



# NATIONAL ASSOCIATIONS' NEWSLETTER

## REPAP 2020

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## NEWS FROM THE MEMBER STATES

### BELGIUM

*This text is based on EDORA's input and presents an overview of the support policy for renewable energy in Belgium. In general, the support measures are focused on renewable electricity generation (RES-E). Concerning the Flemish region, the contribution is based on the input of ODE Vlaanderen.*

#### **Green certificates system**

Since 2002, green certificates' system has been in effect in the Flemish and Walloon regions, with which Regions aims to promote power generation based on renewable energy sources. Brussels has also a similar green certificates' system since 2005.

They are two-pronged systems. On the one hand producers of electricity based on renewable energy sources can receive green certificates. On the other hand there is a certificate obligation in place for power suppliers. They must submit a specific number of green certificates.

#### **The awarding of green certificates**

Producers of electricity based on renewable energy sources can receive green certificates from the regulatory bodies (VREG in Flanders, BRUGEL in Brussels-capital region and CWaPE in Wallonia) for electricity generated in the Region from renewable energy sources.

In Flanders, green certificates are issued for the following renewable energy sources: solar power, wind power, hydropower, tidal power, wave power, geothermal power, biogas, landfill gas, sewage gas, biomass energy.

In Wallonia, green certificates are issued as long as an installation can result in an annual economy of 10% of CO<sub>2</sub> emissions in comparison to a gas installation of reference, except big hydro power and biomass installation (more the 20 MW of installed power) that are not entitled to receive green certificates.

In Brussels, certified production installations complying with an environmental quality criterion can receive green certificates every 3 months. This criterion whose compliance is evaluated by BRUGEL currently corresponds to an annual economy of 5% CO<sub>2</sub> in comparison to a reference production installation

Producers, who are awarded a green certificate, do not receive it on paper. The regulatory bodies include green certificates in their central database, which can be consulted by producers on the Internet.

Producers may sell these green certificates to suppliers who still have not met their certificate obligation. If the producer is also a supplier, they can use them to meet their own certificate obligation.

#### **Certificate obligation**

- Minimum electricity share based on renewable energy sources

Each electricity supplier is obliged to deliver a specific electricity volume generated from renewable energy sources. This volume corresponds to a specific minimum share of total electricity they supply to their customers.

In Flanders, these green certificate quotas are fixed in a legally binding scenario of increasing annual objectives till 2020. In 2002, the year when the system became effective, the minimum share amounted to 0.8% of their supply. This will increase to 6% for supplies by 2010 and 13% by 2020.

In Wallonia, the green certificate quotas have been defined until 2010, starting with a 2% share in 2002 followed by a 1% yearly increase in order to reach 12% in 2012. These quotas also include green electricity produced in cogeneration installation leading to an annual CO<sub>2</sub> economy of at least 10%.

In Brussels, the green certificates quotas have been defined as followed: 2,25% in 2005, 2,5% from 2006 to 2009 and then must increase by a yearly 0,25% rate until 2012. These quotas also include green electricity produced in cogeneration installation leading to a 3 monthly CO2 economy of at least 5%.

- Green certificate as proof of compliance with minimum electricity share based on renewable energy sources

Suppliers are to submit a specific number of green certificates to the competent regulatory bodies annually before 31 March of the following year in Flanders and Brussels-Capital regions and quarterly in Wallonia. This enables the regulatory bodies to verify whether a supplier has complied with its minimum share during that year.

If a supplier is also a producer and therefore generates power from renewable energy sources, they can request green certificates for their own production. If not they can purchase the green certificates on the market, from producers.

The number of certificates that are to be submitted by suppliers is referred to as the supplier's "certificate obligation".

In Flanders, the VREG calculates annually the number of green certificates that is to be submitted by each supplier in order to comply with this certificate obligation. The VREG will inform the supplier of this number, after which the supplier is to submit this number of green certificates to the VREG.

In Wallonia, the quotas are fixed by decree and only a new decree can modify them. The electricity share consumed by energy-intensive industries committed in a branch agreement regarding their GHG emission reduction targets is partially exempted of this quota obligation. The legislator has mandated the regulator to evaluate the green certificate market in 2009. Although this evaluation is still in progress, it already appears that there is a significant market unbalance leading to an excess of green certificates suggesting the necessity to increase the quota share. A formal decision in this sense is expected by the end of 2009 or the beginning of 2010.

- Acceptability of green certificates

Not all green certificates can be used to meet the certificate obligation. Only green certificates issued by their respective regulatory body are accepted in each region except that Walloon's green certificates' are accepted by the Brussels region if no "Brussels' certificates" remain available on the Brussels' market. Except that, there are no certificates' exchange possibilities between regions. Green certificates used abroad may not be submitted to satisfy the certificate obligation.

In Flanders, green certificates awarded for the generation of electricity based on specific waste materials (waste materials that can be recycled or processed in a superior manner), are not accepted for the certificate obligation.

- Administrative fine

If a supplier submits the correct number of green certificates, they satisfy their certificate obligation. If they submit too few certificates, they have to pay an administrative fine of 125 euros per missing certificate in Flanders and of 100 euros per missing certificate in Wallonia and Brussels.

The administrative fines shall be paid to regional Energy funds, which will be used, among others, to subsidize projects involving renewable energy sources.

- Guaranteed minimum prices

In order to guarantee a certain level of investment stability, some legislation fixes guaranteed minimum prices.

In Flanders, the guaranteed minimum prices are differentiated by renewable energy technology. These minimum prices are guaranteed during 10 years after start up of the project (20 years for photovoltaic systems). Recently (adaptation in March 2009), these minimum prices were adapted. The new values from Jan. 1st, 2010 are:

- 90 euro/MWh for wind power, hydropower, tidal power, wave power, geothermal power, biogas, biomass energy.
- 350 euro/MWh for solar power (decrease of 20 euro per year for new installations from 2011 on). In 2009, the guaranteed price still is 450 euro/MWh.
- 60 euro/MWh for landfill gas, sewage gas, organic waste combustion

For co-combustion of biomass in fossil fuel power plants, one certificate is granted per 2000 MWh, resulting in a cut by 50% of the market support price for this technology.

In Wallonia, the guaranteed minimum price is of 65 euros per green certificate during a variable period depending on the rentability of the investment calculated by the CWaPE on a case by case approach.

In Brussels, there is no specific guaranteed minimum price.

The federal State also fixes minimum guaranteed prices. As they are generally lower than the regional ones and the regional market prices, the use of it is very limited, except in Brussels for photovoltaic (150 euros / MWh).

**The green certificate system is a market based mechanism: the price is determined by negotiations between producers of certificates and buyers (the power suppliers). Only the guaranteed prices are paid by the distribution grid operators.**

## Results

The market price of green certificates has been stable since 2003 at around 110 euro per MWh in Flanders and 90 euro per MWh in Brussels and Wallonia.

As result of the introduction of the green certificates' system, the share of renewable electricity in 2007 is of 3,6 % of total final electricity consumption (1,24% in 2000).

By December 2008, green power generation in the Flemish region accounted for 1946 GWh (25% increase from 2007) which represents 3,2% of total final electricity consumption.

In Brussels-Capital region, the most important results of the green certificates' system are new production from CHP and photovoltaic.

In Wallonia, the renewable electricity production has increased by 411% between 2002 and 2007 to reach 5,52% of the total electricity consumption in 2007 (2,37% in 2003).

## Adaptation of the legislation

In March 2009, the Flemish government agreed on the adaptation of the green certificate system. The new decree defines the growth path for green certificates quota till 2020 and slightly adapts the guaranteed minimum price per technology. In particular, a decreasing scenario for PV has been established, with a first decrease from 450 euro/MWh to 350 euro/MWh for new PV installations from Jan. 1st, 2010.

A legislative adaptation of the quotas and potentially of some modalities is also expected in Wallonia and Brussels.

## Net metering

On top of the certificate system, net metering is allowed till 10 kW<sub>AC</sub> (nominal power of the inverter) for small decentralized power generation units. This means that the power production of a PV system or a small wind turbine avoids the purchase of conventional kWh from the supplier. Every kWh is accounted for by the kWh-meter which is allowed to turn back.

