

# EREF

European Renewable Energies Federation

Ambassador Wouters  
Permanent Representation of Belgium to the EU  
Brussels  
Belgium

Brussels, 21 February 2013

Subject: TTE (Energy) Council discussion on the European Commission's Communication on the completion of the Internal Energy Market

Dear Ambassador Wouters

We are writing to you ahead of the TTE (Energy) Council of 22 February 2013 to share EREF's concerns regarding the discussions around the European Commission Communication on the completion of the Internal Energy Market.

The cost of renewable energies are decreasing at a historical speed, some technologies having already reached or being very close to cost competitiveness, despite massive remaining market distortions to the detriment of new and independent market players, and in particular to renewable energy producers. We are convinced that in a functioning market with a level playing field established renewable energies can provide an affordable and diverse variety of technologies that will make the EU's energy supply more competitive, secure, sustainable and resilient to fluctuating global energy prices.

A major precondition for making markets function is a level playing field without unfair subsidies for unsustainable and established technologies. EREF is therefore calling on the Council and on Member States to agree on a binding timetable for the phase out of subsidies to the conventional energy (fossil and nuclear). An important asset in this context would be a public database (transparency platform) which contains reliable information about all forms of support for the energy sector.

According to Dr. Fatih Birol, chief economist at the International Energy Agency (IEA), fossil fuel subsidies amounted to 500bn US\$ worldwide in 2011. They are, according to him "public enemy number one to sustainable energy development"<sup>1</sup>.

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<sup>1</sup> <http://www.ewea.org/blog/2013/02/fossil-fuel-subsidies-are-public-enemy-number-one/>

EREF is a federation of national renewable energy associations from EU Member States, such as wind, solar, small hydro, bio-energy, tidal, wave, and geothermal sources. EREF is striving to defend the interests of independent power, fuel and heat production from renewable sources and to promote non discriminatory access to the energy market. EREF is a member of EREC, the European Renewable Energy Council.

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Apart from fossil fuel subsidies, subsidies for nuclear power are another major distortion of market functioning and the level playing field, and they should certainly not be accepted by the European Union. They should definitely not be green-washed as "low carbon" support for climate protection, as it unfortunately seems to be the case in the Commission's communication. The transition towards a low carbon economy must not become a pretext for further support of this unsustainable technology which – despite decades of operation and experience – could not prove economic viability. In the contrary, investment in nuclear technology today will result in tremendous future cost burden for tax- and/or rate-payers for waste storage and dismantling of old power plants. And this goes even without taking into account the fact of no or much too low insurance responsibility of nuclear power plant operators.

Just recently, EDF's CEO, Mr. da Rivaz, told the Financial Times that for the UK nuclear project "the only thing missing is the contract for difference. Once we have that, we'll have a compelling investment case to attract partners into the project". The Olkiluoto plant in Finland, where construction started in 2005 was expected to go online in 2009. The latest estimates predict at least a 6 years delay, until 2015. Cost estimates, initially calculated to amount to €3.7 billion have now more than doubled to €8 billion. The Flamanville project in France, launched in 2007, is already four years late and cost estimates have increased from €3.3 billion to at least €8.5 billion.

Therefore, EREF underlines that public support for nuclear power should no longer be permitted, neither under the state aid regime nor for environmental and climate protection reasons. The envisaged United Kingdom's contracts for difference including support for nuclear power with a guarantee for more than 40 years of support should therefore be ruled unlawful in the EU. And without massive subsidies to nuclear power, it would soon be clear that nowhere in the – as long as costs are a relevant factor – nuclear power plants would be planned and built. And future generations would certainly benefit from accelerated deployment of clean and affordable renewable energy.

Yours sincerely,



Rainer Hinrichs-Rahlwes

President  
European Renewable Energies Federation