



Policy developments at EU level and its impact on national markets

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Outline

- **Rationale**
- **Key elements for a strong deployment of PV**
- **What are the sector needs?**
- **What did the EC propose?**
 1. Proposal for a Directive on Renewable Energies
 2. Third Energy Package
 3. SET Plan
- **Conclusion**



Energy policy for Europe

Objective: Propose a renewed energy policy for EU contributing to:

- Sustainability (against climate change)
- Competitiveness
- Security of supply

EU concerns:

- Set ambitious targets for GHG emissions reduction (Kyoto protocol)
- Lisbon strategy/competitiveness
- Call for industrial revolution aiming to give a real level playing field for RES



Importance of EU policy for the Members States

- **~70% of the national legislation has EU roots!!**
- **EU directives are transposed into national laws**
- **EU directives establish the minimum requirements on which national legislation is based.**
- **Coordination of efforts both at European and national level (critical mass)**

Key elements for a strong deployment of PV

- **A stable political framework**
- **Technological development**
- ↓
- **Sustainable market development**
- ↓
- **A solid industry**
- ↓
- **Competitiveness and progressive independence from supporting policies**

How to get there?

- **Effective supporting policies: FiT**
- **Binding priority access to the grid**
- **Removal of administrative barriers**
- **Raise public awareness on the benefits of PV**

Security of Energy Supply, Climate Change

← The Problem

Renewable Electricity

← A Solution

Direct Financial Instruments

Indirect Financial Instruments

← Existing Tools

Voluntary mechanisms

Investment based mechanisms

Quota systems

Fixed price systems

Taxation of fossile fuels

Reduce subsidies for fossile fuels

•Voluntary demand for
•green electricity

•Investment subsidies
•Tax credits
•Low interest loans

•Tradable Green Certificate
•Tendering

•Feed in Tariff
•Premium Feed in Tariff

In order to guarantee success of the support scheme, it needs to be built on a well designed Feed in Tariff system

- **What did the European Commission propose?**
- 2001: Directive 2001/77/CE on RES – E
- 10 Jan. 07: Energy Review Package
- 19 Sept. 07: Third Energy Package
- 22 Nov. 07: EC Communication on SET-Plan
- 21 Dec. 07: EC Communication on Lead Market Initiative
- **23 Jan. 08: EC proposal for a Dir. on RES**

Target

- **March 2007, the Heads of the EU Members States agreed on a 20% binding target by 2020!**
- **20% of GHG reduction**
- **20% energy efficiency**
- **20% RES (without setting mandatory sectorial targets)**
- **10% biofuels**



Framework Directive for the Promotion of Renewable Energy Sources (23 Jan. 08)

EC willingness to give to MS:

- Flexibility to reach the targets
- Cost effective solutions
- Allow all MS to reach the targets mainly small and new MSs
- Consolidate the existing directives in one comprehensive piece of legislation
- Not undermining the existing successful support mechanisms (e.g FiT)



Proposal for a Directive on Renewable Energies 23 Jan. 2008

- ✓ **20% Binding target for RES share of 2020**
- ✓ **National Action Plans with sectoral targets (incl. RE-e)**
- ✓ **Binding priority access to the grid for RES-e**
- ✓ **Transfer of GoO allowed between MS once reached intermediate targets → Feed-in tariffs safeguarded**
- ✓ **Progress towards removal of administrative barriers**
- ✓ **Mandatory use of renewables in all new or refurbished buildings**
- ✓ **Increased information, training and accreditation of installers**

Binding targets for the share of RES

- **EU 20% binding target for RES share by 2020**
- **National overall targets**
- **Indicative trajectory
25%; 35%; 45%; 65%**

Legally binding targets for Member States in 2020	
	Share Renewables in the final energy demand by 2020
AT	34%
BE	13%
BG	16%
CY	13%
CZ	13%
DK	30%
EE	25%
FI	38%
FR	23%
DE	18%
EL	18%
HU	13%
IE	16%
IT	17%
LV	42%
LT	23%
LU	11%
MT	10%
NL	14%
PL	15%
PT	31%
RO	24%
SK	14%
SI	25%
ES	20%
SE	49%
UK	15%



Next steps

Commission proposal for a directive on RES
23 January 2008

Co-decision procedure

European Council

European Parliament

Adoption of Directive under FR or CZ Presidency

31 March 2010
Deadline for transposition

Jan. 2012
Dir. 2001/77 repealed

April 2010
Art. 2; 3(2), and 4 to 8 of Dir. RES-e 2001/77 repealed

Feb.

