

Energy Security and the Financial Crisis

Overcoming the Financial Crisis with the Green Economy

Irrespective of the financial crisis the answer to the challenge of energy security for Germany is twofold:

- diversifying and solidifying our sources of fossil fuel energy supply - which means more regional and global cooperation +
- moving away from fossil fuels to renewables - which means substantial investments now and for the next decades

Concerning the **first part** of the answer:

Fossil fuels will remain our main source of energy for several decades.

Will there be a cancellations and delays of investments in oil and gas production in the foreseeable future as the IEA warns? This would mean supply shortage and rising prices?

Nobody knows for sure but we take these warnings seriously! Therefore we must encourage investments in this field.

And we believe that many oil and gas companies have planned long term investments and calculated them conservatively taking a relatively low market price into consideration. So, we're hopeful that there will be some stability.

Financial crisis = no capital available for investment ?

No! (cf. statements from Conning Asset Management and Siemens on Monday in this room, expert meeting on clean electricity)

There is less investment than before – but it's happening

What is necessary to encourage investment in the energy sector?

Reliable long-term perspective! This includes low risks for European companies investing in countries with oil and gas reserves. How do we lower these risks?

By building trust and by convincing partners that only stable and reliable conditions will guarantee long term investments and bring benefit to all parties concerned. This includes that supply and transit countries also benefit from our cooperation in increasing energy efficiency and developing renewable energy technology. Example: German-Russian Energy Agency

Coming to the **second part** of the answer:

German energy policy largely influenced by climate policy.

Parameters set by German government quite clear: Integrated energy and climate programme + 2 economic stimulus packages

- minus 40% green house gas emission by 2020 compared to 1990
- at least 30% share of renewables in electricity by 2020
- doubling the renewables share in heat generation to 40% by 2020
- doubling energy productivity by 2020 compared to 1990
- doubling combined heat and power generation (CHP) to 25% of electricity generation by 2020

To this end, many laws were changed or newly established, 29 all together. Don't want to bore you with details but can hand out a list of major changes to those interested.

Changes mostly relevant for industry but also some for every household (e.g. tax reductions for solar panels)

How do renewables fit in with the economic and financial crisis ?
These measures cost money and are in any case often very inconvenient.

But as we know, business as usual is not an option and the price of not acting would be much higher.

Our attitude towards and use of energy must change fundamentally. Our greatest source of energy is to use it efficiently. We must become a low carbon society.

Fortunately **German industry** agrees that sustainable energy and climate policy go hand in hand - and can be economically beneficial!

According to the Federation of German Industries (BDI) minus 40% green house gas emissions by 2020 is viable! This means

- fair burden sharing between countries and between industry sectors essential
- CCS not yet part of the equation since still too many unanswered questions
- additional incentives for innovation
- double positive effect: increased chances for export of technology for energy efficiency; beneficial also for receiving countries

Looking at goals for 2020, the altered legal framework and the economic stimulus packages that I mentioned earlier, we expect the following positive economic effects:

- at least 500.000 new jobs
- about 22 billion € fossil energy imports not necessary
- about 20 billion € increase in GDP per year
- in 2030 national debt 180 billion € lower than without

Federation of German Industries has conducted studies on the cost avoidance of energy efficiency and CO² reduction measures in various sectors for Germany by 2020:

- energy production
- building construction and management
- industry
- transport

The results were quite positive:
Substantial investments necessary now
but mid- and long-term returns guaranteed.

This encourages GER to continue its twofold approach

- encouraging investments in fossil fuel energy supply +
- supporting the development of renewables

In this way we are not just coping with the financial crisis but actively helping to overcome it!