

# The Cartel between Energy Producers and Power Grid Providers

*- How electricity suppliers pocket high yields at the expense of consumers. -  
and how they block the expansion of alternative energy.*

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As Mr. Roland Heineck discovered an innovative quotation of SenerTec in summer 2003 he was absolutely avid. Their equipment was able to heat houses of every size could reduce the CO<sub>2</sub>-emissions to 47% and save thousands of euros per year. The mystery about it was a coupling of heat and electricity production. That raises the effectiveness in comparance to a normal large power plant merely producing electricity from 60% to full 80% or even 90%. Unfortunately the Chemnitzian electricity supplier Envia, a subsidiary of RWE, did not like it like this and sued Heineck without further ado. He would operate a public electricity supply because he also supplied his renters but had no concession for it.

However this is just one of many examples of a comprehensive blocking strategy of power suppliers against environmentally friendly and renewable energies. Connection refusal and buying out with low prices are just two further methods in preventing private equipment owners to contribute in power supply. The previously described lawsuit could fortunately be settled in the meantime although it took two years to examine the test case.

Since the year 2000 the federal government of Germany funds solar, wind energy, biogas and geothermal energy with 20 years guaranteed reimbursement rates which decrease on from the date of construction. This law makes the construction of equipment for renewable energies among any also for private people interesting while the big energy suppliers have favored to keep their already expensed coal and nuclear power plants in operation generating higher yields than new investments. The reimbursement rates for private energy infeed are apportioned over all power customers. That way the price for a kilowatt hour of electricity has risen at 0,75¢ while the wholesale price has dropped by 10-20¢ by the increased competition of small energy producers. Finally enterprises as well as private households could save from 2 up to 3 milliards of euros at an increase of just 1,1 mrd. euros in cost.

Another area of application are wind power stations on the open sea. On the ocean the wind blows more than twice as strong; an almost inexhaustible source of power with an eight times

higher energy revenue. In difference to windmills situated on the mainland the construction of wind power plants in deep water only pays off in high quantity. In the search of financially sound associate partners it was easily possible for Eon to buy up all important German projects for offshore wind energy like in the Arkona-basin SouthEast, 35 kilometers in the North of the island Rügen, in front of the Holsteinian Baltic Sea coast and another one in front of the island Amrun. At first the managers of Eon gave the impression that they would really be interested in an early implementation; in reality they have just acquired these projects to let them rest. That way Eon was free of disagreeable competitors.

Although the European energy markets are formally liberalized since 1999 a few oligopolys can largely prevent true competition. Only that way it was possible that in the years from 2000 to 2007 in Germany the energy companies could mark up prices up to 40% while the costs for energy production stayed almost the same. Consequently the revenue of the big power providers have straightly exploded. The Eon AG f.i. could triple their earnings to 7 milliards of euro.

That could mainly happen because the oligopolists kept their control over the power grid as well as power production preventing true competition. They simply needed to provide low energy infeed pay rates so that power production for third party suppliers did not pay off as they should. In the Netherlands where the power grid is in the hand of the state more than 40% of all electricity is also produced in power plants that supply with calefactory; in Denmark the rate is about 50%. In Germany the fraction of combined heat and power is just no more than 12%. In front of the Holsteinian North Sea coast the EON-trust denies the pressingly necessary upgrading of the power grid so that total wind power plants need to be shut down on strong wind.

If the proposals of the Dutch economic politician and officiating EU-commissioner for competition Neelie Kroes as well as her colleague Andris Piebalgs competent for energy could be accomplished then power companies would have to sell their power grid for electricity and petroleum gas EU-wide to the state or some other neutral company which are not involved in power or gas production. That way it seems completely inscrutable that even the climate-chancellor of Germany, Angela Merkel and her vice president, foreign minister Frank-Walter Steinmeier have thwarted the plans of the EU protecting the powerful of the energy-trusts by making use of their veto-right. Many EU-countries have been defending the energy trusts against the interest of their voters who are paying too high energy prices and out of all also against a responsible environmental politic.

