



European Conference for Renewable Energy 'Intelligent Policy Options'

Berlin, 19-21 January 2004

Session Conclusions 20th January 2004

Session 2: Implementation of Renewable Energy Sources Policies in Europe

The “European Conference for Renewable Energy – Intelligent Policy Options” devoted the second session of its works to the analysis of the different policies and legislation related to renewable energy currently applied in the European Union and other European countries, their advantages and/or weaknesses.

The background for the debates was the Community legislation and, in particular the following:

- White Paper “Energy for the Future: Renewable Sources of Energy”
- Green Paper: Towards a European strategy for the security of energy supply
- Directive on the Promotion of Electricity produced from Renewable Energy Sources
- Directive on the energy performance of buildings
- Directive for the promotion of biofuels for transport

The Session was structured in four panels:

Panel 2a: Electricity from Renewable Energy Sources – What is being achieved and what are the best approaches for overcoming administrative and market barriers

Panel 2b: Supporting Renewable Energy Electricity in the Market – Which are the best support schemes for RES electricity applied in Europe?

Panel 2c: Renewable Heating & Cooling – What are the common factors and barriers which influence the growth of European markets for solar, biomass and geothermal Heating and Cooling?

Panel 2d: Financing Renewable Energy – How to create a level-playing field?

In each of these panels, high-level speakers contributed with their experience and know-how to identify the key-elements for successful Renewable Energy Sources implementation in the respective areas. They discussed the motivations and difficulties encountered in the implementation of renewable energy policies as well as shared lessons learnt with the conference delegates.

What has been achieved

Efforts made by the European companies and research institutes in improving **renewable energy technologies** have propelled the European industry to a leading position in the world. Moreover, in the last years this leading position has been strengthened by the successful implementation of appropriate renewable energy policy in the European Union.

However, it is a common understanding that further effort is still needed in order to reach a more significant penetration of renewable energy on the market. Implementation of Community Directives in Member States should provide for long-term domestic support that guarantees stable investment conditions.

Administrative and technical barriers

In the electricity field the panellists highlighted the fact that there are still obstacles that must be overcome.

Administrative barriers at national level, with long and complex authorisation procedures often hinder the achievement of the full renewables potential. The implementation of the requirements introduced by the green electricity directive provides for a Europe-wide framework that, if properly applied in Member States, will contribute to remove existing administrative barriers and to give priority for renewable energy installations.

As current regulation on grid access and transparency of costs constitute in many countries a handicap for renewables market penetration, supportive legislation is still necessary. Most of the delegates were of the opinion that, while the directive on green electricity is an important first step, national rules related to grid access will be essential for the future development of the renewable electricity market. Concerning green electricity distribution, progress is needed in the field of intelligent grid management.

Support schemes

The different promotion systems currently in force in Member States were discussed and, although, everybody agreed that feed-in schemes provide for the most stable investment conditions, the necessity or the opportunity of a Europe-wide feed-in system did not receive unanimous support given the diversity of national or regional environments and conditions. The variety of technologies with the different given potential might need different promotion systems, such as promotion mechanisms for on-grid technologies and special mechanisms for small scale technologies.

The discussion as to whether there should be a harmonised European promotion system highlighted the need for stable investment conditions. It might be more important to have a stable long-term investment security than having a harmonised promotion mechanism.

Heating and cooling

In the heating and cooling sector the panellists demanded a new regulatory framework and obligations as well as financial incentives and market stimulation tools. Since the European legislation in that field is now only covered by the Directive on the energy performance of buildings more was asked to strengthen the mainly by SMEs dominated market. The heating and cooling sector was identified not to be covered by promotion mechanisms such as feed-in systems, as it is not a network driven technique, but obligations for the use of renewable heating and cooling technology are necessary. **Target setting** for this sector EU wide and/or in the member states was appreciated and strongly demanded.

Progress achieved in Europe concerning Renewable Energy consumption reveals that, while electricity production, mainly from wind, increases dramatically, biomass electricity and technologies for the production of heat and cooling are not progressing enough. In addition, Member States efforts are very unbalanced. The heating and cooling sector is requesting Community initiatives from the Commission. A single measure for the whole of the heating and cooling sector is unlikely foreseen, however, there is evidence of the effectiveness of specific measures to develop concrete technologies, for instance, like biomass, geothermal heat and solar thermal.

These measures should also include the simplification of the complex administrative procedures affecting also heating and cooling applications.

Internalisation of external costs

The participants at the last panel highlighted the distortion on the energy market. There was a common understanding that there is no fair competition on the market. As long as the **energy prices do not reflect the full socio-economic costs** there will be no **level-playing field** for renewables and support will be needed.

The European Union should go ahead with including the “**polluter-pays**” principle in all its policies. The long-term benefits of renewables should be taken into any decision on new capacity building in all member states.

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