclear disaster has led to a boom in solar power installations last year that vastly exceeded the government's forecasts.

Owners of solar power installations in Germany receive a guaranteed above-market price for the electricity they sell to the energy grid. That amounted last year to a subsidy of some €6 billion (\$7.9 billion), which is financed through a levy on every household's electricity bill.

Homeowners and private investors installed new solar power capacity of about 7,500 megawatts last year, while the government had only forecast a new capacity from 2,500 megawatts to 3,500 megawatts.

Solar power has become more competitive, making room for cuts to the subsidies, and showing that it is "a success story amid the country's transformation toward renewable energies," Environment Minister Norbert Roettgen said.

The government therefore wants to lower the guaranteed prices starting next month, he added. An initial cut of more than 20 percent will be deepened progressively so that the price will be on average some 30 percent lower by next January.

The subsidy system is staggered to give smaller installations stronger backing, and will continue to be so, with the guaranteed price per kilowatt-hour set to fall from currently 24.43 cents to 18.15 cents by January. Facilities with a capacity of more than 10 megawatts will no longer be subsidized.

The Cabinet is set to endorse the program next week, and parliament is likely to swiftly approve the legislation to hinder a last-minute run on investors seeking to quickly install more solar power capacity before the cuts take effect, Roettgen said.

German companies producing solar panels, already under pressure from stiff competition from new manufacturers in China, protested against the new cuts. Several thousand employees of about 50 firms in the segment held protest rallies across the country, the German Solar Industry Association said.

Energy from renewable sources — such as wind, solar, geothermal and bioenergy — covered 20 percent of Germany's electricity needs last year and the country aims at boosting that share to a third within a decade as it gradually phases out nuclear

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