

# EREF

European Renewable Energies Federation

Press declaration

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## **EREF sees parts of the European Commission heading for high electricity prices, market concentration and obstacles for rapid deployment of renewables and hopes for review and reflection**

Peter Danielsson, EREF – President: “As long as the Commission continues to propose an EU 27-wide mandatory or virtual pseudo trade in its new Directive proposal for the promotion of Renewable Energies all other nice things in the same directive will just be paper tigers. What really is happening is an orchestrated death of the only successful systems in Europe to support renewables at reasonable prices.” The proposal just went into inter service consultation of the European Commission.

EREF now sends out another urgent appeal to the key persons in this consultation in all cabinets requesting to abandon the introduction of voluntary or mandatory virtual certificate trade with the upcoming Renewable Energy legislative package.

If any harmonisation of national systems would be seen to be necessary it can only be via the introduction of a unified feed-in system in Europe.

Unfortunately, there seems to be no change at all within parts of the European Commission. “We understand that it has decided to go - by all means –for a certificate trading system as the only prevailing system with Feed-in systems to being phased out, being tolerated for a few years until they have been destroyed. As long as this voluntary or mandatory trade for EU 27 is put in the directive, feed-in mechanism and with that investor confidence and a whole emerging and promising industry will be put at risk rather than being encouraged. “

The Commission is placing the renewable industry at risk and by this the real uptake of new renewable energy in Europe when proposing the most costly certificate system which will generate hardly any new renewable energies across the EU 27, but would instead become a very expensive burden for the final electricity consumer and further cement the power and dominance of the oligopolies in the energy market by pushing out independent power production from their territory and through the windfall profits they would obtain.

We cannot understand that this European Commission wants to become the one entering international energy policy history as the terminator, the destroyer of successful, cost-efficient and effective national feed-in systems which have already proven to be the catalyst for the swift increase and promotion of new renewable energies.

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

More than 40 countries world-wide have copied the German or Spanish feed-in Systems for rapid deployment of renewable energies. In the United States several States, such as Minnesota, New Mexico, Washington and Wisconsin have applied feed-in mechanisms for new renewable energies and are on their way to implementing them. The most important state in the United States, California, in itself regarded as one of the world's leading advanced economies, has just received the recommendation and draft by Public Energy Commission that the state adopt feed-in tariffs to spur renewable energy development.

In March 2008, the third international Renewable Energies Conference will take place in Washington, following the first event in 2004 in Bonn and the second in 2005 in Beijing. The Commission should be prepared to stand up at this conference and declare that it proposed to finish feed-in systems in Europe by introducing voluntary or mandatory certificate trading at the very time when the former is being accepted and implemented across the world.

Introducing a renewable certificate virtual pseudo market stabilises and increases the dominance of the oligopolies not only on the electrical power market but also on the future "CO2-market". There will be only a handful of buyers: the utilities. On the other hand, nobody has something to deal, because the targets are not fulfilled and with such misguided system they will never be achieved. So in the end the Commission would have destroyed everything, the emission abatement objective and the renewable deployment objectives. The Renewable industry will be gone – and will have left Europe (to benefit from more propitious US or other markets applying feed-in best practices) faster than the Commission can imagine

“We only know a handful of giant electricity companies who will stay and stand to applaud the Commission for having done their job. - We cannot accept to let an administration which is not working as we do in the reality of actual and distorted energy market condition destroy a young and thriving industry, a sustainable job creator and independent power production in Europe by stubbornly following the voice of big utilities who so far have done next to nothing to increase renewable energies. “

The German Chancellor Angela Merkel had sent shortly before Christmas a formal note to President José Barroso, underlining the clear message, that Germany does not want any voluntary or mandatory EU wide virtual trade. “We sincerely hope, it did not meet deaf ears of the Commission.”

(The whole letter of EREF and more background material can be found at [www.eref-europe.eu](http://www.eref-europe.eu) )