

German government drives up heating costs by imposing gas surcharge

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Last week, Federal Economics Minister Robert Habeck (Greens) announced the introduction of a heating gas surcharge, dealing another financial blow to working families, low-income households, students and pensioners.

In addition to the high gas bills that many municipal utility companies will be sending out in the autumn, the government will be imposing a gas surcharge starting October 1. According to Habeck, the surcharge will amount to 1.5 to 5 cents per kilowatt hour and will be levied on all gas customers. Since about half of German households heat with gas, it will affect millions of people.

The annual additional costs incurred by households as a result of the surcharge range from several hundred to well over a thousand euros, depending on its final level and the amount of gas consumed. If the surcharge is 5 cents, an average four-person household with an annual consumption of 20,000 kilowatt hours would have to pay up to €1,000 more.

Even before the surcharge is imposed, experts predicted that the price of gas would triple. Now, the price will increase even further due to the gas surcharge.

The surcharge will be passed on to the energy suppliers, who are thus being compensated for massively increased import prices. This affects both municipal utility companies that supply only a few tens of thousands of customers, as well as large corporations like Uniper, which do not produce gas and oil themselves but buy, distribute, and supply it to end users. They are being compensated for 90 percent of the price increase in procurement costs.

In the end, the gas surcharge ends up in the coffers of the large energy companies, which profit from the high world market prices and are already reporting record

profits.

German energy giant RWE expects a profit of €5.5 billion for 2022, €1.5 billion more than previously thought. Betraying no scruples, the company said the good result was also based on “strong operating performance” in energy trading. The group’s stock price rose sharply after the profit forecast was announced.

British oil company Shell, global leader in liquefied natural gas (LNG) trading, posted a record profit of \$9.13 billion in the first quarter of 2022. BP, Exxon Mobil, Chevron and TotalEnergies also reported strong profit increases. BP more than doubled its adjusted profit—to \$6.25 billion from \$2.6 billion in the first three months of last year, its highest quarterly profit in more than ten years.

Hardly a day goes by without Economics Minister Habeck letting out a sigh and giving a promise of providing economic relief for people on medium or low incomes. But in reality, the government is doing exactly the opposite. With the gas surcharge, it is driving up heating costs even further, so that working-class families, low-income households, students, and pensioners will soon simply no longer be able to afford the enormous costs.

Habeck remains silent about when any relief might materialise and what it will look like. The coalition government is currently still arguing about how it will allow workers and their families to jump off a cliff.

Finance Minister Christian Lindner, as always, is arguing for tax cuts. The Free Democratic Party (FDP) politician never misses an opportunity to advocate the interests of his rich clientele. Top earners could save four-digit sums, normal earners a few hundred euros and low earners nothing at all.

In the meantime, Chancellor Olaf Scholz and the

Bundestag (federal parliament) have gone on vacation without taking a decision on providing relief. Habeck himself has made it clear that he wants to keep the relief—if it comes at all—to a minimum. The *Süddeutsche Zeitung* quotes him saying, “Targeted relief means we can’t bear all the costs as a state.” Only people “who are really driven into poverty by higher energy prices must be protected.”

What exactly does the Green politician mean when he talks about “real poverty”? Are families who are only forced to the brink of the subsistence level by rising energy prices exempt from state aid? Even if every unforeseen additional burden means the financial abyss for them?

Habeck is promising relief only because he fears social uprisings. On a summer trip through the German provinces, he was repeatedly booed and called a “warmonger.”

After a public appearance by Habeck in Bayreuth, the *Tagesschau* news broadcast commented: “Troubled times await Habeck and the entire government. A majority of Germans are still prepared to accept personal disadvantages because of the sanctions against Russia. But most have also not yet seen their gas bill.”

The energy crisis is the price for the proxy war that Germany, the US and NATO are waging against Russia in Ukraine. The attempt to bring Russia to its knees by means of economic sanctions and billions of dollars in arms deliveries has driven oil and gas prices to astronomical levels. The government is using the war to make Germany the leading military power once again in Europe. The price for this is to be paid by the working class.

But the fact many households are simply no longer able to pay their gas bills is not an inconvenience for the government. The population is to be forced to reduce gas usage. Otherwise, there is a risk that gas storage facilities will not be sufficiently full by the winter to prevent a possible collapse of German industry. Habeck has already made it unmistakably clear that in case of doubt, private households will be pushed to the back of the energy queue.

This is much easier to achieve via high prices than via government regulations, which are almost impossible to monitor and enforce in practice. Professor Klaus Schmidt, Chairman of the Scientific Advisory Board of the Federal Ministry of Economics, defended the gas

surcharge on the *Morgenmagazin* programme with this justification: “The most important instrument for getting gas savings on track is the price mechanism.” Schmidt spoke of a “price signal” that was now reaching consumers so that they understand “gas will become more expensive.”

He also threatened that gas prices would remain high for a long time: “It won’t just stay at this surcharge that has now been decided. Rather, it will slowly eat through the system.”

Currently, higher gas imports from the Netherlands and Norway are offsetting some of the curtailed production from Russia. Since July, Russian gas has been flowing again through the Nord Stream 1 Baltic Sea pipeline to Germany following completion of annual maintenance work, but Moscow limited output to 40 percent in June and to 20 percent last week.

The German government is trying to become completely independent of Russian gas imports as quickly as possible so it can continue the war against Russia even more aggressively. It is working hard to import liquefied natural gas (LNG) to meet demand, but building the necessary infrastructure takes time and prices for it are extremely high.

A massive energy crisis is therefore expected early next year, especially if the winter turns cold. For the coalition government of the Social Democrats, Liberal Democrats and Greens, it is already clear that the working class will have to pay for it and freeze.



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