



EREC's Position on the Framework Directive for Renewable Energy Sources 01. October 2007

EREC and its members, the European renewable energy industry, trade and research associations

- AEBIOM (European Biomass Association)
- EGEC (European Geothermal Energy Council),
- EPIA (European Photovoltaic Industry Association),
- ESHA (European Small Hydropower Association),
- ESTIF (European Solar Thermal Industry Federation),
- EUBIA (European Biomass Industry Association),
- EUREC Agency (European Renewable Energy Research Centres Agency)
- EWEA (European Wind Energy Association)

And the associate members:

- eBIO (European Bioethanol Fuel Association)
- EREF (European Renewable Energies Federation)
- ESTELA (European Solar Thermal Electricity Association)
- EU-OEA (European Ocean Energy Association)

representing a constantly growing European industry with a turnover of more than 30 billion Euro and already more than 350.000 employees based in the EU, believe that the future Directive on the promotion of renewable energy sources is key to reaching the 20% renewable energy target set out by the Heads of State in spring 2007.

Before the Commission presents a draft of this directive the industry wants to outline the basic needs and recommendations for the content of such a directive.

Renewable Energy: A definition

A renewable energy source is defined as any energy resource naturally regenerated over a short time scale that is derived directly from the sun (such as solar thermal and photovoltaic), indirectly from the sun (such as wind, hydropower and photosynthetic energy stored in biomass), or from other natural movements and mechanisms of the environment (such as geothermal and ocean energy).

The world's energy supply is largely based on fossil and nuclear energy sources. These sources of energy, however, will not last forever and have proven to be one of the main causes of our environmental and security problems. Environmental impacts of energy use are not new but they are increasingly well known. They range from deforestation to local and global pollution, from mining and transporting uranium to burying of nuclear waste.

Maintaining the security of energy supply is an ever increasing challenge in a world with growing energy needs. Europe depends on imports of 80% on oil, 55% on gas and 98% on uranium and the trend is increasing dramatically at unpredictable costs. It is clear therefore, that in due time renewable energies will dominate the world's energy supply system, due to their inherent advantages such as mitigation of climate change, generation of employment and reduction of poverty, as well as increased energy security of supply. Renewable energy technologies are well suited to respond to the limitations of current energy patterns and contribute to the further modernisation of the energy sector.

Action in time

Looking at climate change, the timeframe for making the shift from greenhouse gas (GHG) emitting fuels to renewable energy is very short. According to the latest IPCC report, we need to change our energy supply structure dramatically within the next 15 years in order to avoid the most dangerous impacts of climate change. And according to Sir Nicolas Stern's report, action today is cheaper than non action in the long-run.

In addition, if we look at our economy and security of supply, action is urgent: in the last decade we observed a dramatic increase in oil, gas and uranium prices. Many analysts assert that shortages of oil and uranium may occur during the next decade. We need to develop viable alternatives as soon as possible to avoid further disturbance of our economic and social system.

The decision of the 2007 Spring Council, where Europe's Heads of States agreed to a binding target of 20% renewable energy by 2020 and a separate binding target of 10% for biofuels, has laid the ground for renewable energy sources to become a major pillar of the EU's future energy supply. Together with the agreed 20% energy efficiency target as well as the 30%¹ GHG reduction target, a sound basis for a sustainable energy policy focusing on both demand and supply measures has been laid.

Given that Europe wants to achieve the 20% renewable target, timing is a key factor. The target will only be met if legislation on the European and the national level is adopted timely – before the 2009 European Parliament elections. Meanwhile, the Member States are called upon to continue and strengthen the current support schemes to avoid losing precious years of development.

¹ The European Council endorsed the objective of a 30 % reduction in greenhouse gas emissions by 2020 compared to 1990, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries to contributing adequately according to their responsibilities and respective capabilities.

