

**EU Energy and Climate Change Package,  
The Proposal for a Directive on the  
promotion of the use of renewable energy**



## The energy package delivery:

In January 2007, the European Commission adopted an energy and climate change package, aiming the reduction of at least 20% in the emission of greenhouse gases by 2020, and a mandatory EU target of 20% renewable energy by 2020, including a 10% biofuels.

In the European Council of March 2007, targets for 2020 were agreed: +20% of final consumption of energy from renewable sources, -20% of emissions, +20% of energy efficiency.

In January 2008, the European Commission presented the “Green Package”. It comprises a set of interlinked policy proposals. They include:

- 1.A proposal amending the EU Emissions Trading Directive (EU ETS)
- 2.A proposal relating to the sharing of efforts to meet the EC’s greenhouse gas reduction target in sectors uncovered by the EU ETS (transport, buildings)
- 3.A proposal for a Directive on the promotion of the use of renewable energy.

# Proposal for a Directive on the promotion of the use of renewable energy

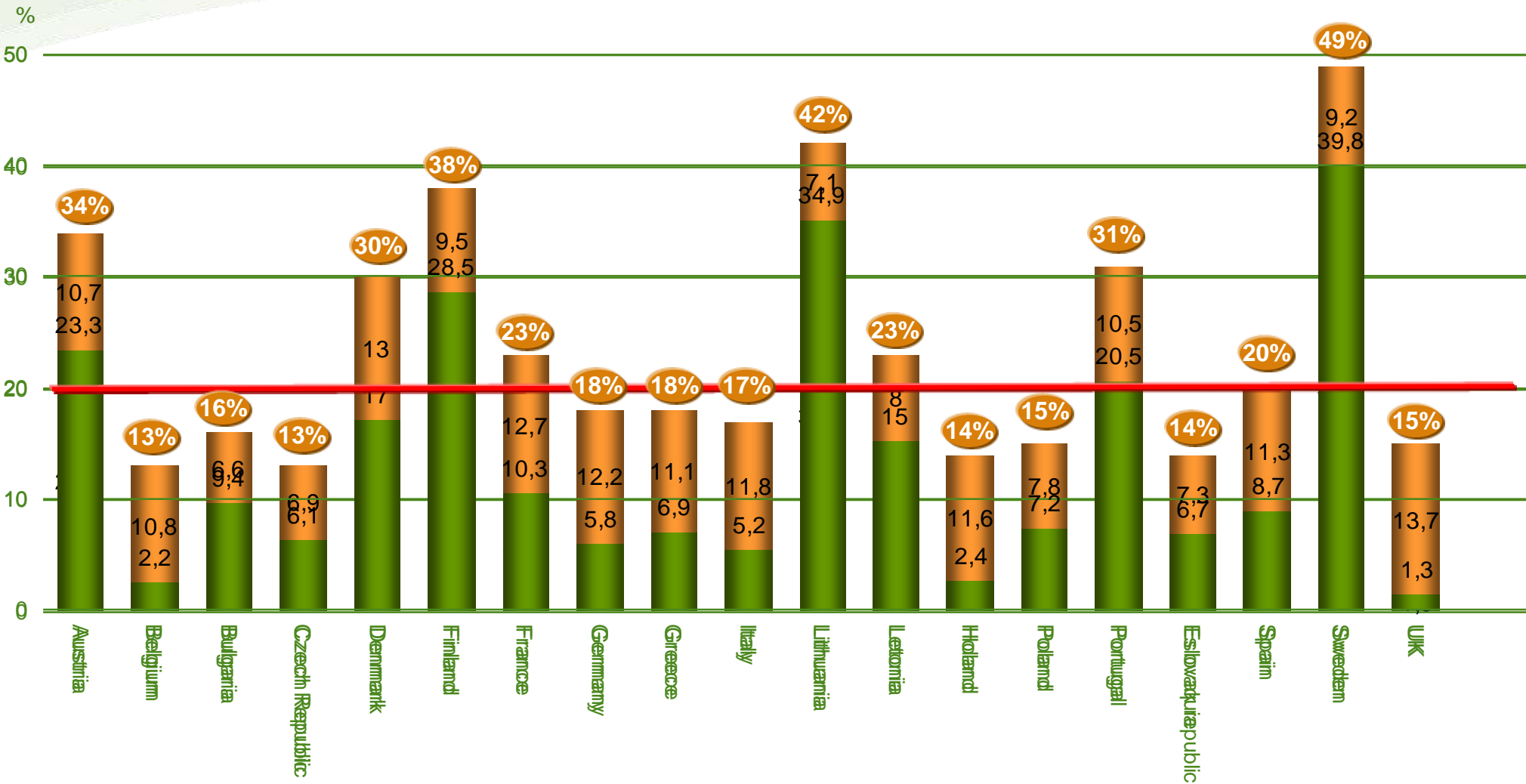


## Main items included in the Proposed Directive:

- It defines a 20% renewable energy consumption for the whole of the EU in 2020, from the 8.5% in 2005.
- It establishes national legally binding objectives for renewable share, including 10% of biofuels, for 2020. It sets intermediate goals from the 2011/2012 period, supervised by the EC.
- Countries will have to adopt National Action Plans
- The text defines a methodology to allocate to each Member State its national objectives. 6pp a linear fashion and 6pp weighted with per capita income
- It standardises the Guarantees of Origin (GoO), certifying that a given quantity of energy is produced from renewable sources. It allows a tradable GoO scheme

- The text has been sent to the Parliament and the Council for processing and final approval, via a consensual text. The procedure can take over a year

# European Action Plan: 20% renewable energies



Source: Directive of the European Parliament and of the Council: on the promotion of the use of energy from renewable resources

# Iberdrola Renewables position on the proposed Legislation



Iberdrola Corp. considers highly positive all the proposals of the Green Package, as it will boost the use of renewable energy, improves the EU ETS and promotes the internalization of environmental costs of most pollutant technologies.

The Proposed Directive sets ambitious and binding targets for all countries. This translates into an exceptional growing market for the next decade. Very relevant for companies such as Iberdrola Renewables with a significant pipeline in Europe. The value on this piece of legislation, if approved as proposed, is particularly high.

GoO: a EU wide voluntary support mechanism is defined, based on tradable guarantees of origin, once intermediate targets are fulfilled. Brings new opportunities, that we are in the best possible position to capture.

Yet, safeguards certainty provided by national support schemes, specially those markets driven by feed-in-tariffs and premiums.