

The Political Economy of Energy Transitions in Germany and Britain

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Caroline Kuzemko
Energy Policy Group, University of Exeter



New Thinking For Energy



Variety in Sustainable Energy Transitions

- Germany and Britain 'leaders' in climate mitigation:
 - Emissions reduction targets to 2050
 - Focus on energy (electricity) system transition, with costs passed onto consumers
- BUT quite different nature of transition:
 - **Germany:** ambitious/detailed targets; more RES; civic and municipal engagement; distributed energy; new business models; accessible grants/low cost loans
 - **Britain:** large corporations to drive change; RES owned by large companies; low levels civic engagement; loans at market rates;

Explaining Differences

- *Why* different: transition and domestic contingencies
- Different types of politico-economic interactions:
 - CMEs better at enabling radical technological innovations, leadership and supporting vulnerable via welfare
- Schmidt's MoC: electoral systems important
 - Interest representation, corporatist systems/goal (Crepaz 1995)
 - Electoral systems, PR and Greens (Iversen & Soskice 2006)
 - First past the post and adversarial politics (Hay 2004)
 - Conditions under which parties can influence (Evrard 2012)
- BUT:
 - Crouch (2005): some sectors (LMEs) heavy state intervention
 - How policymakers interact with incumbent energy actors

Bringing Insights Together

- **Party Politics:**
 - Who is in power, manifesto, ability to lead
- **Political Systems:**
 - Electoral system (PR versus first-past-the-post)
 - Federal versus Central
- **Ideas:**
 - Preferred roles for state and market (type of instruments)
 - Causes and solutions re: climate change
- **Energy Interests:**
 - Demands of existing industry: oil/gas/coal (power)
 - Type of embedded energy institutions: producer, consumer – different role of energy in economy

Germany's Transition in Domestic Context

- Party politics – transition consensus but HOW:
 - Red/Green (BMUB): innovative and radical
 - CDU/CSU (BMWFi): focus economic costs, change EEG
- Political System:
 - Proportional Representation: Green MPs
 - Federal System: regional, local organisation (finance)
- Energy Interests:
 - Distributed energy systems: municipals
 - Coal (lignite/employment) – difficulties in phase-out
- Ideas:
 - Role of state: leadership, market creation, coordinate
 - Welfare supports vulnerable users
 - Climate mitigation as economic opportunity: embeds change

Britain's Transition in Context

- Party Politics – Climate consensus:
 - New Labour: Climate Change Act 2008; DECC
 - Conservatives: pull-back support for efficiency, PV and onshore renewables; NIMBY interests
- Political Systems:
 - First past the post: Greens = 1.16m votes but 1 seat
 - Centralised authority: little local/regional organisational support for local/distributed energy
- Ideas:
 - Markets to innovate: influence of incumbents over policy
 - Fiscal policy: austerity (less welfare, transition as COST)
- Energy Interests:
 - Max. economic recovery North Sea and shale
 - Centralised electricity system since 1950s

Conclusions

- Highly complex domestic politics of transition – insights for other sectors here (transport, agriculture)?
- Party politics matter:
 - Pace and instruments chosen (rejected)
 - Degree of uncertainty
- Transitions can become embedded/gain their own momentum, which makes it harder for incoming parties to make significant changes
- Targets set direction (influence departmental mandates) making it harder for new parties to deviate from course, but leaves routes open to change