



# What is included in the price of electricity - and what's not? Research results from Germany

*International Conference*

*„Why is electricity getting more expensive?“*

*Prague 15 May 2013*

*Speaker:*

**Eike Meyer**

*Vice Director*

Green Budget Germany

# Forum Ökologisch-Soziale Marktwirtschaft (FÖS)

- **Non-profit organisation**

- Founded in 1994

- **Our vision:**

- An ecological and social market economy, in which "prices tell not only the economic, but also the ecological truth"  
*(Ernst Ulrich von Weizsäcker)*

- **Fields of Expertise**

- Ecological tax reform / taxes and levies on energy and resources
- Phase-out of environmentally harmful subsidies

# Forum Ökologisch-Soziale Marktwirtschaft (FÖS)

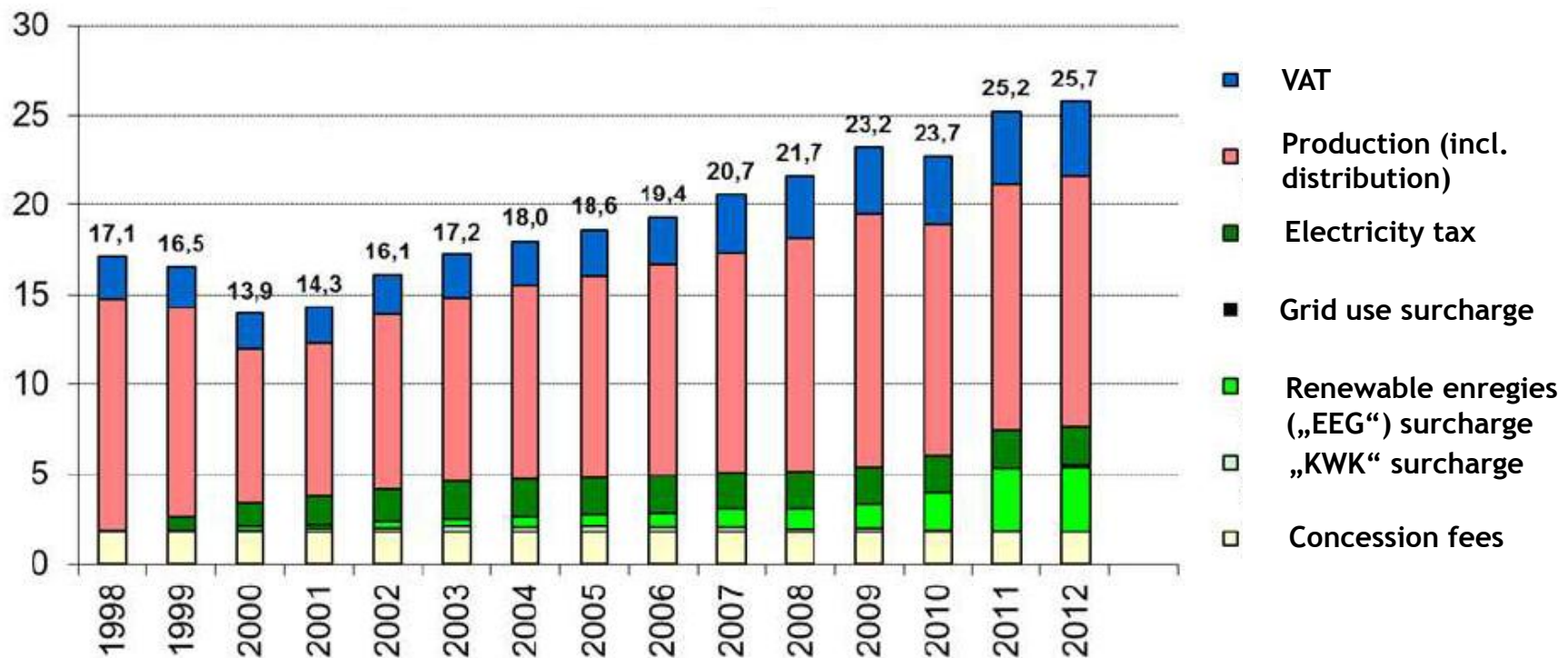
- **Activities**

- Development and promotion of concepts for market-based environmental policy on national/ international level

