



Renewable Energy Policy Action Paving
the Way towards 2020

RENEWABLE ENERGY - NATIONAL ASSOCIATIONS' NEWSLETTER

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AUSTRIA

A broad consortium led by the Austrian Institute of Economic Research (WIFO) is taking care of the Austrian action plan. Austria has issued [its energy strategy](#) in March showing that it intends to do more than its renewable energy target of 34%, reaching up to 35,48 % RES in 2020- contrary to the [forecast document](#) which indicated that Austria would just meet its target. In Austria, energy is the competence of the regions which leads to very different progresses depending on regional governments.

BELGIUM- News from [EDORA](#)

Drafting process of National Renewable Energy Action Plans (NREAPs)

Belgium is one of the few countries projecting not to reach their mandatory target (13%). In its [forecast document](#), Belgium plans to use flexibility mechanisms for 0, 5% (12, 5% arising from internal production).

The difficulty in Belgium is the necessity to perform a burden sharing between 4 governments: Wallonia, Flanders, Brussels and the federal (for offshore) governments. Wallonia pledged to tend to 20% renewable consumption by 2020. Any ambitious commitment of one single region would however allow the other regions to adopt a lower target. It is very likely that a final 2020 Belgian target linked to an internal burden sharing and a regional strategy will be very lately adopted.

EDORA's industry roadmap

In February, [Edora](#) (in collaboration with the Flemish organization ODE) published its [industry roadmap](#), part of the Repap2020 project coordinated by EREC. This industry roadmap is based on a combination of "top-down" (PRIMES/GreenX models calculation performed by EEG) and "bottom-up" (sectoral consultation and current trends projections linked to constraints removal) approaches. The roadmap projects a renewable consumption from 16% to 18% by 2020, respectively depending on the consumption scenario. This overall target is divided in the following sub-targets: 27, 5% of electricity from RES, 14, 4% of heat from RES and 8, 2% of transport from RES in 2020.

According to EDORA's 2020 projection, about 60% of the renewable consumption would come from biomass (including biofuels) sources, 24% from wind, 8% from solar sources (PV and solar thermal), 6% from heat pumps, 1% from hydro and 1% from geothermal.

Wallonia welcomed the renewable sector "industry roadmap" and would like to mandate a study analysing in details the "costs & benefits" linked to Edora's figures.

Injection tariffs for decentralized electricity generation

Since the end of 2009, some DSOs applied a specific tariff on the injection of electricity in the grid on all decentralized installations. It is a new obstacle which increases the cost of renewable energy compared to the cost of centralized installations (mostly non-renewable). EDORA and ODE are currently trying to cancel this tariff which is in our view in contradiction with the renewable directive.

Revision of the onshore wind framework in Wallonia

In 2009, about 150MW of new onshore wind turbines were installed in Belgium, increasing by nearly 40% the 2008 Belgian installed capacity. Next to this interesting growth, the so-

called “resistance to wind” (NIMBY) becomes increasingly important in Belgium. This constraint comes in addition to the military (e.g. 55% of the surface of Wallonia is under military exclusion zones), and environment protection (e.g. minimum distance to the forest line) ones and the grid reinforcements needs. In this context, more and more advisory bodies in the wind turbines authorization process take their own rule without any coherent scientific basis. The Walloon Region has therefore decided to revise the so-called “Cadre de Référence” (framework for the wind turbine development) in order to put new and transparent rules for the wind development in Wallonia. This process will normally end with a decision by October 2010 and offers the possibility to water down several constraints, to allow wind turbines in new zones (e.g. forestry zone) and to clarify the environment constraints (the bird protection zones, the rule for plants near the forest line...). EDORA has the possibility to be active in this consultation process.

According to the EDORA’s industry roadmap, the installed wind capacity in 2020 could be divided in: 3500MW onshore wind and 2825MW offshore wind.

North Sea offshore grid

In December 2009, Belgium has been instrumental in the launching of an enhanced cooperation between countries of the pentilateral forum (BE, F, Lux, D, NL UK, IE, DK, SE and NO) towards the development of an offshore grid. This offshore grid could have the advantage to level out the variability of the power production of a single wind farm and to combine different renewable energy sources. The Belgian energy minister has officially started the cooperation process during an EU energy minister Council. The administrations of the different countries involved are now studying the way to implement such a grid (increased cooperation between TSOs, regulators...). Moreover, this offshore grid is one of the energy priorities of the Belgian presidency starting in July 2010. This grid could be a case study for other interconnections (such as the Mediterranean ring) leading to an EU supergrid.

