

# EREF

European Renewable Energies Federation asbl

## Press Declaration 19<sup>th</sup> of November 2008

### Directive on the use of energy from renewable sources - no to a review in 2014

EREF, the European Renewable Energies Federation, today sent a letter to the President of the European Commission, Mr. Barroso, and to the French Minister Jean-Louis Borloo and other members of Council as to the rapporteur of the European Parliament Claude Turmes in which it strongly opposes the idea of introducing review clauses (so called clauses de rendez-vous) into the currently discussed draft directive on the use of renewable energies.

“Getting the legal framework right to provide investment security will be the key if Member States are serious about reaching their target of 20 % renewables by 2020 to which they committed themselves in March 2007” says Dr. Nikos Vassilakos, EREF President.

A review of the major elements of the Directive in only five years from now will seriously put this ambitious objective at risk, since without private investment in RES based on stable long-term legislative and political framework, not even the most committed country would be able to fulfil its targets. Given the long lead times of renewable energy projects due to long planning and authorisation procedures, five years are not enough to provide sufficient investment security.

“There is the imminent risk that new projects will be put on ice until 2014 or increase significantly in costs, because of the inherent uncertainty in a Directive with an early review clause on mechanisms” says Dr. Nikos Vassilakos.

From the EREF’s point of view, the planned review clauses are unnecessary and contradict the original objective of the directive, namely to promote renewables. Energy is too important a public good which will determine the future wealth and stability of our society - and therefore needs a careful and providently designed policy, which should not be oriented to the interests of a handful of big utilities, fearing for their windfall profits due to increased competition by independent power production.

Review clauses will render all the efforts meaningless which have been made so far to help the young, developing RES industry into the market and to create a level playing field on the overall still distorted energy market in Europe.

As experience in the past has proven, trade based RES support could not deliver and are too expensive for society. Some Member States have lost a decade in using trade options, with

EREF – Brussels Representative Office  
Avenue de la Fauconnerie 73, B-1170 Brussels  
Tel.: + 32 2 6724367, Fax: +32 2 6727016  
[www.eref-europe.org](http://www.eref-europe.org); [info@eref-europe.org](mailto:info@eref-europe.org)

no substantial delivery of renewable energies and production capacities, and currently have the highest prices for Renewable Energies without the huge benefits we see in countries with guaranteed price mechanisms. These feed-in countries have put Europe at the forefront of export in RES technologies and industries, and they have contributed substantially to the creation of quality employment and real value for regional development and renewable uptake in concrete terms, thus helping to ease EU's dependency on energy imports.

Trading for the sake of trading in certificates will only re-concentrate power in the energy sector back to the big utilities. This will lead to a run for so-called cheap intensive deployment of those RES technologies which come already – of course thanks to all the work done by independent power producers and committed governments in the past- close to the average price on the distorted energy market, and prevent a level playing field on the market.

The drawback of any private trade of GOs would be windfall profits or additional producer rents of up to 30 billion EUR by 2020. The impact of these windfall profits on the costs of the energy policy would be much higher than savings through least cost allocation of RES plants. The estimate of those savings is still unclear, the European Commission has put an upper estimate at 8 billion EUR by 2020, but prudent estimates by Fraunhofer Institute for the German government come to a figure of possible savings of only about 2 billion EUR by 2020 through least cost allocation of RES investments. It has also be kept in mind that with such a trade-based run for so-called cheap renewable technologies in high concentration, Europe will lose out on its excellent engineering and promotion capacity for all renewable technologies, thus endangering their overall development.

“It maybe in the interest of some big utilities to pile up even more windfall profits by such added insecurity of a Directive with a review clause and to keep independent power producers away from what they esteem being their turf, but this is not in the interest of society and of the Member States”, concludes Dr. Vassilakos.