- Research / Studies
- Expertise
- Lectures
- Conferences

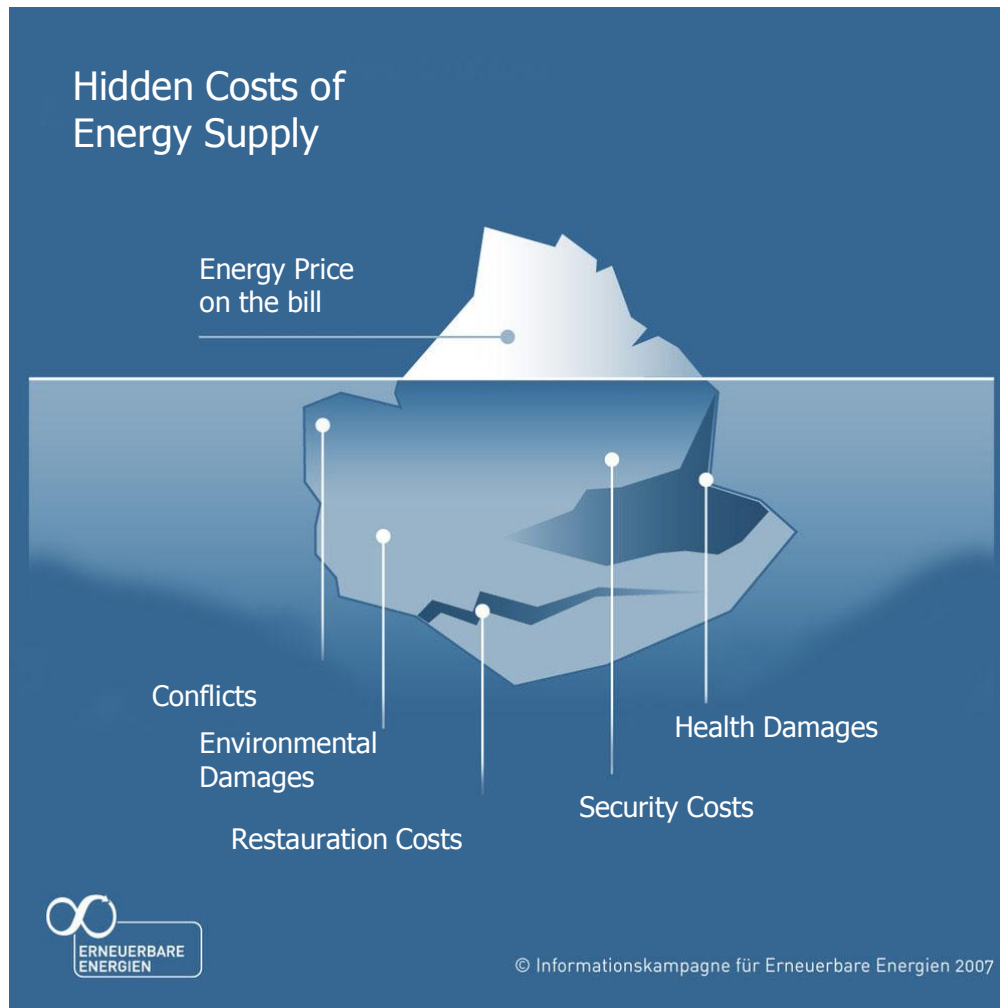


# Electricity prices in Germany 1998 - 2012 (ct/KWh)



Quelle: BDEW Bundesverband der Energie- und Wasserwirtschaft e.V., 2011

# Hidden costs of energy supply



The true costs of electricity are only partly reflected by market or retailer prices.

