Global Sustainable Buildings Guide - Germany

Incentives for Green Retrofit

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# Are there any government-funded or sponsored schemes for improving the energy efficiency of existing buildings and, broadly, how do they work?

Under German law relating to apartment leases, landlords are entitled to raise the rent if they carry out measures to increase energy efficiency. The annual rent may be increased by up to 8% of the modernization costs, subject to certain absolute limits.

The GEG stipulates that energy efficiency measures for buildings can be funded from the federal budget. On this basis, the German state-owned bank KfW offers financial loans on favorable terms — and sometimes even (direct) financial subsidies — for measures that increase buildings' energy efficiency. These are available for both constructing new energy-efficient buildings and modernizing existing buildings (especially in connection with heat supply measures) to boost energy efficiency. Companies can also obtain funding for various energy efficiency measures in the form of loans and financial subsidies from the Federal Office of Economics and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle or BAFA).

Under the German Act on Renewable Energy (Erneuerbare-Energien-Gesetz or EEG), operators of renewable energy plants can receive certain subsidies in the form of the market bonus (Marktprämie), the tenant electricity surcharge (Mieterstromzuschlag) or the feed-in tariff (Einspeisevergütung). This includes photovoltaic systems on rooftops. Photovoltaic systems with an installed capacity of up to 1 megawatt-hour can receive subsidies without the need to award the contract for their construction in a tender. The introduction of the tenant electricity surcharge is intended to further promote the installation of photovoltaic systems on residential buildings. Under the tenant electricity surcharge mechanism, the operator of the system negotiates the price for the purchase of energy individually with the tenant, but additionally receives a statutory surcharge — the said tenant electricity surcharge.

However, due to the successful expansion of renewable energies in recent years, Germany is increasingly relying on the market to determine the price and less on subsidies. In particular, this has led to a significant reduction in these EEG subsidies. Therefore, the feed-in tariff has now become much less attractive.

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