



Dear Subscribers,

REALISE-Forum is pleased to present its second newsletter, published following up the International Conference “Renewable Energy and Liberalisation in Electricity Markets: Lessons and Recommendations for Policy” in Berlin on November 2-3, 2006.

We hope you will enjoy reading the REALISE-Forum-News!

COUNTRY DESK ACTIVITIES AND RECENT NATIONAL POLICY DEVELOPMENT

Germany

The third meeting of the German desk has been held on September 26, 2006 in Berlin in the premises of the Federal Ministry for the Environment. Representatives of major stakeholders provided key note presentations concerning the requirements for future coordination of the support systems for RES-E in Europe. A number of topics has been discussed, including:

- Co-operation paths such as the ongoing German–Spanish feed-in cooperation.
- Possibilities and barriers for the transferability of the support system for RES-E to the heat-market
- Interplay of the German RES support system with other energy-policy instruments such as emission-trading.

Furthermore, issues concerning the guarantee of origin as a common currency for the transnational exchange of RES-E were briefly discussed.

Netherlands

The major event in RES-E support in the Netherlands was the instant stop of subsidization of new RES-E production investments on August 18, 2006. The re-established minority government led by Mr. Balkenende justified this decision with the expectation that the Netherlands would attain the 2010 indicative goal with the already approved and ongoing RES-E projects. Production support of combined heat and power production was, however, not stopped and will continue until 2008. Furthermore, the government has reserved 150 million euros extra from the gas revenues for

general research and development on renewable energy.

The Dutch Parliament heavily criticized the decision to stop direct support of RES-E production and forced the government to compensate in particular smaller investors who heavily suffered from this instant stop of support.

With new elections coming up in November 2006 as a result of the political crisis within the government's coalition in June 2006, further decision about future RES-E support and the formulation of targets for the time after 2010 has been left to the new government.

Italy

After having carried out the 2005 survey among Italian stakeholders and after organising a subsequent national hearing, CESI RICERCA continued to act as hub of the Italian Desk.

New legislative measures have been taken in Italy, most of which are concerning special feed-in tariffs for PV plants and more favourable conditions for green certificates under the main support scheme. CESI RICERCA attended various events in order to record the attitudes of a wide range of actors and to interview stakeholders representing both, RES-E investors and independent bodies. In these interviews, questions addressed issues that had recently come up or which had not been developed in depth in the previous surveys. With the new information collected, the Italian country report was drawn up and made available at the REALISE-Forum website.



Slovenia

The final hearing of the Slovenian desk took place in Ljubljana on September 20, 2006. The national REALISE-Forum coordinator opened the event by presenting the activities and results in Slovenia. During the hearing, the draft recommendations for further development and coordination of RES-E support instruments at EU level were presented and discussed. The twenty-five participants of the event also showed a lot of interest in the draft of future support schemes for Slovenia presented by a representative of the Ministry of Economy. Furthermore, findings on research of the barriers to CHP as well as REALISE-Forum's draft conclusions and recommendations for Slovenia have been presented and discussed during the hearing.

Scandinavia

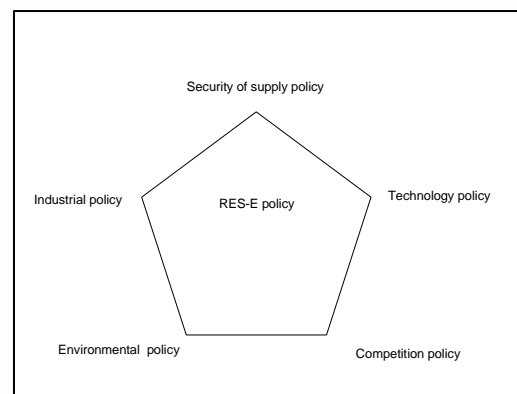
The Nordic desk has had close contacts with Norwegian stakeholders during early autumn 2006 to follow up on the new feed-in regime that has substituted the previously planned certificate

market with Sweden. With the new labour-socialist-centre-party government, Norway chose to opt out of the plan for a joint Swedish-Norwegian certificate market. Further details of the design of the future Norwegian system were presented in early October, 2006. Norway here opts for a feed-in system, combined with a new long term RES-E, energy saving and heat production from renewables with a target of 30 TWh in 2016. The feed-in system will be financed by an expected return of about 106.6 million EUR on a fund of approximately 2.42 billion EUR. The operative management of the system is largely left to ENOVA, a new renewables energy sources oriented agency. The new Norwegian feed-in system will provide about 0,0048 EUR for small hydropower, about 0,0097 EUR for windpower and about 0,0121 EUR for bioelectricity and immature technologies per kWh. These premiums are to be paid on top of the electricity price.