→ Social costs, and

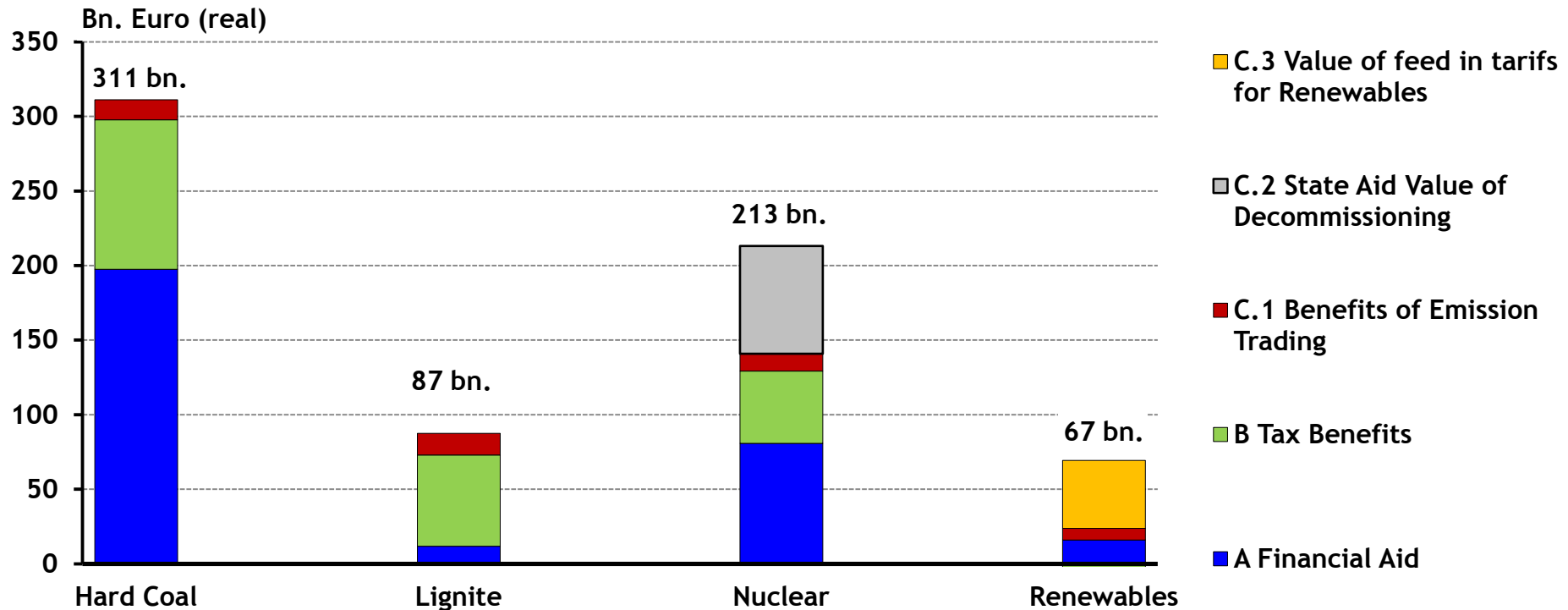
→ subsidies or other state support,...

... are not visible on the bill.