The Belgian presidency expects an agreement on a memorandum of understanding (MoU) by the 2nd of December 2010 (EU energy Council) the way to go further in this enhanced cooperation. Belgium will take care that this MoU will be in line with the offshore communication (part of the grid infrastructure package) which will be published by the EC in November 2010.

Belgian offshore platform (BOP)

ODE and EDORA were recently instrumental in the creation of the Belgian offshore platform, gathering the actors of the Belgian offshore sector. The platform will facilitate the representation of the offshore renewable sector within the political decision processes.

BULGARIA- News from [APEE](#)

Drafting process of NREAPs

The Bulgarian government presented a roadmap with very low values for installed capacity and for future renewable energy developments. If their projections are true, Bulgaria won’t be able to meet the Directive 2009/28/EC targets of 16% RES.

There is still no official working group or consultation of renewable energy industry stakeholders on drafting of the National Renewable Energy Action Plan.

The Association of producers of ecological energy and its partners – IES BG and REA EU have drafted an [industry roadmap for future RES developments in Bulgaria](#). The document

includes installed and operational RES capacities for 2004-2009 and will give the industrial point of view for growth up to 2020.

Recent legal changes

The Ministry of Environment and Water issued internal instructions to local Regional Inspectorates of Environment and Water on how should they evaluate all the renewable projects and have to postpone the procedures as long as possible. Almost 95% of the projects received a decision for commission of Environment Impact Assessment, which delays the project with approximately one year - the time of the assessment.

Key issues

The Ministry of Agriculture and Food has prepared a draft for changes in the Law for preservation of agriculture land. According to these changes when the concerned land is from first to fourth category, the change of the land dedication is absolutely forbidden. However, the changes do not influence conventional energy projects or other industrial projects. For example investors could ask for "rededication of purpose of land regarding construction of nuclear power plant." These changes are extremely discriminatory.

Key issues are the lack of grid capacity for connection of new energy producers. Regardless of the legislation which provides a preferential connection to RES producers, the latter are not just ignored about their connection requests, but in some cases also disconnected with the excuse of "need for grid safety".

More generally, the investment process is blocked due to the lack of National policy on developing the renewable energy sources.

CZECH REPUBLIC

The Czech Ministry of Industry and Trade is preparing the National Renewable Energy Action Plan. In the Czech Republic, there appears to be a lack of political will to push renewable energy developments forward as shown by the recent freezing by the DSO of new grid connection permits for wind and photovoltaic installations.

The Lower House of the Czech parliament voted in March to allow regulators to cut solar energy incentives. This law gives the regulator the freedom to cut the feed-in tariffs that distributors must pay solar plants as of next year, when it determines that the return on investment into solar plants falls below 11 years. The law still needs to be passed by the upper house, the Senate. It is expected to face no difficulties there.

DENMARK

The Danish energy agency is drafting the input to the renewable energy action plan. In its forecast document, Denmark indicates missing the 2020 target but it is very likely that with additional measures provided in the national action plan, Denmark could reach its target.

ESTONIA

The Department of Energy within the Economic Ministry is in charge of drafting the National Renewable Energy Action Plan. A working group gathering representatives of various ministries (agriculture, finance, environment...) has been set.

FRANCE

The Ministry of Ecology, Energy, Sustainable Development and Marine Affairs is responsible for drafting the NREAP. France, according to its forecast document, intends to reach its binding 2020 target with domestic action alone. However, partnerships and joint projects established in the context of the Mediterranean solar plan might lead France to import a certain amount of electricity produced from renewable sources from countries not members of the European Community. Key objectives for renewable energy technologies in 2020 have most likely already been set during the Grenelle de l'Environnement.

The French Renewable Energy Association ([Syndicat des Energies Renouvelables](#)) has published a French Industry Roadmap [available on this link](#).

