



Berlin, 6 April 2022

Overview of the Easter Package

*“We are making it our joint mission
to drastically speed up the expansion of renewable energy
and to eliminate all obstacles and barriers.”
(Coalition Agreement, lines 1801-1802)*

A little more than 100 days into the new Federal Government, the Federal Ministry for Economic Affairs and Climate Action is presenting the federal cabinet with a comprehensive package of legislation totalling more than 500 pages on 6 April 2022; this “Easter Package” forms part of the package of immediate energy action and implements many of the energy policies contained in the coalition agreement. There is a two-fold urgency for this. Firstly, the climate crisis is coming to a head. Secondly, Russia’s invasion of Ukraine in violation of international law shows how important it is to shift away from fossil fuels and to press ahead with the expansion of renewable energy. Now, if not before, renewable energy has become a matter of national security. The Easter Package is the largest energy policy revision for decades. It expedites the expansion of renewable energy across the board: on water, on land and on roofs.

Which acts are being revised?

- The Renewable Energy Sources Act (RES Act, or EEG),
- the Offshore Wind Energy Act,
- the Energy Industry Act,
- the Federal Requirements Plan Act,
- the Grid Expansion Acceleration Act and
- further laws and ordinances in the field of energy legislation.

What measures are being taken?

- At the heart of the package is the principle that the use of renewable energy is in the overriding public interest and serves public security.
- The expansion of renewable energy on land and at sea will be raised to an entirely new level so that the electricity supply in Germany will be based almost completely on renewable energy as early as 2035.
- A comprehensive package of measures is being adopted to drive forward the expansion of renewables. For example,
 - new sites will be provided for the expansion of photovoltaics,
 - the participation of the municipalities in onshore wind and photovoltaics will be extended,
 - more low-wind sites will be developed and
 - the policy environment for the expansion of roof-top PV installations will be improved.

- In future, the expansion of offshore wind energy will be based on two equal pillars. In addition to the invitation of bids for sites that have already been investigated, bids will also be invited in future for sites which have not been subject to a preliminary investigation.
- The expansion of renewable energy and the grids will be speeded up as barriers are removed and planning and approval procedures are streamlined.
- The Federal Requirements Plan for the expansion of the transmission systems is being updated and new projects are being included in it so that the grids can keep pace with the expansion of renewable energy.
- The abolition of the EEG surcharge (which subsidises renewable energy via the electricity price) will also massively simplify the rules for consumption of self-produced electricity and make a big contribution to reducing the amount of bureaucracy in energy law.
- The rights of the end-users and the supervisory powers of the Bundesnetzagentur (Federal Network Agency) over energy suppliers will be strengthened in order to give even better protection to electricity and gas consumers.
- In 2035, Germany is to source its electricity almost entirely from renewable energy.

Here are some of the details of the three overarching bills:

Renewable Energy Sources Act (RES Act)

