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MINISTRY OF FOREIGN AFFAIRS OF DENMARK The Trade Council

> Comparative Perspective: Transition of urban energy systems in Denmark and Germany to decarbonize the energy sector by using Copenhagen and Berlin as an example

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Bremen

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- Relevance of urban areas
- Framework conditions and characteristics
- Energy transition strategy Berlin
- Energy transition strategy Copenhagen
- Side effects (benefits and challenges)
- Summary and lessons-learned

## Agenda



# Relevance of urban areas

- Cities are the home to more than 50 % of the world's population
- Responsible for more than 70 % of world's CO<sub>2</sub> emissions
- Municipalities are the central actors to implement 1,5°C consistent pathways and the 2030 Agenda
- Energy sector: responsible for around 38 % of CO<sub>2</sub> emissions
- Cases: Capitals of two green front runners Denmark (Copenhagen) and Germany (Berlin)



# Framework conditions

- Climate mitigation action needed to close the gap between current emission projections and Paris Agreement compatible pathways.
- Urban energy transition strategies depend on geographic conditions, socio-economic structure, size, existing energy system and political governance structure (feasibility for mitigation and adaption).
- However, transition strategies of cities are embedded in national and regional climate and energy governance structures.





#### **CITY OF COPENHAGEN**

City Characteristics	Copenhagen	Berlin
Size (habitants)	602.481 (2017)	3.613.500 (2017)
Ownership structure of the energy system	<ul> <li>Public owned utility (HOFOR)</li> <li>High share of cooperatives, non- profit principle for private utilities</li> </ul>	<ul> <li>Transition phase (e.g. electricity grid)</li> <li>Establishment of a Stadtwerk Berlin</li> </ul>
Geography (driver: energy security)	<ul> <li>Coastal area</li> <li>Good wind energy conditions</li> <li>Lack of fossil fuels</li> </ul>	<ul> <li>Continental climate</li> <li>Fossil fuels in close</li> </ul>
Share renewable energy for heating & cooling /electricity	Copenhagen: ca. 100% electricity, 50 % district heating Denmark: 50 % DH; ca. 40 % wind	Berlin: 3,5 % electricity (2016); Germany: 13 % DH; 37,8 % electricity (2018)



# Decarbonisation approaches in the energy sector

Reduction of  $CO_2$  emissions as a consequence of burning fossil fuels in power plants for the use of electricity (incl. private households, industry) and heating within the city boundaries

### Stakeholders

National and local authorities, energy suppliers (owner of energy infrastructure), consumers

### Measures to reach carbon neutrality

- Assessment of CO<sub>2</sub> emissions
- Increasing share of renewable energy,
- Reduction of the energy use,
- Increasing energy efficiency,
- Compensating (offsetting) of CO<sub>2</sub> emission



Berlin Energy and Climate Programme (BEK) 2030

- Based on Berlin Energy transition law (2016)
- BEK 2030 adopted in June 2017
- Minus 60 % CO<sub>2</sub> emission by 2030
- Climate neutral by 2050
- Concrete strategies and measures to become carbon neutral within different field of actions:
  - energy supply, economy, transport, urban development & buildings, private households & consumption
- Around 100 measures to be implemented
- Strengthen role model function of the public sector



Best practice

Transition Strategy Berlin

#### - Measures:

- Masterplan Solarcity,
- Stadtwerk (energy utility)
- Energy research (WindNODE),
- Business dialogue: energy
- Subsidy scheme for electro mobility
- District heating as flexibility option
- Restrcuturing heat grid
- Explore potential for geothermal energy use

**Governance:** 

- National: strategy embedded in national framework (Coal Phase out by 2038, Klimaschutzplan 2050)
- → The recommendations of the "Coal Commission" create a an opportunity for change (investment and innovation).
- Regional and local: increasing opportunities for public engagement, with local initiatives
- Public ownership and public participation structures are changing and increasing in Berlin (e.g. new Berlin energy utility).

**Status**: ambitious long-term strategy with measures for specific sectors and intermediate goals, increasing action

Berlin strategy and methods



Copenhagen's Climate Plan

- World's first carbon neutral capital city by 2025
- Vision developed after COP15 (2009)/climate action
- Adopted in 2015
- Focus on innovative climate policy
- Copenhagen's carbon neutrality strategy consists of emission reductions and compensation methods.

Holistic, with specific targets and initiatives four key areas:

- Energy Consumption
- Energy Production  $\rightarrow$  Most important: shift to renewables
- Mobility
- City Administration Initiatives



Copenhagen -Energy

- consumption
- production
- compensate

### **Reduction of energy Consumption**

- by residential and commercial stakeholder's
- important part, nevertheless only responsible for only 7% emission, but leads to monetary savings

### **Energy Production**

Increase share of renewable and sustainable energy for heating and electricity

### **Compensation/Offsetting**

production of surplus green energy to offset the emissions that will continue to be generated (e.g. example transport).



Copenhill Source: visitcopenhagen

Copenhagen strategy and methods

#### Governance:

- National: City strategy embedded in an ambitious national framework (100% RE electricity and no coal by 2030).
- Regional and local: high level of public engagement and participation, with local initiatives.
- The Danish energy transition has a high degree of participation (cooperatives and public energy utilities; acceptance).
- Change is understood as an opportunity, which enables innovation for green technologies and job creation.
- High level of trust in the society increases acceptance, also for new technical tools

**Status**: ambitious long-term strategy with sector policies and significant change, but not yet zero emissions



# Berlin and Copenhagen - impact of the energy transition

### Benefits and opportunities (examples):

- Better housing standards (energy efficiency)
- Reduced energy costs
- Better air and live quality for growing urban population
- Need for innovative approaches and solutions
- Creates incentives for innovation (solutions, business models, data use etc.)
- New business opportunities, opportunity new infrastructure investments **Risks:** 
  - Increase of energy prices (risk of energy poverty)
  - Increase of rents (social exclusion)
  - Acceptance: inclusive climate action that benefits all citizens equally
  - Ecologic impact (resource efficiency, infrastructure development etc.)



Summary and lessons learned

#### Lessons learned

- A long-term vision with intermediate goals and sector benchmark can increase ambitions, awareness and create new business opportunities with planning security.
- Single solutions (e.g. technical) can increase awareness and inspire other stakeholders (authorities, companies, science and citizens etc.).
- Local authorities can best develop innovative solutions tailored to local framework condition (regulatory and communication tools).
- The decarbonistion of energy system can't be considered separately, the broad spectrum of sustainability needs to be taken to account.

#### Challenges

- Approaches don't consider often enough cross border approaches (knowledge gaps)
- Investments in energy infrastructure are long-term investments.
- Climate strategies need to be social inclusive (acceptance crucial)
- Municipal climate plans can't be assessed independent from (inter-)national strategies.

## Thanks and tak!



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https://stateofgreen.com/de/

Danish-German Energy Governace Project