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German power lobby sees shortfalls due to coal, nuclear phase-out

Vera Eckert

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FRANKFURT (Reuters) - German power companies warned on Monday of a potential gap between conventional electricity capacity and demand by 2023 due to a phasing out of nuclear energy and highly polluting coal, and urged policymakers to help investors by rewarding new capacity.

Germany, Europe's largest economy, may retire 26,000 megawatts (MW) of electricity capacity by 2023 - the equivalent of 26 nuclear power stations - while probably adding only 4,650 MW according to current plans and building activity, the German energy industry association BDEW said.

"New capacity joining the market is not sufficient to compensate for what is disappearing in the successive exits from coal and nuclear," said Stefan Kapferer, BDEW's managing director, in remarks prepared for delivery at a news conference.

"The bottom line is that we must build, build, build," he added in the draft statement on the first day of the Hanover industrial trade fair.

BDEW, which represents 1,800 operators of power, gas and water supply and distribution, forecast that installed conventional fossil fuels capacity could fall to 67,300 MW by 2023, from 88,600 MW now.

However, the energy regulator is working on the assumption that maximum demand for power in Germany could total 81,800 MW, demonstrating that current development creates a possible mismatch, as power cannot be stored to any significant extent.

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In theory, Germany’s renewable power capacity from wind and sunshine has separately reached a level of around 118,000 MW, which alone could meet 100 percent of expected demand, but this is highly dependent on weather conditions. If the conditions are unfavorable, green power could completely evaporate.

That is why the energy regulator has declared 6,900 MW of old plants that operators had earmarked for closure as “system relevant” and has banned their shutdown, BDEW data showed.

The German government aims to meet its climate targets by raising the contribution from renewables to total electricity output to 65 percent by 2030 from the current level of 40 percent.

Meanwhile, Germany’s withdrawal from nuclear energy will remove 10,000 MW of capacity by 2022 while the coal exit schedule will likely lead to cuts of 7,700 MW between 2017 and 2022 and of 14,700 MW between 2022 and 2030.

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Kapferer demanded incentives for gas plants that have become unprofitable due to high fuel prices, and for pumped storage plants that have been closing amid unfavorable regulation.

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Network expansion is also urgently needed, Kapferer said. Grids to transport green power are years behind schedule.

Reporting by Vera Eckert; Editing by Tassilo Hummel and Gareth Jones

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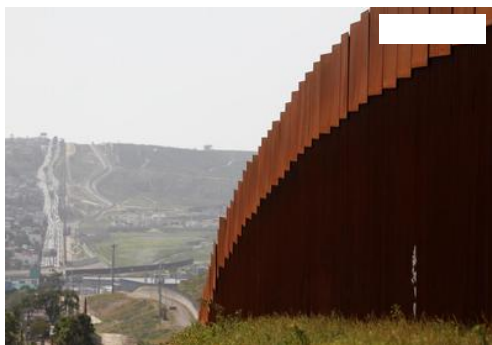


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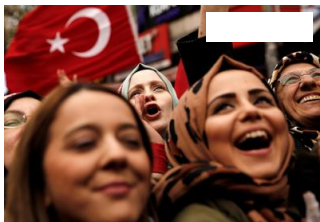
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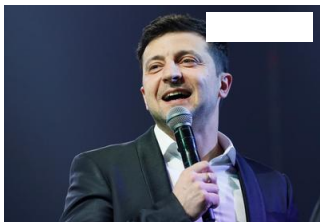
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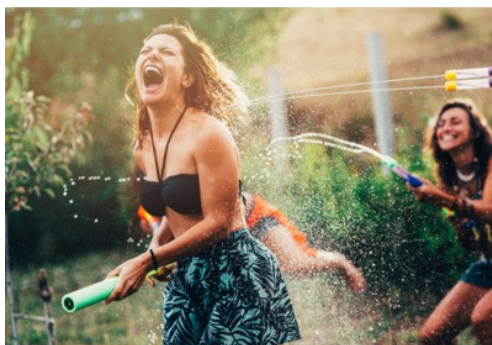


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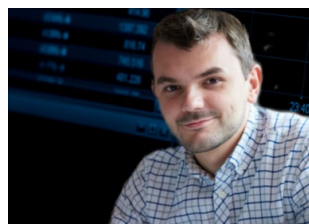
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