Country profile –Germany

Country: Germany												
Support schemes	Electricity and heat production			Consumption				Transport		Supply and others		
	RES	Fossil	Nuclear	RES	Fossil	Electricity	Heat	Biofuels	Fossil	RES	Fossil	El.\heat
1. Direct subsidies												
Direct on-budget subsidies		9										
Feed-in tariffs	2											
Feed-in premiums	7, 6											
Adjustment Aids		18, 12										
Inherited liabilities												
Induced transfers												
Others	5, 4, 3	8										
2. Fiscal measures												
Energy Tax Allowance												
Energy Tax Exemptions		15, 14			23, 22, 21, 20, 16, 13	16		11	26, 25, 24			
Other Tax Deductions					28, 28, 27	28, 28						
Earmarked refunds of taxes					19							
3. Transfer of risk to government												
Adjustment Aids												
Inherited liabilities		17										
Others												
4. Other financial measures												
Adjustment Aids												
Other Tax Deductions												
Others												
5. Non-fiscal measures												
Quota obligations								10				
Priority Grid Access	1											
Others												

No.	Datasource	Description
1	RES-LEGAL	In Germany, electricity from renewable sources is supported through a feed-in tariff. The criteria for eligibility and the tariff levels are set out in the Act on Granting Priority to Renewable Energy Sources (EEG). According to this Act, operators of renewable energy plants are statutorily entitled against the grid operator to payments for electricity exported to the grid. The EEG also introduced the so-called market premium and the flexibility premium for plant operators who directly sell their electricity from renewable sources. Moreover, low interest loans for investments in new plants are provided for by different KfW-Programmes (Renewable Energy Programme –Standard, Programme offshore wind energy, Programme geothermal exploration risk).
2	RES-LEGAL	Feed-in tariff (EEG feed-in tariff) - In Germany, the most important means to promote electricity from renewable sources is the feed-in tariff as set out in the EEG.
3	RES-LEGAL	Loan (KfW Programme Geothermal Exploration Risk) - The KfW Programme Geothermal Exploration Risk covers investment costs connected to drilling activities including the required stimulation measures prescribed by KfW as part of project study. The loan amounts to max. 80% of eligible investment costs with different interest rates accounting for the different exploration risks. Only geothermal projects with at least two deep drillings are eligible for support.
4	RES-LEGAL	Loan (KfW Programme offshore wind energy) - The KfW Programme offshore wind energy provides loans and financing packages to support companies wanting to invest in offshore wind farms in the German

		Exclusive Economic Zone or in 12 nautical-mile zone of the North and Baltic Sea. Project financing is granted in different forms: a) direct loans under financing by bank syndicates; b) financing package combining a KfW on-lent through a bank loan and a direct loan from KfW; c) in addition to a) and b), a direct loan under bank syndicates is granted covering unforeseen costs during construction phase.
5	RES-LEGAL	Loan (KfW Renewable Energy Programme – Standard) - The KfW Renewable Energy Programme –Standard gives low interest loans for investments in installations for electricity production in accordance with the EEG. Plants erected abroad are eligible for the loan if they are constructed close to the German border and thus, indirectly have an impact on the improvement of the environment in Germany, or if the investment is done abroad by a German company. It is a long-term and low-interest loan (effective interest rate of 1.0% per year) with a fixed interest period of 5 or 10 years including a repayment-free start-up period (KfW Renewable Energy Programme Standard). The plant operator or investor signs a contract with the bank (Hausbank) specifying the terms of contract. If not agreed differently between the contracting parties, the KfW Rules for investment loans apply.
6	RES-LEGAL	Premium tariff I (market premium) - Instead of receiving the feed-in tariff for electricity from renewable sources, a plant operator may choose to sell his electricity directly, i.e. to a third party by a supply agreement or at the stock market, and claim the so-called market premium from the grid operator. The amount of the market premium shall be calculated each month. In general, plant operators are free to choose between the feed-in tariff and the market premium for direct selling. Large biogas plants put into operation after 31 December 2013 will not be eligible for a feed-in tariff.
7	RES-LEGAL	Premium tariff II (Flexibility premium) - The operators of biogas plants who sell their electricity directly, i.e. sell them to third parties by supply agreements or at the stock market, may claim a flexibility premium for providing additional installed capacity for on-demand use. For a plant operator to be eligible for the flexibility premium, he shall provide additional installed capacity that may only be used on demand rather than on a regular basis. This premium may be received on top of and separately from the market premium.
8	RES-LEGAL	Loan (KfW Low-interest loan) - In the framework of the Market Incentive Programme (MAP), KfW provides low-interest loans and grant repayment support (Tilgungszuschuss).
9	RES-LEGAL	Subsidy (Investment Support) - In the framework of the Market Incentive Programme (MAP) BAFA provides investment support for heat produced in existing buildings.
10	RES-LEGAL	Biofuel quota - The main means of support for renewable energy sources used in transport is a quota obligation. The mechanism obliges companies importing or producing petrol, gas or diesel fuels to ensure that biofuels make up a defined percentage of the company's total annual sale of fuel as set out in the Biofuel Quota Act. Obliged fuel suppliers may assign this obligation to other companies (§ 37a (4) BImSchG). From 2015, a greenhouse gas reduction quota will replace the biofuel quota (§ 37a (3a) BImSchG).
11	RES-LEGAL	Tax regulation mechanism (Reduced tax rate for biofuels) - The Energy Tax Act on mineral oil products obliges companies producing,

