

PRESS STATEMENT

Estonia proposes retroactive cuts in Feed-In Tariff Support

On January 31st, the Estonian Ministry of Economic Affairs and Communication published Draft Amendments which aim at **reducing the Feed-In support for renewables**.

According to the proposal, the new support scheme will apply from January 1st, 2013, to all renewable energy producers, **including existing installations**. As the proposed new Feed-in Tariffs will be **a reduction of about 16-26 € MWh** compared to the Feed-In Premiums paid before, they will thus **retroactively** lower the support level for already operating renewable plants in Estonia. As these producers could in fact be counting on the promised tariffs, the new regulations might mean bankruptcy for some producers.

“The planned retroactive changes will not only have devastating impact on renewable energy power producers, but it certainly **would be a flagrant violation of Estonia’s obligations according to the Renewables Directive**”, says EREF-President Rainer Hinrichs-Rahlwes. “The Directive certainly does not allow for retroactive deterioration of support schemes, even less so, if the National Action Plan of a Member State was building on them to achieve the binding national target”.

The new support scheme, applied from January 1st, 2013 would be the following:

- Hydroelectric power plants and biomass electricity generation plants between 10 MW to 50 MW will receive € 7.4 cent / kWh electricity price minus the electricity price in the spot market;
- Renewable electricity production facilities below 10 MW capacity producing electricity from non-determined sources will receive € 8.6 cent / kWh electricity price minus the electricity price in the spot market;
- Power plants working on efficient cogeneration will receive € 5.2 cent / kWh electricity price minus the electricity price in the spot market;
- Power plants above 50 MW which use biomass for electricity production will receive a premium tied to a CO2 price in the market: if a traded price per tonne of CO2 is less than 10 € - support € 0.035 / kWh for electricity produced; if the price per tonne of CO2 is traded in the range of 10.00 - € 20.00 – support € 0.026 / kWh for electricity produced; if the price per tonne of CO2 is traded in the range of 20.01 to 30.00 € per tonne of CO2 – support € 0.017 / kWh for electricity produced, if the price per tonne of CO2 is traded in the range of 30.01 to 40.00 € - support for € 0.008 / kWh for electricity produced;
- Power plants above 50 MW which use biomass for electricity production will receive support up to 375 GWh of electricity for the calendar year.
- If the market price of electricity or CO2 is greater than or equal to a, b, c and d, no support will be paid.

- It will provide for renewable energy producers, who use up to 100 kilowatt electric power production equipment or CHP below 2 MW simultaneously support and investment grants.
- Government can determine during the next five years up to 2020 the total amount of the support for renewable electricity.
- The new payment scheme shall be applied over 12 years.

The consultation process of the draft amendments will end on 14th of February, after which they are expected to go to the Cabinet, and thereafter to the Estonian Parliament.

As there is short time to act, the [Estonian Renewable Energy Association – “Eesti Taastuvenergia Koda”](#) in a letter to the Minister is calling upon the Government and the Parliament to **refrain from such retroactive reductions** in renewable energy support levels of existing energy installations and rather to adhere to the existing law.

With the **support of EREF**, the European Commission and the European Parliament will be informed. And as retroactive changes to renewable support are not in line with Directive 2009/28/EC and the principles of EU law, they will be encouraged to take action against the planned retroactive changes.