To the astonishment of the trust lobbyists

EU-commissioner Neelie Kroes could not be overawed by the resistance in EU member states. In deed EU-appointees could find massive offenses against anti-trust law by search missions in four German energy companies. As a penalty of milliards of euros had been impending to the EON-trust at the beginning of 2008 they agreed on a compensation which obligated EON to sell part of its power grid and a few power plants. Unflinchingly chancellor Angela Merkel announced thereupon she wanted to save the other power companies from a spin-off of their power grid.

Furthermore multiple former SPD economics ministers and permanent secretaries have been in the attendance of RWE or EON and have actively been involved in developing their monopolic power. At the same time labor unions close to the SPD like IG Bergbau, Chemie, Energie und ver.di eisern have been defending the old conglomerate structures. In February 2007 service labor union organized a demonstration with 2000 employees of coal mining companies in Berlin against climate protection. That even though alternative energies have created countless jobs and additional value in their own country.

The backing of the energy-trust seems even less understandable as even the German bank has taken a firm stand by demanding 'a full separation between power production and power grid'. Given the fact that high yields could only be achieved by the monopolic market power of the trust the question of property must be seen from a different viewpoint. The double control over power grid and power production has endowed the trust with a power that has caused continuing ecological and economical damage.

Independent power grid suppliers would also rectify the present bottlenecks at country borders; in their own interest. If the access to the power grid were free the 'Desertec-Plan' of the Club of Rome would have a real chance of realization which allots the construction of solar-thermical power plants in Northern African states. The transmission technique for electricity over long distances is available.

In contrast to the claims of trust lobbyists it would be absolutely possible to achieve a power production rate of 100% for alternative energies. Once the lobbyists have claimed that at most 4% of all energy production could be covered by alternative energy which has already been refuted by renewable energy rate of 14% in the year 2007. On the one hand a Europe wide aggregation of solar and wind power producers could balance peaks and calms in energy production, on the other hand we do also have the possibility to store electrical energy. Already in operation are reservoir power stations which can pump up water if less energy should be consumed than produced at the moment in order to let it flow down again as soon as more energy is needed. Subterraneous

compressed air reservoirs, H<sub>2</sub>O electrolysis for fuel cells or flywheels could serve a similar function. With increasing proliferation of solar panels the production price falls so that we can expect solar energy not to be more expensive than other electricity by 2015 provided that the current growth continues. Critics claim this point could even be reached much earlier thinking that solar industry would defer lowering their prices in order to profit from subventions for a longer time. An EU-wide consistent law for supporting solar industry would be desirable in this regard.

Lobbyists often claim that windmills would destroy the landscape although the surface mining of coal in Germany is nothing better in deed destroying cultivated land and causing inhabitants to be dislodged. In the 90ies responsible managers have tried to obviate the alternative energy infeed law in vain up to the European Court of Justice. Renewable energies simply don't seem to fit into their business conception.

Lars Göran Josefsson, chairman of Vattenfall likes to pretend environmental awareness, points out the threats of global warming and engages as advisor of Angela Merkel in climate change policy. Simultaneously he adopts a hard line as second largest climate pest in Europe with his firm. Three of his East German power plants burn especially polluting brown coal and thereby release per kilowatt hour more than twice as much CO<sub>2</sub> as a petroleum gas power plant would do. In spite of this one further brown coal power plant in the Sachsan Boxberg is in construction; two hard coal power plants are planned. If these plans would be realized Germany failed its goals in emission reductions for the year 2020 merely because of these plans. Even environment minister Sigmar Gabriel had to confess this after Greenpeace kept asking toughly. Even a replacement of both brown coal plants currently in operation by the newly planned ones, which is not discussed at all, would increase the capacity per about one third.