GERMANY- News from [BEE](#)

Drafting process of NREAPs

After the German government had submitted a forecast document assuming that 18.7% (instead of the binding target of 18%) of renewable energy in the gross final energy consumption, the NREAP is now being drafted by the Ministry for the Environment and is now being agreed in inter-service consultation with other ministries. On the basis of [the German Industry Roadmap](#), which was produced in the framework of the REPAP2020 Project, the [German Renewable Energy Association \(BEE\)](#) is in discussion with the ministries about the measures and level of ambition of the NREAP. BEE has shown that at least 28% of renewables in final energy consumption in 2020 is feasible.

Recent legal changes

- **Use of flexibility mechanisms of the RES-directive:** Within the government, discussions are going on how to set up enabling legislation for the use of the flexibility mechanisms. In particular, there are discussions about potentially necessary changes for statistical transfers and joint projects to be counted towards other Member States' targets
- **Deep cuts in Solar PV tariffs.** In March, the government decided on a draft amendment to the EEG. In addition to the 10%-decrease of the feed-in tariff at the beginning of 2010, and another minus 9 or 10% at the beginning of 2011, which is already foreseen in the existing law, the government aims for additional cuts of minus 16% for rooftop installations and between minus 11 and minus 15% for free standing installations on July 1st. Installations on farming ground is intended to be completely phased out of support, whereas a bonus of 0,08 €/kWh for domestic use of solar electricity is foreseen.
Although the German solar industry had long since agreed that a moderate adjustment of the feed-in tariffs due to stronger than foreseen price decreases, not only the German Solar Industry Association (BSW) and BEE, but also numerous regional governments as well as parliamentarians from nearly all parties represented in the Bundestag have criticized that the amendment as presented by the government would have detrimental

impact on PV industry in Germany and therefore on thousands of highly qualified jobs. The amendment is now being discussed in Parliament and quite likely to be changed. Improvements are likely but not yet granted.

Key issues

A few days after the Ministry for the Environment had publicly celebrated the success of the Market Incentive Programme (MAP) for renewable energies, primarily for heating and cooling, which in 2009 – with support of 400 million € - had triggered investment of more than 3 billion €, the government majority in parliament decided to cut the MAP by 19.5 billion € in 2010 and to leave 115 million € of the budgetary availability. BEE has sharply criticized this decision. This decision is another proof that a more reliable instrument-independent of annual budgetary decisions of the parliament - is badly needed to really trigger growth of renewables in heating and cooling.

Renewables development

According to the figures published by BEE in February, the share of RE in final energy consumption had increased from 9.5% in 2008 to 10.6% in 2009, which represented an energy production of 252 TWh from renewable energies. In the electricity sector, the share of RE increased from 15.1% to 16.1% in 2009 and in heating from 7.9% to 9.6%. In road transport, the share of renewables decreased for the 2nd time in 2009, from 7.1% in 2007, to 5.1% in 2009. Renewable energies avoided 112.5 mio tons of CO₂ in 2009 and 6.4. Billion € of fossil fuel imports.

BEE concluded that for it is necessary to restart biofuels policies in Germany, by revitalizing a market for pure biofuels, but also by kick-starting electro-mobility as part of an integrated strategy for combined renewable energy power plants.

IRELAND

The Department of Communications, Energy & Natural Resources is consulting industry stakeholders on the Irish National Renewable Energy Action Plan every two months. Ireland in its forecast document plans to reach its target but could be interested in exporting electricity provided that the right grid reinforcements and interconnectors are in place.

ITALY- News from [APER](#)

Drafting process of NREAPs

The Ministry is working to define targets and trajectories in cooperation with the GSE (the Italian energy system manager) and ERSE (a publicly-controlled company developing research projects on the electricity system)

Recent legal changes

- The decree to apply the incentives for biomass coming from short supply chain (< 70 km) has been signed by the responsible ministers. The industry is now waiting for the publication in the official journal.

-The new Conto Energia (the Italian PV feed-in premium) has not been approved by the State-Region Unified Conference, the body which gathers National Government and Regions, Provinces and Municipalities. Due to regional elections, the next conference will take not place before end of April.

