

## EEG Amendment 2012 - What will change as of 1 January 2012?

Within the framework of the Federal Government's energy package, an amendment of the Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz - EEG) has also been passed. This fact sheet provides an overview of the key changes regarding support for solar power as they are laid out in the Renewable Energy Sources Act. These changes were adopted on 30 June 2011 by the German Bundestag (Lower House) and ratified on 8 July 2011 by the Federal States (Länder) in the German Bundesrat (Upper House). The regulations take effect on **1 January 2012**.

### Developments regarding feed-in tariffs

The amended legislation provides for a **revision of the future depression development** as of 1 January 2012. From that date on, feed-in tariffs will be adjusted annually on 1 January and 1 July of each year. The existing growth corridor, however, will remain in place.

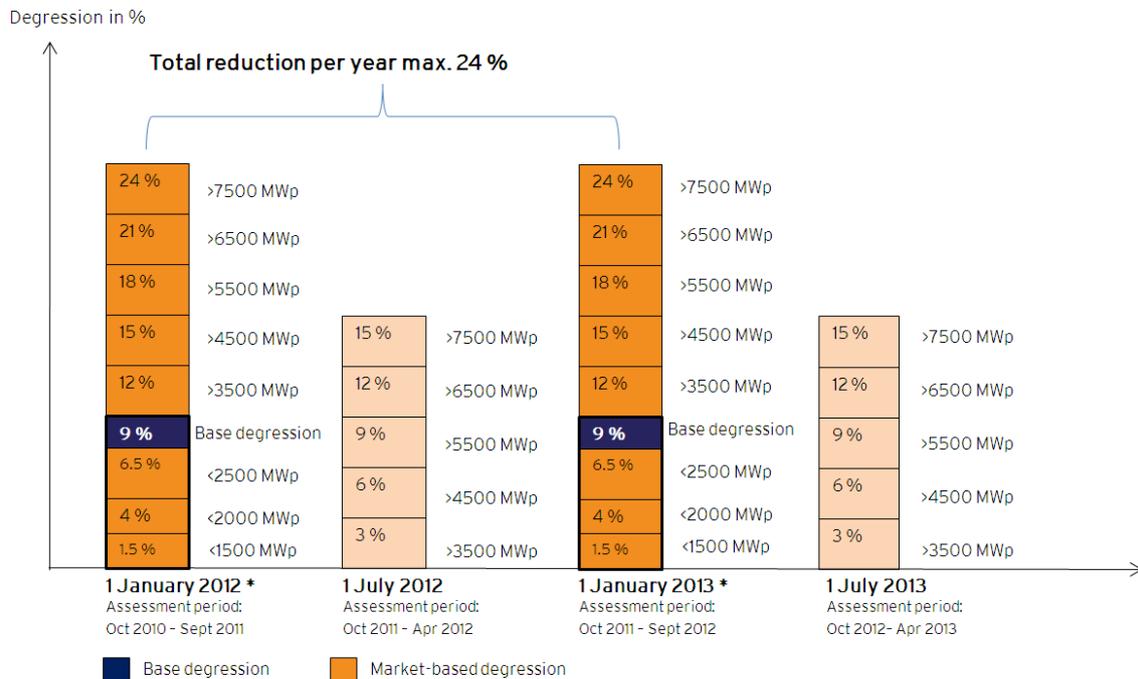
In the future, there will continue to be a **base depression rate of 9%**, effective on 1 January of each year, provided that increased solar deployment lies in the target corridor between 2,500 and 3,500 MWp. The assessment period for this reduction will continue to be the period of October of the penultimate year to September of the previous year. Should increased deployment exceed 3,500 MWp in the assessment period, depression will increase in five stages by 3 percentage points respectively for each 1,000 MWp of increased deployment. If deployment remains below the 2,500 MWp mark, depression will decrease in three 500-MWp stages of 2.5% respectively. The adjustments in the feed-in tariff on 1 January of each year will be based on the tariffs of 1 January of the previous year. This means that the growth-based intermediary reductions taking place during the course of the year will in effect be "credited" against the reductions at the turn of the subsequent year. According to this model, **annual depression** will remain at a **maximum rate of 24%** (given a market growth exceeding 7,500 MWp).

The growth-based intermediary reduction of 1 July may not exceed 15%. This reduction is based analogously on the five depression stages used in the growth corridor familiar from the annual January reduction. The intermediary reduction, however, is based on a different assessment period (October of the previous year to April of the current year, projected onto 12 months - see diagram on next page).

The four **remuneration categories** (0 to 30 kWp, 30 to 100 kWp, 100 to 1000 kWp, > 1000 kWp) for roof-top systems remain in place in the future as well. Also remaining in effect is the related calculation model for remuneration.

The Federal Network Agency must announce the new remuneration rates, which will be effective as of 1 January 2012, by 31 October 2011, and must announce remuneration rates, effective as of 1 July 2012, by 30 May 2012.

The following diagram gives a clear picture of the degression development for PV remuneration.



\* Reduction is oriented to remuneration rates of 1 January of the previous year.

