

DAILY NEWS to Members: 29/01/2008 by Sam Cross

## GREEN PACKAGE PROPOSALS: COMMISSION'S 20/20 VISION ON RENEWABLES

***“European industry will show its ability to innovate and adapt”*** said European Commission President Jose Barroso, as he unveiled to the European Parliament on 23 January the **“green package”** of energy and climate policy proposals. ***“The renewables sector alone will bring one million jobs”*** by 2020, he foresaw. As regards the targets set for CO2 reductions and uptake of renewable energy sources (RES), he mentioned three key principles - ***meeting the targets, fairness, and competitiveness***. Below we assess the proposed new Renewables Directive in the package in the light of these principles.

As regards meeting the targets, the Commission has proposed a legally binding target for each individual Member State (MS) for uptake of RES by 2020, and it appears that the Commission will take a very narrow definition of exceptions claimed due to *force majeure*. However, a system of five interim targets set for 2011-12, 2013-14, 2015-16 and 2017-18 will not be strongly enforced. Member States will simply have to update their national Action Plan if they miss these targets, explaining how they will get back on track.

On fairness, the key issue is how to share the EU 20% share for RES in total energy consumption by 2020 – which means a rise of 11.5% from today's level. The Commission has split this into a flat rate increase of 5.75% for every MS plus a variable increase worked out on the basis of the Gross Domestic Product (GDP). The Commission has also taken into account that some MS have already recently achieved significant increases in RES share in national energy consumption, so high-GDP states such as Sweden and Finland have target increases over the 2005 baseline that are slightly lower than the 11.5% average. The Commission sees the GDP-based approach as fair, but it would only be so if coupled with an efficient RES-trading system that allows high-GDP but low-RES-potential MS to buy in RES certificates from elsewhere. Examples here are Belgium and the Netherlands, whose RES-shares in 2005 were 2.2% and 2.4% respectively, but are being asked to reach 13% and 14% - a gigantic challenge to achieve solely within their own territories.

As for competitiveness, the proposed Directive does lay the foundations for a Europe-wide RES-trading system based on guarantees of origin - a key requirement for achieving the target at least cost - but then fails to require MS to use this system. The proposal allows individual MS to place tight restrictions on trading so as to protect national support schemes, and early-draft proposals to force MS into trading if they miss their interim targets have disappeared from the final text. On a positive note, imports from third countries are allowed, but only physical imports.

The Directive appears to just meet the first two principles, but it is doubtful whether it fulfils the third. EURELECTRIC will input to debate in Parliament and Council on the proposal, to ensure that the third principle of competitiveness is properly respected.