The 3 targets for 2020

Three key targets on renewable energy (RES), energy efficiency (EE) and greenhouse gases (GHG) have been agreed at European level. Each of them makes sense and stands for itself. All of them have to be reached. None of these targets has primacy over the other. Efforts to downplay the renewable energy target by stressing the greater significance of the greenhouse gas reduction target need to be turned down for the following reasons:

The renewable energy target *serves for more than just reducing greenhouse gases*. It stands for itself as the Council clearly pointed out. The strategic benefits of being a world leader in these cutting edge technologies are indeed manifold:

- The development of renewable energy increases Europe's security of supply by reducing the need to import oil, gas or uranium.
- At the same time the use of renewable energy technologies helps maintain our leadership in one of the most dynamic industries in the world.
- Developing new technologies, which will necessarily be part of the future global energy supply, is key to economic growth in the EU and is therefore in strong coherence with the Lisbon Strategy.
- Renewable energies are a hedge against volatile and most likely ever increasing fossil fuel prices. Renewable energy prices are predictable and stable and therefore hedge in a portfolio of different energy sources.
- Europe is at the forefront of this development and is already benefitting with more than 350.000 jobs, creating a safe and qualified labour market with high added value. Many of these jobs are linked to exports.
- A further positive effect of renewable energies is that they can significantly contribute to reduce greenhouse gases.
- Renewables are available right now compared to carbon capture and storage which will not be available before 2020 - if ever.

However, *while reaching the EE and RES targets is key to achieving the GHG target, the contrary is not true*: reaching the GHG target will not help us achieve the RES and EE target and thus not reduce our import dependency or fulfil other positive benefits...

Therefore, the appropriate approach to setting the CO₂ target is to determine first the renewable energy and energy efficiency targets for each country and then work out how to distribute the remaining emission reductions needed to achieve the GHG target among the other sectors covered by the ETS. According to the 2006 study by Mantzos/Capros² prepared for the European Commission, reaching the RES and EE

² Dr. L. Mantzos and Prof.P.Capros (2006) ["European Energy and Transport-Scenarios on Energy Efficiency and Renewables"](#) prepared by the Institute of Communication and

20% targets would lead to 960 million tonnes of CO₂ avoided in the EU-25 by 2020. This would go a long way towards reaching the EU's commitment of reducing greenhouse gases.

The renewable energy deployment in Europe is still far too concentrated in a handful of Member States. There is an enormous untapped potential in the EU-27, which needs to be developed with utmost speed by encouraging all RES technologies.

Distribution of the RES Target

The 20% target is an ambitious but realistic objective decided on by stateswomen and statesmen who expressed a unanimous political will based on the impact assessment prepared by the European Commission.

The commitment was taken in solidarity and so should the actions: Increasing the share of renewables in the EU from today's around 7% to 20% in 2020 means an increase of 13 percentage points for the EU. If each Member State increases the share of renewables in its own country by 13 percentage points, we will reach the target.

Such an approach would avoid lengthy discussions amongst Member States and the European Parliament concerning the distribution of the target. All scientific evidence shows that in any country an increase of 13 percentage points is feasible. After 2020, it will be necessary to further increase our renewable share anyway.

In order to reach this target, strong measures and legislation should be part of the Framework Directive. Member States should then define in their Renewable Energy Action plans how exactly they want to reach the overall target by defining sectoral targets which would be binding after notification in order to guarantee investor security for all sectors.

In the end, however, the important thing is not so much which approach will be applied. If a target distribution based on potential could be negotiated fast with Member States, EREC would welcome such an approach, as long as the overall 20% target is not undermined.

The important thing is that a fast agreement on the national targets can be achieved. Regardless of the chosen model, European citizens, politicians, media and organisations will have a very good indication about their government's ambition level if they add 13 percentage points to the current level of renewables in their country and compare that figure to their government's proposal for the share of renewable energy in 2020.