Apart from recording the recent developments, the Scandinavian Desk has presented the results of REALISE-Forum at several seminars.

PUBLICATIONS

National consultations showed that the range of stakeholder opinions and preferences on RES-E support in the EU is highly diverse and does not stop at national borders. The current debate on RES-E support can be visualized as a multidimensional space. It is related to liberalization and ecologization of the EU electricity market, and thus concerns competition policy as well as environmental policy. It is also about security of energy supply and about technology policy considerations and interests. The debate is complicated by the fact that some issues, such as security of supply are primarily focused at European level, whereas other issues, for example industrial and technology policy, are still focused in the national agenda. The conclusions of the national consultations in the frame of REALISE-Forum have been processed into document which will soon be available at the REALISE-Forum website.





FORUM

In different events, REALISE-Forum has provided the opportunity for different stakeholders to present and exchange their viewpoints on RES-E support systems. Here, two members of the REALISE-Forum Steering Group are sharing their positions on which need for coherence they see for support systems for renewable energy sources in Europe in the short and in the long run, and on how a harmonised support system at European level should be designed.

Stefan Zisler,
Vattenfall Europe AG, Germany

Support systems for renewable energy systems should be harmonised along with the creation of an European integrated and deregulated electricity market. This market is being created to reach an as reliable, cost-effective and environmentally sound electricity supply for Europe as possible. On such a market, investment decisions should not be taken based on where the subsidy level is the highest, but rather be based on where the electricity is needed and where production conditions are the best. Thus, coherence is certainly needed. At least in the long run, if not before.

Vattenfall favours a support system which provides for cost-efficiency, market-based investment decisions, maintains liquidity on the electricity market and which is technology neutral. Thus, we favour a certificate system, provided that it is properly designed. A stable long-term political framework is also crucial to enable necessary investments along with a fair allocation of the costs for needed grid extensions and back-up power.

Oliver Schäfer,
European Renewable Energy Council (EREC)

The first step towards harmonisation for renewables must be a well-functioning undistorted Internal Electricity Market. At present all EU electricity markets, except in the Nordic countries, stay national in economic scope. Unless the current distortions in the emerging Internal Electricity Market are overcome, there will be no effective Internal Renewable Electricity Market to compete in. Further analysis of possible options and impacts needs to be undertaken before in the long run harmonisation based on the best available system could be proposed. Member States with the same design of support mechanisms should start clustering their systems and test cross-border mechanisms to provide a sound basis for a decision on possible future harmonisation.

A harmonised Community-wide support mechanism for renewables at this early stage would be premature. Nevertheless, based on experiences all over the world, it can be concluded that fixed tariff and premium systems can be designed to work effectively and have proven to be the most successful systems in terms of market development. However, not all attempts introducing feed-in systems have contributed to an increase in renewable electricity production. It is the detailed design of any mechanism, in combination with measures such as grid access and transmission as well as limitation of administrative burdens, which determines its success.



INTERNATIONAL EVENTS HELD

2nd International REALISE-Forum Conference

The second International REALISE-Forum conference was organised in Maribor, Slovenia, on May 10 and 11, 2006 by Slovenski E-Forum. In this event, the mission, goals and activities of the REALISE-Forum project have been presented to about seventy participants coming from ten different countries.

The event focused on the relevance of the German and Spanish RES-E support scheme for the new and future EU Member States. The conference also offered lessons on interaction between emission trading and RES-E, optimal promotion strategies and possibilities of co-existence of different types of support instruments.

The final part of the conference addressed potentials and barriers for increased RES-E generation in Slovenia.

Final REALISE-Forum Conference

The conference „Renewable Energy and Liberalisation in Electricity Markets: Lessons and Recommendations for Policy“ took place on November 2-3, 2006 in Berlin with contributors from sixteen countries.

Session 1 discussed the influence of national policy instruments and targets on the EU renewable energy development and the role of RES-E within the framework of liberalisation. In session 2, RES-E promotion strategies and liberalisation were discussed in the light of the REALISE-Forum findings and results of related projects. This was followed by a round table on the attainment of the RES-E targets. The second day presented stakeholders' perceptions and viewpoints on the co-ordination of support schemes and illustrated paths for regional cooperation. The final round table focused on the co-ordination and optimization of the support systems and discussed future steps.

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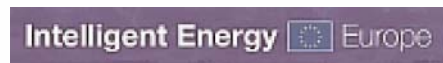
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