



**EREC's Position Paper on the communication from the Commission to the Council and the European Parliament "The share of renewable energy in the EU"
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EREC and its members, the European renewable energy industry, trade and research associations

- EPIA (European Photovoltaic Industry Association),
- ESHA (European Small Hydropower Association),
- ESTIF (European Solar Thermal Industry Federation),
- EUBIA (European Biomass Industry Association),
- EUREC Agency (European Renewable Energy Research Centres Agency) and
- EWEA (European Wind Energy Association)

as well as its associate members

- AEBIOM (European Biomass Association) and
- EGEC (European Geothermal Energy Council)

welcome the Commission's Communication and evaluation of the effect of legislative instruments and other Community policies on the development of the contribution of renewable energy sources in the EU, agree with the way the clarification of the role of the guarantee of origin in the calculation of progress towards national targets is dealt with, but disagrees with the more general future scenario and targets of the communication.

Electricity

The mentioned barriers for the development of renewables electricity still do exist in many Member States, especially where the Directive 2001/77 is not properly implemented. The Commission should assess further measures, such as clarifying the rules for administrative procedures and grid access and transmission, that go beyond the Directive 2001/77 and encourage Member States to adapt the measures from this Directive accordingly to solve the mentioned problems.

The market domination of former monopolistically structured utilities and suppliers is still partly preventing small and medium sized renewable energy suppliers from acting on a level-playing field. This should be addressed and evaluated by the Commission.

The import of renewable electricity has posed the question under what conditions a Member State can consider that imported renewable electricity is contributing to the achievement of its national target under the Directive. EREC and its members agree with the Commission that a Member State cannot meet its targets with imports from outside the EU, and appreciate the effort the Commission took to clarify the role of trade in renewable electricity within the EU in relation to national targets.

The principle which the Commission has put forward, namely a Member State can only include imports from another Member State if the exporting country has accepted explicitly and stated on a guarantee of origin, that it will not use the specified amount of renewable electricity to meet its own target and thereby also accepted that this electricity can be counted towards the importing Member State's target, is being supported by EREC and its members. Secondly, we wish to stress that it is not the right time for further steps towards developing an EU-wide market for the exchange of guarantees of origin, because the experiences gained so far are not enough.

Furthermore, before Member States enter into bilateral agreements on importing and exporting renewable electricity another issue needs urgent clarification. Markets today are highly distorted which is a result of the lack of implementing the Directive in similar ways between Member States. More specifically, harmonisation of grid connection costs and transmission fees in a more favourable way and exemptions is necessary, not to forget also an improvement in the underlying administrative conditions for renewable electricity producers.

We highly welcome that the Commission will systematically review the obstacles and objections that may block the development of offshore wind, the environmental requirements that need to be met and will develop guidelines for Member States, by offering proposals for legislation if necessary. The Trans-European Energy Networks Programme shall focus to support investments for the grid adaptation and optimisation for the integration of off-shore wind projects and other large scale renewable energy projects.

We agree with the Commission statement that a conscious photovoltaic industry policy, similar to Japan is lacking in Europe. To ensure a sustainable growth of the photovoltaic market in Europe, an effective policy should take into account the particular needs and interests of the PV sector as an emerging industry, which could be different to other renewable energy technologies. It should at least include the adoption of a favourable legislative framework as well as the establishment of an effective and efficient Research & Development policy and particularly support demonstration and piloting of innovative industrial manufacturing processes. An action plan to promote the penetration of photovoltaic technology into the building construction sector should be developed.

Heating and Cooling

EREC strongly welcomes the recognition of the Commission that "the shortfall compared to the 12% target is caused by sluggish growth of renewable energy markets for heating and cooling, leading to the conclusion that considerable extra

action is needed in this sector...” and that therefore the “fulfilment of the 12% target for 2010 will require a step change in national policies towards the use of renewable energy in heating.”

