

# The German energy transition at crossroads – a critical review of where we are

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## TO CITE

Hoffmann , B. (2022). The German energy transition at crossroads - a critical review of where we are. In *Proceedings of the Paris Institute for Advanced Study* (Vol. 17).  
[https://paris.pias.science/articles/EneTran\\_2016\\_02\\_the-german-energy-transition-at-crossroads](https://paris.pias.science/articles/EneTran_2016_02_the-german-energy-transition-at-crossroads)

## PUBLICATION DATE

23/05/2016

## ABSTRACT

*Les territoires de la transition énergétique : Allemagne, France, Royaume-Uni. IEA de Paris, 23 mai 2016 - Session 1 - Allemagne*

In the presentation, the German energy transition is critically reviewed. The energy transition follows political targets in terms of renewable deployment, CO2 emission reductions and primary energy savings that were defined in the government's energy concept in 2010 and (partly) revised later on. Clearly, the focus was (so far) mostly on the power sector, resulting in a substantial development of renewable power installations, particularly wind onshore and photovoltaics. On the one hand, the development challenges both market players and the power system: utilities face difficulties with regard to their traditional business models, the electric network experiences bottlenecks which need to be

solved by system security measures. The government reacts to these challenges by adjusting the market design and incentive schemes whilst trying to limit the costs for final consumers. On the other hand, the energy transition creates also room for innovation which is transferred into interesting business opportunities in the field of decentralized generation and energy services. On local level, municipal energy suppliers (“Stadtwerke”) are more and more affected by the energy transition which adds also pressure on municipalities due to their strong financial links. The future success of the energy transition depends on several factors including achievement of CO<sub>2</sub> targets, limitation and (fair) allocation of costs, security of supply, and the involvement and acceptance of the society.

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