July 08

end 2008

2009

2010

2012

Positive elements

- + **Intermediate targets towards 2020**
- + **Binding priority access to the grid for renewable electricity**
- + **Transfer of GoO allowed between MS → Feed-in tariffs safeguarded**
- + **Progress towards removal of administrative barriers**
- + **Mandatory use of renewables in all new or refurbished buildings**
- + **Increased information, training and accreditation for installers**



European Parliament

Expected timetable

Mid-March: Hearing 7-8 April 08: Exchange of views	10 April 08: C. Turmes Draft report sent to translation	6 May 08: Consideration of draft report	07 May 08 – 4 pm: Deadline for amendments	3 June 08: Consideration of amendments	26 June 08: ITRE voting	July 08: Plenary vote
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European Council

25-26 Feb. Compet.: information	3 March: Envi: Policy debate	28 Feb.: Energy: Policy debate	29-30 May: Compet.: State of the play and info from Pres.	5 June: Envi: progress report + policy debate	6 June: Energy: progress report+ policy debate	End 08- mid.09 Adoption under FR/CZ Pres.
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2. STRATEGIC ENERGY TECHNOLOGY PLAN: SET-Plan

Objective: Join forces at EU level to increase and improve investment in a broad portfolio of new energy technologies in order to foster a rapid development of low carbon technologies

Strategic elements:

- Business as usual is not an option
- Large scale industrial initiatives
- Cooperation of technology platforms
- Selecting technologies for which the EU needs oriented action

2. SET Plan

- **22 Nov. 07: Publication of EC communication on SET plan**
 - **Solar Europe Initiative**
 - EU Energy Technology Summit: to be organized first half 2009
 - Preparation of **EC Communication on financing** of low carbon technologies (expected end 2008)
- **25-26 Feb. 08: Competitiveness Council:** expected debate between ministers
- **28 Feb. 08: Energy Council:** formal conclusions expected
- **13-14 March 2008:** SET plan likely to be endorsed by Heads of State



3. Third Energy Package

1. Proposal for a Dir. amending Dir. 2003/54/CE on **common rules for the internal market in electricity**
2. Proposal for a Reg. establishing an **Agency** for the cooperation of Energy regulators
3. Proposal for a Reg. amending Reg. 1228/2003 on conditions for access to the network for **cross-border exchanges** in electricity

3. Third Energy Package

- Objective: pursue liberalisation of electricity market and increase cooperation between national regulators and TSOs
- Should facilitate **cross-border investments** and infrastructures and reduce fragmentation of national or regional markets
- **Ownership unbundling proposed: should facilitate access to the grid for new entrants**
- Alternative option “Independent System Operator”: not as satisfactory (would require increased control and regulation)
- “Third option”: presented by a blocking minority (8 Member states: AU; BULG; DE; FR; GR; LUX; LAT; SK) at the Council on 30 January (looks very complex to implement)



CONCLUSION

EU policies provide a favorable framework for secure investments in PV technology.

2008 A challenging year

Up to you to seize the opportunity!

Thank you for your attention!

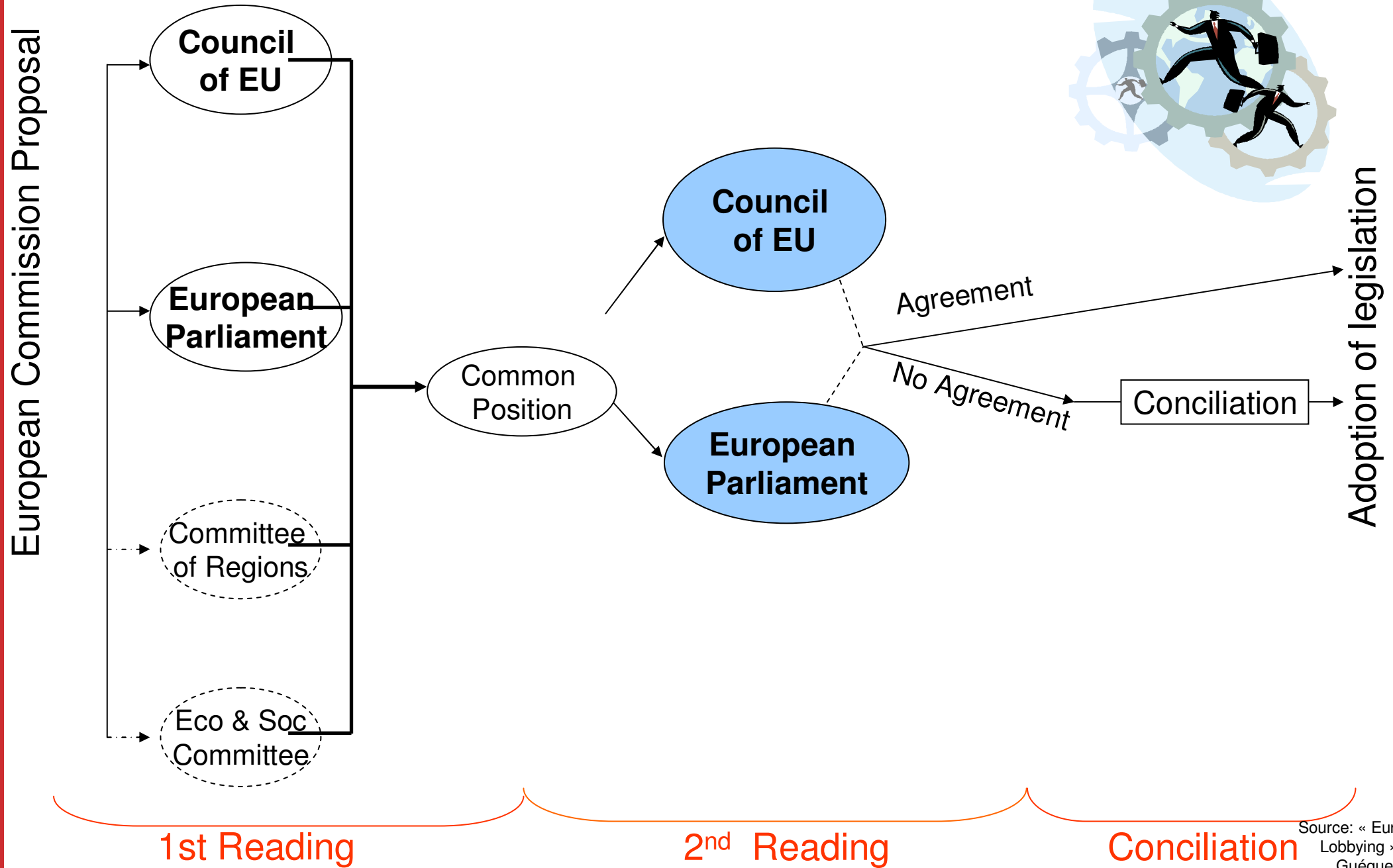
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Effort sharing by Member States