1. Raising the 2030 expansion target to 80 per cent

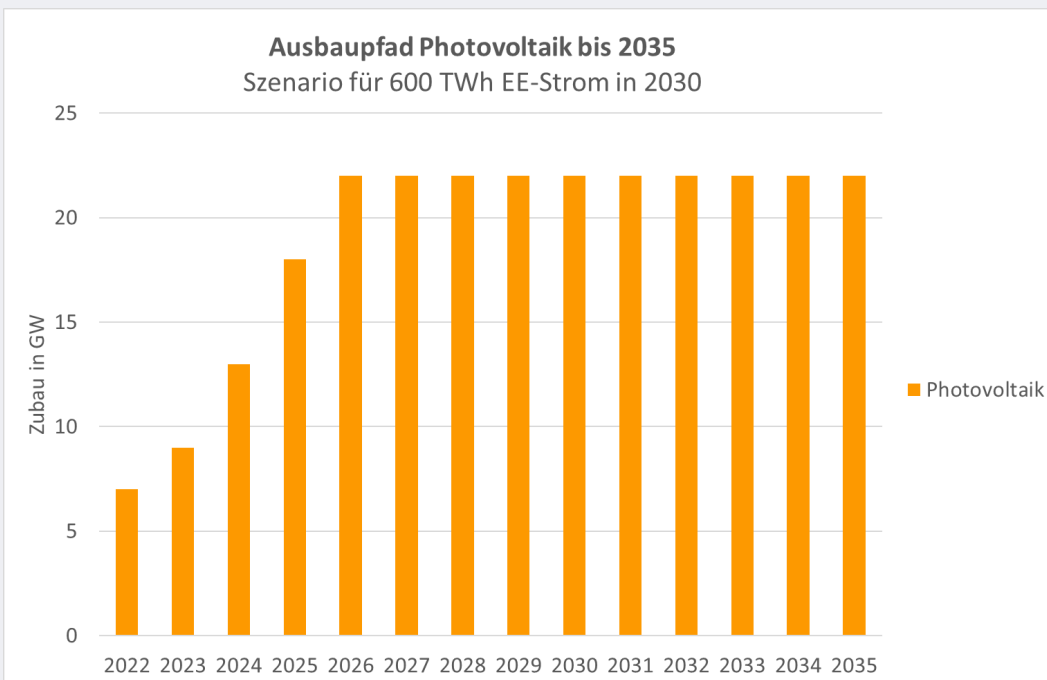
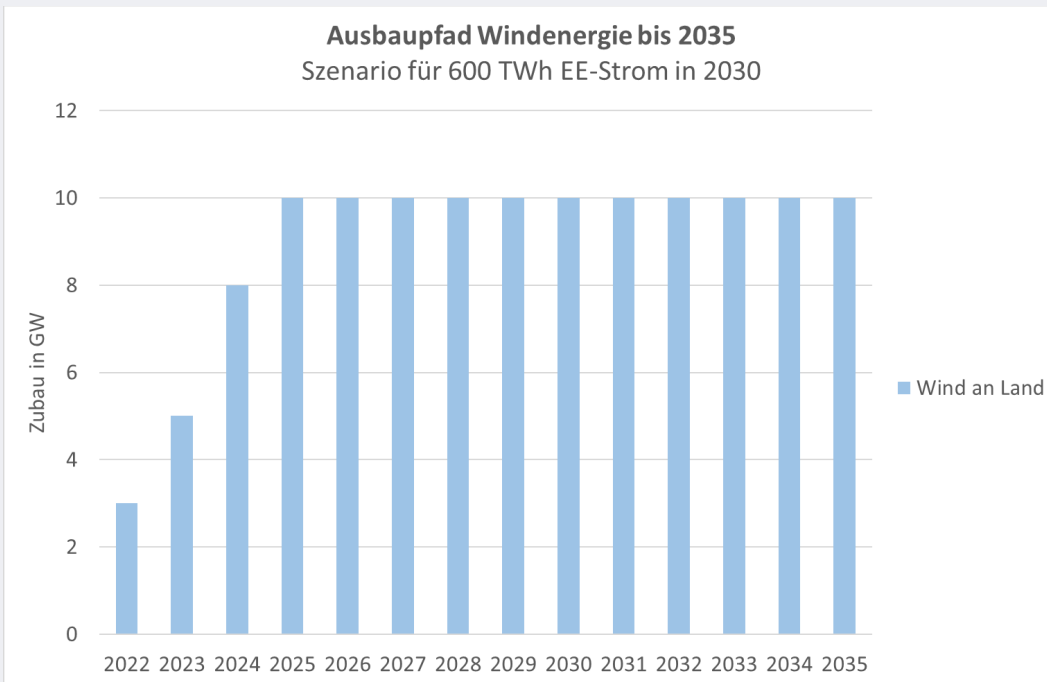
The expansion target for 2030 will be raised to at least 80 per cent of domestic gross electricity consumption. The new 80 per cent target will entail a massive acceleration in renewables expansion. Amounting to only 42 per cent in 2021, the share of gross electricity consumption covered by renewables needs to be almost doubled within less than a decade. Moreover, electricity consumption itself is set to increase due to a variety of factors including increasing electrification of industrial processes, heat and transport (sector coupling). The accelerated expansion of renewable energy and the electrification will result in a swifter reduction in the need to import fossil fuel and will thus reduce our dependence on gas imports in particular. This means that Germany will have to source a total of around 600 TWh from renewable energy in 2030.

