



Brussels, 1st of December 2008

European Renewable Energy Council
For information please contact:
Oliver Schäfer, Policy Director,
Mob: +32 496 65 28 37
Email: Schaefer@erec.org

Open Letter sent to the Italian Prime Minister Silvio Berlusconi

Dear Prime Minister,

As one of the most dynamic and rapidly growing European industry sectors with a turnover of more than 45 billion Euro and more than 400 000 employees, many of them in Italy, we would like to express our concerns about the position of the Italian government on the EU's energy and climate package. We believe that entering a new era of sustainable energy supply at predictable cost could lead to an array of advantages rather than be a burden to the Italian economy.

The European and Italian Renewable Industry is convinced that the swift adoption of the energy and climate package is now more than ever a necessity and an opportunity for Italy and for the EU as a whole. With this perspective, European Heads of State and of Government should reinforce their commitments, and adopt this year a strong Climate and Energy Package.

Renewable energy does not only contribute to fight climate change, but also delivers a clean, sustainable, stable energy supply and creates jobs where the energy is provided. If developed in Europe, the jobs will be in Europe. Globally we are facing the threat of competing for scarce energy resources. Continuing with a "business as usual" approach will not help us Europeans. We must look forward, enter new business streams and create wealth for Italy and for Europe with new, innovative technologies instead of protectionism of traditional sectors.

The fight against Climate Change: a long term imperative

"The current financial crisis can eventually be fixed and should not be used as an excuse for inaction", said recently the Deutsche Bank - one of the few banks which featured benefits in the

third quarter of this year. The absolute necessity to act now to mitigate climate change is even more urgent and the opportunities generated by the renewable energy sector to mitigate climate change continue to increase.

Indeed, at the heart of a successful programme to simultaneously tackle climate change and the financial crisis is public spending in renewable energy technologies. While providing a much needed response to reducing global greenhouse gas emissions, such a move would give the Italian economy a boost by immediately fostering demand, therefore creating new employment in all industrial sectors related to renewable energy production.

The fight against climate change: A business opportunity

More than a necessity, this package of measures should also be viewed as an opportunity for Italian companies to enter the renewable energy business, a business that featured at global level a 60% investment growth from 2006 to 2007.

During the past years, the renewable energy sector has undergone a considerable positive transformation in Europe, so much so that the perceptions of some EU Member States towards renewables may lag behind the reality of where the renewables industry is today and behind its actual growth potential in future years. In 2007 alone, more than 80 bn € were invested in new renewable energy capacity, manufacturing plants, and research and development.

The costs of the fight against climate change

A major report by former Chief Economist of the World Bank Sir Nicolas Stern estimated that the costs of inaction against climate change will be substantially greater than the costs of action. The costs of inaction could rise between 5% and 20% of lost GDP each year. These are much greater numbers than the GDP lost by economic slow downs and far greater than a change to our energy supply structure.

It is worth remembering that Italian consumers currently pay one of the highest electricity prices in the EU because of Italy's reliance on oil and gas for electricity production. Electricity prices are 45% higher than the EU average, and this situation is being aggravated with a reliance on gas imports, which have increased by 118% from 1990 to 2004.

At the same time, the price of renewable energy sources has decreased and has moved to commercial breakeven with conventional energy. Most renewable sources provide energy without fuel cost, today and in the future, and others at predictable fuel prices. Higher investments in renewable sources at the beginning of their commercial deployment are paid back easily through avoided fuel costs and jobs provided. According to the European Commission, by reaching the target of 17% renewable energy by 2020, Italy will reduce its dependency from oil and gas imports and, therefore, attain 7.6 bn € cost reduction.

As part of the EU's Climate and Energy package, the proposed Directive for the promotion of energy from renewable sources— more specifically- will help Italy address some of its most pressing issues:

Reducing Italy's dependency on energy imports

Italy is extremely dependent on energy imports compared to other EU countries. Energy imports represented over 86.8% of Italy's energy need in 2006. Italy is currently the fourth biggest world importer for gas, and the seventh for oil.

