



EREC

Position paper

Support to the Ad-Hoc groups of the Euro-Mediterranean Energy Forum

The Mediterranean region is an area of strategic importance for Europe. The European Union has a key role to play in supporting the Mediterranean countries to transform progressively their region into a zone of stability and prosperity.

The Barcelona Declaration provides an excellent foundation for the promotion of sustainable and balanced economic and social development in the Region.

As energy contributes to the development of the region, the integration of the promotion of Renewable Energy Sources (RES) in several policy areas may give a major added value to Community common strategy.

Within the framework of energy debate the Renewables Energy Sources should actively participate and contribute to the energy policy design as well as the European Industry should be the principal actor.

EREC as representative of all Renewable Energy Sources welcomes the debate carry on Euro-Mediterranean Energy issues.

Taking into consideration the Johannesburg results as well as the suggestions of the White paper for Renewable Energy Sources and the EREC Renewable Energy Export Strategy, EREC and its members highlight the following elements as important for any future energy strategy considerations.

RES Industry strategy

Components of an EU strategy:

1. Need for a **Mediterranean Energy Centre**, important tool for transfer of know-how, technology and trade-balance in the region.
As proposed during the Ad-hoc groups discussions the creation of a Regional Energy Centre for the Mediterranean region could play an important role mainly in the South Mediterranean area by coordinating all relative RES actions in favoring the dialogue between the different partners.
Inside that structure the European Renewable Energy Export Council must be integrated to reinforce the **European industry role** in the socio-economic development of the Mediterranean countries.

2. The main goal of the Mediterranean Energy Centre will consist to create **sustainable infrastructures** in each country with the aim to implement a permanent and effective support for RES applications and to contribute to a sustainable development.
3. To reflect all national and regional specificities, the development of **country profiles** should provide information on geographical parameters, geopolitical trends, socio-economic situation and human potential to adapt appropriate RES policies.
4. Appropriate RES policies need **Regional specific programmes and initiatives**. Regional authorities should implement RES programmes, support actions and ensure their follow-up in co-ordination with the **Mediterranean Energy Centre**. To ensure a successful implementation of RES, regional energy program should better focus on RES. Within the European Union, valuable experience has been gained in the development of appropriate policy framework for RES development. This experience should be made available to political actors in Mediterranean countries.
5. The Mediterranean Energy Centre must be the tool for **Coordination between various national initiatives** in order to create synergies and to enhance actions. The national budgets for RES need to be coordinated on **short, medium and long term** actions for covering all potential development with the European industry and the European Commission. However long-term investment is essential as the real impact only becomes clear in the long term.

Support for EU RET Industry in cooperation with Mediterranean countries:

6. **Policy support** by developing or improving already existing legal framework. Need for National regulations and clear targets as well as a timetable for implementation for each Mediterranean country.
7. **Financial support:** RES projects need financial assistance in order to face the energy competition and to develop a local market, a local know-how and a successful transfer of technology. Although strong efforts will take place to connect the bigger cities with the central electricity grid, there will be no economically feasible way to have the rural areas connected to the grid in the next decade. The Mediterranean basin considering its geography and its potential is the ideal place for stand-alone applications as for example for rural electrification in remote areas and grid connected PV systems or wind parks mainly taking in account the EU Mediterranean objective for a Mediterranean grid inter-connexion.
In this frame appropriated financial tools for RES projects as ESCOs, TPF and new financial instruments must be defined and supported to be implemented in the Mediterranean area.
8. **Project facilitation, financing and follow-up:** Financial institutions and commercial finance market may develop schemes facilitating investments in RES projects. The whole cycle of a project must be supported. From the Project facilitation and incentives to financing and follow up.

- 9 **Technical assistance including training:** A transfer of know-how from European to Mediterranean partners is suggested by providing technical assistance and training courses as a contribution for the sustainable infrastructures creation. In this topic, the European industry will play a major role as a contributor with its experience and best practice.
- 10 **Export credit agencies (ECAs)** are the largest group of international finance institutions. With an enormous financial potential through loans, guarantees and investments in developing countries the ECAs once informed may help RET industry to take off in this region.
The role of the Mediterranean Energy Centre will be to fill the gap between “bankable” ECAs rules and RES project dimension.
- 11 **Trade missions & identification of partners:** Trade missions may establish the dialogue between the Industry and the decision makers as well as to expand market possibilities. Towards the same objective the participation in trade fairs, workshops as well as seminars and debates may help to identify future partners and create valuable contacts for future collaboration.
- 12 **Market research** is a prerequisite for sustainable development schemes.

Below follows the presentation of the PV market potential in the Mediterranean area as one example to illustrate renewable energy’s market potential in this region.

PV market in the Mediterranean area

The European Photovoltaic Industry Association estimates that on the horizon of 2020 the potential of annual electricity market in MWp in the Mediterranean region could be evaluated as followed:

Annual Solar electricity market in the South Mediterranean countries (without EU countries) In MWp

2005	15
2010	61
2015	391
2020	2.505
2000-2020	8.060

(Source EPIA)

These figures are based on the following market expectations:

- The average annual growth rate worldwide up to 2009 is projected to be 27% and then rising to 34% between 2010 and 2020.
- Although initial growth is expected to be fastest in the grid-connected sector, by 2010 this will be replaced by the emerging off-grid rural sector.

- For electricity generation the total world demand for power increasing from 15.300 TWh in 2000 to 20.900 TWh in 2010 and 27.350 TWh by 2020.

All these projections show that PV Solar Electricity has the potential to make a major contribution to both, on-grid and off-grid, future electricity supply.

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