2. Primacy of renewable energy

In order to speed up the expansion in all areas of law, the new RES Act will be built on the principle that the use of renewable energy is in the overriding public interest and serves public security. For this reason, when different interests are weighed up, renewables are to be viewed as a priority interest until greenhouse gas neutrality is attained.

3. Adjusting the auction quantities to the new expansion target for 2030

In order to reach the new 80 per cent expansion target for 2030, the deployment corridors will be raised substantially. In the case of onshore wind energy, the expansion rates will be stepped up to 10 GW/year, so that Germany's installed onshore wind capacity should total around 115 GW in 2030. In the case of solar energy, the expansion rates will be stepped up to 22 GW/year, so that Germany's installed solar capacity (roof-top/ ground-mounted/ special solar installations) should total around 215 GW in 2030.



4. In 2035, almost all Germany's electricity is to derive from renewable energy. Germany is to source its electricity almost entirely from renewable energy by 2035, so that the electricity supply becomes largely independent of fossil energy imports.

5. Large set of PV-specific measures

The overall conditions for solar energy will be improved by means of a large set of specific measures geared to the various types of installation.

- The deployment corridor, the PV expansion targets and the auction volumes will be adjusted and the expansion volume will be shared equally between roof-top and ground-mounted installations.

- For roof-top installations that are not covered by the auctions, remuneration in particular will be raised considerably. In future, new installations that feed all of their electricity into the grid will receive adequate funding. Installations where the operators use at least some of the electricity themselves will, in view of the economic advantages of self-consumption, receive lower subsidies than those that feed all their electricity into the grid. The new remuneration rates are to apply already in the course of 2022 – subject to approval under State aid rules – in order to counter any hesitancy in the meantime. Moreover, the degression of the statutory remuneration rates will be suspended until the beginning of 2024 and then converted to a biannual degression.
- In the case of ground-mounted installations, the categories of sites available will be subject to a moderate expansion, taking account of agricultural and nature conservation aspects. In addition to the existing site categories like conversion areas and edge strips, and the expanded disadvantaged areas, there are new categories of agrivoltaics, floating voltaics and moor voltaics.
- The latter categories will be included in the regular auctions for ground-mounted photovoltaics. In view of their higher costs, some agrivoltaic and moor voltaic installations will be granted a bonus in the auctions to enable them to compete.

6. Setting the stage for an accelerated expansion of onshore wind energy

Major obstacles in terms of onshore wind (e.g. too few sites) cannot be resolved by the RES Act itself; they are to be tackled by a separate legislative package to be adopted by the cabinet at a later stage in a second step (“summer package”).

However, to pave the way for these measures, the 2023 RES Act changes some important details. For example, the degression of the maximum value is suspended for two years, the reference yield model for low-wind sites is being improved, and the restriction on the size of pilot wind turbines is being revoked.

7. Gearing biomass use to highly flexible peak load power plants

Funding for biomass will place an increased focus on highly flexible peak load power plants. Harnessing the strength of bioenergy as a storable source of energy will enable it to serve the grid better. The volumes of biomass up for auction will be gradually scaled back, and those for biomethane will be raised to 600 MW/year from 2023. In future, the use of biomethane will be restricted to highly flexible power stations. Also, biomass, a limited resource, will be used more in areas that are hard to decarbonise, like transport and industry.

8. Strengthening citizens’ energy initiatives

With a view to stakeholder diversity, local acceptance and bureaucracy reduction, wind and solar projects by citizens’ energy initiatives will be exempted from the auctions. In future, citizens’ energy projects can also be realised without having to participate in an auction. Due to the requirements in the European Commission’s Guidelines on State aid for climate, environmental protection and energy, this is restricted to wind projects up to 18 MW and solar projects up to 6 MW.