General Criteria for Support Mechanisms

Renewable Energy technologies would already be competitive if they had received the same attention as fossil fuels and nuclear in terms of R&D funding, subsidies, and if external costs were reflected in energy prices. Removing public subsidies to fossil fuels and nuclear and applying the 'polluter pays' principle - established in Article 174 of the Treaty - to the energy markets, would go a long way to level the currently non-level playing field and reduce the need for renewables support drastically.

Unless this principle is fully implemented, renewable energy technologies need to receive compensation and additional support measures in order to compete on the distorted market.

There is a need for introducing certain principles on the European level whereas other measures should be taken on the Member State level under the principle of subsidiarity. Support mechanisms for the different sectors and even technologies can vary according to regional characteristics, priorities or starting points.

Nevertheless certain criteria should be set on the European level in order to apply to all support mechanisms introduced on the national level. None of these criteria should lead to a point where a Member State which already has a successful mechanism (in terms of meeting the target) would be forced to change the principle of its support mechanisms, but all of these criteria should strengthen any mechanism. Member States with so far non effective support mechanisms would be forced to implement these guidelines in order to develop their mechanism.

These criteria are:

Effectiveness in reaching the targets

The experiences in some countries show that it is possible with the right design of a support mechanism to reach the given national targets. Any system to be adopted on the national level should focus on being effective in deploying new installed capacity and meeting the targets.

Long Term Stability

Whether price or quantity-based, policy makers need to make sure that investors can rely on the long-term stability of any support scheme. It is absolutely crucial to avoid stop-and-go markets by changing the system or the level of support frequently.

Therefore, market stability has to be created with a stable long-term support mechanism.

Simple and Quick Administrative Procedures

Complex licensing procedures for renewable projects constitute one of the most difficult obstacles renewables projects have to face. Administrative barriers have to be further removed on the European level. A provision could introduce "one-stop-shops" for administrative procedures. The industry can be helped best if these administrative provisions are the same everywhere. Standard procedures in the EU can help foster cross-border activities especially for the small and medium sized enterprises. A clear timetable for approving RES projects should be set for all administrations on all levels.

Encouraging Local and Regional Benefits and Public Acceptance

The development of renewable technologies can have a significant impact on local and regional areas, both due to installation and manufacturing. Some support schemes include public involvements that hinder or facilitate the acceptance of renewable technologies. This criterion assesses whether a support scheme encourages local/regional development, employment and income generation. It also assesses the characteristics of a support scheme that would encourage public acceptance of renewables, including positive impact or increased stakeholder involvement.

Monitoring, Compliance and Penalties

Interim targets need to be set as part of overall national targets, at least in 2014 which is halfway towards the goal.

The directive must give strong power to the Commission for monitoring and evaluating the progress achieved at the national level on a regular basis.

Appropriate penalties for the Member States not complying with the targets should be established. The penalties should be high and certain enough to make compliance the rational choice.

Sustainability criteria for biomass

EREC is aware of the need to ensure the sustainable implementation of the renewable energy targets. The Commission's objective to introduce sustainability criteria for biofuels only is therefore insufficient. The use of many kinds of biomass types will increase in the future. We now import relatively limited quantities of ethanol and palm oil in Europe but lignocellulosic biomass could also be imported in the future for second generation biofuels plants. All these products are also used for material and food applications.

Therefore EREC urges the Commission to put forward a balanced proposal including all biomass into the sustainability certification scheme. No biomass outside these sustainability criteria should be counted towards reaching the national renewable energy targets. EU farmers comply already today with very high standards for agricultural production (Cross Compliance rules).

Any certification scheme should - if necessary- differentiate between large and small-scale farmers. These rules guarantee strict management of arable land under today's circumstances and existing regulations. Nevertheless these rules do not apply to forestry and are not applied outside the EU.

Bearing this in mind, EREC endorses the view that any possible additional certification for European agriculture should be very carefully thought of and should be based on in-depth impact assessments. Imported products should comply with similar standards as the cross compliance rules to avoid competition distortion and to create a level playing field. It should be noted that some criteria like greenhouse gas reduction are not covered by cross compliance and could be implemented.

