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Germany Extends Nuclear Plants' Life

By JUDY DEMPSEY

BERLIN — The German government has decided to extend the life spans of the country's 17 nuclear plants while alternative energy sources are developed, a move that is also likely to create windfalls for both power companies and strained government coffers.

The decision comes at a time when several European countries, including Italy and Sweden, are reconsidering long-held policies against nuclear power, not only to develop new sources of energy but also to combat [climate change](#).

New taxes levied on utility companies as part of the deal will be used in part to help develop renewable energy sources, Chancellor [Angela Merkel](#) said Monday. But she said [Germany](#) could not afford to get rid of nuclear power as planned because the amount of renewable energy available would not be sufficient to fill the gap.

"[Nuclear energy](#) is a bridge," she said.

Under a German law, passed by a previous government in 2002, the last nuclear power plant was to be shut by 2022. That decision, bitterly resented by the nuclear energy companies, was largely supported by the German public, which has a deep aversion to anything nuclear, a sentiment that intensified after the nuclear accident at Chernobyl.

Recent polls have shown attitudes shifting, however. A survey by Forsa, an independent polling institute, in July found that 81 percent of Germans said the country could not do entirely without nuclear power, up from 59 percent five years ago.

The new accord, reached late Sunday night after months of wrangling inside Mrs. Merkel's coalition of conservatives and the business-friendly Free Democrats, will prolong the life of the nuclear facilities an average of 12 years. The oldest plants, built before 1980, will remain open for a further eight years. Newer ones will be allowed to operate for up to 14 additional years.

Mrs. Merkel, who was an environment minister in the 1990s, called the decision “a revolution for energy supplies,” and said Germany’s energy sector would be “one of the most environmentally friendly and efficient throughout the world.”

Shares in Germany’s big energy companies jumped Monday on the news of the extension. Shares in renewable energy companies also rose, signaling market acceptance of the government’s pledge to increase the share of renewable energy as a source of electricity to 20 percent by 2020, from 15.6 percent now.

Nuclear energy now accounts for 22.6 percent of Germany’s net electricity consumption.

Compared with coal or natural gas plants, nuclear plants are hugely expensive to build. But once up and running, they have been relatively inexpensive to operate.

According to a report published by the DIW, the German Institute for Economic Research, combined profits of the nuclear energy companies could grow by €6.4 billion, or \$8.2 billion, for each year of additional life span.

As a result, the German government will impose a new tax starting next year on the four German nuclear companies — E.ON, RWE, EnBW Energie Baden-Württemberg and Vattenfall. Estimates are it will bring in €2.3 billion a year until at least 2016, money that will go to the general budget.

The companies also will also pay €300 million in 2011 and 2012 and €200 million in subsequent years through 2016 into an investment fund for renewable energy projects.

But at news conferences on Monday, German officials sidestepped questions about the cost of bringing alternative energy to the level needed.

It was also unclear how the funds will be invested. Alternative energy lobbies and analysts said it was essential that the electricity grids be expanded or new ones built to deliver renewable energy to the consumer.

“If the government is committed to renewable energy, then the energy companies have to build more grids to meet growing consumer demand,” said Claudia Kemfert, professor of environment at the Hertie School of Governance in Berlin. Even if that were to be agreed, it takes several years to obtain permission to build new grids because of administrative procedures, she added.

Dietmar Schütz, president of the German Renewable Energy Federation, was pessimistic that this would happen. He also accused Mrs. Merkel of caving into pressure from the

nuclear lobby. "By extending the life of the nuclear power plants, she has placed obstacles to the expansion of renewable energy," he said in a statement. "The cat is now out of the bag."

The nuclear energy companies had spent months lobbying the government to reverse the closure decision that was made by the former Social Democratic-Green coalition, which governed from 1998 to 2005.

The companies also took out full-page advertisements in the main newspapers to convince a skeptical public that a prolongation of the nuclear power industry was needed for Germany's energy security.

Complicating the debate, a recent government-commissioned report said that without nuclear power, Germany could not hope to reach its target of reducing carbon dioxide emissions by 80 percent of 1990 levels by 2050.

A recent Forsa poll found Germans still split on the issue, with 56 percent favoring sticking to the phase-out schedule and 37 percent in favor of extending it. In 2007, the split was 47 percent to 31 percent, with 17 percent either undecided or in favor of immediate closure.

Sigmar Gabriel, leader of the opposition Social Democrats, called the new extension a "black day for energy policy." Along with the opposition Greens, the Social Democrats have vowed to annul it if the party returns to power in the next election, which is not due until 2013.

When Mrs. Merkel's Christian Democratic Union party and the Free Democrats were elected last September, they made no secret that they wanted to extend the life span of the nuclear industry; it was part of their election program.

Her coalition, as it turned out, was far from united on the issue. Norbert Röttgen, the Christian Democratic environment minister, had opposed extending the deadline while Rainer Brüderle, the Free Democrat economy minister, wanted the maximum extension possible.

It is not certain the government can implement the accord without going to the Bundesrat, the parliamentary upper house where the 16 states are represented. The government no longer has a majority in the Bundesrat.

Mrs. Merkel believes she will be able to bypass the Bundesrat because the accord prolongs the phase-out period, but does not overturn the 2002 law. Several states, however, have threatened to take the issue to the Constitutional Court, the country's highest.

