

Chania, 22.09.2017

Clean Energy for EU Islands initiative - Inaugural forum

Opening address

Dear Prime Minister Tsipras,
Dear Minister Stathakis, Dear Ministers,
Honourable Members of Parliaments,
Presidents and Governors of islands,
Honourable speakers,
Distinguished guests,

Prime Minister, I remember our meeting in January 2017 and your immediate support to this project, as well as our discussion for launching the first Clean Energy for EU Islands Forum here in Crete. So, I am very pleased today with the concretisation of our agreement.

It is my great pleasure to welcome you all to the Inaugural Forum of the [EU Islands Initiative](#). This is a clear manifestation of our intention to act decisively on the decarbonisation of EU islands. I am also very pleased that this Inaugural Forum meets in a highly symbolic venue – in Chania, in a country which has the highest number of populated islands in the EU.

What better place to start this initiative!

Let me express my full appreciation and gratitude to the Greek authorities – the Prime minister's office and the Ministry of Energy, for hosting this Forum and for the excellent cooperation we have had along the preparation of today's launching event.

So, what is the context for this initiative?

Even before the Paris Agreement, the EU was convinced about the importance of embracing the clean energy transition. About the importance of moving from an energy sector largely dependent on fossil fuels, much of which is imported, towards a more efficient, more sustainable and more stable energy supply produced locally. Indeed Commission President Jean-Claude Juncker identified the Energy Union as one of the key political priorities of his mandate.

With the **Paris Agreement**, however, the clean energy transition has taken on a global dimension, and the EU is keen to show leadership in fulfilling its commitments.

One of the main vehicles for achieving these commitments is the so-called [Clean Energy for all Europeans package](#), which the Commission published last November – and is now being negotiated by the EU Member States and the European Parliament. The objective of the package is to establish a new and stable regulatory framework at EU level which facilitates this transition. For example by stimulating a more competitive retail market, by encouraging individual consumers and/or local energy communities to participate in energy production, and above all by facilitating the necessary investment.

Following up on this - at the **Informal Energy Council in Valetta on 18 May** - the European Commission, together with 14 Member States, signed the [political declaration](#) to accelerate the clean energy transition on all EU islands.

But, why the particular reference to islands?

The situation in islands requires a particular focus. Many EU islands rely on diesel generation for electricity supply. This means not only dependency on fuel imports, but also increased local air pollution and greenhouse gas emissions. As one would expect, costs are usually more expensive than on the mainland, which has implications for public budgets. For example, wholesale prices on various islands¹ last year were 2 to 3 times more expensive than on the mainland.

But the **evolution of technology** means that the potential for reducing these costs and moving towards energy autonomy has never been greater.

For wind and solar energy, the costs have come down significantly. Marine energy will follow. A broader use of hydropower is possible. In combination with energy storage, these solutions will lead to cleaner and more competitive energy.

Innovation has led to energy efficiency measures in buildings and industry. Intelligent micro-grids, renewable systems supported by demand side management and storage, have been tested, and found to be stable and feasible.

Low emission transport solutions are being deployed at increasingly important scales, including e-mobility, hydrogen cars, alternative fuels.

¹ Spain: 117 €/MWh in Baleares, 145 in Canary Islands. Average price wholesale market 42€/MWh (data year 2016)

New business concepts, innovation in financing and community engagement, have been developed that showcase that clean energy solutions create new economic opportunities, local jobs, and support a clean environment.

From my perspective, **EU islands are in many ways ideally placed to become frontrunners of the energy transition.** By setting up solutions that integrate local renewable production into their energy systems, installing storage facilities and making demand response a reality, they can find solutions which :

- make economic sense, creating additional jobs and growth,
- make environmental sense and
- make sense for their inhabitants, in terms of reducing household bills and improving their quality of life.

In short, with their specific connectivity and security of supply challenges, **islands have the potential to be natural winners and leaders in demonstrating new technologies and innovative solutions to achieving the clean energy transition.**

They can do this because of their strong community spirit, their unique geographies and by tapping into renewable sources within their reach. This Clean Energy Island initiative is set up to assist and accelerate this process.

Today we have brought together a wide range of stakeholders with an interest in the energy sector and its impact on islands. We will showcase some of their great success stories and demonstrate how the clean energy transition can be a driver for

economic development by creating local jobs, providing new business opportunities, and ultimately supporting energy self-sufficiency of the island communities.

Now, let me expand on the objectives that we would like to become reality.

In order to accelerate the clean energy transition on islands, I see the following as the main objective:

- Promoting energy self-reliance through an increased penetration of renewable energies such as solar, wind, marine energies -, as well as new storage solutions, in the buildings, transport and industry sectors, and promoting a wide uptake of energy efficiency measures;
- At the same time, we will reduce the dependency on costly fossil fuel imports, easing the strain on public budgets.

Our approach is articulated around **three main axes**:

- (i) With the Clean Energy package we are putting in place a regulatory framework to facilitate investments in the clean energy transition sectors;
- (ii) Our focus is on promoting clean energy technologies and innovation,
- (iii) And we are looking into a better use of financing sources to enable new investments in support to clean energy transition. And in this respect, I have good news to announce you today. Last year the Commission established a task force to analyse the impact of public

accounting rules on the market for energy performance contracting in order to facilitate energy efficiency investment in public assets. I am pleased to announce that this week **Eurostat - the Statistical Office of the European Commission - has published a revised guidance note which clarifies the accounting rules applied to the treatment of energy performance contracts. This means that for schools, hospitals, and other public buildings - which make up more than 10% of the overall EU building stock – it will be easier to invest for the purpose of improving energy efficiency.**

This is clearly something of key importance for governments as well as local and regional authorities. And a clear signal that the European Commission is committed to implement the principle of Energy Efficiency First.

Back to our Island Initiative, we have the **following set of activities** in mind to make this happen:

- First, we should set a clear, ambitious objective for the Initiative. **I would like to be able to say, for example, that in 2030 one thousand EU islands have managed the decarbonisation transition.**
- Second, we have **Union funds that should be made to work increasingly for islands:** Structural Funds, European Fund for Strategic Investments, our Research and Innovation programme Horizon 2020. We should provide assistance how these can best support EU islands in developing bankable clear energy transition projects.
- Third, this **Forum should become a regular meeting,** bringing together Member States, representatives of

islands, academic institutions, international and civil society organisations, and private sector stakeholders - including investors, to share best practices in financial and regulatory tools, innovative solutions and best technologies, to take action on the ground.

- **Fourth, we propose to support EU islands as global frontrunners in showcasing the clean energy transition.** Even if it takes place in Bonn, the 23rd Conference of Parties of the UNFCCC is being hosted and chaired – for the first time – by an Island State - Fiji. **At COP 23, we will be promoting EU islands on the global stage, and encourage you to share your experience and expertise here today to help support island energy transition internationally.** This will be an important step forward in supporting implementation of our Paris Agreement commitments. And I believe that EU islands can serve as a model for the decarbonisation of islands around the world.

Ladies and gentlemen,

From the specific mention of the particular case of islands in the Clean Energy Package in November 2016 to today, we have already made significant progress. We have the support of the Member States, and we are now putting in place the framework for action. We want to continue to act fast. With your endorsement, today will be another milestone towards the decarbonisation of all EU islands.

I wish you a productive conference.