For larger renewable energy installations above 10 kW<sub>AC</sub>, it is obliged to install two separate kWh meters: one for the registration of the power generation (injection at low selling price, e.g. 5 cent/kWh) and one kWh meter for the registration of power consumption.

## Federal tax reductions

At the federal level (for the whole of Belgium), three fiscal support measures are established:

- **Reduction of income tax for private persons**

Investments for energy efficiency and renewable energy production by private persons are eligible for 40% income tax reduction. with a cap of 3600 euro per year (fiscal year 2009).

A new support measure is the 40% tax reduction for all interests paid for “green loans”: all loans concluded by private persons for specific investments in renewable energy.

- **Reduced VAT for dwellings > 5 years**

Private houses older than 5 year are also eligible for the decreased VAT tariffs of 6% (instead of 21%) on investment costs for renewable energy (PV, solar thermal systems, wood pellets, small wind turbines etc.)

- **Increased investment deduction for companies**

Companies can deduce an additional 15,5% of the investment cost (on top of the normal deduction) for investments in renewable energy from their profit before tax.

### **Investment subsidies**

1. Several premiums are granted for private persons. Most of them are fixed on an annual basis.
2. For companies, a system of “ecology premiums” is established (investment subsidy for ecological investments). The subsidy is differentiated between SME’s and large companies. It is calculated as a subsidy of 40% (SME) or 20% (large company) on the eligible costs, which vary per technology. The agricultural sector is subject to a very favorable investment subsidy of 30% of total investment costs for PV.
3. From Jan. 2009 on, the federal government gives a 1,5% interest subsidy on green loans, concluded by private persons for specific investments in renewable energy.

All these above mentioned subsidies can be cumulated: green certificates, netmetering, fiscal measures and investment subsidies, depending on the investor category.

## **FRANCE**

This text is based on the Syndicat des Energies Renouvelables’ input.

French President Nicolas Sarkozy organized a meeting in June with the Syndicat des Energies Renouvelables, the French renewable energy trade association, and several major industry representatives to state: “*La France a fait l’erreur de faire du tout nucléaire. Je veux faire de la France un leader dans les énergies renouvelables comme elle l’est dans le nucléaire*<sup>1</sup>. »

Regarding wind energy, France has reached the target of more than 4000 MW of wind capacity at the end of June. The Syndicat des Energies Renouvelables together with France Energie Eolienne- the wind energy trade association - has published an inventory of all the French industrial wind energy players (more than 140, some of them are leaders in their field of activity, such as Rollix or Stromag...). This inventory can be downloaded on the website of SER-FEE (<http://fee.asso.fr>).

Nevertheless, there are strong fears that the bill (Grenelle II \_ precisions needed on the bill) that should pass in parliament in September will impose a much more burdensome administrative regime for windfarms that could slow down the developments of the wind energy industry.

Regarding Photovoltaic: France has reached a target of 140 MW of solar panels connected to the grid at the end of July. The industry is still waiting for the next feed in tariff to be published before the end of 2009. EDF and First Solar announced in July the creation of a 50% / 50% plant (at least 100 MW capacity) that should be

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<sup>1</sup> France made the mistake of going for all-nuclear. I want France to become a leader on renewable energies as it is for nuclear energy.

operational in 2011. The French Institute for Research in Solar Energy (INES) will benefit from a significant increase in researcher (500 in 2013).

President Nicolas Sarkozy announced an increase (between 2 fold and 3 fold) of the feed-in tariff for biomass electricity. Only a threefold increase, leading to a 150€ / MWh could actually be a breakthrough for this technology, given the costs. The results of the call for tenders organized by the ministry at the beginning of the year should confirm this level is necessary.

## GERMANY

This text is based on the input of Bundesverband Erneuerbare Energie (BEE).

### Feed-in Law amended in January 2009

On January 1<sup>st</sup>, 2009 amendments to the Renewable Energy Law (German Acronym: EEG) entered into force. Changes concern tariffs for different technologies for electricity production from renewable sources and a range of technical issues for better integration of renewable electricity into the market:

- Higher tariffs for wind (onshore and offshore)
- Bonuses for system services and innovative technologies and Combined Heat and Power (CHP)
- Lower tariffs and higher degression rates for PV and introduction of a "corridor" for installed capacity in the coming years. Higher installation figures will lead to an addition of 1% to the degression rates, lower figures to a reduction of degression rates.

The amended law can be found at <http://www.erneuerbare-energien.de/inhalt/42934/main/> and a summary of the new payment provisions can be downloaded on [http://www.erneuerbare-energien.de/files/pdfs/allgemein/application/pdf/eeg\\_verguetungsregelungen\\_en.pdf](http://www.erneuerbare-energien.de/files/pdfs/allgemein/application/pdf/eeg_verguetungsregelungen_en.pdf)

To become fully effective, the amended EEG requires ordinances to be passed.

At the beginning of July, the German Government decided on an ordinance on a so called **System Service Bonus** for wind turbines (SDL-Bonus). Wind turbines will more and more need to fulfil the tasks of conventional power stations. A bonus of 0.5 ct/kWh will be paid starting from mid-2010. It covers the costs of technical changes of wind turbine technology enabling the plant to deliver services to grid stability and grid management. The technical provisions are obligatory for new turbines. Older turbines can obtain additional compensation for a certain period if they retrofit their technology. The bonus will help to advance technical development for integration of large amounts of variable renewable energy sources such as wind power into the grid.

More information: <http://www.wind-energie.de/de/aktuelles/article/windenergieanlagen-stabilisieren-das-stromnetz-wie-konventionelle-kraftwerke/145/>

The German Bundestag passed an ordinance establishing **new procedures for the equalization scheme** for sharing of costs of electricity from renewable sources (Ausgleichsmechanismus-Verordnung) on July 2<sup>nd</sup>. It is available (in German) at <http://dip21.bundestag.de/dip21/btd/16/131/1613188.pdf>

Additionally, the possibility for an **ordinance** establishing a new **bonus for combined power production from different renewable sources**, which BEE and member associations had suggested, is also foreseen in the amended EEG. However, Members of Parliament did not agree on this useful element for better market integration, because the Christian Democrats eventually did not agree.

### **Renewables Heating Law**

On January 1st, a new law on heating from renewable sources entered into force. The law establishes an obligation for new buildings to use a defined share of renewable sources for heating and it guarantees an amount of 500 million Euros per year for measures exceeding the legal obligations. Furthermore the law provides provisions to facilitate the establishment of heat grids.

More details (in English) and the full text of the law (in German) can be downloaded at

[http://www.bmu.de/english/renewable\\_energy/downloads/doc/42351.php](http://www.bmu.de/english/renewable_energy/downloads/doc/42351.php)

### **New Regulation on Trade Tax Splitting**

On January 1<sup>st</sup>, 2009, a new trade tax splitting system came into force, which is important for the wind energy sector. Trade tax is levied by local authorities on business profits. Under the new law 70 percent of the trade tax are paid in the community, where the wind turbine is installed, 30 percent remain in the community, where the operating company is located. Originally, trade taxes were raised only in the community of the operator. Now, communities can make money out of the wind turbines on their ground. So the acceptance for new wind farms increases. The average amount of trade tax during the period of 20 years will be 100.000 € per megawatt installed wind power.

### **New Law on Transmission Line Extension (Energieleitungsausbaugesetz)**

A new law on a more speedy extension of electricity transmission lines (Energieleitungsausbaugesetz) was finalized in June 2009. The law supports the application of underground cables for four pilot high voltage power transmission lines (380 kV). Grid operators are entitled to allocate costs on electricity prices. The wind branch predominantly had wanted a legal basis for the 110 kV transmission lines going underground (possible e.g. in Denmark). It is possible now to pass these costs on to the electricity consumer, if costs for installation and operation do not exceed costs of conventional routes by more than 1.6 times, and in specific states of planning only.

Very positively, the new law will allow exemptions from the obligation to pay network access costs for new energy storage systems. This is e.g. the case with pump storage systems, extremely relevant for use in combination with wind power.

