

# Big corporations dictate German energy policy

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In top-level talks held at the chancellery on Sunday, September 5, the government parties agreed on a common energy policy. The agreement had been preceded by a lengthy dispute over extending the lifetime of Germany's nuclear power plants and the possible implementation of a fuel tax.

The agreement obtained by Chancellor Angela Merkel confirms that it is the big energy companies that dictate the policy of the federal government. It is donating billions in extra profits to them, while social interests fall by the wayside.

At the official presentation on Monday, the government sought to conceal its right-wing policy with bombastic rhetoric. Angela Merkel (Christian Democratic Union, CDU) called it a "revolution in the supply of energy". The leader of the Free Democratic Party (FDP), Guido Westerwelle, praised the agreement as "epochal", while the chair of the Christian Social Union (CSU), Horst Seehofer, described it as a "quantum leap".

In reality, the government has bowed before the powerful nuclear lobby. Its energy policy will extend the lifetime of nuclear power plants built before 1980 by eight years and that of the newer plants by 14 years. According to the government, this means an average extension of 12 years.

The company to profit most from this decision is the energy conglomerate E.on. Based on an analysis by the Öko-Institut, *Spiegel Online* reports that the company will make additional profits of almost €25 billion, given constant electricity prices from 2011. If prices rise moderately this would increase to more than €40 billion. After the payment of additional taxes and other costs, E.on will net €14 billion (if prices are constant), rising to €30 billion (if prices rise).

The new policy also hands over billions to the other three energy giants. If prices rise moderately, RWE can look forward to additional profits of about €17.5 billion, EnBW €14.3 billion and Vattenfall nearly €5 billion. For the four major power companies operating in Germany, that means potential additional profits of more than €66 billion.

In order to sell their capitulation to the nuclear lobby to the public, the government has linked its new energy policy with the introduction of some minor charges on the nuclear energy conglomerates. They will have to pay a fuel tax, which according to the government will bring in some €2.3 billion

annually. The tax is limited to six years and is substantially less than was originally planned—€145 per gram of nuclear fuel, instead of €220 per gram.

The fuel tax would flow into the federal budget. Since this would be deductible as an operating expense, the individual states would receive lower corporate taxes from the energy companies than before. For this reason, several state governments have protested.

This horse-trading, with the energy companies being asked to make what amounts to symbolical payments, is also meant to distract attention from the fact that the huge budget deficit caused by handing over billions to the banks is mainly being offset through imposing dramatic social cuts.

In addition to the fuel tax, there will also be a special contribution, which the four CEOs agreed in a personal telephone conversation with Merkel shortly before the government finalised its new policy. For 2011 and 2012 the contribution amounts to €300 million annually, and from 2013 to 2016 €200 million. In addition, there are other voluntary negotiated sums and a windfall levy from 2017. Given constant electricity prices, the corporations would have to hand over about 45 percent of their extra profits. If the electricity price rises only moderately, the rate is reduced to 28 percent.

The four major energy companies have achieved nearly all of their objectives. Merkel has ensured that they are granted an extension on the lifetime of their nuclear reactors, which is well above that proposed initially by Environment Minister Norbert Röttgen (CDU). Furthermore, the fuel tax, which they had opposed from the start, will be limited to just a few years and will be less than had been announced originally. All the other charges are minor or voluntary—which, again, Chancellor Merkel has ensured.

As if that were not enough, the announced extensions to the lifetime of the nuclear reactors are just eyewash. The government has not stipulated a certain number of years, but laid down a measure based on so-called annualised full-load hours. But according to government forecasts, the annual utilisation of the reactors will fall sharply in the future. This means that individual reactors can operate far longer than the supposed maximum of 14 years.

The argument about the need to ensure affordable and stable

electricity prices, with which the government has justified its extension, is nonsense from a consumer perspective. Electricity prices are negotiated at the Leipzig Stock Exchange, where nuclear energy plays practically no role. The price on the stock market is based on the variable costs of a power plant that are currently required to meet the demand for electricity. These are mostly gas-fired plants, which have higher fuel costs, thus leading to a higher final price.