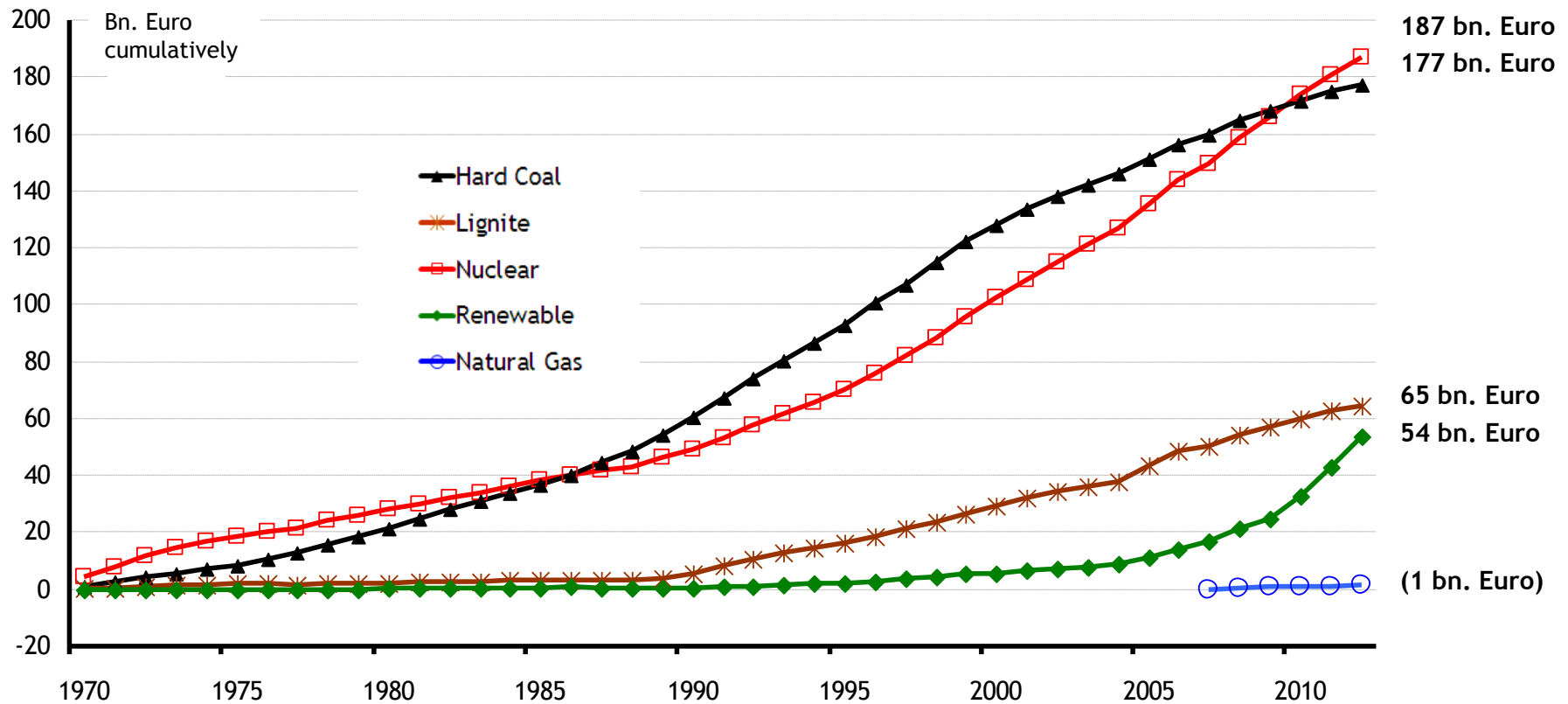
# Little typology of subsidies

Subsidies with budget effect		Subsidies without budget effect	
(A) financial transfers	(B) tax benefits / exemptions	(D) external costs	(C) regulation with subsidising effects
Examples from the energy sector			
<ul style="list-style-type: none"> <li>-Direct financial transfers, e.g. coal sector</li> <li>-Grants to stimulate investment</li> <li>-R&amp;D expenditure</li> <li>-Ecological restoration of coal mines</li> </ul>	<ul style="list-style-type: none"> <li>-Reductions or exemptions from energy taxation</li> <li>-Exemption from royalties</li> </ul>	<ul style="list-style-type: none"> <li>-Climate change costs resulting from emissions of greenhouse gases</li> <li>-Natural degradation through pollution</li> <li>-noise, radiation</li> </ul>	<ul style="list-style-type: none"> <li>-Benefits of emissions trading</li> <li>-Feed-in tariffs („EEG-surcharge“)</li> <li>-Nuclear energy: decommissioning funds regulation</li> </ul>
Narrow definition of subsidies		Broad definition of subsidies	