More information: <http://www.erneuerbare-energien.de/inhalt/44327/4596/>

### **Biofuels Quota Reduced**

In June, the German Parliament has **amended the biofuels quota act**. The amended law requires lower total biofuels quotas compared to version of 2007. For 2009, the quota was retrospectively reduced by 1% to 5.25%. For the period from 2010 to 2014, the quota was fixed at 6.25%. The reduction was claimed to be necessary, because without the introduction of E10 as a regular fuel at filling stations former targets would be unachievable. Contrary to EU plans and activities on other European markets, Germany has stopped the introduction of E10 by law, due to concerns about incompatibility with engines of older cars. Consequently, not even voluntary marketing of E10 as an extra fuel will be allowed under the new regulations.

The possibility of fulfilling the obligation by marketing pure biofuels was no longer considered an option with regard to higher costs for mineral oil industry. Instead, another tax increase for B100 by 3 ct/litre and for pure plant oil by 6 ct/litre to 18 ct/litre in total for both has been decided at the same time, entering into force retrospective since January 2009. The biofuels industry expects B100 sales to drop to only 0.5 million tonnes compared to 1.1 million tonnes in 2008.

### **Implementation of Sustainability Requirements for Liquid Biofuels**

Although Member States have 18 months to implement the requirements for sustainable biofuels, the German government has already notified a draft sustainability ordinance for biofuels in the transport sector to EU Commission. The Parliament passed another ordinance for sustainable biofuels in the electricity sector in July. The requirements for biomass as feedstock for liquid biofuels and their related GHG-emissions have been transposed from the RES Directive (EC/2009/28).

Seen as an additional bonus rewarding especially environmentally sound supply chains, the sustainability criteria to obtain the bonus for renewable resources within EEG have been strengthened. As several criteria such as "measures for the protection of water, soil and air" are still not concretized yet and farmers have to decide now

what to grow on their fields for next year's harvest (and how), criteria do not apply for feedstock harvested before July 2010.

### **Industry Forecast: 47% of Electricity from Renewables in 2020**

In cooperation with Germany's Renewable Energy Agency, BEE has in early 2009 published a 2020 electricity scenario. As a key result, the scenario shows that a share of at least 47% of renewable energies in the electricity sector can be reached without any risk for a stable and secure energy supply. The study also finds that for fully harvesting renewable energy sources, inflexible base load power plants like coal and nuclear will soon be incompatible with a sound and cost efficient development of renewables. A summary of the results and additional charts can be found at <http://www.unendlich-viel-energie.de/en/economy/power-supply-2020.html>

## **ITALY**

This text is based on the input of the Associazione Produttori Energia da Fonti Rinnovabili (APER).

### **Changes in the support scheme introduced by the 2008 Budget law**

The **Financial law 2008** (L. 24 December 2007, n. 244.) has introduced a lot of change in the Italian green certificate system:

- Green certificates are released for 15 years (as opposed to 12 years previously, or 8 years before that)
- Each green certificate corresponds to 1 MWh (as opposed to 50 MWh previously)
- The number of green certificates assigned is different according to each renewable sources (energy production from different sources was multiplied for different factors k) . The number of certificates used to be the same for all renewable.
- Small plants (P<1MW) can choose a feed-in tariff instead of Tradable Green Certificates (TGC)
- The renewable energy obligation for Italian suppliers will increase annually by 0.75%
- Tradable Green Certificates (TGC) unsold in the market can be retired by the Gestore dei Servizi Elettrici (GSE), an authority subject to the Italian Ministry of Economy and Finance which plays a major role in the promotion of renewable energy.

### **2009 Approval of the Law Manovra**

In the first half of July 2009, the law "manovra" has been approved (but it is not yet published in the official journal).

This law introduces several changes to the Italian energy sector, for instance:

- Concerning RES-E, this law puts an end to the definition of incentives for bioenergy produced by plants smaller than 1 MW, modifying values introduced by the budget law 2008 and deleting the definition of "short supply chain". All the biomass will have the same incentives (28 €/kWh), not depending on the distance between the energetic plant and the biomass origin, (with the exception of bioliquid coming from extra-EU countries in which case the tariff will amount to 18 €/kWh). Incentives for plants bigger than 1 MW are suspended yet, waiting for the coming in force of the definition of "short supply chain".
- the beginning of the process to build new nuclear energy plants in Italy (the law states that the sites suitable for building of the plants have to be identified by 6 months, the agency for nuclear security has to be created etc...).

## The Decree of the Ministry of Economic Development of 18 December 2008 (DM 18/12/2008)

Main point of the Decree (+ deliberation AEEG n.1/09):

- Feed in tariff come into force
- Rules for the withdrawal of unsold green certificates are set (GSE until 2010 retires TGC at the **mean** price of the previous 3 years)

The new Decree expressly states that a power plant must be fuelled with renewable energy sources ("IAFR") in order to be eligible for public incentives, other than photovoltaic grants.

This decree implements the "law 244" one year later: as a result, all the plants having the right to the new support system, had to wait all the year long, until the first months of 2009 (most of them decided to sell energy without incentives, waiting for the moment of the balance)

### Surplus of green certificates

Year	Tradable Green Certificates demand in TWh (energy under obligation)	Green Certificates offer in TWh (energy from RES in plant IAFR)	% coverage
2008	7,2*	...	
2007	5,84	7,66	131%
2006	6	5,58	93%
2005	4,55	4,41	97%
2004	4,02	2,99	74%
2003	3,61	1,48	41%
2002	3,23	0,91	28%

Year	Reference price (VAT excluded)	Mean price (VAT excluded)	Variance
2007	(137,49) (125,13) 112,88	82,99	-26%
2006	125,28	120,37	-4%
2005	108,92	108,92	0%
2004	97,39	97,36	0%
2003	82,40	82,40	0%
2002	84,18	84,18	0%

The cost of the system is quite high: in 2009 GSE draws TGC at 98 €/MWh and sell its own certificates at 88,66 €/MWh!

## **Discussions on new PV tariffs**

By the end of 2009, new reduced tariffs will be fixed for PV plants installed after 2010. However Italian market is characterized by hidden costs:

- permitting issues
- local taxes (ICI, environment compensations etc...)

These extra costs could dramatically affect final prices. They must be born in mind to avoid a “Spanish case” also in the Italian market.

## **Incentives to bioenergy from short supply chain**

The Budget Law introduced different incentives for biomass coming from short supply chain (30 €/kWh – k=1,8) and for other kind of biomass (22 €/kWh – k=1,1). The first kind includes biomass produced in less than 70 km far from the energy plant.

This definition linked to the distance in kilometres was criticized as:

- It's an obstacle to the free trade
- less distant doesn't necessary mean more sustainable

The definition needs to be modified before coming into force. There were several proposals of amendments (eg. in DDL Milleproroghe, DDL risorse idriche, DDL quote latte, DDL manovra...etc) but none has been approved yet as there isn't agreement among Ministries.

In the meantime, incentives for agricultural biomass coming from short chain are suspended (now all kind of plant can only have 22 €c and k=1,1).

A lot of projects of new plants started after the law n.244 have been stopped waiting for the development of the incentives for short chain, in order to decide if their construction will be profitable again.

## **Decision 74/08 - Code for the procedures and terms and conditions for on-the-spot trading: New net-metering: an “on-the-spot” trading service**

The Italian Energy Authority approved the new regulations for the net metering service.

The “on-the-spot” trading service concerns both plants operating on renewable energy and high efficiency cogeneration plants with capacity not greater than 200 kW.

The new changes concern the economic terms for the service: it will not concern electricity withdrawals which will continue to be regulated by the sales firms; furthermore a contribution is introduced to guarantee that service users receive an equivalence between what they pay for power withdrawn and the value of the power which is fed into the grid. The new regulations entered into force on 1st January 2009. It is not more a net-metering system.

## **POLAND**

This text is based on the input of the Polish Economic Chamber of Renewable Energy (PIGEO).

Since Poland joined the European Union, interest in RES grew considerably. The Polish Government revised the 1997 Energy Act by introducing rules to strengthen renewable energy developments. The strategy is based on steady but modest increase of the share of RES in the total energy balance of the country. This policy is an

integral part of our fight against climate change reducing greenhouse gases emissions, and contributes to the economical growth, the creation of jobs and new technologies. It also makes us less dependent on fossil fuels, and hence contributes to the security of energy supply and the avoidance of raw material conflicts.

