

A vertical collage on the left side of the slide. At the top, there is a line graph with a fluctuating line. Below the graph, there is a close-up of a hand holding a pair of pliers. In the middle, there is a view of Earth from space, showing a large crowd of people gathered on a platform. At the bottom, there is an offshore oil rig in the ocean.

Renewable Energy Policies An IEA Perspective

William C. RAMSAY

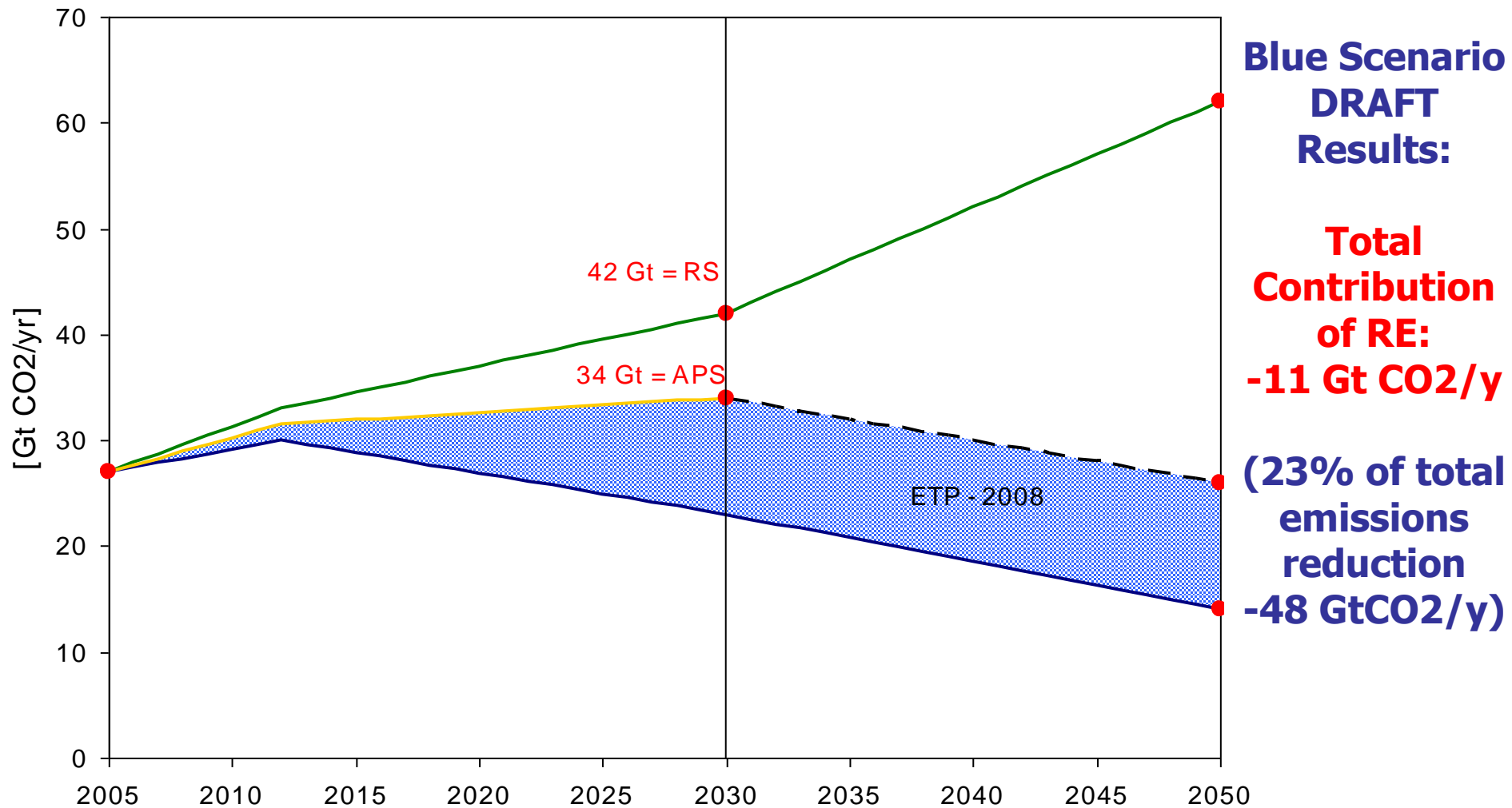
*Deputy Executive Director
International Energy Agency*

