

German and UK Energy Politicisations: Crisis, Embedded Institutions and Change Narratives

ICPP, Milan
1st July 2015

Caroline Kuzemko
Energy Policy Group, University of Exeter



New Thinking For Energy



Politicisation and Change

- Depoliticised subjects, or policy areas, as not having been open to credible, critical debate: orthodoxies, foreclosure, few mechanisms for public representation
- Politicisation as a means of *contesting* embedded ideas and interests (the 'taken for granted'), argue for change at a point in time
- Crisis, profound problems: agency and attention
- Crisis as opportunity to contest, to prove (policy) failures, but as requiring interpretation: crisis narratives contest
- Contingencies/context:
 - Type of pre-existing system/institutions
 - What ideas, how deeply embedded within systems
 - Understandings of topic of crisis (energy, climate, finance)

Type of Change: Degrees of Compromise

- (Multiple) change narratives interpret crisis, critique existing system, suggest *solutions* whilst forces for continuity respond/provide counter-arguments
- Actual changes (types) will result from compromise reached between narratives for change and continuity – mediated by existing institutions (winners/losers)
- Change as comparative - part of old always survives
- Types of politicisation/temporality, scale of change:
 - Crisis recognised, increased public attention, but closed down ('special' measures, existing institutions, behind closed doors)
 - Credibly contest foundations of existing policy/system and recommend institutional change as solution to crisis. Leave new institutions open to contestation?

Climate Change-Energy Nexus

- Climate change mitigation requires energy system transformation, and governance plays central role
- Differential capacities for driving system (energy) change...
- What are the contestations of energy policy and market structures?
- What are the narratives for continuity?
- What sorts of compromises are reached: contingent on these narratives, and how they are interpreted and mediated by existing institutions

UK: Energy-Climate Narratives

- Contestations (liberalised, fossils, centralised, supply):
 - Climate change (Stern, science), not environment
 - Generation plants due to close (nuclear/coal/gas)
 - Energy supply insecurity/imports (home grown)
 - Government intervention/support required to enable energy system transition (clean, demand management)
- Forces for continuity (slow change):
 - Markets work (more incentives), state role limited
 - Centralised, supply-oriented system deeply embedded in market rules, regulations and structures
 - Traditional energy important to security and economy; highly financialised (interests of capital)
 - Finance to be based on market rates
 - Austerity, cost effectiveness – objectives

UK: Compromises Favour Continuity (Mixed)

- Climate Change (yes) but ‘Market Failure’:
 - Long-term emissions targets, but not renewables/efficiency
 - New public bodies (DECC; CCC); Treasury oversees/veto (austerity, traditional energy as tax payer/employer)
 - Contracts for Difference (**nuclear**, renewables) and Capacity Market (gas and coal generation not demand)
- Policies and regulations reward scale (centralised not distributed energy)
- Support for gas and oil extraction (shale/North Sea/**CCS**)
- Renewables (RO/CfDs/FiTs) but:
 - *Beyond 2020 no targets* (2020 target 15% - meet?);
 - Onshore wind: planning decided locally now, and subsidies to end
- Continued contestation but p.e. energy/party matters

Germany: Energy-Climate Narratives

- Contestations (fossil fuel, liberalised, supply oriented):
 - 1970s: dependence on imports (oil and gas)/efficiency
 - Green/environment; consensus on transition - Fukushima
 - Post liberalisation Big 4 dominate vs. **Municipal/Civic Energy**
 - Industrial modernisation, knowledge and jobs (leadership)
 - Forces for sustainable change more deeply embedded
 - Nuclear and coal should be phased out...
- Forces for continuity (slow change/compensate):
 - Embedded coal interests embedded (jobs, existing infrastructure)
 - Industrial competitiveness – heavy industry and costs of change
 - Big 4 incumbent electricity companies: legality of FiT
 - Energy security (again): need for capacity markets
 - Cost distributions unfair, some Länder object to new transmission

Germany: Compromises Favour Contestations

- Long-term Climate Mitigation Commitment:
 - Targets for renewables and efficiency to 2050: leadership
 - Risk-free FiT and priority access: negative wholesale elec. prices
 - KfW directed to support sustainable projects/low rates
 - Revisions to FiT as context changes (solar costs; customer prices)
- Distributed/Municipal energy:
 - 95% renewables medium/small/local and ‘remunicipalisation’
 - Support at Land level (learning, technology experiments, funds)
 - New jobs, benefits and deliberation at Federal and Land level
- Concessions to continuity narratives:
 - Heavy industry exempt from some costs
 - Coal still 40% electricity – not yet targeted/phased out
- General social laws/welfare provides more support, unequal distribution of costs and benefits

Conclusions: Types of Politicisation

- One off (market liberal):
 - Recognise the problem but close down debate through temporary changes: works better when subject is not high priority or little detail known about the issues (technical)
 - Problem narrowing (CO2 = use nuclear) – security, debate at national (elite) not local level
 - Policy change without system change (new targets/bodies)
- Ongoing (different concept of politics):
 - Establish targets, institutions, networks: goal orientation
 - Recognise ‘winners’ and ‘losers’ – act to make fair
 - Open to more policy change: unprecedented/learning necessary – deliberation more ongoing/widely spread
- Capacity for agency related to **types** of embedded institutions (learning, role of state, role of energy)

Compare Current Narratives

- Gabriel on coal and how to balance interests:
<https://www.cleanenergywire.org/de/node/830>
- Amber Rhudd on onshore wind:
- WITH PHOTOS?

Conclusions: Types of Politicisation

- Temporary:
 - DECC can shrink in size once Capacity Market and Contracts for Difference established
 - Treasury remains highly influential
 - Government can recede (and markets drive change) in some areas, but not others (fracking)
- Centralised:
 - Westminster elites – complex issues/terminology
 - How crisis interact with politicising narratives – what type of politicising narratives and what type of existing institutions/forces for continuity
- Multiple crises, ongoing vs. one off ability to contest

- New institutions (targets; DECC; CCC; Green Bank)
- Solutions often market based and/or dependent on incumbents to implement (except solar FiT)
- Financial support (where available) based on market rates (Green Bank; Green Deal) – support capped (CCL)
- Continued support for gas, oil and *nuclear* industries (CfDs). Capacity Market rewards fossil fuel plant/*not demand response*
- Policies reward scale, *little done to localise energy*
- Renewables (RO/CfDs/FiTs) but:
 - *Beyond 2020 no targets* (2020 target 15% - meet?);
 - Onshore wind: planning decided locally now, and subsidies to end
- Little done to distribute costs fairly/protect vulnerable:
 - Price rises for domestic, far less for commercial customers
 - ‘Unnecessary’ winter deaths