In addition EREC endorses a Meta standard system, which links support to bioenergy to existing systems such as the standards developed by the Forest Stewardship Council or the Roundtable for Sustainable Palm Oil. If these existing schemes meet the defined European criteria or higher levels of sustainability criteria, they should be recognised as eligible for certification. This would resolve the challenges related to sustainability of biomass on the global level.

Sustainability criteria should also guarantee the preservation of biodiversity lands such as tropical rainforests and wetlands.

Regarding social sustainability, EREC underlines that no biomass/biofuel should be accepted which does not meet the International Labour Organisation convention criteria.

For EREC it is of utmost importance that sustainability criteria are accepted by all stakeholders. The EU must thus establish one single EU system, which is non-discriminatory, transparent, simple, practicable and affordable by market players. Non-discriminatory means an equal handling on a consistent basis worldwide for the cultivation of raw materials for all transport fuels as well as for all commercial applications, including biofuels, food, electricity, construction and other industrial uses. Equally, the origin of the product must not result in different standards being applied.

Due to the limited sources of biomass, it is important to take efficiency criteria into account for the production of energy from the biomass sources. For instance, the efficiency of heat and/or electricity production from biomass can vary from 25 to 90%. Therefore, minimum efficiency criteria should be introduced and applied to any new biomass plants and heating devices. There is also a need for financial incentives to replace old, inefficient burners, thus avoiding a waste of precious biomass resources. Counting the final energy instead of the primary energy would help to promote the use of efficient biomass technologies.

Need for a sectoral approach

Renewable heating, renewable electricity and biofuels are completely different sectors with different actors, market dynamics and barriers to growth. The contributions of each sector to the overall target should be clearly defined through binding sectoral targets in the Renewables Action Plan to be submitted by each Member State³. Only this can create investor confidence in all sectors of renewable energy. And only this can ensure that the full range of technologies will be developed, covering all the needs of the different sectors.

Need for assurance and enforcement of the successful support mechanisms in Europe

Disregarding which final design Europe will find for the establishment of the legal framework for the 2020 targets, the European Renewable Industry and related banking and financing houses underline the need to safeguard and encourage further the successful and well established national support mechanisms for RES electricity on Member States' level especially, such as the feed-in mechanisms, and leave the choice of support mechanisms to the Member States.

³ In its Renewable Energy Technology Roadmap, EREC assumes that the overall 20% renewable energy target translates into 25% of heat coming from renewables, 35% of electricity and around 12% of biofuels.

Harmonisation and development of standards and certification procedures

Renewable energy products should be freely traded in an open and large European market. Therefore, standards and certification procedures should be harmonised at European level. Where new standards are needed, they should be developed at European level including certification procedures acceptable all over the EU, thus avoiding the creation of artificial barriers to trade. Particularly in the biomass sector, substantial standardisation work is necessary and should be politically and financially supported by the European Commission.

Measures for renewable heating and cooling

The directive must contain strong and coherent measures for heating & cooling, a sector currently not addressed by EU legislation.

Almost half of Europe's final energy consumption is used for heating purposes. The demand for cooling is growing dramatically. Renewables have a huge potential in this area that has been neglected by policy makers in most countries so far.

A European framework in this area is absolutely necessary as the development of RES-heating markets in Europe is strikingly unbalanced: Very few countries have a very large share of the installed capacity at EU level, a fact that cannot be explained by the distribution of natural resources.

The Directive should make sure that specific targets and appropriate measures for renewable heating and cooling are part of the national Renewables Action Plans. These should foresee a coherent set of measures dedicated to the promotion of renewables for heating and cooling, including financial incentives, awareness raising campaigns, training of installers, architects and heating engineers, and demonstration projects.

For new buildings, and those undergoing major renovations, an obligation to cover a minimum share of heat consumption by renewables should be introduced, as already implemented in some countries and regions.