Johannes Lambertz, CEO of RWE Power, openly admitted this in Bonn's *General-Anzeiger*. He said, "Prices will not fall, because nothing will change in the current power plant mix."

In working out the federal government's energy policy, facts have been repeatedly covered up, and the influence of the nuclear companies held sway. For example, Economics Minister Rainer Brüderle (FDP) was accused of holding back an unwelcome report that contradicted the government's policy. According to the Energy Act, the so-called "Monitoring report on security of supply" should have been submitted to the European Commission in Brussels by July 31. It has not yet arrived. Next, it came out at the end of August that one of the three government experts at the Energy Economics Institute (EMI) at the University of Cologne is co-sponsored by the energy companies E.on and RWE.

From the beginning, the CDU/CSU/FDP coalition had set itself the goal of overturning the so-called "nuclear consensus" negotiated by the Social Democratic Party-Green Party government in 2000. This nuclear consensus had enabled the SPD and Greens to largely silence the widespread opposition to nuclear power. At that time, the power companies had agreed to the long-term withdrawal from nuclear energy because the SPD-Green Party government granted them an unexpectedly long transitional period, averaging 32 years per reactor and guaranteed profits in the billions. They knew even then, as did the SPD and Greens, that the "consensus" would be scrapped as soon as a different government came to office in Berlin.

When the Christian Democrat-Free Democrat government of Angela Merkel and Guido Westerwelle came to power in September 2009, it set out to replace the rotten compromise of 2000 by one even more rotten. In January 2010, Environment Minister Röttgen began the first talks with the energy companies about extending the lifetime of the reactors. Those negotiations already formed an integral part of the preparation for the comprehensive energy policy that was then presented this week. The initial discussions were cloaked in a veil of silence.

On February 6, Röttgen gave his first interview on the subject to the *Süddeutsche Zeitung*, in which he expressed caution regarding nuclear energy. The next day, the CDU/CSU parliamentary faction vice-chair Michael Fuchs responded in *Welt am Sonntag*, saying, for him, wind turbines were just "bird shredders" and solar power systems "subsidy sponges". In his opinion, safe nuclear power plants could continue not just for 40 years, but 60 years or more.

The conflict then intensified. After sharp attacks on Röttgen from the FDP and from the states of Hesse, Baden-Württemberg and Bavaria (governed by the CDU and CSU), CDU General Secretary Hermann Gröhe said on February 15 that nuclear energy was the "bridge" into the era of eco-energy, and that on that basis, "we are willing to extend the lifetime" of the nuclear plants.

The dispute developed along a front that had been created by the changes in the energy market in recent years. In the meantime, companies can also earn billions through renewable energy, while the retention of nuclear energy is hindering subsidies and investment in this sector. According to a recent report by the environmental organisation Greenpeace, the development of renewable energy in recent years surpasses "all predictions". In 2008, it already accounted for 17 percent of Germany's electricity needs—with an ever-increasing share.

This development in the energy market has especially benefited medium-sized enterprises in recent years, while the energy giants RWE, E.on, Vattenfall and EnBW are still under-represented in this field. Any extension in the lifetime of their nuclear reactors gives them a competitive advantage at the expense of the competition from medium-sized enterprises and public utilities.

The government's new energy policy has delivered the nuclear lobby a first victory. But the representatives of the other wing of the bourgeoisie are already warming up. On Monday, Claudia Roth from the Greens, standing alongside Sigmar Gabriel (SPD) and addressing the assembled press, promised the Merkel government a "hot autumn". The SPD and Greens would participate in protests and spread the news that the return to "their" denuclearisation policy would be a rational response to the problems of energy supply.

Anyone who knows the facts can only be outraged and reject this as lobbying for those companies that are currently losing out to nuclear energy. Recent research by renowned institutions show that the technical means are already available for conversion to renewable energy. But in order to exploit these opportunities, huge investment and the development of integrated European and international energy networks would be necessary. Such developments can only be achieved if energy production and supply is removed from the sphere of private profit and is developed in the social interest as part of a long-term socialist programme.



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