#### EU' and national targets for Poland's renewable energy

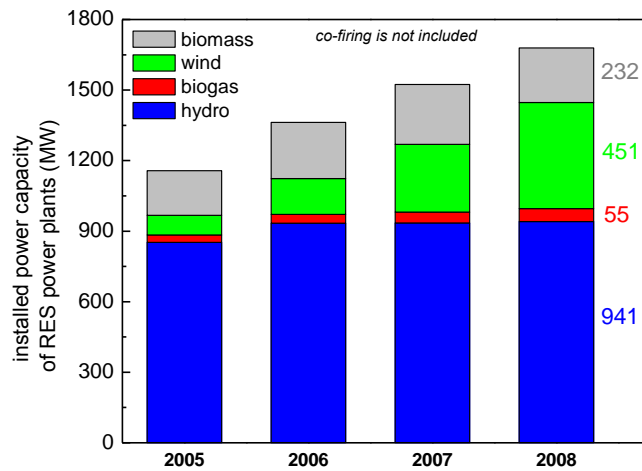
By the end of 2010	<b>7.5 %</b> :Share of electricity produced in renewable energy sources in the total energy consumption gross in Poland <ul style="list-style-type: none"> <li>• Directive 2001/77/EC of the European Parliament and of the Council dated 27 September the 2001</li> <li>• Poland Energy Policy Until the Year 2025</li> </ul>
	5,75 % Share of biofuels in the liquid fuel market <ul style="list-style-type: none"> <li>• Directive 2003/30/EC of the European Parliament and of the Council dated 8 May 2003</li> </ul>
By the end of 2020	<b>15 %</b> Share of energy from renewable energy sources in the final energy consumption gross <ul style="list-style-type: none"> <li>• Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC</li> <li>• Draft of Poland Energy Policy Until the Year 2030</li> </ul>
	<b>10%</b> Share of biofuels in the transport fuel market <ul style="list-style-type: none"> <li>• Energy Policy for Europe, Communiqué of the European Commission</li> <li>• Draft of Poland Energy Policy Until the Year 2030</li> </ul>
By the end of 2030	<b>20 %</b> Share of energy from renewable energy sources in the final energy consumption gross <ul style="list-style-type: none"> <li>• Draft of Poland Energy Policy Until the Year 2030</li> </ul>
	<b>10%</b> Maintenance of the share of biofuels in the transport fuel market <ul style="list-style-type: none"> <li>• Draft of Poland Energy Policy Until the Year 2030</li> </ul>

#### Structure of primary energy use in 2007

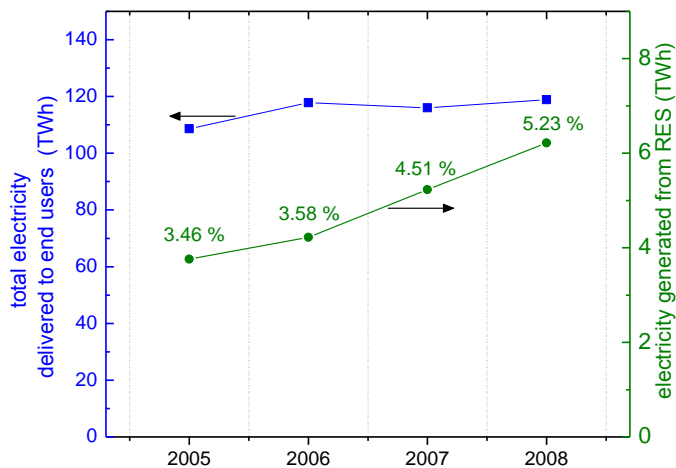
According to Energy Regulatory Office the structure of primary energy use in 2007 was coal (60%), oil (23%),gas (12%) ,RES (5%).

#### Current usage of renewable energy sources in the production of electricity

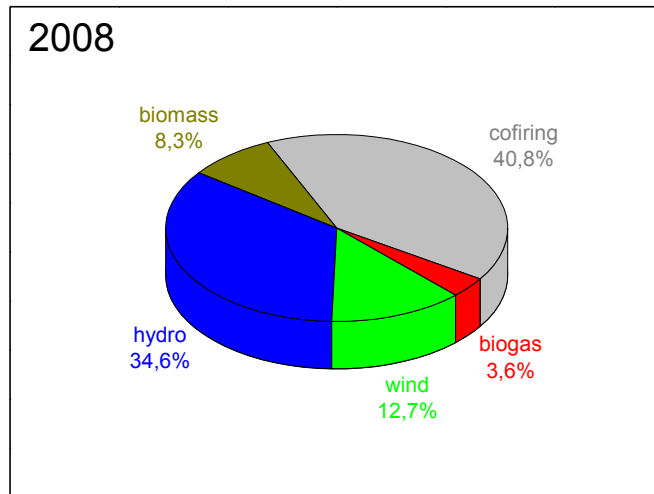
According to the Energy Regulatory Office, at the end of 2008, there were approximately 1.7 GW of the power installed in Poland (not to include cofiring technologies), and the total power installed in the energy system in Poland is approximately 36 000 MW.



The annual production of electricity from renewable energy sources in the last year was 6.2 TWh (according to the data of the Energy Regulatory Office), due to which the share exceeding slightly 5% of the RES share in the total consumption of electricity gross is achieved, and 118.9 TWh of electricity was supplied to final consumers.



The share of renewable energy sources in the production of electricity increases each year; however, the dynamics of growth of individual branches of RES is different. Wind, as well as biogas shows the most dynamic growth in the share of electricity in the last years. Biomass co-firing features the highest share in the electricity production in comparison to other renewable sources. In 2008 almost 40,8% of RES electricity was provided by co-firing technology of biomass, 34,3% came from hydropower plants, 12,7% from wind, the rest being produced by biogas plants (3,6%) and other solid biomass (8,3%), see the figure below. Yet, in compliance with the Draft of Poland Energy Policy until the Year 2030, the biggest power increase will be observed in wind and biogas. The contribution of biogas however to electricity generation is still being neglected in absolute figures.

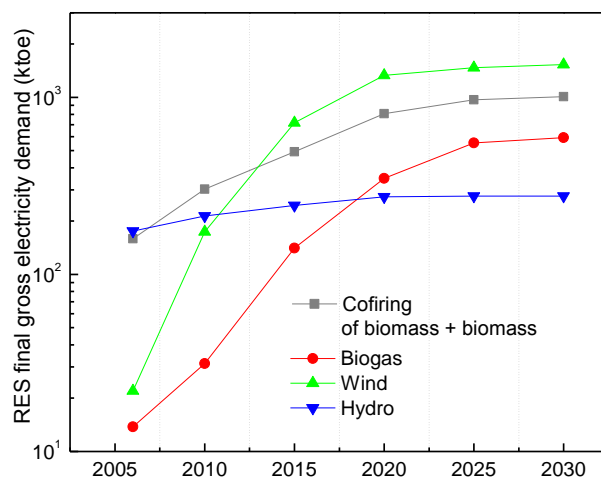


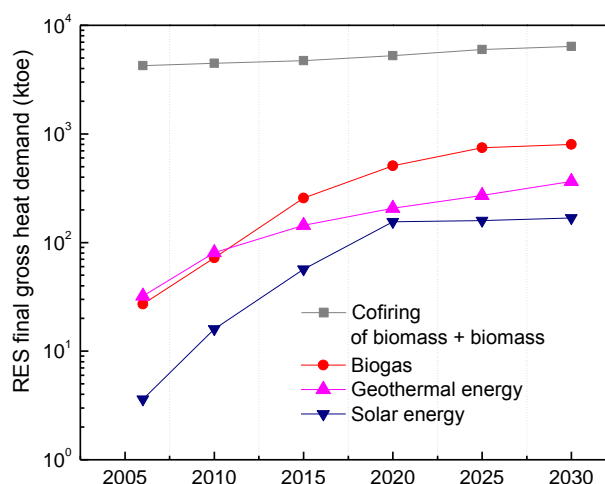
### Key figures

- the share of RES in gross final electricity consumption in 2008 was 5,23% (4,51% in 2007 for comparison)
- the share of RES in the gross final energy consumption in 2008 was ca. 7,5%
- the share of biofuels in transport fuels in 2008 was 3,66% (0,68% in 2007 for comparison)

### Development Strategy and Potential of Renewable Energy Sources in Poland, in compliance with the Draft of Poland Energy Policy Until the Year 2030

In compliance with the Draft of Poland Energy Policy, the increase in the production of electricity gross from RES in 2020 is expected to reach up to approximately 31 TWh, (19.6% of the total production), and 38 TWh in 2030 (ca. 20.3% of the total production gross). The forecast of demand for final energy gross is presented below.





