



A better future for all: Social solutions

FRAMEWORK FOR ACTION

GERMANY FOLLOWS A JUST PROCESS IN PURSUIT OF
A GREEN GRID

Various policy reforms are being used to deliver a national plan to phase out coal that will create good jobs and secure more energy from wind and solar sources.

Germany's energy transformation, the "Energiewende", is well under way, with the share of renewable energy in gross electricity consumption reaching a record 45% in 2020. The new government coalition of Greens, Social Democrats and Free Democrats targets a doubling of this share to 80% in 2030, culminating in a nearly decarbonised electricity grid by 2035.

Several obstacles have stood in the way of further expanding renewable energy, including historical reliance on fossil fuels. As coal mining has been at the heart of the economy in several regions, Germany set up a Coal Commission in 2018 and tasked it to develop a plan for coal phase-out. Key stakeholders from industry, trade unions, coal regions, environmental NGOs, research institutes, and communities developed an action plan for a just transition. The German government later adopted the Commission's recommendations for phase-out dates, a compensation programme, the creation of good jobs, and a just process, putting them all into legislation.

In total, up to €40 billion is being made available for regional economic development in the states of Brandenburg, North Rhine-Westphalia, Saxony-Anhalt and Saxony over two decades. By August 2021, a year after the plan's adoption, these states had submitted to the federal government 175 projects in areas ranging from research, digitalisation and small and medium-sized enterprise (SME) development to green economy, green energy industry, green mobility, tourism, culture, and nature protection. In addition, federal and state administrations have jointly approved several rail and road infrastructure projects as the backbone of a future-oriented regional development. A compensation scheme supports older workers losing their jobs before reaching retirement, and the federal Government is setting up new offices and agencies itself in the coal regions to help create 5000 new jobs by 2028.

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The April 2022 Osterpaket (Easter Package) also introduced a raft of energy policy reforms designed to remove barriers, such as lengthy permitting procedures, that have slowed the growth of Germany's wind and solar capacity in recent years, and gives renewable energy projects priority status with an "overriding public interest". Another new requirement, which ensures that 2% of land area is available for wind energy developments, will also help push regions and federal states to align more local legislation with national expansion targets.

Availability of renewable energy was widely seen as a key factor and localised advantage that supported investment and growth. Allianz Economic Research estimates that the Osterpaket segment of the country's "Klimaschutzsofortprogramm" or "immediate climate protection programme," represents a great value for the country, with growth and employment benefits that will vastly exceed the fiscal support required.

Germany's overall plan will dramatically increase the share of renewables while phasing out coal and nuclear energy, but crucially maintains a stable and secure electricity grid. Over the rest of this decade, expansion goals for wind and solar will triple in order to reach targets set for each technology, while also meeting increased electricity demand from various sectors including transport and industry. The energy crisis resulting from Russia's invasion of Ukraine has required a temporary extension of service for several coal power plants held in reserve, however, Germany stands firmly by its goal to phase out coal, ideally by 2030.



Solar panels on rooftops in Freiburg, Germany | Source: Shutterstock