Key issues

Draft Guidelines for authorization procedures of RES plant have been sent to the associations in the last months (APER sent its comments). The responsible ministries have at last found a common position and the draft has already been presented to the Regions through the State-Region Unified Conference. Now the industry is waiting for the final approval. This document is very important: the industry is waiting for it since 2003.

LATVIA

The Economic Ministry is in charge of drafting the NREAP. The Institute of Physical Engineering is giving some input for the Economic Ministry.

LITHUANIA- News from [LAIEA](#)

A National Renewable Strategy in Lithuania is being prepared and will be approved by Lithuanian Government by the end of April. On the basis of figures issued by Lithuanian RES companies and statistics from 2005 to 2008, economical RES potential, strategic targets and policy making institutions are prescribed. There will soon be a new RES law in Lithuania. New feed in tariffs are also currently being adopted.

MACEDONIA

Macedonia has to implement EU energy law (as the country is part of the energy community) including the RES directive. It will therefore have a RES target. An Energy strategy will be issued soon by the Ministry of Economy with input from the Academy of science.

MALTA- News from MEEREA ([Malta Energy Efficiency and Renewable Energies Association](#))

The [Forecast Document](#) of Malta has been sent to the European Commission on 12th February 2010, which coincided with a REPAP2020 Workshop.

To date, the National Energy Policy is still in draft form and no sufficient administrative measures have been put in place to make the application of large RE systems clear and transparent.

Key Issues

The key issues with regards to the deployment of renewable energy technologies are partly legislative and partly administrative. Malta has no feed-in tariffs and the spill-off electricity tariff for renewable electricity fed into the grid is 0.07 Euro-cent, which is about one-third of the lower-band of electricity tariffs charged by the grid in 2010.

The limitations placed on the 2010 Government capital incentives on domestic solar water heating (SWH) systems for the period 2010-12 has already had a negative impact on the local solar heating market, which is reporting only 10% of the volume of sales, when compared to 2009. The conditions for 2010 limit the Solar Water Heaters grants to low income families, new home buyers and residents of the island of Gozo.

POLAND- News from [PIGEO](#)

Drafting process of NREAPs

Unofficially the National Renewable Energy Action Plan for Poland has already been prepared. However Polish Government has not yet consulted the document with RES organizations. RES experts believe that the document will be published as soon as possible to perform public consultation on the Government's proposals in NREAP.

The [Polish Renewable Energy Association](#) (PIGEO) has published [a Polish Industry Roadmap](#).

Recent legal changes

The amendment to the Energy Law has come into force in March. The basic changes are:

- New solutions for the use of a biogas

Producers of biogas of agricultural origin can from January 2011 put biomethane into a gas-pipeline. There is only a guarantee of purchase by the distribution network operator (no minimum price is guaranteed). A formula will be introduced (a specific Ordinance of the Ministry of Economy is under preparation) to recalculate the biomethane into equivalent amount of electricity supported by a green certificate.

- Additional support for electricity produced in high-efficiency cogeneration unit (biomass and biogas).

Electricity Producers using high-efficiency cogeneration based on biomass or biogas can apply for both green and cogeneration certificates to the Energy Regulatory Office (URE). The price of the cogeneration certificates is unknown yet and will depend on energy prices. IT will be published by URE each year.

Amendment to the Ordinance of the Minister of Economy of 14th August 2008 has been signed by the Minister of Economy in March. This Ordinance for green certificate and renewable energy presents the responsibilities for acquisition and remission of certificates of origin, the payment of substitute fee, purchase of RES-electricity and the obligation to confirm the data concerning energy generated from renewable energy sources. In the amendment, the definition of biomass has changed. Now the definition of biomass includes also grains, which does not meet a specific condition for agri-food industry. This change was met with a big controversy of the RES experts.

Renewables development

Statistics on power installed capacity in Poland presented by the Energy Regulatory Office end of 2009 are as follows:

- Biogas: 72 MW
- Biomass: 252 MW: cofiring is not included.
- Wind: 726 MW
- Hydro: 945 MW
- PV: 1 kW.