National and European statistics about the demand and supply of heating and cooling should be improved and made more reliable and comparable. Europe cannot afford to continue ignoring how about half of its energy consumption is used.

Finally, the Directive should also ensure that national support policies do not create involuntary barriers to trade: all product requirements should be based strictly on European standards and certification procedures.

The Directive should stimulate the deployment of the large potential for cost effective renewable heating and cooling, available already with today's technologies. At the same time, increased R&D efforts should be undertaken, particularly in the fields of heat storage and renewable cooling.

The directive should stimulate the integration of renewable energy applications in existing district heating systems. Investments in renewable energy based district heating systems in Europe could provide a huge market for large scale renewable heat supply. It needs to be clearly pointed out that district heat as such cannot be counted towards the renewables target, except if it is effectively renewable.

Measures for biofuels

The setting of the binding sectoral 10% target for biofuels determines a very strong political commitment towards the development of biofuels, which we warmly welcome. However, we recall, that the European Council made this target subject to three conditions: Firstly, the Fuel Quality Directive needs to be amended in order to allow for higher blends, secondly, the commercialization of so-called second generation biofuels must be promoted and thirdly, the production of biofuels must be sustainable.

The revision of the Fuel Quality Directive currently under way must serve one prominent purpose: To make the blending of 10% biofuels (by energy content) possible. With regard to the development of second-generation biofuels the EU needs to agree on a sufficient budget for R & D in this sector including clear financial incentives to construct pilot facilities. Compared to the US which spent already US\$ 1 billion alone this year for the development of second generation biofuels and the creation of dedicated centres of excellence, the EU lags desperately behind with only around € 50 million out of the 6th FP. Hence, EREC urges the EU to put its money where its mouth is and provide an environment for biofuels research.

EREC agrees that GHG savings of biofuels need to be a net positive. However, in order to judge the GHG savings of biofuels a methodology (measurement tool) needs to be used which is supported by all stakeholders including biofuel producers. This measurement tool needs to be a European tool. Moreover, the reference values for conventional fuels play a crucial role. Therefore EREC pledges for the inclusion of comprehensive life-cycle-analyses for fossil fuels, too, as proposed in the Fuel Quality Directive.

Furthermore, the use and production of biofuels needs to be promoted by:

- an internal market for biofuels
- an interim target should be set for the year 2014.

We conclude that the minimum 10% market share needs to be delivered foremost by an obligation across the EU backed up by sanctions that effectively guarantee compliance with the target. The obligation should be supported by complementary European and national state aids, including tax concessions and capital investment grants. We would like to underline the continuing importance of tax concessions as a supplementary measure to an obligation. The German legislation on biofuels states a positive example by combining an obligation with a full exemption of excise duty for E-85 and for second generation biofuels. Additionally, the German market only allows the import of non-denatured ethanol, which is vital for the development of a strong domestic biofuels industry and the second-generation technology.

Moreover, we suggest financial support measures for flex-fuel vehicles in order to foster their market penetration.

Measures for renewable electricity

Support Schemes

According to the principle of subsidiarity and past experiences, Member States should be free to decide on concrete national support mechanisms. On the EU level a list of criteria applying to any support mechanism should be set in order to ensure investment security and fair market access in all countries for all technologies.

No indication for successful harmonisation

If an EU wide mechanism was desirable, then it would need to follow the “polluter-pays principle”, sustainability principle and the precautionary principle. Putting a tax or levy on those energy sources which today have a virtually free right to destroy our environment would increasingly restrict the unsustainable exploitation of nature. Examples of good approaches include energy or eco tax schemes in some Member States. Energy taxation is by far the most effective tool, but politically difficult to implement. In its absence RES support mechanisms and efficiency improvements are the next best and necessary solution.

