

**Speech Prof. Arthouros Zervos**  
**Opening of Seminar Renewables 2020 – towards 20 %**  
**Lisbon, 11<sup>th</sup> July 2007**

Dear Minister Manuel Pinho,  
Ms. Britta Thomsen,  
Mr. Ruete,  
Ambassador Zammit Cutajar,  
Mr. Ramsay,  
Dear Carlos,  
Ladies and Gentlemen,

I would first like to thank the Portuguese Presidency and particularly the Portuguese Ministry of Economy and Innovation for inviting us to this seminar on renewable energy sources, discussing the creation of a framework to increase the renewable energy share of the European Union to 20% by 2020. We welcome very much the early initiative of the presidency, although it must be difficult to act now without a proposal by the Commission. We still see quite some fundamental issues to be tackled by the presidency which I will outline during this presentation.

The decision of the 2007 Spring Council, where Europe's Heads of States have agreed to a binding target of 20 % renewable energy by 2020, has laid the ground for renewable energy sources to become a major pillar of EU's future energy supply. Together with the agreed 20 % energy efficiency target as well as the 20 % GHG reduction target, a sound basis for a sustainable energy policy focusing on measures on both demand and supply side has been laid.

The time window for making the shift from fossil fuels to renewable energy is very short. According to the latest IPCC report we need to change our energy supply structure dramatically within the next 15 years in order to avoid the most dangerous impacts of climate change. According to another report from Sir Nicolas Stern, of which you are all aware of, action today is even cheaper than non action.

We just published our own report, together with Greenpeace last week in which we show that a change in the power supply structure towards a sustainable way would be cheaper than a business as usual strategy. This report shows that investment in renewables pays off quite quickly due to massive savings in fuel costs and avoided external costs. In fact, a 'business as usual' mix in the world global power generation sector would result in 10 times higher fuel costs, when compared to the additional investment needed to implement the *Energy Revolution* pathway.

Ladies and Gentlemen,

The binding 20% renewable energy target in the EU recognizes the multiple advantages of renewable energy sources in view of increasing the security of Europe's energy supply, contributing to climate change abatement as well as increasing the competitiveness of the European industry.

The European renewable energy industry with an annual turnover of already more than 25 billion € and 300.000 people employed today is one of the fastest growing sectors of Europe's economy and, if a stable and coherent framework is put in place, will continue to grow significantly in the future.

The agreement on the binding 20% target by the EU's Heads of States in March this year was a significant signal sent out not just by some ministers, but by the 27 leaders of Europe. However, now we need to get the details right in order to ensure the reaching of this target by deploying the full renewable energy potential in all sectors and in all Member States.

EREC has produced a roadmap showing that reaching the 20 % renewable energy by 2020 is absolutely feasible with the right policy framework in place. In our view, it is possible to generate 35 % of Europe's electricity supply by renewable energy sources, 25 % of the total heat production and at least 10 % biofuels.

The question now is what is necessary in order to make the target become reality.

The first and outmost agreement we need to find is that timing is a key element in the whole process. The target was set in March 2007, in only thirteen years from now on we want to have it realized, a thirteen percent increase of renewables in thirteen years. This means the EU needs to adopt the necessary measures as soon as possible. A delay in legislation can cause tremendous delays in action.

We cannot afford this and this is why I now want to spice up the discussion with some principles which we see feasible and necessary in order to speed up the process.

There are some of the obvious expectations we as industry have to the future framework legislation. We have pointed them out already often and loudly, so I just want to briefly mention them before proposing some other elements.

It is still important to the industry to maintain investor confidence in any future legislation. This can only be guaranteed if there is a clear pathway shown for the different sectors in renewables. Renewable heating and renewable electricity for example are two completely different sectors with different needs and actors. It needs to be pointed out clearly – being it in the national action plans or on the European level- where the contributions of the different sectors should be in reaching the overall target – Only this can create investor confidence in all sectors of renewable energy. And only this can also ensure that the full range of technologies will be developed.

When it comes to the provisions and principle measures for the different subsectors, it is crucial to **maintain the already existing frameworks for electricity and biofuels** as a minimum standard and to create a coherent framework for heating & cooling, a sector currently not addressed by EU legislation.