Based on the above presented data, the demand for final electricity for wind and biogas will increase even by two orders of magnitude and by over order of magnitude will increase the heat demand from biogas, geothermal energy and solar collectors. However considerable growth of the number of hydropower plants or photovoltaic plants is not expected in the coming years.

The Ministry of Economy also prepared the Programme *Innovative Power Engineering – Energy Agriculture*, the so-called *Biogas 2020 Programme*. In the years to come, a significant increase in the number of new biogas plants is expected. Approximately 2.5 thousand of such plants are to be installed until 2020.

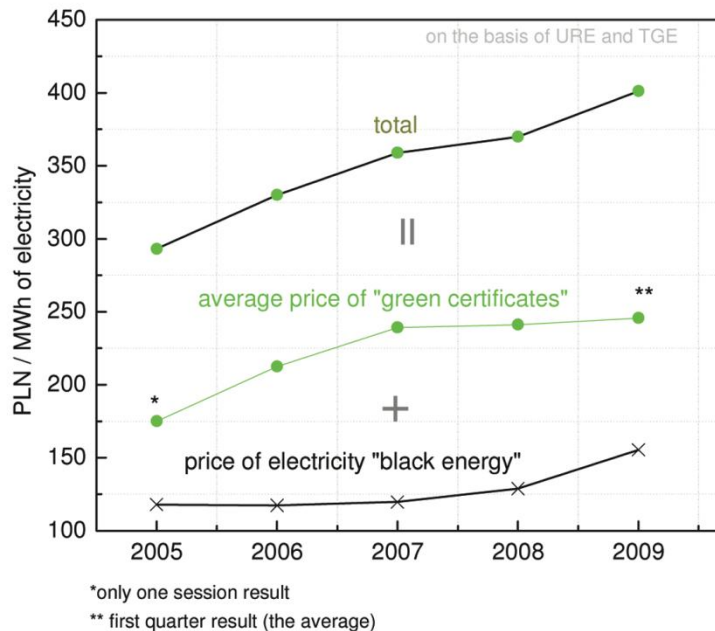
### Support scheme and income on the RES energy production

The main legislative instrument to regulate the market in Poland is the Energy Act of 10 April 1997 with later revisions.

The support mechanism currently used in Poland is a quota obligation system. Tradable Certificates of Origin (green certificates) were introduced by the April 2005 amendment of the Energy Act. Green certificates constitute an environmental value and may be sold between/among parties under civil and legal contracts or sold at the exchange.

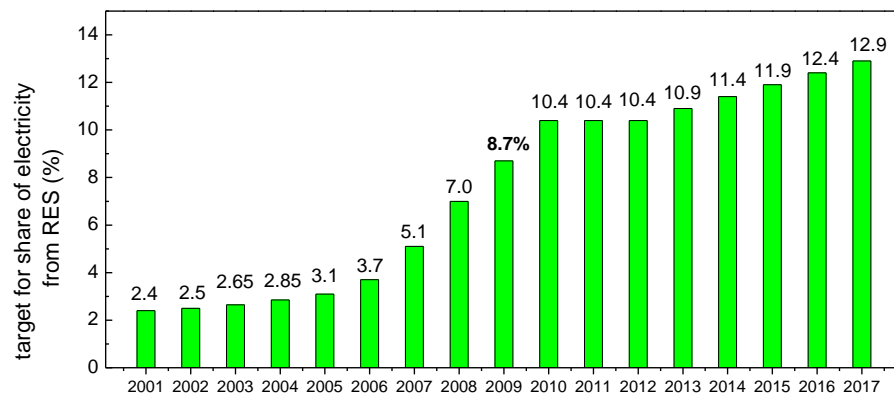
Energy plants are obliged to purchase electricity produced in a renewable energy source at a minimum price and also all energy plants supplying electricity to final consumers are obliged under the Ordinance of the Ministry of Economy (of 14 August 2008) to purchase appropriate number of green certificates in a specific year. After that they must present the certificates for redemption to the President of the Energy Regulatory Office (URE) or to pay a substitute fee which significantly exceeded the price of green certificates. The substitution charge in 2009 is 258,89 PLN/MWh. A penalty of 130% of the substitution fee is applied in case of failure to comply with this obligation. The income on substitute fees and penalty is designated for subsidizing of a new RES projects.

Income from electricity produced in RES (the same for each MWh produced in different sources - wind, biomass, biogas, hydro, ...) includes the price of electricity (minimum sale price is guaranteed) and on the value of certificates of origin (maximum value may be obtained at the Polish Power Energy TGE). The pricing mechanism in the last years is shown below:



### RES update and proposed Amendments to Energy Law (selected)

- In August 2008, higher quota were introduced following the Ordinance of the Ministry of Economy of 14 August 2008, as described below:



- higher required amount of agricultural biomass must be used in cofiring technologies (cofiring of agricultural biomass with wood-biomass or with non-renewable fuels). The increase of the share of such a biomass depends on the size of the installation (up to 5 MW, between 5 and 20 MW, and higher than 20 MW). For example, for power plants of capacity higher than 5 MW, the share of agricultural-biomass is (minimum): 5% (in 2008), 10% (in 2009), 25% in 2010, 40% (in 2011), 55% (in 2012), 70% (in 2013), 85% (in 2013), 85% (in 2014), and 100% (in later years).
- Also the Ministry of Economy prepared the amendment to the Energy Law whereby it plans, starting from 1 January 2010, to improve the rules for RES by:
  - introducing a rule for investors applying for connection of the RES farm to the grid. They are required to pay in advance the fees for obtaining conditions for RES connection to the grid (30 PLN per each kWel). This regulation should prevent from so called blocking of power by the investors not interested in completion of their RES projects,

- introducing two additional certificates for biogas:
  - certificate only for agricultural biogas (biomethane) that is fed directly into gas pipeline – biogas certificate. The amount of biogas introduced into the grid will be calculated into the equivalent amount of electricity (the calculation method and requirements concerning the quality of biogas will be determined in the ordinance of the Ministry of Economy) for which a producer will be awarded a certificate of origin, to be governed by the same laws and regulations as green certificates,
  - certificate for biogas (all kind: agricultural, landfill, sewage sludge) designated for the production of electricity and heat in high efficiency cogeneration units (CHP – combined heat and power) – cogeneration certificate
- possibility of combining certificates of origin for the same electricity produced from renewable source (biogas or biomass) in high efficiency cogeneration units. Thus produces of electricity in such unit from biogas or biomass might apply for both green and cogeneration certificates.

## PORTUGAL

This text is based on the input of Associação de Energias Renováveis (APREN).

Wind has increased its capacity installed to a figure close to 3 100 MW.

The statistics of the end of August mentioned that 13% of the electricity consumed from wind, and the overall renewables share is above 34% (we are having a quite dry year - 69%) with the correction of hydraulicity the share of renewables exceeds the 41% , well above the objective of 39%.

## SPAIN

This text is based on the input of Asociación de Productores de Energías Renovables (APPA).

### **Strong increase of administrative and financial hurdles for approval of RES/wind projects: New Royal Decree Law 6/2009**

The Spanish government on the 30<sup>th</sup> of April 2009 adopted a new Royal Decree Law (6/2009) which determines different measures within the electricity sector, including the permit procedures of RES-E-projects.

The Royal Decree Law (RDL), which entered into force on the 7<sup>th</sup> of May 2009 (and which was subsequently approved also by the Spanish parliament on May 21<sup>th</sup> 2009), mainly establishes a solution for the huge **tariff deficit** (due to electricity prices fixed by the government which since years didn't cover the real electricity production and system costs) accumulated during the last years and which reached already some 14 billion € at the end of 2008.

The solution consists in the payment of up to 10 billion € of the tariff deficit to the electricity supply companies financed through a new securitisation trust, which will be refinanced by a special levy to be paid by electricity consumers as part of the system costs. For 2009-2012, the new RDL also established maximum limits for the yearly amount of the tariff deficit during this period (3.5 billion € for 2009, 3 billion € for 2010, 2 billion € for 2011 and 1 billion € for 2012) to be refinanced through the grid connection fees. From 2013 onwards, these fees have to be high enough to cover the whole electricity system costs.

