

EREF

European Renewable Energies Federation

Press Declaration 25th of January 2007

EREF -2006 / 2007 Price Report on renewable electricity prices in Europe published – Well-designed feed-in support schemes and clear sectoral targets are sole guarantor for swift increase of renewables and decrease of prices.

On the occasion of its traditional annual New Year's Reception held in Brussels this week EREF presented the new and updated report on "Prices for Renewable Energies in Europe for 2006/2007: Feed in tariffs versus Quota Systems – a comparison". It is the most recent compilation of Renewable Electricity Prices in the European Union and it is the first report ever prepared in this field which covers not only EU 27, but also Croatia, Turkey and the Former Yugoslav Republic of Macedonia.

"Our report comes at a crucial time" says Peter Danielsson, EREF President. "EU Energy policy is at crossroads to ensure not only mid term but long term sustainable security of supply. The recently published energy package of the European Commission shows in line with our experience as independent power producers and related industry operating in several countries, that Europe will unfortunately not be able to fulfil its 2010 Renewable Energy targets and promises."

The majority of Member States have opted for feed-in systems to support renewable energy uptake.

This (fourth) EREF price report again underlines that quota systems block steady uptake of renewables and do not create investor's confidence. The biggest price reduction of technologies and learning curve effects were generated only in stable well-organised feed-in markets such as in Germany and in Spain. Other countries do profit from the acquisition of RES technologies which are now much cheaper than a decade ago across all technologies including PV and Solar thermal thanks to pioneer work of those successful feed-in systems such as the Danish, German or Spanish systems. In countries with quota systems investors face high price volatility and uncertainty concerning the value of the certificate in the future. This makes investment structure difficult. As an example, the following variation of prices occurred in Sweden only in 2006:

For wind power:	Between (28+20+6)	=	54	to	(70+20+6)	=	96
	EUR/MWh						
For other RES-E:	Between (28+20)	=	48	to	(70+20)	=	90
	EUR/MWh						

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EREF demands that Europe continues to encourage Member States to do much more in all sectors: transport, heating/cooling and electricity. “Together with the other industry associations, NGOs and academia, we will certainly continue the dialogue with the Commission, the Parliament and the Council, especially under the German Presidency, underlined President Peter Danielsson.”

Sectoral targets will ensure that Member States cannot easily move for “cheap” renewable energies or for efforts in just one sector. And it will help to maintain growth for independent power producers which are, together with the supplying industry, the main driving forces for sustainable job creation, regional and local economic and social added value. By continued growth in the overall variety of RES technologies and application the learning curve benefits and price reduction will rapidly continue to have beneficial effects on the market.

The big utilities with unbundled power in the production and the grid have created a politically dangerous, under-controlled market situation in Europe. This drove prices for electricity and gas far beyond any expectations of politicians for liberalisation of the energy markets, even excluding direct link to the rise in oil and gas prices which just added to the burden. It narrowed democratic and political control and the current response by the European Commission to stop this cartelisation by those oligopolies is a very important step towards some normality on a highly disturbed so-called energy market.

The full report can be downloaded from the EREF Web page. (www.eref-europe.org).

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