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Germany's green guru touts feed-in tariffs

Changing to renewable energy 'not expensive'

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Both the government and the financial sector have a bigger role to play in Thailand's shift to renewable energy, says a German politician and energy policy expert.

Hans-Josef Fell, a Green Party member of Germany's parliament, said shifting to renewable energy will not be a burden on the economy.

Hans-Josef Fell: No economic burden

Indeed, high fuel prices have already financially strained many areas of the economic system.

"Often it is believed that it [renewable energy] would be a burden for the economy, but it is not," Mr Fell said during a visit to Bangkok.

One of the measures governments can adopt to increase the share of renewable energy in electricity is the introduction of feed-in tariffs, said Mr Fell, who was the key architect of his country's feed-in tariffs.

Hailed as the impetus for Germany's success in becoming a green economy, feed-in tariffs promote private investment in renewable energy.

They put less of a burden on the state than the current adder system, under which the government gives investors a rather high additional payment on top of normal electricity tariffs.

Thailand has used the adder system for wind and solar energy, while feed-in tariffs have been announced for electricity from Napier grass.

"The key is also to have different feed-in tariffs for all sources of renewables, a long period of 20 years for secure feed-in tariffs and privileged grid access," said Mr Fell, adding that guaranteed grid access is a must for newcomers.

He said feed-in tariff regulations should not cap production, as investors would see no chance for further investment and move elsewhere.

The government can also offer tax breaks on biofuels to spur demand.

Renewable energy prices have declined sharply in recent years. A US study found that electricity produced from solar power is now cheaper than energy from a new nuclear power station.

Energy from fossil fuels is cheap because it is highly subsidised, according to the International Energy Agency.

The group said worldwide subsidies for fossil fuel energy totalled US$523 billion last year compared with $88 billion for renewables.

Mr Fell recommends renewable energy for rural areas in the form of solar homes and biogas stations, thus reducing the portion of income needed to pay for expensive electricity and fuel.

Thailand might learn from the success of microcredit programmes used in Bangladesh. It could also talk to other nations with success stories such as New Zealand, Denmark and Iceland.

"The story behind Germany's success is not only the feed-in tariff law but because people know about it and want it," said Mr Fell.

"There are millions of new investors in renewable energy, not monopolies."

He said the financial sector including banks, insurance firms and pension funds, can help to accelerate the use of renewables.

Global financing for renewables doubled to $253 billion from 2008-12.

In Germany, renewable energy and organic farming have become stable investment sources for banks in contrast to the trend in fossil fuels.

Some German banks that only make investments in renewable energy and organic farming grew quickly during the financial crisis, as people saw their deposits were secure.

Meanwhile, banks that invested heavily in fossil fuels saw a decline in value and even bankruptcy, said Mr Fell.

Renewable energy now provides 400,000 jobs in Germany, ranking second behind the automotive industry.

The country has phased out nine nuclear reactors and increased the share of renewable power to 33%, mostly from wind, solar and biogas.

It boasts the cheapest electricity in Europe, exporting to France, Belgium and the Netherlands.

"Renewables can grow much faster and much more cheaply than everyone believes," said Mr Fell.

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