

PRESS RELEASE

A statement by Apricum – The Cleantech Advisory on the German solar incentive policy:

German solar incentives – ready for change

Berlin, Germany - Oct. 16, 2009 – The German solar incentive policy is being heavily criticized for being ineffective and incurring high costs, upwards of several billion Euros. Nikolai Dobrott, Managing Partner of Apricum, an international management consulting firm with an exclusive focus on Cleantech and Renewable Energy, disputes these claims. The initial support through the “Erneuerbare Energien Gesetz (EEG)”, the renewable energy law, was essentially right and is copied by other countries. However, now the time has come to consider adapting the policy to the current market development. Dobrott, former *Director of Renewable Energies and Resources* at Invest in Germany, the German federal economic development agency, played an essential role in the creation and expansion of Germany’s renewable energy industry.

Spiegel recently published an online article titled, “Gabriel’s solar policy leaves billions of debt”, which claims that the solar incentives allotted by the grand coalition will cost German taxpayers approximately € 27 billion in the long run. Consumers will bear these costs throughout the next 20 years, as this is the time frame for which the remuneration for solar electricity is legally guaranteed. At the same time the results are said to be marginal – solar energy only accounts for one percent of the German electricity production.

“I disagree with the Spiegel article and strongly advise against a sweeping dismissal of the German solar incentive policy” says Dobrott. “The economic goal in the mid- 90s was to install an internationally competitive and future-proof industry in a county focused on exports and characterized by high wage levels. At the same time the industrial infrastructure in the region of the former Eastern Germany was to be improved. To this day, these goals have been successfully implemented. Germany has chosen the right strategy with its subsidies defined in the renewable energy law (EEG). It has granted excellent start-up conditions to an industry with an enormous mid- and long-term potential. Simply put, investing in markets with high growth potential is a successful entrepreneurial strategy.”

Cleantech, meaning new technology and related business models that offer competitive returns for investors and customers while providing solutions to global challenges. The development within the Cleantech and especially the solar market today, make this sector internationally attractive and Germany finds itself in an excellent competitive position. More than that with the incentive policy approximately 80,000 direct and three to four times as many indirect jobs have been created in the solar sector - most of them in the economically depressed region of the former Eastern Germany. “This is a remarkable success. Today Germany is the leading supplier of solar technology with advanced technical know-how and innovative products. The only country comparable in terms of production volume is China, which by the way massively subsidizes its solar industry”, Dobrott continues.

Incentive policies should be adapted

The latest developments justify the question, to what extent the German incentive policy should be reconsidered and adapted to the state of the market. Prices for solar modules have decreased significantly during the last year which implies that operators’ investments pay off earlier. A financing at previous levels is no longer necessary. Regarding Apricum’s opinion, the time has come for a readjustment. It is also the time to prove whether solar energy can substantially contribute to a clean energy supply. It would certainly be detrimental to abruptly discontinue the solar incentives in Germany. But it would also be the wrong path, to over-subsidize the German solar market. More important right now is to push the business internationally. In some markets, for example in some regions of the US, Italy, or in the Middle East, grid parity has almost been reached. That means solar electricity in those locations is competitive to electricity from conventional sources without the influence of subsidies. Germany’s solar industry must be present in order to assist with the future course of sales. “On the one hand this requires entrepreneurial skills, but on the other hand legislation should also support this by reducing incentives in Germany gradually and invest the vacant financial means in supportive action“, says Dobrott.

When tapping into new markets abroad, cooperating with foreign partners can be advantageous. Employing economies of scale should become a crucial consideration.

About Apricum:

Apricum is a globally operating management consultancy with a special focus on the Cleantech industry. The team of internationally experienced advisors support their clients – companies, investors and public institutions – in making strategic decisions like the preparation of market entry, the search



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for finance or technology partners or the creation of a local Cleantech industry. The team currently consists of 20 seasoned experts with several years of experience in senior positions in the Cleantech industry, in management consulting, in corporate finance and investor advice. Headquartered in Berlin with an international network of senior advisors in Istanbul, London, Boston, San Francisco and Seoul Apricum guarantees highest consulting standards. Please find more information and further references at www.apricum-group.com or contact:

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