Energy transition

The chemical-pharmaceutical industry supports the goal pursued by the energy transition to make energy supply climate-compatible, secure, and affordable. The industry is doing its part to reduce greenhouse gases and, in 2019, a study showed how the German chemical industry could achieve greenhouse gas neutrality by 2050 from a technological standpoint: In order to do this, it needs more than 500 TWh of renewable electricity priced at 4 cents/kWh. On the Chemistry4Climate platform, the industry is now working alongside key stakeholders to develop a viable concept for how these requirements and others like them can actually be implemented.

Excessively high costs for businesses

Many energy policy regulations increase costs for the industry. This impedes progress towards greater climate protection, as low-emission processes are only possible when electricity prices are favourable. In addition, high electricity prices for energy-intensive industries represent a considerable disadvantage when viewed through the lens of international competition. The Fuel Emissions Trading Act (BEHG) placed further strain on German industry in 2021. The regulation of asset relief that is associated with the Trading Act is itself subject to an enormous amount of bureaucracy. In addition, there are additional costs involved in the accelerated phasing-out of coal, which makes electricity production more expensive.

There is a lack of effective impetus to limit costs with the market integration of renewable energies. Above all, grid charges and other levies are rising due to the necessary grid expansion and the maintenance of power plant reserves. Measures to ensure the security of supply are indispensable, but must be taken as cost-effectively as possible. Co-generation secures the supply of heat and electricity to businesses in a climate-friendly way. Here, too, further improvements are necessary with regard to the economic efficiency of corresponding installations. With these objectives in mind, the chemical and pharmaceutical industry has backed the newly formed German government’s plans for “Easter” and “Summer Packages” and to develop designs for a new electricity market as well as plans to regulate taxes, levies, and surcharges for the energy sector.

Budget financing and industrial electricity price

Electricity will play an increasingly important role in the future – such as in the electrification of industrial processes. Technologies that emit less CO₂ will only prevail if competitive prices for the electricity required can be guaranteed in the long term. Abolishing the EEG surcharge at the earliest opportunity is therefore thought to be a sensible, appropriate, and long-overdue course of action.

Furthermore, it is necessary to introduce an electricity tariff so as to allow the industry to continue to be competitive and achieve its greenhouse gas neutrality goal.

The VCI is calling for the following

- **Rapid accelerating the hydrogen economy and natural gas as a bridging technology**
  If the industry is to bridge this gap, it must be open to using different technologies for the production of hydrogen and adopt a barrier-free regulatory framework that does not place any geographical restrictions or time constraints on the purchase of green energy. Those who are phasing out nuclear and coal need to get their hands on affordable natural gas as the only remaining bridging technology. It is crucial that the parameters for this are, in a word: predictable.

- **Making the expansion of renewable energies more cost-efficient**
  The federal government should put its plan to finance the expansion of renewable energies using budgetary funds in motion by the beginning of 2023 at the latest, and abolish the EEG surcharge at the earliest opportunity. These ambitious expansion targets must be implemented quickly and plans for grid expansion need to be put in motion at long last.

- **Enabling competitive electricity prices**
  In particular, a great deal of affordable and renewable electricity will be needed if the industry is to make the transition from energy-intensive practices to greenhouse gas neutrality. The chemical and pharmaceutical industry, therefore, advocates the introduction of an industry-wide electricity tariff.