PORTUGAL - News from [APREN](#)

The Portuguese Government has presented the National Energy Strategy until 2020 (ENE2020) in March. Key points of the Strategy are:

- Decrease the energy dependency to 74%
- Achieve 60% of Renewable Electricity (APREN thinks we can get to 80% due to lower electricity consumption)
- Reduce the net electricity imports by 25%
- Save 2.000 million euro
- Increase the share of renewable energy in the Portuguese GDP from 0.8 to 1.7%
- Create more 121.000 jobs in the sector
- A total investment of 31.000 million euro (of which 19.000 M€ on renewables)

The strategy has 5 action lines. Support to RES in one of them. It includes the following key points:

- 8600 MW of hydro power (>10MW) in 2020 (APREN has accounted for 9000 MW in all the projects already approved by the Government)
- 250 extra MW in Small Hydro
- 8500 MW of wind in 2020
- Approve a new legislation on over equipment which will allow to an extra installed power of 400 MW (APREN believes there are conditions to achieve only 250 MW)
- Launch a new tender for wind power after the capacity adjudicated in the last tenders is installed
- A minimum target of 1500 MW of solar power in 2020
- A new quota for the microgeneration (<5,75 kW)
- Launch a new minigeneration program (5,75 to 250 kW)
- Keep the solar thermal program
- Make sure all licensed projects of biomass are put forward
- 250 MW for wave energy and the same capacity for geothermal, both in 2020

This strategy was welcomed by the [Portuguese Renewable Energy Association \(APREN\)](#) which has recently issued [its industry roadmap](#) showing that Portugal could reach a 34, 8% share of RES in final energy consumption.

ROMANIA

The NREAP is drafted by the Department of Energy within the Ministry of Economy. The Renewable Energy Law 220 which was adopted in November 2008 is currently undergoing state aid clearance procedure. The renewable energy industry hopes that this procedure will be concluded as soon as possible to set an appropriate legislative framework for investments.

SLOVAKIA

The Ministry of Economy is responsible for drafting the NREAP. According to insiders, a key problem is the lack of political will to develop wind energy and photovoltaics. Stakeholders such as NGOs, Entrepreneurs' Associations or association of municipalities will be consulted on the draft before final publication.

SPAIN- News from [APPA](#)

Drafting process of the NREAP:

According to the Institute for Diversification & Saving of Energy (IDAE, Spanish Energy Agency) and the Ministry for Industry, Tourism and Trade (also in charge of energy), a first preliminary draft of the Spanish NREAP might be published beginning of April 2010.

This will be followed by an official consultation process where the stakeholders should be involved. Besides, the Spanish Government is also planning to elaborate a new RES Plan in 2010, which will look more in depth on RES planning for the next 10 years, in coherence with the NREAP.

Recent legal changes

The sector is expecting a new PV tariff scheme with a new decrease of tariffs. It is still unclear if the existing caps will be increased at the same time.

Furthermore, the Spanish Government just announced a general update of the RES-E promotion scheme until the end of 2010.

In December 2009, the Spanish Government presented a draft of its Sustainable Economy Law (SEL) which requires the government to present a draft Renewables Law at the latest three month after the coming into force of the SEL to adopt measures to fulfill the RES 2020 targets.

Renewables development

The Spanish Government at the beginning of January 2010 presented its forecast document on the further development of RES in Spain until 2020 estimating a 22.7% share of RES in gross final energy consumption, including a 42.3% contribution of RES in gross electricity generation in 2020, compared with an official target of 20% in 2020 equivalent to a renewable energy excess of approximately 2.7 million toe. In the same document, it was also highlighted that to fully exploit the excesses in production of RES through the flexibility mechanisms listed in the Directive, it will be essential to further develop Spain's electricity interconnections with the European electricity system.

Finally, at the beginning of March 2010, the Spanish Government presented first preliminary figures on the electricity mix in 2020. It envisages a RES-E share in final electricity consumption of 52.7% (55.4% including pumped hydro) in 2020 (compared to 30.4% (31.4%) in 2009). The lion's share would come from wind electricity (71,350 GWh (23.8%) + 12,400

GWh (4.1%), followed by solar based electricity (PV and CSP, without differentiating the individual quotas) (29,669 GWh (9.9%)). This would correspond to 75,547 MW of overall RES-E capacity (+ 5.7 GW pumped hydro) (up from 39,721 MW (+2,546 MW of pumped hydro) in 2009. This would include 40 GW of wind (35 GW onshore and 5 GW offshore) as well as 15,685 MW of solar based capacity (PV & CSP, without differentiating the individual capacities).

