# Photovoltaic on the free German electricity market:

## Plant leasing model

## an attractive alternative to the statutory feed-in compensation and direct marketing on the basis of the waiver of the EEG reallocation charge according to § 37 Abs. 3 EEG 2012

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**Munich, 27 November 2012**

# Compensation of photovoltaic electricity for feed-in into the national grid and compensation according to the statutory EEG funding system

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- According to the current version of the EEG, the operator of a photovoltaic plant receives a statutory guaranteed fixed compensation for the duration of 20 years per produced kilowatt hour and per kilowatt hour fed in the national grid as follows:

| | Instalations according to § 32 Abs. 2 EEG (Roof top installations) | | | | Installations according to § 32 Abs. 1 EEG (Open space installations) |
|---|---|---|---|---|---|
| | up to 10 KWp | up to 40 kWp | up to 1 MWp | up to 10 MWp | up to 10 MWp |
| Entry into service | | | | | |
| November 2012 | 17,9 Cent | 16,98 Cent | 15,15 Cent | 12,39 Cent | 12,39 Cent |

- This means that the feed-in compensation will remain constant for 20 years (but is not index-based).

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- The rate (in cent) for future installations decreases on a monthly basis (meaning the later a PV plant is built and put into operation, the lower the rate per kilowatt hours for the duration of 20 years will be)

| | Instalations according to § 32 Abs. 2 EEG (Roof top installations) | | | | Installations according to § 32 Abs. 1 EEG (Open space installations) |
|---|---|---|---|---|---|
| | up to 10 KWp | up to 40 kWp | up to 1 MWp | up to 10 MWp | up to 10 MWp |
| Entry into service | | | | | |
| from 01.11.2012 | 17,90 | 16,98 | 15,15 | 12,39 | 12,39 |
| Degression | 2,50% | | | | |
| from 01.12.2012 | 17,45 | 16,56 | 14,77 | 12,08 | 12,08 |
| Degression | 2,50% | | | | |
| from 01.01.2013 | 17,02 | 16,14 | 14,40 | 11,78 | 11,78 |
| Degression | 2,50% | | | | |

# Overview of the electricity prices actually paid on the market

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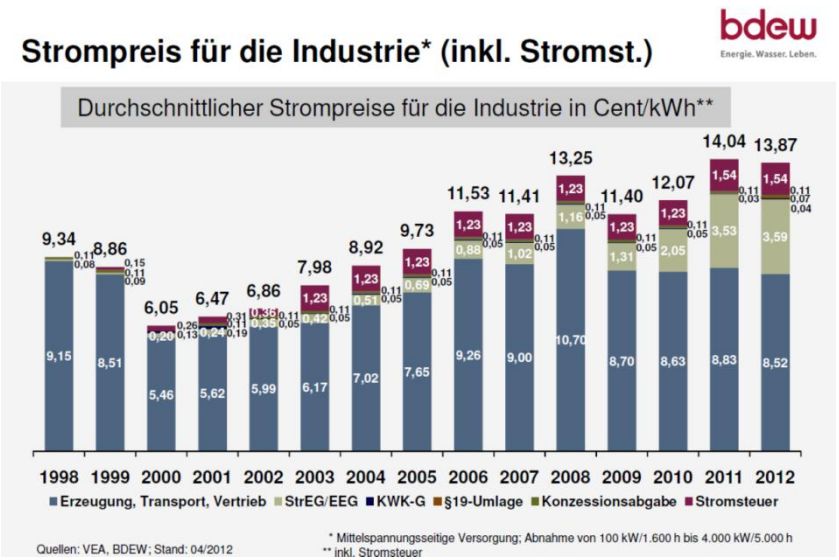
In 2012, the average price, which consumers had to pay per kilowatt hour amounted to:

- **25,74 ct/kWh for household customers an**
- **13,87 ct/kWh for industrial customers**

These electricity prices contain a signifiant proportion of taxes and charges, which have to be paid by the power consumer in case of power delivery (on average approx. 9 cent/kWh as of 2013.




- **Direct sale of electricity:** if a PV-plant operator wants to deliver electricity to an ultimate consumer instead of feeding it in the national grid and receiving a compensation according to the EEG, the ultimate consumer must also pay the afore-mentioned taxes/charges.
- In fact, the operator of a PV-plant must compete with the prices before taxes/charges. However, this does not apply in case of lease of the PV-plant to the power consumer at a price per kWh! In detail:

# Overview of statutory electricity rate components

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- In case of a power supply contract, various statutory electricity rate components are incurred (see table below)
- **By means of the plant leasing model, these electricity rate components**
  - dependent on the location of the power consumption
  - and the recourse to the national grid

**can be avoided partially or completely.**

| Electricity rate components | Debtor | Amount in ct/kWh | bdew Industry | bdew Household |
|---|---|---|---|---|
| EEG-charge as of 2013 (§ 37 Abs. 2 Satz 1 EEG) | plant operator | 5,277 | | |
| *reduced EEG charge as of 2013 (§ 39 Abs. 3 EEG)* | plant operator | *3,277* | | |
| Grid charges | plant operator | ca. 2,0 | | |
| KWK charge as of 2013 | plant operator | 0,126 | 0,06 | 0,126 |
| StromNEV charge as of 2013 | plant operator | 0,329 | 0,05 | 0,329 |
| Concession Levy | plant operator | 1,59 bis 2,39 | 0,11 | 1,79 |
| Electricity tax (waiver up to 2 MW) | plant operator | 2,05 | 1,54 | 2,05 |

# How the „Plant leasing model“ works

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In short, the plant leasing model can be explained as follows:

- An investor installs a PV-plant on the roof of the proprietor of the building
- The proprietor of the building leases the PV leant
- The economic risk of the operation of the PV-plant rests with the property owner.
- Usually, the proprietor of the building transfers all related duties (e.g. maintenance) by means of corresponding contracts to third parties and protects himself against risk by taking out insurances.

It is crucial that there is no “supply relationship“ for the produced electricity. Instead, the proprietor of the building produces the electricity himself by means of the leased PV-plant.

The waiver of the EEG reallocation charge of privately consumed electricity is now expressly regulated and reads as follows:

> *“If the end consumer operates the electricity generation plant for his own consumption, then the transmission grid operator cannot claim the EEG reallocation charge according to subsection 2 or s. 2 for this electricity, if the electricity*
>
> 1. *does not pass through a grid or*
> 2. *is used in connectivity to the electricity generation plant […]“*

# How the „Plant leasing model“ works

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- The proprietorship of the PV-plant is no prerequisite for the waiver of the EEG reallocation charge for private consumption. This follows from the definition of the plant operator contained in the EEG. According to § 3 no. 2 EEG 2012 plant operator is “...who uses renewable energies for the generation of power, regardless of proprietorship“

- The property owner who leases the PV-plant and bears the economic risk of its operation is regarded plant operator in terms of § 3 no. 2 EEG 2012.

- If the property owner uses the electricity, generated as plant operator in the leased PV-plant in close vicinity to the PV-plant, without using the national grid, then the claim of the transmission grid operator for payment of the EEG reallocation charge does not apply.

- Prerequisite for the plant leasing model is a consumption “with connectivity“ to the PV-plant. There are no rigid limitations. It is referred to corresponding case law to the Electricity Taxation Act (fulfilled on the same property, adjacent property and possibly also in the same town).

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**Thank you!**

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