

European Conference for Renewable Energy – Intelligent Policy Options

CONFERENCE CONCLUSIONS AND RECOMMENDATIONS TO THE INTERNATIONAL CONFERENCE FOR RENEWABLE ENERGIES IN BONN, *renewables2004*

Berlin Conclusions

The European Conference for Renewable Energy - Intelligent Policy Options, which on 19-21 January 2004 in Berlin convened more than 650 participants from 45 countries, analysed the situation for renewable energies in Europe, and evaluated the experiences made including the impact of the political measures implemented to date at Community, national and local level, which aim at increasing the share of renewable energies. The Conference discussed the role of renewables in the broader context of sustainable development and outlined the positive impacts on the security of energy supplies, economic development, job creation, CO₂ reduction and poverty eradication. Obstacles to a substantial increase in the share of renewables were identified and discussed.

Based on these findings the European Conference for Renewable Energy – Intelligent Policy Options came to the following conclusions, acting as **input for the *renewables2004*** from 1-4 June in Bonn:

SUMMARY OF KEY RECOMMENDATIONS

1. Urge EU institutions to start a political process of setting ambitious, time bound targets for increasing the share of renewable energy in final energy consumption addressing the medium (2020) and long term time frames in due time to the *renewables2004 in Bonn*. A target value of at least 20% of gross inland energy consumption by 2020 for the EU is achievable.
2. Accelerate the implementation of renewable energy policy in order to reach the short term commitments up to 2010, in particular creating a level-playing field, tackling of administrative and grid barriers, through the strict enforcement of regulatory frameworks at local, national and international levels and assist accession and other European countries in that respect.
3. Develop regulatory frameworks for accelerating the growth of markets for renewable energy heating and cooling.
4. Disseminate and promote the success stories and benefits of renewable energy use to all sectors of society.
5. Strengthen and continue to adapt support schemes for renewable energy, in order to ensure that they offer long term financial security to investors in the EU.

6. Expand support for R&D and demonstration of renewable energies, with a view to further reducing costs and facilitating the large scale integration of RES into energy systems and markets.
7. Concerted global action for removing the market barriers to development of renewable energy and expanding the work of the Johannesburg Renewable energy coalition (JREC). Other initiatives, such as REEEP, are welcomed.
8. To help foster the use of renewable energies in developing countries for poverty alleviation and sustainable development.
9. Develop new effective public-private financing instruments to encourage the market take up of renewable energy in developing countries.
10. The strategic importance and potential of renewable energy be borne in mind in all the policy areas of the EU and international relations.

The role of Renewable Energy Sources

A substantial increase in the use of renewable energies is essential to achieving **sustainable development** at local, national, European and global levels, notably in the decentralised electricity generation sector, as well as in the buildings and transport sectors.

To increase the use of renewables forms part of the strategy of the European Union and other countries for sustainable development, climate change prevention, economic growth and social cohesion. The threat of **climate change** demands that the renewable energy share of the total European global energy consumption be substantially increased as a matter of urgency.

Renewable energy is one of the fastest growing industries in the EU, creating new innovative jobs. The EU renewable energy industry leads the world in the development of technologies for renewable electricity generation.

An increased share of renewable energies would diversify, increase energy autonomy, and improve the **security of the energy supply** in Europe, in economies of transition, and in developing countries, where it would also help to provide access to energy in support of **poverty eradication** and thus creates economic development.

An **integrated approach** to the development and implementation of policies for renewables and energy efficiency is desirable at both European and global levels.

Feasibility studies on renewable energy in Europe

The conference noted with interest, that several EU analysis were presented, showing the possibility to expand the share of renewables up to at least 25% in 2020 of gross domestic energy consumption. Such an expansion in the time span between 2001 and 2020 would bring along equally important benefits, such as avoided fuel costs of more than 100 b€, CO₂-reductions of over 700 Mt/year (representing ca. 17 % of 1990 emissions), saved external costs of up to 300 b€ and extra employment of 2 Mio. People. This has to be compared to the needed investments of about 400 b€.

Target setting

Targets are an important policy instruments to untap valueable renewable energy sources. They act as an important guide for politicians as well as for the industry and the financing sector for investment and are a prerequisite to **securing stable framework conditions for private-sector investments**.

The conclusions of the regional preparatory conference for South America and the Caribbean in Brazil, the "**Brasilia Platform**" set a clear and time bound target for renewables in this region.

The Berlin Conference participants noted that the existing EU targets, which focus on 2010, provides an adequate basis for short term investment decision making. However, new targets are needed to provide medium and long-term investment security. Therefore the institutions of the European Union should proceed without delay in setting **new ambitious targets for 2020 in due time as input to renewables2004**. A target value of at least 20% of gross inland energy consumption by 2020 for the EU is achievable. Such targets shall be accompanied by a detailed action plan. This should help to focus EU policies on delivering a substantial increase in the global share of renewable energy sources, and maintain the European Union's role as **driving force** in the development of renewable energy markets.

Policy implementation

The EU is committed to a **strong policy framework**, which includes support for the Kyoto Protocol as well as the goals and targets set out in the Green Paper on the Security of Energy Supply, the White Paper "Energy for the Future: Renewable Sources of Energy", and a growing package of Community legislation including the Directives on electricity supplied from renewable energy sources, biofuels, the energy performance of buildings, and cogeneration.