## Remuneration of direct consumption

The **direct consumption regulation** for new PV systems, which until now was to expire at the end of 2011, is **extended** by two more years and will continue to apply only to PV systems installed on buildings. These new systems must be operational by 1 January 2014. In the future, the direct consumption regulation will also continue to be limited to systems with a **maximum capacity of 500 kWp**. The differentiated remuneration of direct consumption based on the existing **30% regulation** also remains in effect to the full extent. This provision ensures that in the future as well, there will be financial benefits when the share of solar power consumed directly exceeds the 30% threshold. This ensures a continued incentive for the use of load management systems or storage systems. In addition, the legislation again made it clear that solar power generated for the supply of third parties may not be fed into the public grid.

## Remuneration of ground-mounted systems

The existing **remuneration structure** remains in place (conversion areas continue to receive slightly higher remuneration). However, it has been established that retroactive changes in the establishment of land-use plans on commercial and industrial land does not call into question the eligibility for remuneration on the whole. This provision allows for a more optimal utilization of commercial and industrial areas in the future.

Regarding ground-mounted systems on **conversion areas**, there will be restrictions in the eligibility for remuneration of certain areas that fall under environmental protection laws. In the future, ground-mounted systems on areas designated as **nature reserves or national parks**

(see §§ 23, 24 BNatSchG - Federal Environmental Protection Act) will lose their eligibility for remuneration altogether. In the past, it was possible, in exceptional cases, to erect ground-mounted systems in these areas, as long as environmental concerns were taken into account. As a transitional regulation, PV systems can commence operation on these areas until 1 January 2014, provided that planning approval for setting up or modifying the urban development plan (Bebauungsplan) took effect before 30 June 2011.

## Feed-in management

Until now, PV systems were not incorporated - and large-scale systems not yet clearly incorporated - into the EEG feed-in management system. With the legislative amendment now adopted, feed-in management is now expanded to all PV systems. However, there are differing requirements that apply to the different sizes of PV systems, as laid out below:

- **PV systems > 100 kWp** must include, in addition to the possibility of remote output control, a mechanism to measure the effective feed-in volume. These requirements apply to new systems as of 1 January 2012, as well as to older systems with a transitional period as of 1 July 2012.
- **PV systems between 30 and 100 kWp** must fulfill simplified requirements (only remote output control). These requirements apply to new systems as of 1 January 2012, as well as to older systems built after 1 January 2009 with a transitional period as of 1 January 2014.
- **PV systems < 30 kWp** must meet the simplified requirements for new systems (remote output control) as of 1 January 2012. Alternatively, there can be an effective power reduction to 70% of installed capacity at the grid feed-in point (system operator chooses between remote output control or power reduction).

The practical implementation - in particular the 70% cap - has not yet been conclusively clarified. However, a clarification is expected by the end of the year. The following diagram provides a schematic overview of the adopted changes.

	Systems < 30 kWp		Systems 30 - 100 kWp			Systems > 100 kWp	
Commissioning date	prior to 1 Jan. 2012	as of 1 Jan. 2012	prior to 1 Jan. 2009	1 Jan. 2009 - 1 Jan. 2012	as of 1 Jan. 2012	prior to 1 Jan. 2012	as of 1 Jan. 2012
Technical requirements for feed-in management	none	remote output control or 70% cap	none	remote output control		remote output control and measurement of effective feed-in volume	
Compliance as of	-	1 Jan. 2012	-	1 Jan. 2014	1 Jan. 2012	1 July 2012	1 Jan. 2012

There are also changes regarding compensation for output control within the framework of feed-in management measures ("hardship provision") for new systems. The new regulation provides for compensation of only 95% for loss of revenue through feed-in management measures. Only after the amount of lost revenue exceeds 1% of the annual yield will the remuneration be increased to 100%.

neration be compensated in full, i.e. 100%. The aim of this regulation is to get potential system operators to take the existing grid situation into greater account in their planning decisions. For this reason, this new regulation applies only to new systems that commence operation after 1 January 2012. Existing systems are expressly not affected by this change, and will continue to be fully compensated in the future as well. BSW-Solar is currently working with the Grid Operator's Association (BDEW) to come up with a country-wide uniform compensation procedure in the form of a simplified blanket compensation, to be offered by the distribution grid operators as of 1 January 2012.

### Further changes

Another new regulation applies to remuneration claims in the case of a replacement of PV modules. This issue had thus far not been sufficiently clarified. The new arrangement establishes that, in the case of an exchange due to defect, vandalism or theft, the existing remuneration conditions (remaining duration and rate of remuneration) are transferred from the exchanged module to the module taking its place. The prerequisite for this is that the replaced module loses all eligibility for remuneration according to the EEG. Additionally, the replacement module must be a new one. This provision is subject to the abovementioned conditions and applies to the exchange of individual, multiple or to all modules of a PV system.

Furthermore, the revised EEG expressly establishes that building-integrated PV systems (e.g. those integrated into façades) are eligible for the higher remuneration rates for buildings. This issue had previously not been conclusively resolved due to ambiguous wording of legislation.

More current information is available under [www.solartechnikberater.de](http://www.solartechnikberater.de) and [www.solarwirtschaft.de/eeg-update](http://www.solarwirtschaft.de/eeg-update).