

Brothers, more sun!

A commentary by Markus W. Voigt, CEO of the aream Group

The sun is shining strongly this year - and yet the solar power produced in Germany is still nowhere near enough to cover demand. The wind is making its contribution, onshore and offshore, stably and regularly. But even this is not enough to satisfy the enormous hunger for electricity of one of the world's largest economies. The expansion of renewables is being accelerated, but that, too, will only take effect in years. Nuclear power plants seem like an alternative. But to be honest, they are not part of the solution, in fact they are a big part of the problem.

It is the French nuclear power plants, which are currently not generating electricity or hardly generating any electricity because of maintenance work or low water levels, that are giving Europe the extremely high prices. In the past, France exported nuclear power also and especially to Germany. Even in summer. This year, German gas-fired power plants are running to meet the electricity demand on the other side of the Rhine.

Incidentally, the French electricity price cap is also to blame for this: since the state provides compensation, the French will to save electricity decreases. So German gas-fired power plants deliver extremely expensive electricity to France - and they don't really care because the subsidies take effect. Germany becomes an exporter against its will - at high costs for German private households as well.

A look at the prices paid for electricity in the different regions of Europe shows that Switzerland pays the most, followed by Austria and France. On 31 August 2022, the electricity price on the European Power Exchange for delivery in Switzerland was 664.82 euros, for Austria 651.84 euros and for France 636.02 euros. High demand and expensive production determine the prices here, because in northern Norway, for example, the price was only 8.61 euros at the same time, not least because of abundant electricity from hydropower.

Wouldn't more nuclear power plants or at least the extension of operating times in Germany be helpful? Those who answer "yes" here are thinking in the very short term. More nuclear power plants would only mean creating more of the same problem that is already endangering the electricity supply. If power plants are shut down because of low water levels, it doesn't matter if there are 30 or 100. The water level does not get higher as a result. Especially since climate change is exacerbating the situation. Drier summers are to become the rule, low water levels and thus a lack of cooling for the nuclear power plants are pre-programmed.

In view of the price increases for gas and consequently also for electricity, there can only be one way forward: accelerate, promote and support the expansion of renewable energies wherever possible. Renewable energies already manage without subsidies, at least solar and wind parks. Highly subsidised nuclear power is still seen as a bridge technology, but how long is the bridge going to be? Rightly, it now belongs on the scrap heap of history very soon. Also in France and other European nations that have not really moved yet.

With clever policies, Germany has created the best preconditions to actually become climate-neutral and to obtain all the electricity it needs from renewable energies. This lead should be expanded, not reduced, and then prices will also fall in the long term.

More information: www.aream.de.

About aream

The aream Group is a fully integrated investment and asset manager for institutional investors with a focus on sustainable infrastructure in the renewable energy sector, which includes wind and solar power, grids and storage technology. In this context, aream is represented along the entire value chain from project development to plant operation. With a transaction volume of more than EUR 1.5 billion, the company has been covering the entire spectrum of asset management services for over 15 years and ensures the commercial and technical optimization of the assets. In addition to classic project investments in clean energy, aream also offers investment opportunities in climate-tech companies: directly or via private equity solutions. aream combines investment expertise with technical and commercial know-how and ensures sustainable performance with stable distributions, returns and value growth through a structured investment and risk management process.

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