9. Expanding the possibilities for financial participation by local authorities

The financial participation of the municipalities will be moderately revised in the light of the initial experience and developed further with a view to increasing the level of local public acceptance. In particular, possibilities for financial participation will be created for onshore wind energy installations covered by other direct marketing. Municipalities will also be able to have a financial stake in existing onshore wind turbines and ground-

mounted installations; their costs will be reimbursed in the same way as for new installations. Finally, local authorities can make provisions in the interest of nature conservation for (subsidised and unsubsidised) ground-mounted installations.

10. Upgrading the funding for innovation and storage

The innovation auctions are being continued, but switched from a fixed to a floating market premium, since the fixed premium has not worked well. Also, a new auction segment is to be introduced. In order to steady the volatile levels of generation from renewable energy and to trial storage in hydrogen and reconversion in practice, innovative concepts for renewable energy with local hydrogen-based electricity storage are to be funded; this will also promote the market rollout of hydrogen technology. To this end, new combinations of installations are being funded, with renewable energy generation installations being complemented by a local chemical electricity storage facility which uses hydrogen as a storage gas. The new RES Act contains an authorisation to issue ordinances; the relevant ordinance is to be enacted in the course of this year. Also, new biomethane and new CHP installations will be geared to hydrogen (“H2 ready”).

11. Relieving the burden on consumers through federal financing of the RES Act

With the Energy and Climate Fund covering the financing needs for renewables, the funding stipulated by the RES Act will no longer be sourced via an “EEG surcharge” imposed on the electricity price. This will relieve the burden on electricity consumers while strengthening sector coupling. In legal terms, the measure will be implemented in the form of federal grants of the corresponding amounts which will be transferred to the TSOs’ “EEG account”. This will continue the reduction in the EEG surcharge envisaged for the second half of 2022 in the draft act adopted on 9 March 2022 by the Federal Government, bringing it down to zero without a time limit.

12. Improved framework for levying energy surcharges

Furthermore, the way other surcharges in the electricity sector are passed on will be harmonised and regulated in a new Energy Surcharge Act. As before, the Combined Heat and Power Act surcharge and the offshore grid surcharge will only be levied for electricity taken off from the public grid. As a result, there will be no more surcharges on self-consumption and direct delivery behind the grid connection point. In addition to cutting a considerable amount of red tape, this will help to make self-supply far more attractive. Also, with a view to sector coupling, heat pumps are to be exempted from the surcharges.

13. Future-proof foundation for the special equalisation scheme

Once federal money is used to finance funding for renewable energy under the RES Act, the special equalisation scheme will no longer be needed within the scope of the Act. Since the special equalisation scheme also exempts industry from other surcharges (CHP surcharge, offshore grid surcharge), it must be placed on a new basis. Moreover, the new Guidelines of the European Commission on State aid for climate, environmental protection and energy call for a revision of the special equalisation scheme. In the light of this, the special equalisation scheme will be integrated into the Energy Surcharge Act, and the amount of bureaucracy will be considerably reduced. This new legal foundation will provide reliability and certainty, especially for industry.

[Offshore Wind Energy Act](#)

1. Substantial increase in the expansion targets and volumes up for auction

The expansion targets for offshore wind energy will be raised substantially on the basis of the coalition agreements, to at least 30 GW by 2030, at least 40 GW by 2035, and at least 70 GW by 2045. At the same time, the volumes up for auction will be increased and the Offshore Wind Energy Act thoroughly revised, in order to realise this much faster rollout.

2. Contracts for difference in the case of sites which have been subject to a preliminary investigation

For sites which have been subject to a central preliminary investigation, the contract will in future be awarded to the bidder with the lowest value to be applied in a contract for difference running for 20 years. Contracts for difference cut the costs of financing the wind farm, whilst also skimming off excessive revenues for the operators when market prices are high. The income goes to the RES account and reduces the burden on the budget. Funding will only be paid out at times when market prices are very low. This makes it likely that the expansion of offshore wind can take place without public funding in the foreseeable future.