In line with the Commission’s constant observation of a distorted energy market by non-internalisation of external costs, harmful subsidies to the incumbent industry, weak unbundling between grid operation and electricity production, support mechanisms for renewable energies remain a necessary and fair compensation tool especially for independent power production and market entrance by the renewable energy industry.

As of today, there is no evidence that a harmonisation of RES support mechanisms would deliver any benefits at this stage. Changing now the 27 national frameworks would undermine the work, progress and efforts that Member States have put into developing mechanisms over the past few years. A premature move towards a common approach will stop, or seriously delay, development even before it starts. Too many of the EU-27 still have done too little.

The first step towards harmonisation for renewables support mechanisms must be a well-functioning, undistorted, Internal Electricity Market and a true level playing field. While some stakeholders in the conventional European power sector ask for competition amongst renewable energy producers, it should be recalled that effective competition in more than 95% of the market that is based on conventional electricity is a far cry from reality as pointed out in the European Commission’s sector inquiry. It seems premature to call for competition in the renewables power segment at a time of non-competition in conventional power.

Moreover, the notion of a separated renewable energy market is absurd in a liberalized energy market. It also lacks any legal foundation and reasoning. The Directive 2001/77/EC is - in line with the EC legislation- rightly called “Directive on the promotion of electricity produced from renewable energy sources in the internal electricity market”. As soon as renewable electricity for example enters the grid, it is in competition with all other electricity. RES mechanisms as detailed are designed to give price compensation in order to make RES competitive in a distorted energy market. Europe has a Combined Heat and Power (CHP) directive encouraging the use of renewable energies in those systems. This does not create a market of and

between only CHP installations. They do compete against other systems on the overall energy market.

Maintain the provisions contained in existing legislation

Strengthening existing legislation

Provisions of the 2001 electricity Directive on the removal of administrative barriers, grid access and transmission, with guarantees of origin should not be undermined, but on the contrary strengthened where necessary.

Priority Grid Access

Rules on grid-access, transmission and cost sharing are not favourable enough on the European level. Article 7 of directive 2001/77 is not clear enough on all aspects particularly concerning cost distribution and transmission fees. The European Commission strives with the recent draft proposal for a Directive of the European Parliament and of the Council amending Directive 2003/54/EC concerning common rules for the internal market in electricity to enforce grid management structures and grid improvement in Europe. But this may still need further time and often meets reluctance from the grid owners. Therefore as long as enforcement is not keeping pace with the need for increased RES input, priority access to the grid has to become obligatory for all EU-27.

Grid Extension

In principle grid extension or reinforcement costs should be born by the grid operators within reason. Grid extension costs in the past have traditionally been borne by the incumbent state monopolies who owned the grid. Grid operators - and not renewable energy producers - should pay for the grid extension. A grid extension does also benefit the networks beyond the transmission of renewable energies and does therefore serve multiple benefits. This would partly reflect the duty of former monopolistic and state-owned grid operators to integrate their benefits reached due to their monopolies.

Cross-border activities

EREC would like to point out that efforts to reach the overall target need to be made in ALL countries. One basic idea behind renewables' development is a greater decentralization of our energy supply structure. This is also one of the reasons why renewable energy sources enjoy great public support in the EU.

The full RES target must be achieved within the EU. Our potential is much bigger and there is no reason not to pursue the 20% target on our continent. Otherwise, the benefits in terms of security of energy supply and local economic growth would be missed. In addition to that, there is no evidence that up to 2020 a significant amount of additional renewable energy will be available from outside the EU.

A European trading mechanism requires a market. A market requires sellers and buyers. So far those Member States which are calling for the introduction of a flexible trading mechanism only expressed an interest in buying, not in selling. If it is foreseeable that no country will be able to have a significant overproduction beyond its national final renewable energy consumption target, a trading mechanism is not

necessary. One concern is that a trading mechanism may produce a disincentive in some Member States for domestic investment: If trading is allowed, several Member States will reduce their efforts and count on buying “guarantees of origin” abroad at the latest possible stage.