As a first reaction, the wind industry felt quite satisfied with this numbers (although demanding an end of the RPA and a fast adoption of a new RES-E tariff scheme for the period after 2012) whereas the rest of the RES-E technology associations demanded higher shares of its respective technologies in the overall electricity mix of Spain in 2020.

SWEDEN- News from [SERO](#)

Drafting process of NREAPs

The Swedish Energy Agency's proposal to NREAP was for consultation until the 1st of April. The Swedish government will be canvassed in April on REPAP's proposal to NREAP. The government submits its final NREAP to European Commission in June.

[The Swedish Renewable Energy Association \(SERO\)](#) has issued [a roadmap](#) showing that Sweden has the potential to reach 73% renewable energy by 2020.

Key issues

There will be legislative elections in Sweden in September 2010. The current government is for nuclear power and the opposition is against nuclear power.

THE NETHERLANDS- News from Stichting [DE Koepel](#)

Drafting process for the NREAP

The Dutch government is working on the assumption that the target of 14% set by the RES-directive (instead of the original Dutch target of 20%) is reachable with only existing laws and regulations. The NREAP is being drafted by the Ministry for Economical Affairs. Mid-April, a wide consultation with market groups will follow. The Renewable Energy Umbrella organization [DE Koepel](#) is working on the Netherlands Industry Roadmap, in the framework of the REPAP2020-Project. DE Koepel wants to reach a target of minimum 16%. However, it fears that if no additional measures to the current stimulation package are taken, the 14% target is not at all reachable by 2020 and market instability will remain.

Recent legal changes

A month ago the Dutch subsidy program for renewables (called SDE) [opened again](#). Photovoltaic and biomass electricity and gas and wind off shore are already closed because of the overwhelming interest. End of March the Minister of Economical Affairs stated in an interview in the media (Volkskrant) that this subsidy should be available only for wind off shore and biomass electricity and gas. A very unwelcome statement for the renewable sector in general which feeds the instability of the Dutch support system.

The Parliament has proposed changes in the Heat-law that are not positive for smaller renewable heat projects. The DE Koepel pleads for a subsidiary especially for these smaller renewable heat projects.

Key Issues

The SDE opens once a year and gives no guarantee that it opens next year again. This inconsistency creates a non interesting environment for investments in renewables. It unfortunately proves the lack of vision for long term commitment for an energy transition at governmental level.

Renewable Energy Development

It is not clear yet what development the renewable energy has made in 2009. Statistics will be published in April, (www.cbs.nl -pick statline cbs databank).

In 2008, the total share of renewables in the total amount of energy use was 3, 4%, still far of the projected target of 14%.

UNITED KINGDOM- News from [REA](#)

Drafting process of NREAPs

The UK Government is likely to use the lead scenario set out in the Renewable Energy Strategy of July 2009 to fulfill its obligation to submit the NREAP. This might be delivered earlier than 30 June 2010, given the likelihood of a General Election in early May.

In January, the REA invited the whole renewables industry across the UK to have its say on over 100 recommendations proposed in the industry's shadow action plan.

Recent legal changes

Renewables Obligation Order: The Renewables Obligation (RO) is a green certificate scheme supporting larger scale renewable electricity projects. It. Changes to the scheme have been made annually through a statutory instrument called the Renewables Order. The Renewables Order 2010 was laid before UK Parliament on 27 January. The UK Government is making many of the proposed structural changes, including an increase in the level of support for eligible offshore wind projects to 2 ROCs/MWh from April 2011. However, they are delaying decisions on longer term issues commissioning further research on a revenue stabilisation mechanism, the inclusion of overseas stations, and sustainability issues. A banding review, looking at the level of support for each technology, will start in October 2010.

Feed-in Tariff: UK Government published its response to the consultation for the introduction of Feed-in Tariffs (FITs) on 1 February. The scheme will be launched on 1 April 2010.