***EUSEW 2008
Renewable Energy Policy Workshop
Brussels, 28 January 2008***



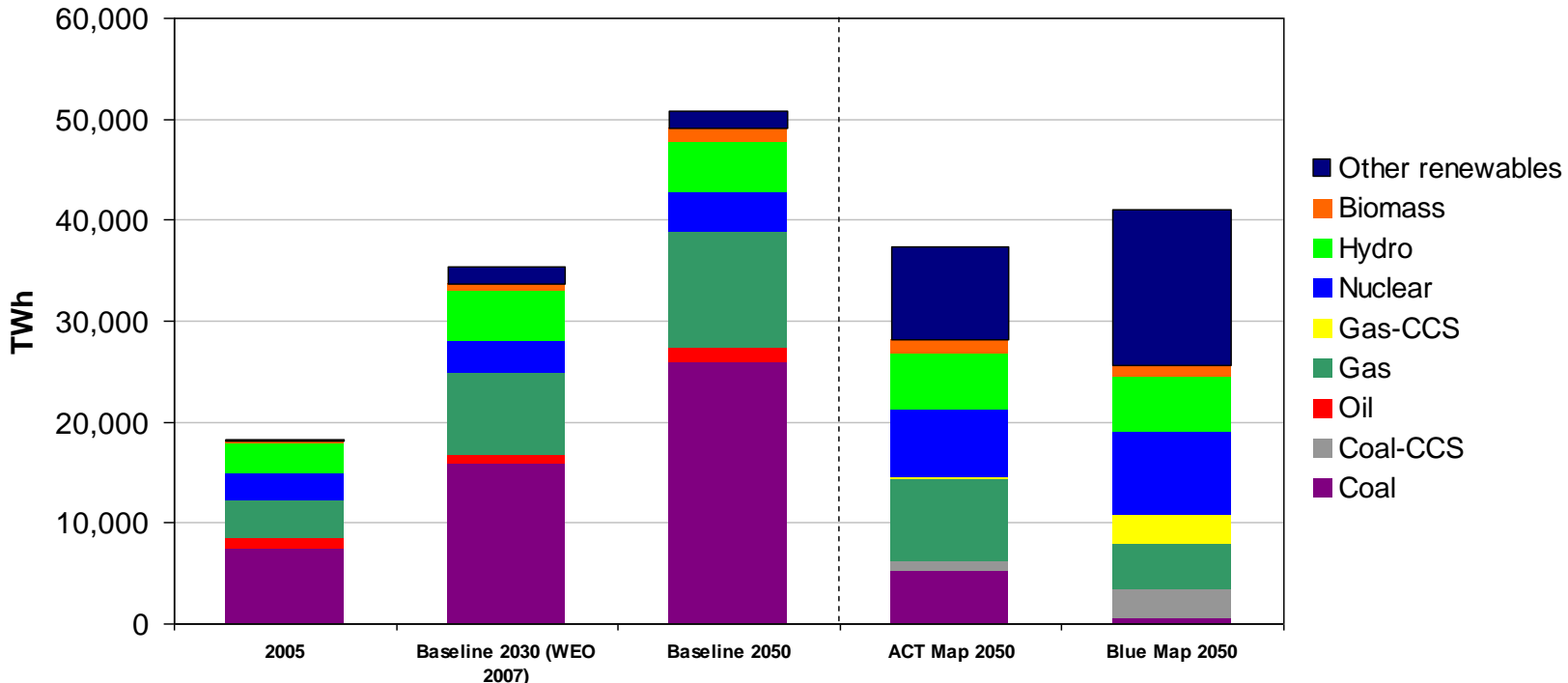
The Carbon Challenge

The Carbon Challenge to 2050

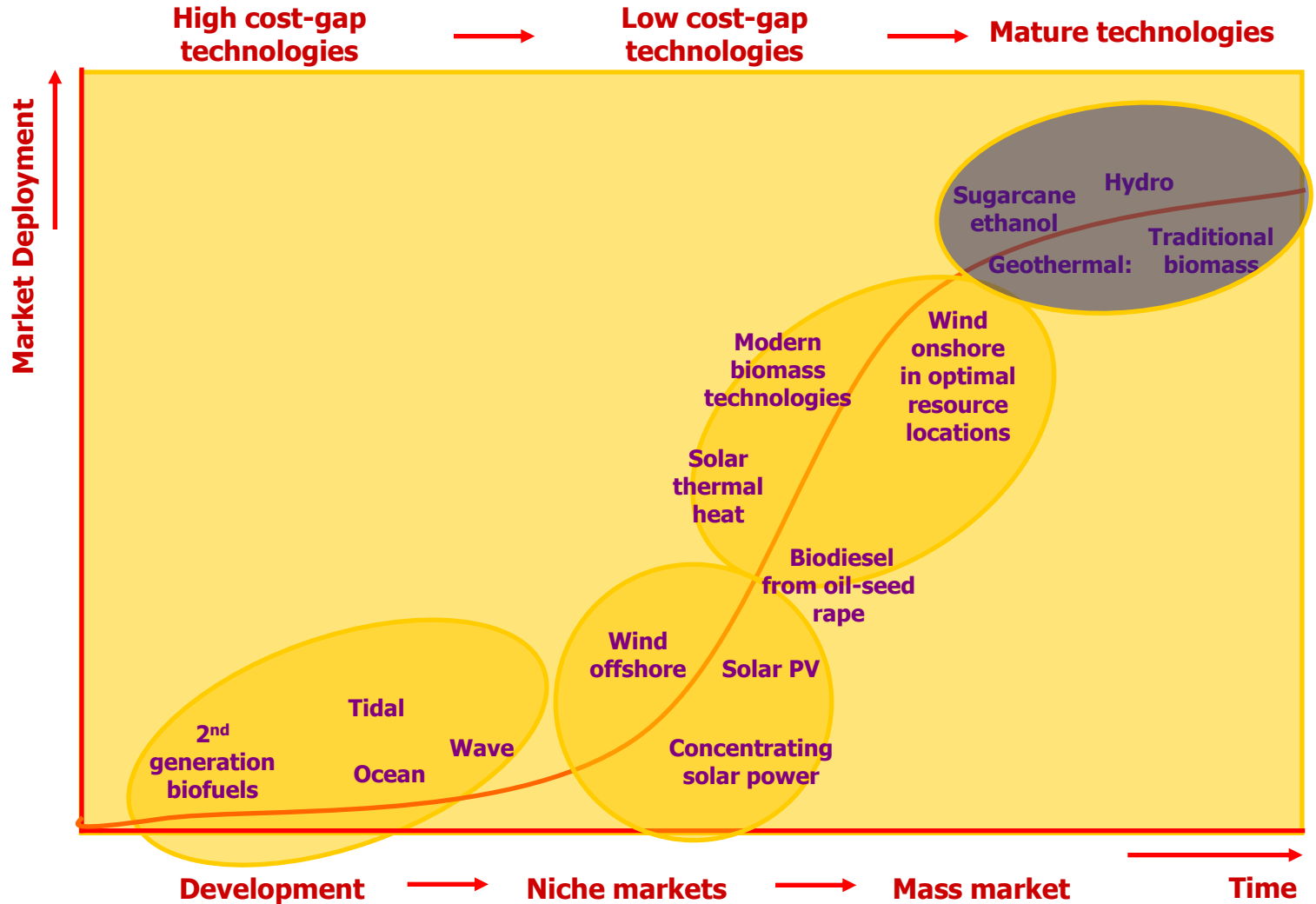


ETP 2008 – Electricity Generation

DRAFT RESULTS



Technology maturity level of different Renewable Energy Technologies



RE Policy Analysis

Forthcoming IEA Publication (June 2008)
Deploying Renewables: Principles for Effective Policies

- Effective policy only in a **limited set of countries**
 - Sometimes depending on specific technology
- Potential and **perceived risk**, more than profit, is key to policy effectiveness & efficiency
- Price support can not be adequately addressed in isolation; **non-economic barriers** must be addressed concurrently
 - Grid barriers
 - Administrative barriers
 - Social acceptance issues
 - Other barriers (e.g. training, information, financial, etc.)
- **Effective** systems have, in practice, frequently been the most **cost efficient**
 - Technology-specific support is key for both effectiveness and cost-efficiency

Key Principles for Effective Renewable Energy Policies

1. Establish **stable** support framework - to attract investments
2. **Remove barriers** to improve market functioning
3. Set up **transitional** incentives **decreasing over time** – to foster and monitor technological innovation and move towards market competitiveness
4. Ensure **technology-specific support** to exploit full RET basket potential



Recommendations

Key question:

How to lead the transition from the present system to a level playing field in an open and fully competitive market

