

# EREF

European Renewable Energies Federation

## PRESS DECLARATION

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### **EREF congratulates European Commission for its Communication on Support Schemes for Renewable Energy Sources**

EREF, the voice of small and medium sized producers of renewable electricity in Europe, joins in welcoming EU Commission's recent Communication on Support Schemes for Renewable Energy Sources and the related Commission staff working document.

EREF President Peter Danielsson: "We thank and congratulate the Commission for its intensive evaluation and documentation of experiences with different support mechanism, administrative practices, weaknesses and overall impact. The Commission continued its thorough work and stayed in logic consequence to last year's report published in connection with the Bonn Conference on Renewables."

EREF shares the opinion of the Commission outlined in the Staff Working Document that

"While gaining significant experience in the EU with renewables support schemes, competing national schemes could be seen as healthy at least over a transitional period.

Competition among schemes should lead to a greater variety of solutions and also to benefits: for example, a green certificate system gains from the existence of a feed-in tariff scheme, as the costs of less efficient technologies fall due to the technological learning process, which in turn leads to lower transfer costs for consumers.

It is too early to compare the advantages and disadvantages of well-established support mechanisms with systems with a rather short history. Therefore, and considering all the analyses in this Communication, the Commission does not consider it appropriated at this stage to present a harmonised European system. "

EREF certainly shares - from own experience of our producers and investors - the overall view of the Commission in its communication, as outlined:

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- The most effective systems for wind energy are currently the feed-in tariff systems in Germany, Spain and Denmark.
- The capital return with green certificates is higher than for feed-in tariffs. This high return (annuity) is calculated by extrapolating from the currently observed certificate prices. The capital return will depend on the future price developments.
- The Commission's analyses show that, in a quarter of the Member States, support is too low for any take-off. Another quarter provides enough support but still obtain mediocre results. This can be explained by the existence of grid and administrative barriers.
- Regarding profit, the feed-in systems investigated are effective with a relatively low producer profit. On the other hand, green certificates at present have high profit margins. It should be emphasised that these green certificate systems are rather new instruments. The situation observed might therefore still be characterised by significant transient effects.

EREF is convinced that non feed-in- support systems will not be able to deliver amount of newly installed capacity needed. The gap between the Feed-in Systems and the other support mechanisms is so big, that any major changes in the coming years would be an extreme surprise.

EREF will continue to take all efficient actions to ensure a better market environment, abatement of harmful subsidies to nuclear and fossil sector and ending of obstacles against RES systems, often created by Member States' non courageous policies. EREF hopes Member States will do more in favour of decentralised power supply.

There is a lot of creativity and security for investment, clear and ambitious policy needed, if Europe will really fulfil its promise of RES electricity increase until 2010.

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