

# Report on Bachelor / Master Thesis

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<b>Title of the thesis:</b>	<b>Costs Benefit Analysis of Wind Power in Germany</b>

## **OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):

There are very few single economic policies that are so controversial and so costly than the support of so called renewable energy sources (RES). Among those countries that embraced it fully and almost unquestionably is Germany that even created a new word to describe the whole process of change from conventional source to RES – Energiewende. However, there are very few comprehensive studies that try to estimate overall costs of support of RES. Out of those that exist (and also from anecdotal evidence and everyday experience of energy consumers). Estimates of costs produced by official bodies (European commission) based on general equilibria models (CGE) suffer from the methodological flaws (in principle these estimates are subject to Lucas-critique-like criticism). The approach taken by the author of the thesis is mainly bottom-up and microeconomic without taking into account GE effects and focusing only to one supported RES – a wind energy (WE) in Germany.

Thesis provides detailed description of the mechanism used to support WE in Germany which is tortuously complicated and builds a model of development of WE and its costs and real and potential benefits of its existence. Among the benefits are the value of electricity produced by the WE, its impact on overall prices of energy and also the price of avoided CO<sub>2</sub> emitted into the atmosphere. In almost all cases the potential benefits are estimated on the upper level of expected values (esp. the price of carbon is exceedingly high in comparison with total values). The total costs are estimated more easily and accurately. This approach gives us in fact the lower levels of total costs of the WE support and it turns up that even under these assumptions it is questionable whether this policy has any merit on economic and environmental grounds.

There are only a few comments needed to be made. There is a question of discounting. In general I would rather see the result of estimates to be discounted but I understand that in this kind of analysis discounting could mire the result rather than illuminate it. The sensitivity analysis in some of its elements is a bit redundant. Since several changes analysed separately actually could never occur independently the analysis could have been simpler and bringing the same result (which is after all shows the robustness of the result achieved).

## **SUMMARY OF POINTS AWARDED** (for details, see below):

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	27
<i>Manuscript Form</i> (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>93</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Miroslav Zajicek

**DATE OF EVALUATION:** January 22, 2014

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**Referee Signature**