It seems also that such a system would only work for renewable electricity but not for the other sectors. However, the EU has an overall target which includes not only the electricity sector but also the heating & cooling and biofuels sectors. This means that a trading mechanism would only apply to approximately 30% of the energy consumption. Therefore, trading of renewable electricity certificates will not be significantly helpful to reach the overall 20% target.

Particularly such a trading system could undermine existing, successful support mechanisms and create investment uncertainty, thereby undermining the gains made by the 2001 RES-E Directive.

The theoretical objective of an EU-wide trading mechanism is to reach the target with the least cost. In practice however we realize that least-cost in the short term does not necessarily mean least-cost in the mid to long-term. Opening up trade will support the cheapest technologies in the short term. While this appears to be a cheap short term solution, it will turn out to be expensive in the long run as less mature technologies with significant potential will not be developed. Supporting a broad range of renewable technologies today guarantees the cheapest and most reliable energy supply in the long-run.

Bilateral trade is already possible within the framework of the 2001 RES-E Directive. As such, if individual Member States want to achieve their national renewable energy targets with cross border trade, this could be done via a bilateral agreement assuming that no double counting of renewable production takes place.

EREC is not in favour of introducing a complex trading mechanism for renewables at this stage, not least to the numerous distortions present in the internal energy market as highlighted in the Commission’s sector inquiry. EREC finds it difficult to see how introducing an artificial market structure for the sake of allowing trade would enable reaching the target in a cost efficient way, particularly given the large number of SMEs in the sector. This would seem to contradict the Commission’s approach to better regulation and less bureaucracy. It is not necessary to manage an additional artificial market place for guarantees of origin. Experience with the Emission Trading Scheme shows how complicated such trading mechanisms are. The European Commission should therefore consider other less complex means to introduce flexibility into the system.

For instance, one could foresee the creation of an EU fund, which starts paying each Mtoe that exceeds the national target, thus alleviating the financial burden of the Member States that are performing well and contributing to reaching the overall EU commitment. The fund can be fed with the fines paid by the countries that are not reaching their targets.

This means those countries which from the beginning implement the necessary measures on the national level to fulfil their target and go beyond should have an

incentive to fully exploit their potential. And those who do not act accordingly would be penalized according to their non-action.

A flexible penalty mechanism for the European Commission against Member States therefore needs to be introduced

Enforcement of the targets

The new Directive has to provide for adequate enforcement mechanisms to ensure the achievement of the targets.

These mechanisms need to be applied gradually in order to ensure steady and continued efforts of the Member States until 2020. This would force Member States to take the necessary steps to reach their national target from the beginning and thus avoid the possibility of continuing BAU and a buy off from their obligations in 2020.

EREC is of the opinion that the European Commission needs to have a direct possibility to impose fines on Member States if it becomes clear that they are not starting effective programmes and that they will be short of reaching the overall national binding target. Details of such a system of penalties have to be laid down in a Commission regulation, which should be published no later than one year after the entering into force of the Directive.⁴

The European Commission is the competent body to assess, at certain time intervals and on the basis of Member States reports, the progress of every Member State and to determine whether such a levy is due. In order to give the Commission a sound legal basis the Directive shall provide for an implementation regulation which regulates the details. The burden of proof has to be with the respective Member State.

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⁴ An adequate way to establish such a mechanism would be to transfer the principles of an already existing sanctioning scheme which has already proven to be largely efficient e.g. the one that has been established for the milk quota. The milk quota system gives a direct penalty tool against Member States to the European Commission. As an example: By October 2005 the European Commission had issued €364m in fines after nine Member States exceeded their milk quotas for the year up to 31 March 2004. Similarly to this system, Member States should be liable to pay a considerable penalty fee to the Communities in case they fail to reach their renewable target. These levies should finally be transferred to a Community fund for Renewable Energy Development which could enforce the European Commission's research and market stimulation programmes on Renewable Technologies.