At the same time the new RDL established a so-called “**social bonus**” (a social tariff for small and vulnerable consumers - as a consequence of the requirements of the European Directive 2003/54/CE to liberalise the electricity market segment of households on the one hand and to appoint a so called “supplier of last resort” to ensure the provision of a basic/universal service for household costumers on the other side) to be financed by the utilities for households with a contracted capacity of up to 3 kW, for large/numerous families, for retired persons of at least 60 years or for disabled or widowed persons and which has to be available from July 1<sup>st</sup> of 2009.

Besides, it requires to cover all costs of the current Spanish Radioactive Waste plan by the nuclear power plant owners and establishes measures to speed up the realisation of prioritised gas pipeline projects.

**With regard to RES-E projects**, the new RDL introduced a **new pre-allocation register (PAR) for all kind of RES-E installations** (similar to the PV register established in late September 2008). The **main aims** of the new register is to **better control the approval procedure of RES-E plants by a series of preconditions, to shift the responsibility for the permit procedures from the regional to the central government as well as to limit the guarantee of payment of the current tariffs/premiums for RES/wind electricity as set by the Royal Decree 661/2007 only until the achievement of the individual RES-E technology targets as set in the same RD.**

Therefore, since the coming into force of the new RDL, to get the remuneration for RES electricity as laid down in the RD 661/2007, **new RES-E installations** (with the exception of PV, where the regulations of the RD 1578/2008 applies) **must first register their projects within the PAR. But the inscription in the PAR will be bound to the fulfillment of the following preconditions:**

- Disposal of permits for grid access and connection for the total capacity to be installed.
- Disposal of the administrative authorization for the RES-E plant (not necessary for installations up to 100 kW of capacity).
- Disposal of the building license to be issued by the corresponding local administration.
- Having deposited the necessary bank guarantee for grid access.
- Have own financial resources or adequate funding to undertake at least 50% of the investment of the facility, including its evacuation line and connection to the transmission or distribution network.
- Having reached a purchase agreement between the developer of the facility and the manufacturer or supplier of equipment for an amount equivalent to at least 50% of the equipment costs.
- Having deposited a bank guarantee in the General Deposit Fund of the central government at a cost of 20 €/kW (100 €/kW for CSP plants).

The inscription in the PAR will be realised in a chronological order (first come first served).

All projects inscribed in the PAR have 36 month to be built and to begin to feed electricity into the grid (and thereby getting inscribed definitively in the administrative register of the special regime). If a project developer won't comply with this time limit, its installation will lose the right of being remunerated based on the tariffs/premiums of the RD 661/2007.

In any case, the new RDL also determines that the RES-E promotion scheme according to the RD 661/2007 will be only guaranteed until the achievement of the different technology goals of the same RD (20,155 MW in the case of wind energy). Once the target for an individual technology will be reached, the Spanish government can establish yearly capacity limits (caps) for the respective technology as well as new tariffs/premiums “high enough and adequate to promote the realisation of installations, to promote R&D (investments) with regard to the respective technology leading to cost reductions, a better operation and to a higher competitiveness of the industry.”

All projects, which at the coming into force of the new RDL already complied with all preconditions to be inscribed in the PAR (with the exception of the bank guarantee of 20 €/kW) had 30 days since the coming into force of the RDL to present their application for inscription into the PAR (this deadline expired the 6<sup>th</sup> of June) and further 30 days (until the 6<sup>th</sup> of July 2009) to deposit the bank guarantee of 20 € for each kW to be installed.

The new RDL is a clear proof of the fear of the Spanish government that a development as last year in the Spanish PV sector (as a consequence of a failed and lengthy legislation) which lead to PV installations 8 times higher as

the 2010 target for PV, with a respective financial impact within the electricity tariff might happen again for other technologies (mainly CSP, where a surpassing of the 2010 target of several times of 500 MW until 2011/12 is expected, but as well in the case of wind energy, where the achievement of the 20 GW target will be reached earlier as end of 2010).

A clear example for this is the accusation of the different RES technologies within the new RDL, as they “could put at risk in the short term, the sustainability of the system, both from an economic point of view of its impact on the electricity tariff, and from the technical point of view, further compromising the economic viability of the facilities already completed, whose operation depends on the proper balance between manageable and unmanageable generation.”

The new RDL already provoked a lot of criticism within the sector, on the one hand because it wasn't at all negotiated beforehand with the sector, but mainly because it contains a lot of conditions very difficult to fulfill, with consequences for the whole sector still not fully measurable but in any case provoking a loss of investment security, a slowdown in the pace of a further market growth (which was the clear intention of the government) and major financing problems mainly for SMEs/ independent project developers.

For example, in times of the credit crunch it is and will continue to be very difficult to:

- convince banks to allow credits/to provide financing for at least 50% of the investment costs of the project
- to have bought already at least 50% of all the equipment of the project without knowing if your installation will still enter into the remuneration scheme of the RD 661/2007 or not (in the case of wind the Spanish government already announced a new promotion scheme for the time after the achievement of the 20,155 MW goal – but it is for the moment completely unclear when it will be adopted).

Another big problem is the new involvement of the local administration for the building permits, as this fact might increase the possibilities of blackmail/extortion or corruption.

Besides, building permits only are valid for a certain time and in case of expiration would have to be paid again.

Also the new bank guarantee of 20 €/kW is a further financial burden for the investors (in times of the financial crisis!) which for a wind park of 50 MW would mean an additional finance requirement of 1 million €.

#### **New wind park tender or abolishment of existing ones:**

A new tender procedure for wind parks was adopted in Cantabria with 1.400 MW and a draft version for Castilla La Mancha was presented.

On the 7<sup>th</sup> of August 2009, the new conservative (PP) government in Galicia, decided to abolish the current Galician wind tender, comprising 2,300 MW of capacity (the biggest to date in Spain), set by the former (PSOE-BNG (Galicia's national party) government in late 2008. The main reason for that were the legal problems linked to the established obligatory right of the regional government of a certain level of participation in the elected projects.

At the same time, the new regional PP government announced a new law introducing a “wind energy tax” for every new installation. The aim is to collect up to 30 million € annually or 600 million € during the next 20 years and to redistribute at least 50% of that money to the municipalities where the future wind parks are sited or which are most affected by the visual impacts of the wind parks. Besides, the planned law would also introduce the requirement of a bank guaranty of the investors amounting to 2% of overall investment costs.

#### **Current development of the Spanish PV market:**

Until August 2009, 3 rounds of so called pre-assigned registration (following the established procedure within the Royal Decree 1578/2008) were held, leading to the following results:

- 1st round of pre-assigned registration (published 19<sup>th</sup> of February 2009):

In the category of ground mounted PV installations, 88.7 MW of PV capacity were considered for a tariff of 32 €/kWh (whereas 529.8 MW haven't been considered although they fulfilled all required preconditions). In the category of small ( $\leq 20$  kW) building integrated PV installations only 1.7 MW of PV capacity were considered for tariff of 34 €/kWh, thereby not reaching the capacity cap of 6.675 MW. In the category of bigger ( $> 20$  kW)

building integrated PV installations only 20.9 MW of PV capacity for a tariff of 32 €/kWh were considered, thereby not reaching the capacity cap of 60.075 MW.

- 2nd round of pre-assigned registration (published 23<sup>rd</sup> of April 2009):

In the category of ground mounted PV installations, 94.5 MW of PV capacity were considered for a tariff of 30.72 €/kWh (whereas 924.8 MW haven't been considered although they fulfilled all required preconditions). In the category of small ( $\leq 20$  kW) building integrated PV installations only 3.6 MW of PV capacity were considered for tariff of 34 €/kWh, thereby not reaching the capacity cap of 6.675 MW. In the category of bigger ( $> 20$  kW) building integrated PV installations only 31.7 MW of PV capacity for a tariff of 32 €/kWh were considered, thereby not reaching the capacity cap of 60.075 MW.