In addition we need to strengthen this existing legislation. Administrative barriers have to be removed further on the European level. We need to think about “one-stop-shops” for administrative procedures. With an increasing share of renewables in all Member States the industry can be helped best if these provisions are the same everywhere. Standards for these procedures for all the Union can help fostering cross-border activities by the many small and medium sized enterprises active in the field.

And we obviously need strong provisions in the future framework directive for renewable heating&cooling.

Almost half of Europe’s final energy consumption is used for heating purposes. The demand for cooling is growing dramatically. Renewables have a huge potential in this area that has been neglected by policy makers in most countries so far.

A European framework in this area is absolutely needed as the development of RES-heating markets in Europe is strikingly unbalanced. Very few countries have a very large share of the installed capacity at EU level, a fact that cannot be explained by the distribution of natural resources.

For new buildings and major renovations, we should follow the example of those countries and regions that have introduced renewable heat obligations. For all other heat & cold consumption points, in existing buildings or industry, we need a coherent set of measures including financial incentives, awareness raising & training for professionals like installers, heating engineers, architects.

*On **biofuels** we need a **single EU system on land-use and biodiversity** that guarantees sustainable production of crops and biomass for biofuels. However,*

*sustainability criteria need to apply to all crops whatever the end-use is being it food or non-food*

These are our core needs in a nutshell, but I assume these are not the most controversial points to be discussed at this conference and during the coming months.

The hotter issues are somewhere else I guess, so I kept them for the second half of my presentation and would like to continue with some principles we desire.

The first principle I would like to lay out and discuss is the mechanism on how to distribute the 20% overall target into national targets.

Here I would like to propose something which I would like the Portuguese presidency to discuss with their colleagues in the Council. An agreement on the distribution of the 20% target would be a major step towards reaching an agreement on future legislation.

How could the overall target be split amongst Member States?

It is obvious that the split should be fair amongst Member States.

What is fair? And what is easy to reach and to accept for all Member States without endless negotiations about post- or pre-comma numbers? This is what we would like to avoid and it is where we see an easy solution possible under this presidency!

From our point of view the 20% target is a fair number decided on by stateswomen and statesmen which had a unilateral, unanimous dream of making this unilateral target become a reality.

What lies closer than taking 27 unilateral commitments? Increasing the share of renewables in the EU from today around 7% to 20% in 2020 means an increase of 13 percentage points in 13 years for the EU. If each Member State increases the share of renewables in it's own country by 13 percentage points we will reach exactly the unilateral goal without accepting unscientific preconditions for individual countries.

The commitment was taken in solidarity and so should be the actions. There is absolutely no scientific evidence in any country which could justify that a single Member State is not able to deliver a 13 percent point increase (– the only justification would be if a Member State would already be beyond 87% - then it might have been tricky :o) )

Acting this way would show to the citizens that the heads of States take their commitments seriously and that there is no politician who wants to hide away from the promises they have made to their people. And it would avoid endless

discussions behind closed doors between Member States and the Commission. If any Member State has a problem with this, the discussion would be brought up to the public and the daylight;

a public debate would be stimulated why the target should not be distributed evenly and then all the voters could discuss with policy makers. Today's politicians can change the energy supply for the next generation – a good argument for the next election! As more and more people will say: “I love renewable energy – and I vote!!”

We would prefer this public debate very much over any negotiations and bargains behind the doors.

So I urge the Commission to think about this easy procedure and I urge the Council to have this discussion as soon as possible as well.

Ladies and Gentlemen,

The second principle I want to mention is the question of a possible European wide support for renewables for a quicker and more even deployment of renewables. Some people argue since many years that we need a harmonized support mechanism for renewables electricity and that this should be based on tradable certificates.

And the same people continue to argue with the same arguments, but now they try it a bit louder than before. Unfortunately the arguments did not get better by the constant repetition.

This is why we have a more differentiated view on this issue.

First and most importantly we have a new situation compared to before. We do now have a target for renewable energy and not for renewable electricity – this was the strong wish of the Member States and the strong wish of many who call today for a harmonization in renewables electricity support.

With this new situation it does not make sense anymore to argue towards a harmonization in just one sector of renewables. If we want to reach the overall renewables target we need to introduce certain measures on the European level which are designed specifically for the different sectors, but as far as support mechanisms are concerned this should be done on the national level according to the principle of subsidiarity which was called for by the governments.

