

TEXT OF JOINT LETTER: GREENPEACE, WWF & FOE TO EUROPEAN COMMISSION

Brussels, 21 April 2004

Dear Commissioner,

We understand that you will be meeting to discuss and formally adopt the final version of the Commission Communication 'The share of renewable energy in the EU'. Please find attached a note outlining our criticisms of the draft text (dated 30 March 2004) of this Communication.

We have major concerns with both the assumptions and the conclusions of the draft Communication. We would particularly like to draw your attention to its statement that the Commission should not set targets for renewable energy sources until it is convinced that the 2010 targets will be met. In our view, this is completely unacceptable:

- the presented data for renewable energy is out of date ;
- the contribution of energy demand-side management measures is underestimated, which is a remarkable oversight given that policy measures are under preparation in the EU institutions (such as the Energy Services Directive) ;
- the uptake of renewable energy sources depends on investor confidence, which in turn relies on long-term policy (i.e. 2010 and beyond). Without this confidence, new renewable energy capacity will not be built, as developers will not be able to rely on adequate returns on their investment. This lack of confidence would destabilise efforts to even meet the 2010 target.

Both the Commission and Member States were represented at the recent European Conference for Renewable Energy in Berlin. The conference concluded that "*a target of at least 20% of gross inland energy consumption by 2020 for the EU is achievable.*"¹ In addition, failing to establish a target for renewable energy for 2020 would be a rejection of the democratic will of the European Parliament, which recently called on the Commission and the Council to "*make the necessary efforts to reach a target of 20% for the contribution by renewable energy to total domestic energy consumption in the EU by 2020*"².

In the run-up to the 2004 Bonn Renewable Energy Conference, and as a host and promoter of the J-REC, the EU must demonstrate its unwavering commitment to clean, renewable energy sources. **We are therefore urging you to substantially improve the Communication and, most importantly, to reject the text that is dismissing long-term renewable energy targets and to instead support an EU target for renewable energy accounting for 25% of all primary energy consumption by 2020.**

EU leadership in international efforts to address the threat of climate change has partly been established through its commitment to reduce greenhouse gas emissions from the energy sector. In addition, the EU is currently one of the major world players in renewable energy technologies. If the Commission adopts the Communication as drafted, this dual position as a world leader would be fatally undermined.

Thank you for considering this important matter.

Yours sincerely,



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¹ European Conference for Renewable Energy "Intelligent Policy Options", Berlin, 19-21 January 2004

² European Parliament Resolution, 1 April 2004, P5_TA-PROV(2004)0276 International Conference on Renewable Energy (Bonn, June 2004)



GREENPEACE



Comments on draft³ Commission Communication: 'The share of renewable energy in the EU.'

The Communication has been produced in accordance with Article 3 of the 2001 Directive on Renewable Energy (the RES Directive). The current draft of the Communication suggests that on average by 2010, 18-19% of the EU's electricity will come from renewable energy sources, rather than the 22%, which is the indicative target of the Directive. It indicates that only 10% of EU energy will be from renewable energy sources (RES), as opposed to the 12% target of the Directive. Since there is uncertainty that the 2010 targets will be met, the draft Communication argues that a target for 2020 would not be appropriate for the EU:

'It is the view of the Commission that the first step is for national policies to be put in place sufficient to give confidence that the 2010 targets will be met. Only at that stage will the EU have the basis it needs to build a realistic scenario for renewable energy use in the EU 25 for the period that follows.'
(page 6)

Such an approach is fundamentally flawed, both in its methodology and conclusions.

- The data used is based on 2000 data, before the RES directive had even been agreed. Data is already available on an EU level – through Eurostat – for 2001, and in many cases can be found on a national level for 2002 or 2003. The Communication notes this on page 34.
- The paper gives no figures of the overall amount of electricity or energy produced within the EU by RES, only a percentage of the total.
- The role of current and future energy saving and energy efficiency legislation is given insufficient consideration. It is noted that *'energy efficiency measures can make it easier to achieve the 12% target'*. However, the impact of the Energy Services Directive, which as drafted would require Member States to reduce the amount of energy distributed to final customers by 1% a year is not taken into account. Furthermore, it is unclear if the impact of the more recent energy efficiency and energy savings measures (as outlined on page 23 of the draft Communication) have been taken into consideration.

Using more recent data, and taking into account further energy efficiency measures, would increase confidence in the conclusions of the Commission. Contrary to the arguments in the draft Communication, these revisions may well lead to the view that the 2010 target may be closer to being met.