# Subsidies for nuclear energy, hard coal, lignite and renewables 1970-2012 (total, 2012 prices)

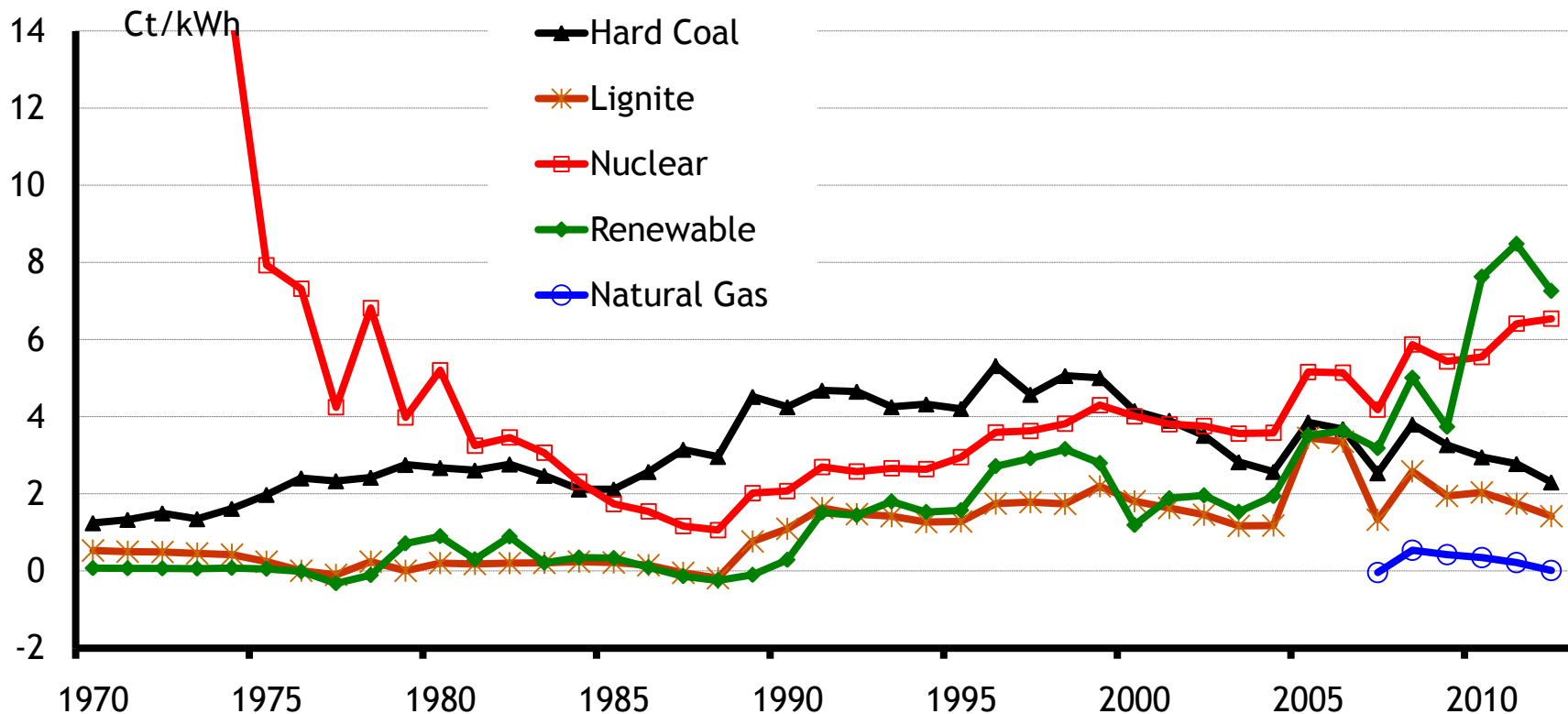


# Subsidies for nuclear energy, hard coal, lignite and renewables 1970-2012 (cumulated, 2012 prices)



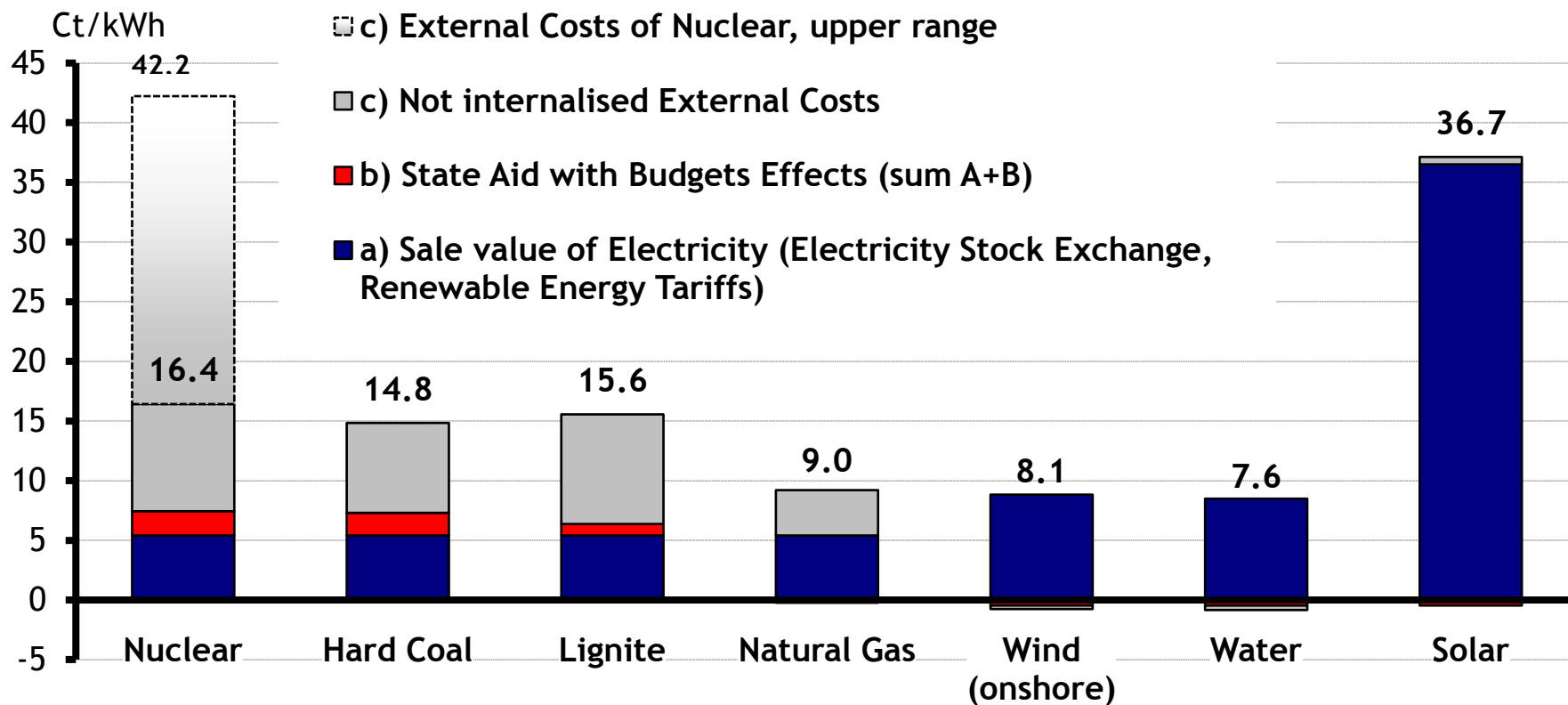


# Specific subsidies for nuclear energy, hard coal, lignite and renewables 1970-2012 (ct/kWh, 2012 prices)

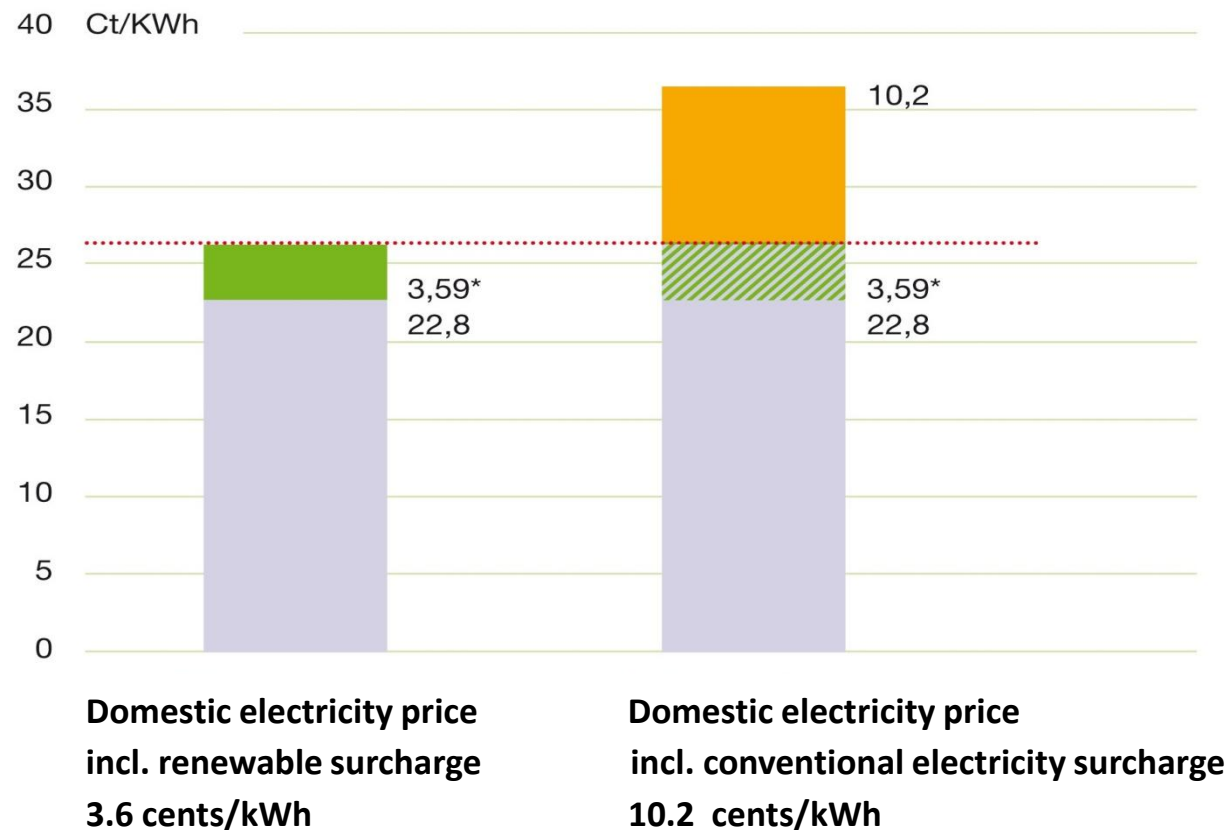


# Social costs of electricity in 2012

## Market value of electricity, state aid and non-internalised external costs



# Hypothetical “Conventional Electricity Surcharge”, 2012





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**Thank you very much for your attention!**

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