A technique which is not yet available serves as excuse for the new coal power plants. This technique would increase the coal consumption and would likely double production costs. The CSS-technology (Carbon Capture and Storage) allots the separation of up to 90% of all arosen CO<sub>2</sub> by transporting it to a disposal repository. Apart from the fact that we will never be able to make sure that the CO<sub>2</sub> will stay stored forever in the geological target formation (time bomb?!) an enormous safety problem would arise when it comes to backfit already built coal power plants with this technology. CO<sub>2</sub> is heavier than air and on from a fraction of 8% in breathed air lethal. Not to imagine what could happen on a leak in the CO<sub>2</sub>-pipeline. One possible solution for this problem would be to regulate that new coal power plants need to be equipped with the CSS-technology right when they are built so that they

will be built on the geological formation that should serve as disposal repository so that no risky line network or even a CO<sub>2</sub>-transport by trucks is necessary.

The possible construction of the intended coal power plants would even worse have been the wrong example to the international community as Germany could already establish as a leading nation in climate protection. The ability to retrofit power plants with CSS is simply no excuse for the construction of new coal power plants. Possible subventions of CSS-technology are better saved for programs like Desertec which has in the meantime luckily been recognized. It allots the construction of solar-thermal power plants in Northern Africa for Europe. The advancement of domestic alternative energy, a higher efficiency or cogeneration of power and heat are also important issues. Today it is already possible to build houses that save more energy than they consume. Housing advancement should be adjusted to climate protection.

If we had only used the same high subventions for renewable energies as we have used them for nuclear power production they could even today take competition with fossil energy carriers. A crucial point in the enforcement of renewable energies are not so much subventions or the many possible technical improvements but also an effective anti trust policy including the separation of power grid and power production resulting in better energy infeed pay rates which allow everyone to participate in power production. In the USA customers have even been raped by intentionally shutting down power plants to make energy prices rise.

Nonetheless chancellor Angela Merkel has highly merited in climate protection as it was her who first put the global climate change on the agenda of the G8-summit in 2007 after years of harmful climate political cessation. Only by her commitment the [climate change deniers](#) could be defeated. Angela Merkel has studied physics and therefore knows what she is doing.

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[1] *Harald Schumann, Christian Grefe: Der globale Countdown .- Kiepenheuer & Witsch 2009*

[2] bspw.: *Sharon Begley: Global-Warming Deniers: A Well-Funded Machine .- Newsweek, 13.August 2007*

[3] *ZDFdoku: im Würgegriff der Energiekonzerne (http://dokumentation.zdf.de/ZDFde/inhalt/21/0,1872,5580821,00.html)*

[4-] *verschiedene Artikeln im Internet z. Thema, 2009.*

## **The Coalition of Climate Change Denyers:**

It was the year 1987 as the German Parliament founded a commission with the title "foresight to protect the atmosphere of the earth ". In 1992 a document of UNO-conference in Rio de Janeiro warned against a "dangerous perturbation of the climate system". It remains to put at question how the following 15 years have been lost which would have been so important for a proper climate protection.

During this time the oil, coal and automotive industry of the USA could block any policy for reducing commodity usage by the expense of milliards. This is comprehensively documented [2]. Lobbyists succeeded to make the issue disappear via disinformation and pseudo-science very similar to the way the tobacco industry has succeeded to play down the risks of smoking although they must have known studies from before of World War II which have unambiguously documented the risks of smoking.

Corrupted and blind-stitched deferred or self claimed climate scientists have secretly distributed bloodcurdling but imaginative counter thesis to climate change. The lobbyists could win distinguished news papers in the USA like the New York Times or the Washington Post describing climate change as a thesis instead of as a fact with marginal uncertainties. Staged interviews with environmental advocates were just one of many methods to bias public opinion. At least they succeeded to put a bagman of the oil industry into the White House who censored scientific publications. Not even today in the year 2009 lobbyist resile from sending falsified documents in the name of well known organizations to Congressman to sabotage Obama's climate politic.