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EUROPEAN COMMISSION CONSULTATION ON THE RENEWABLE ENERGY STRATEGY

This document gives the response of the United Kingdom to the European Commission's consultation on the Renewable Energy Strategy.

The UK welcomes the Commission's intention to issue a Communication on a Renewable Energy Strategy and looks forward to engaging in the development of policy beyond 2020 in this important element of the EU's wider low carbon energy policy.

The overriding goal of renewables policy should be to encourage investment to reduce carbon emissions in a sustainable and cost effective way, while also contributing to energy security objectives by helping to diversify the energy mix and reducing exposure to the price and availability risks of imported fossil fuels. Renewables will also play a role in the decarbonisation of heat and transport. In addition, energy efficiency will need to increase dramatically in all sectors.

Under the current framework for promoting investment in renewable generation, the UK has set out in its Renewable Energy Roadmap, published in July 2011, its policies for removing barriers to maximise renewable deployment to 2020:

http://www.decc.gov.uk/en/content/cms/meeting_energy/renewable_ener/re_roadmap/re_roadmap.aspx

In order to meet EU and UK low carbon objectives for 2050 it is clear that the growth of renewable generation will need to continue well beyond 2020. The UK's Carbon Plan, published in December 2011¹, estimates that the UK will need around 40–70GW of new low carbon electricity capacity by 2030, and that renewables could provide 35–50GW of that capacity. Reaching those increased levels of UK renewables deployment is, in particular, dependent upon reducing the costs of renewable energy and ensuring value for money for the UK energy consumer. The Government is already taking action in conjunction with industry and other stakeholders to reduce technology costs, with for example the establishment in 2011 of an Offshore Wind Cost Reduction Task Force. Nonetheless, it is likely to be necessary to continue to provide support for particular renewables technologies until the costs of those technologies allow them to compete without support as part of a policy framework designed to enable all low carbon technologies to compete on equal terms in the medium term.

¹ http://www.decc.gov.uk/en/content/cms/tackling/carbon_plan/carbon_plan.aspx

The development of renewables can also be facilitated by supporting investment in the increased level of infrastructure necessary to support greater use of renewable generation. An important example of this at EU level is the North Seas Countries' Offshore Grid Initiative (NSCOGI). This was launched by ten countries, including the UK, in December 2009 to explore, with energy regulators, system operators and the Commission, the costs and benefits of co-ordinated development of offshore grids in the North, Irish and Baltic Seas and to tackle the technical, regulatory and planning barriers to such investment. The NSCOGI work is an excellent example of regional cooperation being used to further EU priority objectives and it is hoped that the conclusions in its final report will be relevant to other areas of regional cooperation with a low-carbon focus.

The EU's target of 20% renewable energy by 2020, with legally binding contributions from individual Member States, has created the focus and momentum necessary to increase the exploitation and use of renewable energy across the EU. The UK recognises the need to provide some policy certainty to the market of the EU's ambitions for low carbon generation post-2020, so that renewable energy can provide a significant contribution to the cost-effective achievement of the EU's 2050 objectives. However, for a number of reasons the UK believes that it would not be appropriate to set EU-wide renewables targets for the period after 2020.

First, given the considerable uncertainty over which technologies will emerge as the most economically efficient and appropriate to deliver the necessary carbon reductions and energy security over the coming decades, we need to ensure that we retain the maximum possible flexibility in delivering these goals. Through the Electricity Market Reform and supporting policies, the UK's aim is to provide the framework for competition between all low carbon technologies - renewables, nuclear power and carbon capture and storage to drive innovation and cost reduction, and to hedge against the risk of one technology failing to reduce costs or to maintain public acceptability. Setting post-2020 targets for renewables deployment could lead to a situation where Member States might be foregoing the most cost-effective carbon savings if it turns out that energy efficiency, demand management, carbon capture and storage or nuclear are significantly more competitive, making climate change targets ever more challenging.

Second, the UK believes that ensuring environmental sustainability is fundamental to delivering meaningful carbon savings. We should not set post-2020 renewables targets as we are not certain of the wider impacts of bioenergy production, including indirect land-use change. Mandatory sustainability standards are already in place for biofuels and bioliquids; it is crucially important that these are now extended to solid biomass and that outstanding issues such as indirect land use change resolved at the EU level so that we can be assured that we achieve the carbon reduction goals that lie at the heart of the EU's renewable energy strategy. We must also consider wider sustainability issues such as the social sustainability of biofuels / bioliquid production.

Third, there are also a number of less mature renewable technologies with significant potential post-2020, such as wave and tidal stream, electric vehicles and advanced biofuels, which will need support to encourage development and commercialisation. Careful consideration is needed of the appropriate support mechanisms for these emerging low-carbon technologies, and Member States need time to develop support

mechanisms which take account of the peculiarities of their own markets; a binding renewables target could distort that process and produce a sub-optimal solution.

Given all of the above, we believe that it would be more appropriate for Member States to focus on meeting their legally binding carbon reduction targets in the most flexible and cost-effective way, without setting sectoral or technology-specific sub-targets. Renewables will undoubtedly have an important role to play in this. In the UK we certainly envisage substantial growth in renewables in the 2020s yet Member States should have the flexibility to decide on the appropriate level of renewables deployment as part of their overall carbon reduction strategies.

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