

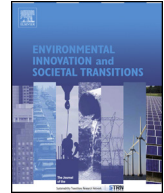


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The politics and economics of constructing, contesting and restricting socio-political space for renewables – The German Renewable Energy Act

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ABSTRACT

This paper addresses the politics and economics of constructing, contesting and reducing the “socio-political space” for renewables connected to the German Renewable Energy Act (EEG). The political discourse is traced, revealing a gulf between “fit and conform” versus “stretch and transform” narratives. The former focus on short-term consumer costs, short learning periods and cost reductions from R&D rather than from market formation. The latter focus on total costs and acknowledge the need for lengthy learning periods and market formation to reduce costs. The version of the “fit and conform” narrative which recently became dominant, misrepresents the EEG surcharge, exaggerates the “burden” by ignoring external costs of fossil generation and doesn’t consider inter-generational equity issues. This reflects the defensive reactions of a politically entrenched industry caught in a process of creative destruction, appealing to political actors such as the European Commission by invoking Europe’s industrial competitiveness and (ideologically shared) technology-neutral policies.

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1. Introduction

Institutional¹ alignment is central to large-scale transformation processes (Freeman and Louca, 2002) and includes alterations in norms, beliefs and regulations. As an alignment enables access to resources and markets, firms and broader coalitions compete to gain influence over institutions (Van de Ven and Garud, 1989). “Battles” over the construction/restriction of a “socio-political space” for new technologies are, therefore, inherent in transformation processes involving potential path-breaking innovations (Smith and Raven, 2012). Constructing and maintaining such spaces involves a political process of building legitimacy, creating positive expectations and influencing regulations shielding the space and nurturing innovations. Maintaining and developing the space rests on empowering advocates “... to obtain more active protective measures, that assist in further nurturing, greater empowering, and eventually the institutionalisation of the innovation” (Smith and Raven, 2012, 1034).

Smith and Raven (2012, 1030) distinguish between two perspectives of empowering – “fit and conform (F&C)” and “stretch and transform (S&T)”. The former “makes the niche innovation competitive with mainstream socio-technical practices in otherwise unchanged selection environments” whereas the latter “aims to undermine incumbent regimes and transmit niche-derived institutional reforms into re-structured regimes.” These perspectives are supported by different discourses: F&C emphasises conventional selection criteria (e.g. cost-efficiency) and temporary shielding needs (Smith and Raven, 2012, p. 1033); S&T argues that the selection environment, i.e. the rules of the game, needs to be changed. Politics is most prominent in S&T processes and it requires power and collective action of political networks to influence institutional change, e.g. in the form of institutionalising environmental values.

In 2000, the German Renewable Energy Act (EEG) replaced the 1990 Feed-in Law as deployment support, leading to (a) large-scale deployment of renewable energy technologies; generation grew from 29 TWh in 1999 to 161 TWh in 2014 (AGEB, 2015) (b) distributed ownership; 1.3 million generators in 2012 and (c) a German industry employing well over 350,000 in 2011 (FME, 2012). This reflects the creation of a large “socio-political space” empowered by a clear S&T discourse. This law, and its 2004 amendment, were, however, contested by big utilities, energy-intensive industry, the Ministry of Economic Affairs, and Conservative and Liberal parties.² A brief pragmatic consensus between Conservatives and Social Democrats (2005–2009) ended when a Conservative-Liberal coalition returned to power in 2009, arguing the need to restrict the “excessive” deployment of renewables to make *Energiewende*³ “affordable”. By 2012–2013, many in the coalition questioned the whole structure of EEG.

The German debate on “affordability” spilled over to other countries, and the European Commission’s (2013, p. 2) Green Paper on climate and energy policy for 2030 argued that a central consideration for future policies is “concerns of households about the affordability of energy and of businesses with respect to competitiveness”. Another example is the head of the Committee on Industry in the Swedish Parliament, who explicitly linked the German price of electricity (for non-privileged customers) of about 28 eurocents to German wind power policy (Odell, 2014). Hence, EEG was contested since its start and with increasing ferocity at the same time as both IEA (2013a) and World Bank (2014) warned, in strong terms, of the risks of global warming.

This paper addresses the politics and economics of constructing, contesting and reducing the “socio-political space” for renewables connected to the 1990 Feed-in Law and the EEG with particular emphasis on the discourse and its impacts on institutions, i.e. the politics of empowerment.⁴ We

¹ We are grateful to two reviewers and Sjoerd Bakker for useful comments on earlier drafts. Jacobsson’s contribution was funded by Region Västra Götaland.

² In 2000, the adversaries included the European Commission (Lauber and Schenner, 2011).

³ *Energiewende* is the German term for the transformation of the energy system based on a shift to renewable energy and energy efficiency, in use since 1980.

⁴ The features of the 1990 Feed-in Law and EEG, e.g. priority access for renewables and unlimited purchasing obligation (Section 2) empower, of course, the niche actors to displace conventional generation. Deployment support is, therefore, not only linked to shielding and nurturing but also to empowerment. The deployment support also influences empowerment via its impact on the formation of advocacy coalitions which are strong enough to obtain more protective measures, strengthening

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