The European Union should continue to **strengthen its policies and regulatory frameworks**, and to put renewed **efforts on implementation** at national and local levels. Stable long term regulatory frameworks are needed at national and local levels in order to provide investors with **long term investment security**, and to promote widespread public support and ownership.

The conference controversially discussed different **support schemes** like the feed in tariffs on the one side and green certificates / quotas for electricity from renewables on the other side. Whilst in theory both systems should have equal potential, the feed-in system has proved to be successful in promoting renewables in those countries with the highest growth rates of renewables. However, **promotion** of RES, should be strengthened, in accordance with the EU Directive for the electricity generation from RES and the Directives on biofuels, in order to overcome the resistance of local politicians and planners, who currently lack the confidence to approve the construction of new plants for fear of possible negative reactions at the local level.

RES utilisation for **heating and cooling** is included in the Directives on energy performance of buildings and on combined heat and power. However, to exploit the huge potential of renewables in the heating and cooling sector, **additional measures** should be introduced at local, national and European level in order to accelerate market development as soon as possible.

Non-discriminatory access to grids and the fair sharing of grid connection costs have a crucial role in **developing the market for renewable electricity**. The full exploitation of renewables will often require fundamental changes in network design, operation, organisation, regulation and pricing. New and intelligent grid management is needed, together with local regulations, which will ensure priority and fair conditions for renewable energy. Actions should be taken for the extension and/or reinforcement of local and regional grids with high RES potential.

Getting the **prices for energy** right is another key to creating a level playing field for RES and to fostering their market penetration. Fossil fuel subsidies and the lack of including external costs in energy prices are the main barriers to a higher market penetration of renewables. It is important to recognise the external benefits of using renewable energy such as the mitigation of climate change, the protection of environment and human health, the avoidance of fuel imports, job creation and rural development. These benefits have a market value, which may not be quantified exactly but justifies financial support for the use of renewable energies.

More **research** is needed to further develop RES technologies, as well as to demonstrate and promote the applications currently available. RES-budgets in EU research programmes should be increased, in recognition of the growing commitment to using RES technologies in the future. R&D can drive innovation, reduce costs, and stimulate market development in both developed and developing countries.

Administrative barriers and **grid deficits** should be identified and removed in order to establish a level playing field for renewable energies. A clear priority for RES installations should be established.

Cost, investment and financing

Acknowledging the leading role of **SMEs** in most renewable energy markets, more efficient, dedicated financial mechanisms should be developed in order to support the expansion of small industries, especially in the RES heating and cooling sector.

Public Awareness

Lack of information and awareness is still one of the most important barriers towards RES utilisation. Communication and information policies are essential for increasing public awareness and **securing public and private support**. A combined approach to promote energy efficiency and renewables together with well-defined dissemination measures is desirable for fostering RES development.

International cooperation

Following the Johannesburg summit it has been accepted by most of the world's leading development cooperation organisations that the Millennium Development Goals, cannot be achieved without adequate access to sustainable energy services. In response, the EU has established both the EU Energy Initiative for Poverty Reduction and Sustainable Development, the Johannesburg Renewable Energy Coalition (JREC), and the COOPENER program in the framework of the Intelligent Energy Initiative.

In improving access to sustainable energy services in many developing countries, renewable energy can be a win-win solution. Additionally to the benefits of renewables in industrialised countries, in developing countries renewables can serve for affordable energy access – in particular in remote areas - and dramatically reduce indoor and local air pollution.

It is important to strengthen the **policy and technology transfer** between Europe and the rest of the world, especially countries in transition and developing countries. External financial aid in the energy field is needed in order to achieve the **Millennium Development Goals**, and to **reduce poverty**. Increased efforts should be made to assist developing countries in establishing energy strategies for sustainable development that appropriately address poverty eradication. The **EU Energy Initiative** serves as a vehicle to achieve this and to provide modern energy services. This aid should be provided with full national ownership and in a manner that supports the use of renewable energy and strengthens the active involvement of local financial institutions.

The **JREC** should continue to be the political platform of governments worldwide and other stakeholders which support the development of comprehensive global policy for renewable energy sources and share their experience with the concept of setting targets as means to achieve the WSSD objective of urgently increasing the share of renewable energy. Furthermore the cooperation and assistance of developing renewable energies in developing countries is at the heart of the JREC.

Development banks and other **International Financial Institutions** , including the European Investment Bank (EIB), the Worldbank and export credit agencies should prioritise **sustainable energy projects** in their funding. In particular, they should work with their beneficiaries to implement sustainable energy supply portfolio targets, including decentralised energy generation solutions.

It is important to strengthen the **policy and technology transfer** between Europe and the rest of the world, especially developing countries.

The first priority is to establish more favourable **policy and legislative frameworks**. This is the reason why the COOPENER actions in the new Energy Intelligent Europe Programme focus specifically on local capacity building in energy policy and legislation. Of course, more investment in the provision of sustainable energy technologies and services for poverty alleviation is also needed, but this is unlikely to flow easily until more favourable local policies and legislation have been put in place to encourage it.

Accelerating the development of RES requires a concerted global effort to remove the policy regulatory and technical barriers. This is also the aim of the **REEEP**, a global renewable energy and energy efficiency partnership launched at WSSD. The REEEP is a multistakeholder partnership for translating political commitments into actions on the ground.