- 3<sup>rd</sup> round of pre-assigned registration (published 1st of July 2009):

In the category of ground mounted PV installations, 90.4 MW of PV capacity were considered for a tariff of 29.911 €/kWh (whereas 875.8 MW haven't been considered although they fulfilled all required preconditions). In the category of small ( $\leq 20$  kW) building integrated PV installations only 2.8 MW of PV capacity were considered for tariff of 34 €/kWh, thereby not reaching the capacity cap of 6.675 MW. In the category of bigger ( $> 20$  kW) building integrated PV installations only 35.6 MW of PV capacity for a tariff of 32 €/kWh were considered, thereby not reaching the capacity cap of 60.075 MW.

Most of the assigned PV capacity in the first 3 pre-assigned registration rounds still hasn't started to be mounted, because most of the firms with allocated capacities are waiting for still lower module prices.

## **SWEDEN**

This text is based on the input of Sveriges Energiföreningars Riksorganisation (SERO).

### **Sweden's Energy Policy for the next 10 years**

The Swedish government published its energy policy for the next 10 years on the 17<sup>th</sup> of March 2009. The target is to get at least 50% of the Swedish energy mix from renewable energy sources by 2020. This compares to the objective of the opposition which is above 53 %. According to the polls, the opposition may take the power after next year's elections. In every single aspect, the opposition, i.e. the social democrat, green and left party respectively, are more progressive concerning steps toward the sustainable society. They also suggest new laws for achieving more advanced goals concerning renewable energy.

#### **Electricity**

The objective in the electricity sector is to increase renewable electricity by 25 TWh from 2002 to 2020 using a certificate system. Most of it will come from wind power. Thus, wind power should aim at 30 TWh by 2020, compared with the present 2 TWh. 20 of these 30 TWh are supposed to be on shore and 10 TWh offshore. The first 10 TWh on shore shall be planned by 2010 and the remaining 10 TWh shall be planned at the latest 2012. Offshore wind power will be planned later.

#### **Transport**

The government has a goal of 10 % renewables in the transport sector. Production of biogas in road transport shall be stimulated by 200 MKr above those 200 MKr already decided 2007.

#### **Heating**

Fossil fuels for heating shall be phased out by 2020, though it is hard to believe considering that some big fossil gas-based power stations are recently being built (Gothenburg) or are under construction (Malmö).

No concrete goals are set concerning solar energy or bioenergy from forests or agriculture. The March policy act does not either include any new efficient laws in order to stimulate the increase of renewable energy or energy efficiency.

The EU goal for energy efficiency has been abandoned in favour of a special Swedish goal, 20 % increase in energy intensity. This is expressed as 20 % less energy needed per GDP-amount. i.e. specific energy needed per GDP-crown. The result of this goal remains to be seen as it depends on the growth of the Swedish economy in the next ten years. Qualified judgments consider that the Swedish energy consumption will remain unchanged from now. The reason for the Swedish definition of the EU energy efficiency goal is unclear.

## **UNITED KINGDOM**

This text is based on the input of the Renewable Energy Association (REA).

### **The Renewable Energy Strategy 2009**

The Renewable Energy Strategy follows on from the [consultation document](#) published June 2008.<sup>2</sup> The [Renewable Energy Directive](#) requires 15% of UK final energy consumption to be renewable by 2020. There is a specific target for 10% of road transport energy to be renewable by 2020.<sup>3</sup> The Directive also contains interim targets from 2011 and member states must introduce measures designed to equal or exceed these targets.

Member States must submit a National Action Plan to the European Commission by 30 June 2010, indicating how they will meet these targets. This Strategy is intended as an initial step in this process.

For full details, read the [Renewable Energy Strategy](#) itself.

#### **Individual sectors/resources**

##### **Transport**

- The Government will consult on planned changes to the RTFO in early 2010. This will include draft legislation, with the changes to take effect in December 2010
- The current projections are based on the Gallagher slowdown (not reaching 5% biofuels by volume until 2013/14). 'The transport trajectory could potentially be increased ahead of the first interim target if greater sustainability can be assured. This is most likely to happen in the event of the European Commission proposing an appropriate methodology for accounting for the indirect impacts of biofuels'

##### **Heat**

- The Government is working to introduce the renewable heat incentive in April 2011. How the levy to pay for it is raised is a key issue

##### **Sustainable bioenergy**

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<sup>2</sup> See the [REA response](#) to the 2008 consultation

<sup>3</sup> Transport also has a parallel 2020 target under the [Fuel Quality Directive](#) to reduce emissions from road transport fuels by at least 6% (compared to a 2010 fossil fuel baseline)

- Around 30% of the renewable energy targets could come from bioenergy for heat and power – around 50% if transport biofuels included.
- There is strong support for developing mandatory sustainability criteria for biomass, at least for large-scale users. The UK is pressing the EU to take action as provided for under Article 17(9) of the Renewable Energy Directive.<sup>4</sup>

#### **Actions:**

- The Forestry Commission will publish an implementation plan for its Woodfuel Strategy later in 2009 – covering skills, infrastructure and supplier confidence
- Energy crop establishment grants will be increased to 50% (from the current 40%) of costs in England from 2010, subject to EU approval. Decc is looking at idle/marginal land as priorities for planting energy crops
- The Government is setting up a Biomass Sustainability Working Group – Decc/Defra with DfT, Environment Agency, industry, NGOs
- By April 2010, the Department for Environment, Food and Rural Affairs will report on progress on designing equipment and methodologies to enable the biomass content of Solid Recovered Fuels (SRF) to be determined cost-effectively. They also intend to implement an SRF grant scheme by 1 April 2010 (subject to state aids rules)
- The Government supports HETAS, the official body recognised by Government to approve solid fuel domestic heating appliances, fuels and services, developing a pilot to trial fuel quality criteria in wood-fuel supply

#### **Biomass and Air quality**

The Government proposes to:

- Introduce emission performance standards for biomass boilers under 20MWth not currently covered by other legislation. They are minded to use the levels used when preparing the Strategy – high quality plant meets 20g/GJ for PM10 and 50g/GJ for NOx
- Consult on only allowing operators of biomass boilers to claim the Renewable Heat Incentive if they meet the standards above.
- Consider putting adherence to service and maintenance regimes as part of emissions standards
- Review Part J of building regulations. Revised guidance to be implemented in 2010

#### **Biogas/syngas**

Government action:

- consider supporting syngas under the Renewable Heat Incentive
- consult later this year on banning certain materials or kinds of waste from landfill (in the context of wanting to use more wood waste and other waste suitable for AD)
- publish guidance (shortly) for the GB gas regulatory regime aimed at potential biomethane producers – to be published on Decc website
- Consult in 2010 on providing biomethane producers with exemption from the requirement to hold a gas transporter's licence, by the time the Renewable Heat Incentive is in place
- Consider altering gas quality requirements to help biomethane injection

#### **Marine/wave/tidal**

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<sup>4</sup> The European Commission is required to report by the end of 2009 on requirements for a sustainability scheme beyond those currently in the Renewable Energy Directive (transport biofuels and 'bioliquids' for heat and power). This is to be accompanied by proposals for further legislation, 'where appropriate'

- The Government is publishing the shortlist of Severn tidal power projects. A decision on financing will be delayed until the decision on whether or not to proceed is taken
- The Marine Renewables Deployment Fund will be retained and extended to 2011-14
- An additional £60million for UK marine

### **Planning**

- The Infrastructure Planning Commission will be set up under Planning Act 2008. This will facilitate projects in England and Wales from 50MW onshore and 100MW offshore
- National policy statements will be published in autumn 2009, for implementation 2010
- Regions will have to set targets for renewable energy capacity in line with (or better than ) national targets under PPS1
- Planning Policy Statements (PPS 1 and 22) will be reviewed and a new combined climate change PPS will be published by end 2009
- Consultation later in 2009 (with view to new regulations in April 2010) on extending permitted development rights to include small-scale wind, air source heat pumps and others
- The Local Democracy, Economic Development and Construction Bill will require regional strategies for all English regions outside London. Consultation later this year
- The Crown Estate will award round 3 zone development agreements to developers by end 2009