The FIT's will supplement the RO and incentivise small-scale low-carbon electricity generation, up to maximum limit of 5 megawatts (MW). The technologies that the scheme will support from 1 April 2010 will be wind; solar PV; hydro; and anaerobic digestion. A tariff to incentivise a pilot programme of non-renewable Micro CHP has also been set. The inclusion of biomass, biomass CHP or other renewable electricity technologies might be considered in future reviews.

There is a fixed payment from the electricity supplier for every kilowatt hour (kWh) generated (i.e. the “generation tariff”). Plus a guaranteed minimum payment additional to the generation tariff of 3p/kWh for every kWh exported to the wider electricity market (i.e. the “export tariff”). Generators can opt out of this and find their own customer for exported electricity. The tariff rates are designed to provide a return of 5-8%, and the tariffs will be index linked to retail price index RPI.

Key issues

Household Energy Management Strategy

The UK Government launched the Household Energy Management Strategy in March which will make it easier for households to cover upfront costs of renewable technologies.

There are 2 sources of funding:

- A new supplier obligation from 2013, which will require energy companies save a fixed amount of carbon through investment in energy efficiency measures and eco upgrades.
- A “pay as you save” scheme for consumers, where upfront costs for micro-renewable energy generation, are covered, with repayments being taken from the money saved on household energy bills and the revenue from the FITS or Renewable Heat Incentive (RHI).

Planning Policy Statement (PPS):

The UK Government has published a new draft policy that sets out a planning framework for securing enduring progress against the UK’s targets to cut greenhouse emissions and use more renewable and low carbon energy. They are consulting on bringing together the Planning and Climate Change supplement to PPS 1 with the 2004 PPS 22 on Renewable Energy into a new draft PPS on Planning for a Low Carbon Future in a Changing Climate.

Transport

Since July 2002 (for biodiesel) and January 2005 (for bioethanol) the fuel duty applied to all fuels has been reduced by 20 pence per litre. As announced in the Budget 2009, this reduction will be abolished from April 2010 and renewable fuels will be subject to the full duty rate applicable, and the “buy-out” price (by which obligated suppliers can buy out of their obligation) will increase from 15 pence per litre to 30 pence per litre. An exemption from the removal of the fuel duty rebate has been made for biodiesel made from Used Cooking Oil for 2 years from April 2010 to April 2012.

Renewable Heat Incentive

UK Government published a consultation on the introduction of a Renewable Heat Incentive (RHI) in February. This is an ambitious policy aiming to ensure the UK can achieve 12% renewable heat by 2020. The policy will cover solid biomass, biofuels for domestic use, heat pumps, solar thermal, biogas, biomethane injection to the gas grid. Most technologies receive a 12% return on investment on the additional cost of installing renewable heat, compared to fossil fuel (solar thermal rate is 6%)

The consultation closes on the 26 April, after which a decision document will be published followed by the draft regulations, which will need Parliamentary approval.

Renewables development

[Renewables Obligation Annual Report](#)

The Renewables Obligation Annual Report was published in March. It provides an overview of 2008 – 2009. The number of ROCs issued in England & Wales and Scotland increased by approximately 17 per cent, with an even larger increase (approximately 44 per cent) in

Northern Ireland, compared to the previous obligation period. The RO schemes have been successful in incentivising the generation of more renewable energy, with an average year-on-year increase of twenty-three per cent since 2003.

[UK Quarterly Energy Statistics](#)

The Energy Trends and Quarterly Energy Prices publication was published in March by the Department of Energy and Climate Change. In 2008 renewables' supply rose by 11.7 per cent (2.2 TWh) compared to 2007, wind energy increased by 35 per cent. Final consumption of electricity fell by 0.6 per cent in 2008 as a whole compared with 2007.

[Renewable Fuels Agency – “Report on Year One of the RTFO” \(Renewable Transport Fuel Obligation\)](#)

This report was published at the end of January 2010 and sets out an evaluation of the first year of operation of the UK RTFO. The key conclusions are:

- The UK's target for renewable transport fuel supply of 2.5% (by volume) was exceeded (2.7%).
- Most of the renewable transport fuel came from third countries (64%)
- The Government's indicative greenhouse gas saving target of 40% was exceeded (46%)
- All suppliers fulfilled their obligations and there was no buy-out
- The performance of obligated suppliers against the indicative environmental standards was very variable, although 99% of renewable fuel from the UK met these standards