EREC also strongly welcomes the announcement that the Commission “will bring forward further initiatives – if necessary, legislative proposals – to accelerate the fulfilment of the potential of three key technologies – modern biomass heating, solar heating and geothermal heat. These initiatives could include targets for specific technologies, or requirements for suppliers of heating oil and gas to supply e.g. wood pellets and biogas.”

However, the scarce attention given to renewable heating sources in the Communication is not in line with the important findings of the Commission above.

In view of these new findings, EREC recommends that the European Commission perform a systematic assessment of the potential for renewable heating and cooling in the enlarged Community and the barriers to growth. The reasons for the successful use of certain RES-H technologies in a few Member States should be identified. A clear strategy to extend this success to the numerous Member States that are still strongly lagging behind should be established.

This strategy should include a correction of the current imbalance in the European legislative framework. EC Directives to promote renewables in the electricity and in the transport sector have been adopted. It is now time for discussing and promoting the measures necessary to stimulate growth in the heating and cooling sector, to unlock its large potential. A Directive for the promotion of renewable heating and cooling is indeed necessary to set coherent targets in all Member States, and to improve and harmonise where necessary the framework conditions for market development.

Biomass

The Commission has already announced its intention to adopt a community action plan on biomass, an action strongly supported by EREC and its members. Effective use of biomass for energy purposes depends on the market developments as well as on the interactions between public policy in the fields of energy, agricultural, waste, forestry, industry, rural development, environment and trade policy. Community institutions play a key role in all these policy areas.

The Coordination and streamlining of the different policy areas relevant for the use of biomass should have a priority. Specific attention should be paid to the new member states taking into account the high and unexploited potential that many of them have.

General Issues

We agree with the Commission that renewable energy projects should be a priority for funding in the European Regional Development Fund and Cohesion Fund. Especially for the new member states this will open a new window of opportunities for the creation of small and medium sized industry. In line with streamlining different policy areas such as energy, agricultural and regional policy this would lead to a coherent strategy for the development of renewables.

The European Investment Bank should also prioritise the funding of renewable energy projects. The target of doubling the share of renewable energy loans within its energy loans from 8 to 16% is welcomed but not enough.

It is also crucial to better co-ordinate European and Member States' policies on industrial promotion, international trade and export and development with respect to renewable energy technology. A strategy for renewables and development should be assessed. EREC and its members urge the Commission to put forward a proposal for a community approach to promote European RES technologies on world markets. This is absolutely necessary in order to maintain and strengthen European Renewable Energy industry leadership and to contribute to achieving the Millennium Development Goals. A set of possible measures is outlined in the European Renewable Energy Export Strategy EREC and its members have produced on behalf of DG TREN.

Targets for 2020

EREC and its members are concerned that the discussion on new targets for 2020 is being delayed. 2020 targets are inherently linked to the 2010 targets, in the way that setting 2020 targets will accelerate the process of reaching the 2010 targets. Without longer term targets, the momentum for renewables could be reduced in some Member States, that might simply postpone the achievement of the 2010 targets to an undefined later time. Moreover, the 2020 targets could stimulate development in the renewables sector and lead to future innovation – i.e. provide a new perspective that should and must come from the Commission. EREC supports the call from the European Parliament to set a 20% target for 2020 already in 2005.

Analysis by the renewable energy industry shows that a 20% share of renewable energy sources by 2020 is technically and economically feasible. Further details on the feasibility of such a share can be found in the EREC briefing “Renewable Energy Target for Europe – 20 % by 2020”.

We notice the Commission's hesitation towards the setting of concrete 2020 targets with concern. The Commission's proposed actions – “regular reviews of progress in the development of renewable energy sources”, with the aim to open debate about target-setting beyond 2010 – only postpone that which can and must be done today. The setting of 2020 targets should take place as early as possible.

EREC

European Renewable Energy Council
Renewable Energy House
26, rue du Trône
B-1000 Brussels
T : +32 2 546 1933
F : +32 2 546 1947
E: erec@erec-renewables.org
I: www.erec-renewables.org