	2005	2011-2012	2013-2014	2015-2016	2017-2018	2020
Belgium	2,20	4,90	5,98	7,06	9,22	13,00
Bulgaria	9,40	11,05	11,71	12,37	13,69	16,00
The Czech Republic	6,10	7,83	8,52	9,21	10,59	13,00
Denmark	17,00	20,25	21,55	22,85	25,45	30,00
Germany	5,80	8,85	10,07	11,29	13,73	18,00
Estonia	18,00	19,75	20,45	21,15	22,55	25,00
Ireland	3,10	6,33	7,62	8,91	11,49	16,00
Greece	6,90	9,68	10,79	11,90	14,12	18,00
Spain	8,70	11,53	12,66	13,79	16,05	20,00
France	10,30	13,48	14,75	16,02	18,56	23,00
Italy	5,20	8,15	9,33	10,51	12,87	17,00
Cyprus	2,90	5,43	6,44	7,45	9,47	13,00
Latvia	34,90	36,68	37,39	38,10	39,52	42,00
Lithuania	15,00	17,00	17,80	18,60	20,20	23,00
Luxembourg	0,90	3,43	4,44	5,45	7,47	11,00
Hungary	4,30	6,48	7,35	8,22	9,96	13,00
Malta	0,00	2,50	3,50	4,50	6,50	10,00
The Netherlands	2,40	5,30	6,46	7,62	9,94	14,00
Austria	23,30	25,98	27,05	28,12	30,26	34,00
Poland	7,20	9,15	9,93	10,71	12,27	15,00
Portugal	20,50	23,13	24,18	25,23	27,33	31,00
Romania	17,80	19,35	19,97	20,59	21,83	24,00
Slovenia	16,00	18,25	19,15	20,05	21,85	25,00
The Slovak Republic	6,70	8,53	9,26	9,99	11,45	14,00
Finland	28,50	30,88	31,83	32,78	34,68	38,00
Sweden	39,80	42,10	43,02	43,94	45,78	49,00
United Kingdom	1,30	4,73	6,10	7,47	10,21	15,00

EU Decision-Making Process: long and complex



Climate Change and Security of Supply

United Nations Convention
on Climate Change
(Kyoto Protocol)

- 5 % of global greenhouse gas reductions, -8 % in Europe as a Bubble



Instruments specific for Kyoto Protocol

CDM

JI

Buying access allowances from other
Annex I (developed) countries

CER

ERU

European Emission Trading Scheme (ETS) – for 6
big European Industries

Other global
trading schemes
(World Bank, etc)

EUA

EU Energy Policy

National targets,
others



Other instruments

Voluntary
Mechanisms

Investment
based
Incentives

Government
fixes the
quota

Government
fixes the
price

- Carbon offset
- Green electricity
- others

- Investment subsidy
- Tax credits
- Investment grants

- Tradable Green Certificates
- Tendering

- Feed in tariff
- Premium tariff

Third Energy Package

Currently under co-decision at EP and Council:

- **04 June 2008:** probable EP 1st reading
- **28 Feb. 08 :** Energy Council: orientation debate on Third Energy Package
- **6 June 08:** Energy Council: political agreement
- **July- Dec. 08: French EU Presidency:** Potential adoption of the Third Energy package