³ Dated 30 March 2004

Calls to establish targets

The Commission's view is that it would be inappropriate to set post 2010 targets. Such a position is contrary to the views of other EU Institutions, such as the European Parliament, and some Member States:

- **European Parliament resolution:**

"Calls upon the Commission and the Council to make the necessary efforts to reach a target of 20% for the contribution by renewable energy to total domestic energy consumption in the EU by 2020⁴;

- **Berlin Renewables Conference, January 2004:**

The European Commission and Member States were represented at this Conference. The Conference noted that the existing EU targets, which focus on 2010, provide an adequate basis for short-term investment decision making⁵. However, new targets are needed to provide medium and long-term investment security.

The Conference also noted that the necessary investments would be cost-effective: "*several EU analysis were presented, showing the possibility to expand the share of renewables up to at least 25% in 2020 of gross domestic energy consumption. Such an expansion in the time span between 2001 and 2020 would bring along equally important benefits, such as avoided fuel costs of more than 100 b€, CO₂-reductions of over 700 Mt/year (representing ca. 17 % of 1990 emissions), saved external costs of up to 300 b€ and extra employment of 2 Mio. people. This has to be compared to the needed investments of about 400 b€.*"

A key recommendation of the Conference urged "... *EU institutions to start a political process of setting ambitious, time bound targets for increasing the share of renewable energy in final energy consumption addressing the medium (2020) and long term time frames in due time to the renewables2004 in Bonn. A target value of at least 20% of gross inland energy consumption by 2020 for the EU is achievable*⁶."

- **Member States:**

Some seven years ago the White Paper on Renewable Energy noted that "*Some Member States have developed national Plans for RES and set objectives for 2010, 2020 or even 2030*"⁷. The draft Communication of March 2004 also noted that a number of countries have implemented post 2010 policies. Already, Denmark, France, Germany, Netherlands and the UK have adopted post 2010 targets on a national level.

⁴ European Parliament Resolution, 1 April 2004 P5_TA-PROV(2004)0276 International Conference on Renewable Energy (Bonn, June 2004)

⁵ European Commission: Directive 2001/77/EC of the European Parliament and of the Council of 27th September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market, OJ L.283/33. According to it, Member States have committed themselves to an average target of 12% of energy production from RES by 2010 – this translates into a 22% target for electricity. However, this target is neither mandatory and is now only short term.

⁶ European Conference For Renewable Energy – Intelligent Policy Options Conference Conclusions And Recommendations To The International Conference For Renewable Energies In Bonn, Renewables2004, January 2004

⁷ European Commission Communication from the Commission Energy For The Future: Renewable Sources Of Energy White Paper For A Community Strategy and Action Plan COM (97)599 final (26/11/1997), page 11

Why a 2020 target is necessary

The Commission notes in the 1997 White Paper that *“The overwhelmingly positive response received during the consultation process has confirmed the Commission’s view that an indicative target is a good policy tool, giving a clear political signal and impetus to action”*. The consultation process showed that there was support for a definite target for RES set for a date that was between one to two decades into the future. This situation has not changed, and support for renewable energy continues to remain high. The timescale for a target is important as it gives investors security that current policy is likely to continue beyond the term in office of a current Government or administration. This is essential when investment payback periods are in the order of a decade, as is the case for many renewable energy sources. Failure to propose a target now for the 2020 period will have a number of detrimental ramifications, namely:

- The 2010 target is no longer a sufficiently important tool for investors, as it offers no medium term financial security. Without a post 2010 target the uptake of renewable energy could actually decline rather than increase.
- Some Member States are likely to achieve or even surpass their 2010 targets, while others have been less successful. In these latter cases, policy measures have either not been implemented quickly enough, or have failed in their strategic objectives. Setting a post 2010 target will encourage Governments and other actors to rapidly address these failings to avoid falling further behind the general EU trend of supporting RES. Furthermore, in the interests of competition across the EU, a harmonization of support for RES should be encouraged and one clear mechanism would be the further implementation targets.
- As the draft Communication notes, there has been a significant increase in wind power in a number of countries in recent years. The Communication suggests that for this to occur, amongst other things, there needs to be *‘an attractive long-term financial framework⁸’*. Longer-term targets must accompany this framework.
- RES are creating jobs both for domestic use and for export. The European Union is widely seen as leading the world in its production of renewable energy technologies. The absence of a post 2010 target will harm this trade.
- The European Union has launched the Johannesburg Renewable Energy Coalition (J-REC), which aims facilitate the development of ambitious targets and policies for renewable energy. The initiative would lose credibility in the eyes of its JREC partners and other countries if the European Commission were not able to take a lead in setting a 2020 target for the Union.

Recommendation

The draft Communication must be changed to include a specific target for renewable energy to contribute 25% of all primary energy consumption in the EU by 2020. Failure to do this will undermine efforts to facilitate the introduction of RES in the EU, and will fatally undermine EU claims to be a leader in action to address climate change.

⁸ Draft Communication, page 17.