Developing the renewable energy sector will make Italy less dependent and vulnerable. Other European countries have already chosen renewable energies as a viable solution for their national energy economy. For instance, in Denmark wind energy represents 20% of the national electricity production, making Denmark one of the five most competitive countries in the world, also due its relatively high independence from fluctuating and volatile gas prices by relying on stable renewable energy technologies.

Creating jobs domestically

Italy has already created jobs in the renewable energy sector and has a huge potential for creating much more sustainable jobs in future. In Germany the growth of the renewable energy industry enabled an increase of employees in the renewable energy sector to 249 500 in 2007 at very little cost and very high benefits to energy security by raising the share of renewables in electricity production from 4,5% in 1999 to 15% in 2007.

Achieving the Kyoto Protocol's commitments

Renewable Energy sources can provide a significant contribution to CO₂ emissions reductions and help Italy meet its international commitments. To meet the Kyoto protocol objectives, Italy must reduce its carbon dioxide emissions by 6.5% by 2012 compared to 1990. However, at present, Italian emissions have increased by 12%, requiring an increased reduction of over 18%. Developing renewable energy sources will contribute to close this gap and help Italy meet its international commitment.

Investing in the Renewable Energy Sector

Italy has enormous potential in the renewable energy sector. In Italy, electricity production from biomass, wind and photovoltaic has doubled between 2002 -2006. The Italian wind power sector grew by 30% annually during the latest 3 years despite well-known authorization and grid connection issues. The wind energy sector in Italy has a feasible technical-social potential of 14,000 MW by 2020.

The small hydropower sector - which has a low impact on the environment - also has a big potential with about 1500-2000 MW of installed capacity forecasted by 2020.

The Italian pellet stove market is the biggest in the EU and now needs regulatory stability to grow more: If Italy were to maximize its environmental compatible biomass potential, by 2030, it would produce 18 million tonnes of oil equivalent a year of primary energy and avoid nearly 48 tonnes of carbon dioxide equivalents a year.

Italy has the 3rd largest biodiesel sector in Europe. With 20 production plants, the Italian biodiesel companies put already in place in 2008 a production capacity of 1 566 000 tonnes, with plans of expansion to 2 million tonnes in 2009 and 2010. The production capacity can already fulfill the 2009 obligation that requires a blending of 3% biofuels in all fuels marketed in Italy. The sector has experienced exponential growth and the production is sold both locally and exported to Germany, France, Austria, and Spain.

The Italian photovoltaic industry turnover has increased from 25 millions euros in 2005 to 430 million euros in 2007. The Italian photovoltaic (PV) market has the potential to become one of the world's most important markets with significant manufacturing capacities in Italy. Italy will be the first EU Member State to match PV generation costs with retail electricity prices, as early as in 2011-2012. The installed capacity in Italy is expected to continue increasing at a very significant annual growth rate (about 70 % growth foreseen for next year).

Italy produces 90% of the EU geothermal power production and analysts estimate that Italy has the largest, per-capita geothermal potential in the world at very low cost.

It is now up to Italy to choose to tap into this amazing potential and invest in the markets of the future with the help of the EU Energy and Climate Package.

Therefore, we call on you to ensure the smooth adoption this year of a Climate and Energy Package to prepare for a sustainable, secure and competitive energy supply for Italy and for the whole European Union.

Yours sincerely,

The Italian Renewable Energy Association APER (Associazione Produttori Energia da fonti Rinnovabili)

With the support of EREC (European Renewable Energy Council) and its members:



AEBIOM (European Biomass Association)



eBIO (European Bioethanol Fuel Association)



EGEC (European Geothermal Energy Council)



EPIA (European Photovoltaic Industry Association)



ESHA (European Small Hydropower Association)



ESTIF (European Solar Thermal Industry Federation)



EUBIA (European Biomass Industry Association)



EWEA (European Wind Energy Association)



EUREC Agency (European Association of Renewable Energy Research Centers)



EREF (European Renewable Energies Federation)



EU-OEA (European Ocean Energy Association)



ESTELA (European Solar Thermal Electricity Association)



EBB (European Biodiesel Board)