

Die Wohnungswirtschaft Deutschland



Contribution of GdW

to the consultation regarding the 'roadmap'
for the development of a future EU strategy
on energy sector integration

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Contribution of GdW to the consultation regarding the 'roadmap' for the development of a future EU strategy on energy sector integration

GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen (federal association of German housing and real estate companies) is the largest German umbrella association in the sector and represents a good 3,000 municipal, cooperative, church, private, state and federally owned housing companies on a federal and European level. These companies provide a good 6 m. housing units that give home to over 13 m. people, which corresponds to nearly 30 percent of all rented housing units in Germany.

GdW welcomes the roadmap for the development of a future EU strategy on smart energy sector integration. It aims at creating a decentralised digital energy system where consumers can take their own energy decisions. Concerning this last aspect, we would like to make the following remarks:

The liberalisation of the electricity market in the European context has led to a situation in Germany where power generation, power grid and metering have been separated from each other. The power grid is regulated and therefore partly supervised by the state. Electricity sales are organised on the market. For metering, a mix of basic responsibility and free market applies. The regulatory frame of the energy industry has become highly complex. Elaborate market processes have been established between power generation, grid and metering, which are not comprehensible to local low-volume producers.

Power generation offers electricity to the customers who are final consumers. The definition of final consumers includes household customers and charging points for electric vehicles. The position of final consumer guarantees the customer simple and fast change processes, information rights, short contract periods etc.

The legal requirements mentioned above also apply to the sale of locally produced electricity from renewables. The sale of their own locally produced electricity to final customers (tenants) is legally and bureaucratically very laborious and partly legally impossible. In cases where sale is permitted, its procedures are not cost-effective when examined in relation to the main business. For local generation and sale/consumption to be affordable, considerable simplifications of the related procedures are needed. These simplifications should be laid down in EU law, so that there are uniform regulations in all EU member states.

To make matters more complicated, customers always behave in a way that maximises self-interest and does not consider the system concept. Self-interest is defined by low prices. Available performance, reliability or even low emissions only play a minor role, or none at all. Green electricity tariffs will only be marketable if they range among the prices of the usual electricity supply. From an

economic point of view, particularly people with incomes below average are almost forced to base their self-interest on the price.

Self-interest also plays a major role when it comes to e-mobility, only that other aspects beside the price are taken into account. For instance, e-drivers want their car first to be charged as fast as possible, even if they do not need it right away. The fact that they have the means to have a charged car makes them act accordingly, regardless of the risk of overloading the grid by doing so. The property owner must therefore be legally able to e.g. implement (or have implemented) charging management.

Low-emission power and heat generation, charging power supply, and generation of renewable electricity are investment-intensive processes, as are mergers and emission-optimizing combinations. These investments must be refinanced within the framework of calculable business models. But they do not automatically lead to favourable prices. Prices in the context of electricity and heating are only favourable after the respective technology was economically depreciated.

In this respect, the current regulations create an unsolvable conflict between investments in renewable technologies that can be planned and the degree of freedom of the final consumer.

This is even more complicated when it comes to linking different sectors, such as electricity, heating and mobility. Concerning heating, a building or district can be optimised without any legal restrictions. However, there is the so-called investor/user dilemma.

When it comes to electricity, consumers cannot be obliged to buy local electricity. This also applies to charging power. It is therefore of particular importance to implement a "building" or "building network" system on which the electricity regulations are based, so that they are aligned with the heating supply. It would therefore be important to grant buildings, inclusive of all tenants and charging stations, the same position of final consumers. Only this will lead to optimisation. This would require to accept that consumers cannot always use the cheapest offer for them. Instead, they will get a reliable offer that is stable in the long run, because the contract period for refinancing the renewable energy system will be just as long. In order to avoid misallocations, "guard rails" must be defined in relation to the market price.

Summary:

In order to make contributions to e-mobility and the much needed investments in local power generation possible, especially in photovoltaic systems – but for logical energy concepts also in combined heat and power plants – and the related tenant-electricity projects, solutions must be found for all cases where requirements for spatial systematic relationships exist, so that the rights of final consumers can be limited in so far that they can be aligned with the objectives of local energy generation. This concerns particularly the definition of final consumers and the definition of customer systems.

Regarding the overall regulation, we consider that a drastic simplification of the generation and use of electricity is necessary in the local context.

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