		processing, holding, receiving or dispatching energy products to pay a defined amount of tax (§ 8 EnergieStG). The tax relief for biofuels varies depending on the type of biofuel. The tax deduction is only granted if the produced amount of biofuel is pure and not used to fulfil the biofuel quota (§50 EnergieStG in connection with §37a (1); (3) and (3a) BimSchG (). Biofuel produced in line with §50 (4) 1.-2. EnergieStG is exempted from this rule.
12	OECDTADFFSS	Combined Aids in North-Rhine Westphalia. General support to the hard coal industry in order to ease its gradual decline. The programme still gives rise to significant federal and state annual payments. It is due to expire at the end of 2018.
13	OECDTADFFSS	Manufacturer Privilege. Coal, natural gas, and petroleum products used by energy companies as process energy (i.e. not as feedstock) are, under this measure, exempted from the energy tax that normally applies to final consumption of fossil fuels.
14	OECDTADFFSS	Mining Royalty Exemption for Hard Coal. German mining companies are subject to a two-layered royalty system in which the federal government sets a guideline that Länder can decide to follow or not. The Federal Mining Act (BBergG) of 1982 sets the said guideline at 10% of the market value of production. The state of North-Rhine Westphalia which accounts for about 90% of Germany's hard coal production maintains royalties on hard coal at 0%.
15	OECDTADFFSS	Mining Royalty Exemption for Lignite. Coal-mining companies in Germany are subject to a two-layered royalty system in which the federal government sets a guideline that Länder can decide to follow or not. The Federal Mining Act (BBergG) of 1982 sets the said guideline at 10% of the market value of production. Most of Germany's Länder do not, however, levy such a charge on production of lignite.
16	OECDTADFFSS	Energy Tax Relief for Energy-Intensive Processes. This tax expenditure exempts certain energy-intensive processes and techniques from the energy tax that has been levied since 1999. It applies mostly to particular processes in the steel and chemical sectors.
17	OECDTADFFSS	Rehabilitation of Lignite Mining Sites in East Germany. The programme will be in operation at least until the end of 2012, as stipulated by the current federal document regarding the financing of rehabilitation of lignite mining sites in the years between 2008 and 2012 (VA IV Braunkohlesanierung). The scheme encompasses a wide range of activities, including rehabilitating over 200mining pits in 31 lignite mining areas.
18	OECDTADFFSS	Early-Retirement Payments for Hard-Coal Miners in North-Rhine Westphalia and Saarland. The programme is expected to continue until the end of 2018, while the payments are assumed to continue until the end of 2027.Funding is split between the federal government and the governments of the coal-mining states of North Rhine-Westphalia and Saarland, with the coal-mining states accounting for two-thirds of the total.
19	OECDTADFFSS	Energy-Tax Refund for Diesel Used in Agriculture and Forestry. Since 2005, refunds have been capped at 10 000 litres and a maximum refund of EUR 350 per year.
20	OECDTADFFSS	Energy-Tax Breaks for Agriculture. Lower tax on heating fuel for certain uses.
21	OECDTADFFSS	Energy-Tax Breaks for Manufacturing. Lower tax on heating fuel for certain uses.

22	OECDTADFFSS	Energy-Tax Breaks for Agriculture. Lower tax on heating fuel for certain uses.
23	OECDTADFFSS	Energy-Tax Breaks for Manufacturing. Lower tax on heating fuel for certain uses.
24	OECDTADFFSS	Energy-Tax Relief for LPG and Natural Gas Used in Engines
25	OECDTADFFSS	Energy-Tax Exemption for Fuels Used in Internal Waterway Transportation
26	OECDTADFFSS	Energy-Tax Relief for Public Transportation
27	OECDTADFFSS	Peak Equalisation Scheme. This measure is closely related to the Energy Tax Breaks for Agriculture and Manufacturing (see above) in that it targets the same fuels and sectors. Following the introduction of a new “ecotax” in 1999, pension contributions were reduced as a way to compensate German companies for the higher taxes paid on energy inputs. The measure therefore provides certain companies with an additional refund on their energy tax bills in cases where the decrease in pension contributions does not prove large enough to offset the new tax burden.