3. New auctions for sites which have not been subject to a preliminary investigation

Bids will also be invited for sites which have not been subject to a preliminary investigation, with the contracts being awarded on the basis of qualitative criteria and an additional payment bid. The qualitative criteria are (i) the energy yield of the installations, (ii) the conclusion of a power purchase agreement (PPA), (iii) compatibility with nature and species conservation and (iv) the suitability of the rotor blades for recycling. The revenue from the payments will be divided up thus: 70 per cent will go into the offshore grid surcharge, 20 per cent will go into nature conservation, and 10 per cent into environmentally friendly fisheries. In this way, the income will help to cut electricity costs and raise public acceptance of the expansion as the interests of nature conservation and fisheries are strengthened. The electricity will be marketed via PPAs. This means that the volumes of electricity are fully available as green electricity for the decarbonisation of industry.

4. Acceleration of the expansion of offshore wind farms and the grid connections

The revision is speeding up all the procedures: the contract for the grid connection will be awarded at an earlier stage, the planning and approval procedures will be streamlined, and the investigations will be pooled together.

Specifically, in the case of sites which have been subject to a preliminary investigation, the planning approval procedure will be replaced by a swifter plan adoption procedure, and rules will be imposed on the duration of the approval and adoption procedures. Environmental impact assessments and consultation rights will be merged together more, and it will be possible to award the contract for the offshore grid connection as soon as the site has been included in the site development plan. This measure will speed up the contract award by several years.

5. Strengthening the interests of offshore wind energy

The expansion of offshore wind (like the expansion of onshore renewables in the RES Act) will be given greater weight in relation to other public assets when decisions are made; in future, it will be explicitly in the overriding public interest. The prohibition on the construction of wind turbines in protected areas will be dropped in favour of a case-by-case examination of whether the construction would undermine the protection enjoyed by the protected area.

Also, the revision regulates the subsequent use and repowering of existing offshore wind farms, and provides rules on the planning and approval of hydrogen pipelines.

[Amendment of the Energy Industry Act, the Federal Requirements Plan Act and the Grid Expansion Acceleration Act](#)

1. Strengthening the position of the end-user and restructuring the basic and substitute supply (Energy Industry Act)

This winter has shown that electricity customers need better protection against turbulence on the energy market. In order to make these and other alterations, the Federal Government is presenting a revision to the Energy Industry Act.

In future, the planned termination of the supply of energy to residential customers must be notified at least three months in advance to the Bundesnetzagentur, and the affected customers must be informed. Further to this, the Bundesnetzagentur will be given additional supervisory powers over energy suppliers.

There will be a new distinction between substitute supply and basic supply. Here, the coupling of the two instruments in terms of pricing will also be revoked for the residential customer segment. This will make it possible for substitute supply prices to take greater account of the actual procurement costs. It will go hand in hand with further transparency requirements relating to the composition of the substitute supply price.

2. Inclusion of new grid expansion projects in the Federal Requirements Plan (Federal Requirements Plan Act)

The Federal Requirements Plan for the expansion of the transmission systems is being updated. 19 new grid expansion projects are being included, and 17 projects amended. The need in terms of the energy industry and the urgent need is stipulated for the new and amended grid expansion projects.

3. Orienting the grid expansion to greenhouse gas neutrality and acceleration (Energy Industry Act, Grid Expansion Acceleration Act and Federal Requirements Plan Act)

The goal of greenhouse gas neutrality in 2045 is being directly included in the Energy Industry Act and becoming a more prominent aspect of the grid planning process. The grid development planning will aim to create a climate neutrality grid. Further to this, the planning at distribution grid level will also be rigorously oriented to the goal of forward-looking and efficient grid expansion with a view to greenhouse gas neutrality.

Also, some changes will be made to the Federal Requirements Plan Act, the Energy Industry Act and the Grid Expansion Acceleration Act in order to promote a rapid implementation of the planning and approval procedures. For example, in certain additional cases, no Federal Sectoral Planning will be undertaken, and it will be possible to make greater use of possibilities to pool together and simplify aspects of planning and

approval procedures. Also, documents will only have to be displayed online, and the preparatory work will be simplified.

Following adoption by the cabinet, the Easter Package will be sent to the Bundestag and enter the parliamentary legislative procedure.