



EREC Position on the need for sectorial targets

As the European Commission prepares its Renewable Energy Roadmap, due for adoption in the coming months, the European Renewable Energy Council reiterates that targets for the share of renewable energy in all three sectors (electricity, heating/cooling and biofuels) should be adopted. This is the basis for the continuation of a sustainable EU energy policy and a precondition for establishing a sustainable, competitive and secure energy mix for the future.

The setting of national sectorial targets for 2020 would be appropriate and lead to more efforts in all Member States. This would show the EU's commitment and would significantly enhance investor confidence. The setting of 2020 targets at this stage would also increase the Community's chance of meeting the existing 2010 targets because this would clearly demonstrate the EU's willingness to continue and stimulate its successful renewable energy market and industry development, which resulted up to now already in the creation of more than 300.000 jobs in this sector in Europe.

Technological diversity and a renewable energy mix

A fundament of setting targets for the renewables industry is that these targets clearly show the way ahead and therefore they need to be set "sectoral" for the three different sectors involved:

- Electricity (RES-E)
- Heating/cooling (RES-H) and
- Biofuels.

These three different sectors all contribute to a sustainable, secure and competitive energy supply, but the industries, the needs, the barriers to growth and the necessary legislative frameworks behind are fundamentally different.

Reaching technological diversity within the renewable energy sector is crucial and the aim of any support mechanism should be to encourage and

strengthen this diversity. Different renewable energy sources cover different energy needs, for instance hydro power and biomass can be used easily for peak electricity demand as well as for baseload, or others can be used more easily in a decentralised manner. Biomass or geothermal can be used for CHP, whereas solar thermal is more widely used for decentralised heat and cold production. Only a broad mix of renewables will be able to provide for all energy needs. In addition there are also different impacts on other activities and sectors, such as agricultural policy, regional planning or the use of materials in different areas.

Sectorial targets are essential because they reflect the very different nature of the various renewable energy technologies, as well as their divergent requirements in terms of infrastructure planning, support legislation and monitoring tools.

The different sectors

In the case of electricity, the future planning of the electrical power system (generation, operation, T&D infrastructure, interconnection) requires a clear view (differentiated in time and location) on the amount of RES technologies that will be connected in the Member States. Especially for an efficient and economical integration of the foreseen amount of renewable power, a rational process is needed on the European level for power system planning. More specifically this is required for the planning of investment in interconnectors, needed to integrate large offshore wind power and to minimise the variability costs of wind power and to maximise its capacity credit. In order to enable this process including the development of the regulatory framework, appropriate incentives and market mechanisms, quantitative targets for the share of RES technologies in electricity generation should be put forward.

In turn, challenges related to the design of support schemes for RES-Heat are rather different. Heat, unlike electricity, is not distributed through national and European networks. As a result, many more actors are involved at the local level. Financial incentives or regulations must address millions of owners of heating devices in the residential sector, offices, industry, agriculture and in the services sector. In the RES-E sector a European distribution, grid access and completely different administrative burdens have to be tackled. The key players in the different sectors are usually not the same.

With respect to biofuels the challenges are again completely different compared to the other sectors. Distribution networks need to be tackled as well as the automobile industry. Questions of pure biofuel use versus blending arise and both need different answers alone in this sector. Also the question of obligations versus tax incentives is specific to the transportation sector.

As past experience shows only a clear, transparent and ambitious target could deliver investor confidence and stimulate measures that are necessary to reach the target. In 1997 the EU set an overall target of doubling the share of renewables from 6% at that time to 12% by 2010. For the years afterwards

the growth of renewables was sluggish in many countries and only had a real uptake in countries with clearly allocated policies and targets. A turn towards action in a broader context only arose with the EU target setting and the introduction of concrete measures in the sectors of renewables electricity and biofuels. In the heating sector significant efforts were only introduced in some countries.

Only in 2001, when the “renewables electricity” directive was adopted with concrete national targets for the future a real uptake and a change of promotion mechanisms in the Member States was seen. Since then the efforts in all countries increased and RES-E is one of the most significant success stories in European industry.

Similar experience was made when in 2003 concrete national targets for biofuels were adopted. Only since then a real market and industry for biofuels was starting to be established and is well on its way to delivering significant benefits.

The opposite happened with the third sector: renewables heating and cooling. No clear targets were set in this area and no legislation on the European level was passed and the sector growth only happened in a few countries which had their own aims and goals. Since the targets in the White Paper were never specified for this sector a similar development did unfortunately not happen in all member states. Reason behind is that there is no security for the industry and investors alike about the way forward in this sector. Changing governments on the national level do not have the EU ambitions in front and therefore can change the promotion of RES heating easily. A specific target in this area would lead to confidence amongst the industry and could accompanied with legislative measures stimulate similar development as in the other two sectors.

Specific goals are necessary

The setting of just one renewable energy target for each member state would lead to the same situation as before specifying the White Paper targets: None of the three industry sectors would know what exactly this means for the own sector. Will countries stimulate development only in one sector? Will they stimulate development only in the cheapest area? Will they cut down support for already established industries?

The two sectors that already have targets, which worked out to be a major tool for significant growth rates and development would be put into insecurity about the future commitment of the EU. And the sector without targets so far would stay in the same insecurity as today and major changes in growth would not be expected. Existing, successful and proven frameworks would be changed without any necessity and clear signals to the market concerning the missing pillar in the legislative framework would not be established.

Alike in any business development the more concrete a target is set the more likely it will be reached.

Finally, the logic of an overall long-term target stems from a bottom-up approach in which concrete sectorial targets at national level are built first, ending in an overall figure. Given the limited possibilities to “swap” one resource from one sector to the other (e.g.: wind cannot be directly used to produce fuel for the transport sector), it makes no sense providing the global figure without the supporting calculations behind.

Therefore EREC strongly calls upon the Commission to continue with the successful way of setting sectorial targets for electricity and biofuels and start setting targets for the RES-H sector. These targets should ideally be binding and be set for 2020.

This position is from 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)
- EWEA (European Wind Energy Association)
- AEBIOM (European Biomass Association) and
- EGEC (European Geothermal Energy Council),