### **Swifter delivery**

- A new Office for Renewable Energy Deployment (ORED) will be set up. It will be part of the Department for energy and climate change (Decc) and work with central government, local/regional authorities
- ORED and CLG will provide up to £10million over two years for local and regional skills on planning
- The Government will consider developing a new renewable energy performance indicator for local authorities
- There will be a Renewable Energy Deployment Environmental Issues Project Board for consenting, with representatives from the main consenting bodies and statutory consultees
- ORED will establish a comprehensive review of renewable sector skills across the UK. They will also set up a National Skills Academy for Power (launch Q1 2010?)
- The Government intends to use powers under the Energy Act 2008 to reform grid access arrangements. Consultation summer 09, with changes to codes and licences in place by June 2010
- Decc will publish a high-level vision and route map for delivery of a UK smart grid later in 2009

### **New Resources and technologies**

Total Decc funding of around £450million over two years for key emerging technologies. Key projects:

- Up to £6m for deep geothermal power potential
- Up to £6million for Carbon Trust's Advanced Bioenergy Directed Research Accelerator – looking at algae and pyrolysis
- A biofuels demonstration plant in England using organic waste material to produce bioethanol and renewable power. Further details later this year

### **'A role for everyone'**

- Extra £1m/year to Energy Saving Trust to support help line and advice centre staff
- New funding to develop online 'how to' guide for community energy
- Zero carbon homes:
  - 'We intend to allow certain on-site renewables, including where they will be receiving support under the FIT/RHI to count towards the zero carbon standard'
  - Consultation 2009 on requiring new non-domestic building to be zero carbon

## Scenarios

- Total energy demand estimate for 2020 is 240 TWh (9% lower than the 2008 estimate of 263 TWh)
- 2020 projected % energy of renewable energy by sector
  - Electricity: 30%+ (2% from small-scale)
  - Heat: 12%
  - Transport: 10%<sup>5</sup>
- More than two-thirds of the projected renewable electricity from on/offshore wind, but also hydro, bioenergy (22%), marine, small-scale. The Severn project is not included in the lead scenario
- The heat scenario includes biomass, biogas, solar, heat pumps – involving around 4 million households
- The Renewable Energy Directive sets interim targets. The first three are 4% (2011/12), 5.4% (2013/14) and 7.5% (2015/16). The Strategy is confident of hitting the interim targets if future energy demand is on the low side but ‘less confident’ if energy demand is high. The first target is ‘the most challenging’ as little progress will be made on renewable heat until the renewable heat incentive starts. The contribution from transport is also limited by the recent slowdown in targets
- The RED allows various flexibility mechanisms. The intention is to meet the UK’s targets purely through domestic effort, but the Government is open to using joint projects if needed. In particular, they are open from the outset to joint projects where energy is physically imported into and consumed in UK. See the RO consultation for further details

## Benefits and impacts

- The Strategy will reduce the use of fossil fuels by around 10% in 2020 and reduce gas imports by 20-30%
- 10% lead scenario for transport reduces oil consumption by 2.5million tonnes of oil equivalent (3% of total oil demand)
- The Strategy will create £100 billion in investment opportunities and half a million jobs. Further details on the European Investment Bank money that was announced in the April 2009 Budget are due ‘later this month’
- Costs to the UK economy in 2020 at today’s prices are estimated at £4bn a year (down a fifth on last year), based on oil at \$80/barrel. Costs would be lower if fossil prices were higher, demand lower than expected or flexibility mechanisms under the Renewable Energy Directive are used. These costs are roughly balanced by the benefits
- The Strategy and other policies announced July 2009 will add an average 6% to household bills by 2020. Including all previously announced policies this rises to 8%.<sup>6</sup> These figures are very sensitive to the cost of fossil fuel

## NEWS FROM BRUSSELS

### IMPLEMENTING THE RES DIRECTIVE TO REACH 20% RES IN THE EU BY 2020

After its [publication in the Official Journal](#), the European Renewable Energy Sources (RES) Directive entered into force on 25<sup>th</sup> June.

Member States now have to explain how they intend to meet their 2020 binding targets. For that purpose, they have to draft National Renewable Energy Action Plans (NREAPs). On 30<sup>th</sup> June the European Commission

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<sup>5</sup> Figures in 2008 Renewable Energy Strategy were: electricity 32%, heat 14%, transport 10%

<sup>6</sup> On their own, RES measures would add 15% to electricity bills and 23% to gas bills by 2020, but this is mitigated by measures on energy efficiency

published the [NREAP Template](#). Member States have to fill this template by 30<sup>th</sup> June 2010 at the latest. The action plans will be published on this [Transparency Platform](#)

To facilitate the implementation of the RES Directive on a national level and to help Member States to draw up their NREAPs, EREC together with the parliamentary network EUFORES (European Forum for Renewable Energy Sources) set up the [REPAP2020](#) Project. This project is co-funded by the Intelligent Energy Europe Programme. REPAP2020 will empower national industry associations to come up with their individual RES roadmaps which will serve as an important tool to give advice and provide support.

## **THE NEW EUROPEAN PARLIAMENT & UPCOMING CHALLENGES**

The European elections in June brought a new European Parliament into office, with a clear victory to centre-right parties across Europe. The conservative “European People’s Party”, with 264 seats, remains the largest bloc in the European Parliament. The former Socialist Party, now called “Progressive Alliance of Socialists and Democrats”, is the second largest bloc with 183 Members of the European Parliament (MEPs), followed by the “Alliance of Liberals and Democrats” for Europe with 84. The “Greens Group” gained new seats and reach 55 MEPs.

In the coming months, MEPs will have a say in the make-up of the next European Commission and, if the Lisbon Treaty gets past a second Irish referendum later this year, on the new roles of the EU President and EU Foreign Policy Chief.

MEPs will help shape negotiations on an international agreement on global warming at the United Nations Climate Change Conference in Copenhagen, in December 2009. Once a worldwide agreement on an international post-Kyoto climate regime for the period after 2012 is reached with higher reduction targets, the revision of the Emission Trading System (ETS) and the effort sharing decision will be on the agenda, with new assignments of future CO<sub>2</sub> targets per country and per sector.

The European Parliament will also consider, in a second-reading, measures improving the energy performance of new and existing buildings. At its first-reading in April, the European Parliament called for all new buildings constructed after 2018 to be at least net-zero energy buildings, hence to generate on-site as much energy as they consume. The Swedish Presidency’s aim is to reach an agreement with the European Parliament at the Council meeting on 7<sup>th</sup> December 2009.

## **FUNDS FROM THE NEW ENTRANTS RESERVE FOR INNOVATIVE RENEWABLE ENERGY PROJECTS?**

As part of the agreement between the European Parliament and the Council in December 2008 on the revised Emission Trading Scheme, up to 300 million allowances will be set aside from the New Entrants Reserve (NER300) to help finance innovative renewable energy projects and CCS demonstration projects.

A comitology process which involves the European Parliament, the Commission and Member States will determine how this fund will be allocated. Most interesting is the question how to allocate funding between innovative renewable energy projects and CCS projects.

EREC believes that the largest amount of NER300 (at least 50%) should be allocated to a wide-range of innovative renewable energy areas. An upfront split of the allowances is the best way to ensure that the NER300 provides for an adequate and fair promotion of the technologies for the benefit of the citizens.

The Council Climate Change Committee (CCC) is expected to vote on a full set of criteria in the autumn before the dossier is passed on to the European Parliament with the right of scrutiny for three months.

## **ACCREDITATION/CERTIFICATION SYSTEMS REQUIRED: THE QUALICERT PROJECT**

Following article 14 of the Directive on the promotion of the use of energy from renewable sources (2009/28/EC) all Member States have to develop certification schemes or equivalent qualification schemes for installers of small-scale renewable energy installations, e.g. biomass boilers and stoves, PV and solar thermal systems, and heat pumps including shallow geothermal systems, by 31 December 2012.

The Intelligent Energy Europe co-funded project “QualiCert – Common quality certification and accreditation for installers of small-scale renewable energy systems” recognizes the need for creating an EU-wide concerted approach among installers of small-scale renewable energy systems.

The project aims to adopt comprehensive schemes for accreditation and certification based on jointly elaborated and agreed success criteria. In particular, this joint approach addresses the RE Directive’s requirement that each Member State have certification schemes based on similar criteria and recognition of each other’s certification. At the same time, QualiCert targets the market by answering to its need for quality installations and an increase in customers ‘satisfaction.