And particularly in the renewables electricity sectors it is also not necessary to harmonize mechanisms at this stage for many reasons. Before any harmonization of mechanisms in renewables electricity a truly competitive and well functioning internal electricity market would be a precondition – before

that we do not need to talk about further steps and this precondition seems to be further away today than some years ago.

*[Especially when we are looking at the realities of national support mechanisms – for electricity in this case: The most successful ones in terms of efficiency and effectiveness are feed-in systems or premium models. If we wanted to harmonise systems I wonder why it should then not be based on these successful mechanisms.]*

If there is still a need for the creation of a European wide mechanism, in our point of view, the best and most effective would be to introduce the polluter-pays principle by putting a tax or levy on those energy sources which today have a virtually free right to destroy our environment. This would be a long way towards the creation of a level-playing field and it would help to foster deployment not only in the electricity sector, but in all areas of renewable energy.

This would find our greatest support and based on this we would be happy to define the necessary details for a European wide approach.

The third principle we need to address according to the wishes of the Council is the question of the possibility for a “cross-border-fulfillment” of national targets.

Let me repeat what I said earlier: if we would agree on the same target for each Member State – an increase of 13 percentage points from their current level- in principle no cross-border fulfillment would be necessary at all, because all science will proof that this is feasible for all Member States.

Anyhow there might be Member States which want and will go beyond their national target – many good reasons from increased security of supply to job creation on the regional level and increased independence on fossil price development would justify for this.

Others might have a slow start and come to the conclusion at a certain moment – which should be proven by intermediate targets- that they wont be able to fulfill their national targets not based on resource problems, but on slow and false action.

In this case the ambitious Member States which are overshooting their target should benefit from the greater contribution towards the 20% EU target and the Member States who fall behind their promises should be penalized.

There are several possibilities one could think of. Some believe that trading between renewables shares within the Member States could solve the problem. We believe that there are other, easier options.

One way for example could be that those who do more could distribute the additional financial support to all European citizens. This means once a country has fulfilled its target the support given to all additional production is paid not by that particular Member State, but by the rest of the Member States which are lacking behind. Or if you want it more equitably the additional investment cost could be distributed amongst those citizens in the Member States whose government caused a shortfall in meeting the national target.

This means those countries which from the beginning implement the necessary measures on the national level to fulfill their target and go beyond should have an incentive to fully exploit the potential of renewables.

And those who do not act accordingly would be penalized according to their non-action.

This is just one idea, we could also discuss the creation of a European fund in which those who shortfall have to contribute and the money will then be used in those countries which are willing to do more. This all would be more effective than creating another artificial market place for virtual certificates. The past experiences which we have on such a market – not for renewables, but for CO<sub>2</sub>, show us how complicated this is. Why not go for an easy, quickly to implement solution which distributes challenges and opportunities evenly amongst the good and the bad?

Ladies and Gentlemen,

Time does not allow me to go into details, but I am sure whatever direction we are going there is still a need for defining the details in all directions. This is why I wanted to outline some points for further discussion and I am looking forward to this discussion. So far nothing is in concrete and I hope we use the coming time for a fair and non ideological discussion.

To finalize, in my point of view it is crucial to acknowledge the numerous benefits of renewable energy sources. A renewable energy policy is much more than just a climate policy, promoting renewable is giving priority to economic growth, creation of jobs as well as, due to their mainly decentralized nature, rural development. Renewables contribute to securing the future welfare and prosperity of Europe's citizens and, not to forget, they are extremely popular among the European population, as a recent Eurobarometer survey has clearly shown attributing renewable energy technologies by far the highest popularity of all energy sources.

Ladies and Gentlemen,

Finally let us overcome the idea of seeing renewables development as a burden to our economies. Renewable energies will necessarily play a greater role in our future energy consumption. Particularly the economic reasons will drive this development. Having seen the reporting about the latest publication of the IEA about a possible oil price shock within the next five years I am getting more and more confident that political decision makers will lay out the right fundament for renewables.

We shall overcome the senseless battle of “market versus the environment“ and must turn it into a battle of „**markets for the environment**“.

**The markets for the future are green!**

I am convinced that those who take the initiative today will be the winners of tomorrow. Let us make Europe the most energy import independent and sustainable region of the world to the benefit of us and our future generations

Thank you very much for your attention!