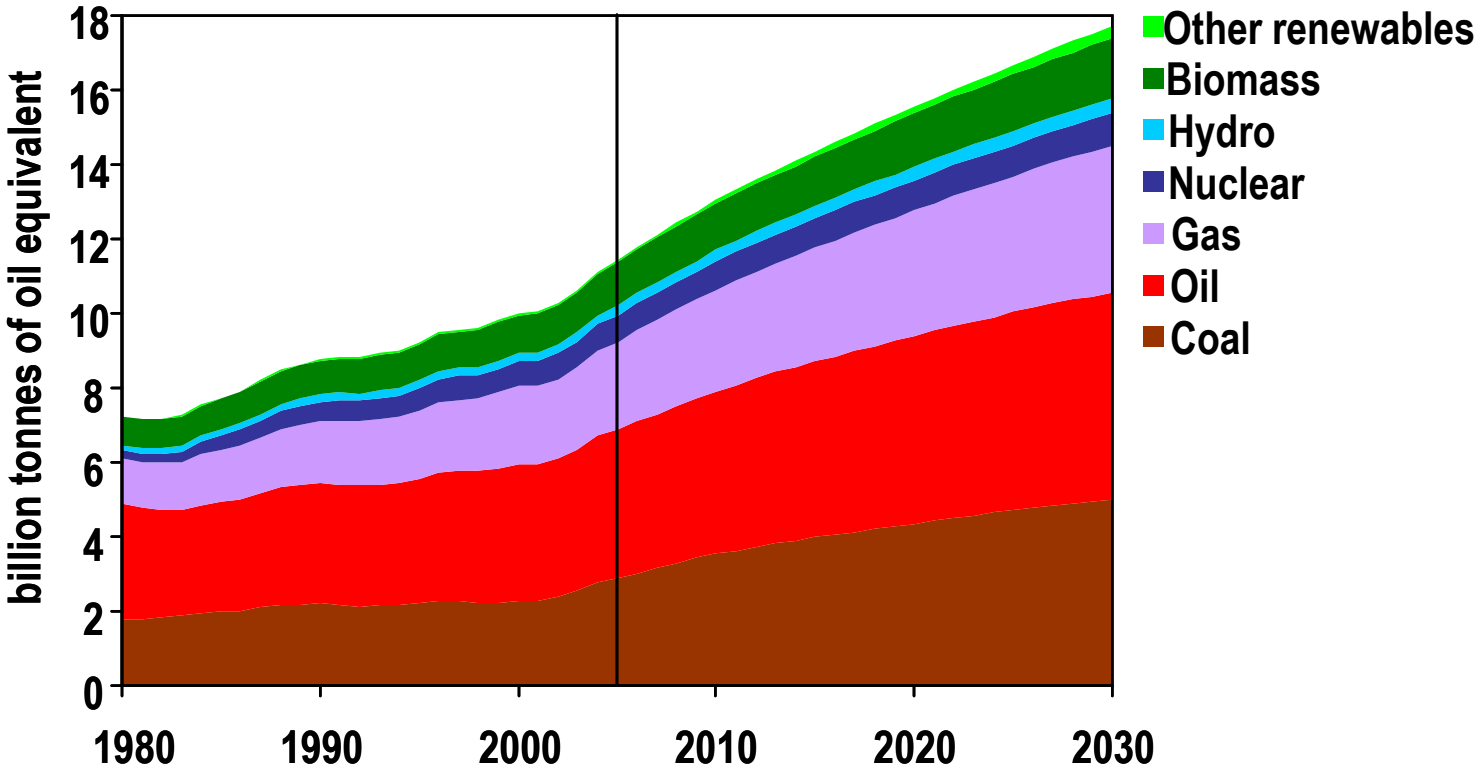
1. Focus on coherent and rigorous implementation of **key policy design principles** ⇒ **only then** can ambitious targets be reached
2. Exploit substantial **potential for improvement** of policy effectiveness and efficiency: **learn from international experiences**
3. Remove **non-economic barriers first**
4. Deploy **full basket of available RETs** besides exploiting “low-hanging fruit”
 - **Minimise time and total costs in the long term**
5. Allow a **combination framework** of incentive schemes in function of **technology maturity level**

EC RES Directive Proposal

- Increases **stability**
- Addresses **non-economic barriers**
- Increases **flexibility**
 - **Voluntary** trading is introduced
 - **No harmonization** of incentive schemes required
- **Monitoring** and **possible cost reduction**
- **Neutral** with respect to **technology-specific support**
- Adopts an **integrated approach**
 - Electricity, heating & cooling, biofuels
 - Energy Efficiency



Reference Scenario: World Primary Energy Demand



Global demand grows by more than half over the next quarter of a century, with coal use rising most in absolute terms