Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit

MINISTERIO DE INDUSTRIA, TURISMO Y COMERCIO

REPUBLIC OF SLOVENIA
Ministry of the Economy

Summary of the 6th workshop of the *International Feed-In Cooperation* in Brussels, November 3 and 4, 2008

At the 6th workshop of the International Feed-In Cooperation about 60 representatives from 17 countries, among them 14 Member States of the European Union, The European Commission and representatives from industrial associations, renewable energy companies and academia, came together in Brussels on the 3rd and 4th of November 2008 to discuss on the present status and future development of feed-in tariff systems.

In the opening sessions the representatives from the three countries part of the Cooperation agreed on the important moment that the renewable energies are facing now with the negotiation of the Climate Package, the need for further effort and instruments to commit with the 2020 targets.

In his keynote speech Mr Howes from the European Commission stated that in the seven years passed since the renewable electricity Directive was published the FIT systems have shown to be the most effective and efficient support mechanisms when they are well designed. For the future the European Commission identifies a need, in the short term, of dissemination of best practices, combination of national support schemes and the optimisation of coordination and co-operation, and not only to focus on financial issues but also on admin barriers and improving grid access.

The session devoted to the status of national feed – in system was divided in two parts, one for the countries joining the cooperation and a second part with short presentations from the invited countries.

Mr. Büsgen from the German Ministry of Environment presented the new renewable energy sources Act adopted in the German Bundestag in June this year:

- The basic principles of the EEG untouched;
- Target has been strongly increased and prolonged;
- Most tariffs have been increased;
- More efficiency and climate protection;
- New measures for improved grid integration of RES-E;
- Good basis for further increase of RES-E.

Mr. Skornik from the Slovenian Ministry of Economy, presented in detail the modifications to the Slovenian FIT Law mainly motivated by the implementation of the Commission decision on the state aid implemented by Slovenia, harmonization with the Directive 2003/54/EC regarding the DSO and TSO trading with RES and CHP electricity and the need for new investment cycle for new RES power plants.

Finally Mr. Lucas presented the new Spanish FIT scheme for photovoltaic projects passed in September 29th. The new FIT scheme sets annual capacity quotas, the quota increases 10% every year if the target of the previous year has been reached. To incorporate the technology learning curve the scheme foresees a new dynamic tariff. When in the current year the offer meets the demand, the tariff decreases 10% for the next year.

In the session devoted to the feed – in tariff status in other invited countries we had the last update from 8 countries: Canada (Ontario), Estonia, Latvia, Macedonia, Netherlands, Portugal, Switzerland and United Kingdom.

The afternoon started with a presentation from Ms O'Sullivan on the German "Lead Study 2008". The study curried out by the Aerospace institute to support German renewable energy policy in the long term revealed among other important issues that:
The largest CO_2 reduction potentials until 2020 are to be found in the expansion of renewable electricity and efficiency in the heating sector, followed by the expansion of combined heat and power in connection with the expansion of efficiency in electricity;

The existing dynamic to expand the use of renewable energies should be kept up, a stronger expansion would even have greater positive economic effects;

A European master plan for the use of RES in the framework of a joint energy and climate protection strategy should be developed in the near future.

Mr. Panzer from the Vienna University of technology focused on the principles for effective policies for renewables deployment which can be summarised as follows:

- Remove non-economic barriers to improve market functioning;
- Establish predictable support framework - to attract investments;
- Set up transitional incentives decreasing over time – to foster technological innovation and move towards market competitiveness;
- Ensure specific support in function of technology maturity to exploit potential of large RES range.

During the fruitful discussion it was stressed out the importance of the need of good research activity to support policy, for the better planning and design of new policy and how historically the development of renewables has over passed the most optimistic academic studies.

In the final session of the day devoted to key issues for the success in the RE policy, Mr. Diaz, from the Santander Financial Group, framed the access to financial resources for renewable energy projects in the present financial crisis. Mr Diaz pointed out that even if there is a real problem of liquidity, the FIT systems applying for the most mature renewable energy technologies are very attractive projects for financial institutions.

To close the sessions Ms. Blanco from Gamesa stressed out that even a well designed FIT scheme can fail in the development of renewables if we don't tackle other important issues as grid development and administrative barriers. In the last months the experience from Gamesa has showed that there is not anymore a decrease in the cost for new wind turbines since technological development is not enough to compensate the increase of the raw materials.

Mr. Pfluger from Fraunhofer ISI in his presentation of the updated version of the Best Practice Paper concluded that if a well designed technology-specific system of feed-in tariffs is applied, it supports effectively the future potential of the technologies. Stepped tariffs are a measure to design the system cost-efficiently and avoid windfall profits while a tariff degression sets targets for technological progress. New approaches of premium tariffs can give incentives to RES-E producers to participate in the liberalised power markets. Overall, feed-in tariffs can be tailor-made solutions to the current market situation.

Mr. Schlögl pointed out that in certain point there is a need to deploy renewables but that we also have to be careful with its integration. The problem is always to meet the generation and the demand considering two aspects: the grid constrains mean that you may have local problems in the grid, and the market integration.

Mr. Fernández from Red Eléctrica de España pointed out the need to reach a very high penetration of Renewable Energy in the Grid (in secure conditions):

1. All renewable production must be monitored and be controllable.
2. New infrastructure is needed, especially at the interconnections (e.g. Spain – France).
3. R&D is needed, especially in the fields of controllability of Renewable Energy production, energy storage systems, System Operator tools…

Mr. Bömer, Consultant of Power Systems and Markets at Ecofys, described the new legal measures for improved grid integration of wind turbines in Germany. When amending the Renewable Energy Sources Act (EEG) in

June 2008 the German government acknowledged the importance of enhancing technical requirements – following a new approach that may also be noted by the European Commission when analysing best practices. From now on, for land-based wind power plants in Germany, grid code-compliance will become a necessary precondition for privileged network access and extra payments (system services bonus). Thus, the amended EEG ensures further large-scale development of wind power in line with targets without compromising security of supply. The basis for the technical requirements in the EEG has been determined by the recently revised technical code for dispersed generators in German distribution networks (Medium Voltage Directive 2008) and the Transmission Code 2007 respectively. However, the latter needed carefully review and some clarifying specifications; these were proposed by Ecofys in co-operation with six leading experts in wind power and grid technology. The new technical requirements are a substantial improvement for the connection of new wind turbines to the grid.