

THIRD WORKSHOP OF THE INTERNATIONAL FEED-IN COOPERATION

Madrid, November 23 and 24, 2006

The third workshop of the International Feed-In Cooperation was held in Madrid on November 23 and 24, 2006. It was attended by nearly 50 participants, including representatives from the European Commission (DG TREN), 9 EU Member States, Ontario (Canada), and several non-governmental organisations. The aim of the workshop was to exchange experiences on feed-in tariff systems for the promotion of renewable electricity.

A good number of interesting presentations were given during the workshop. First, the opening session included presentations on the part of representatives of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of the Federal Republic of Germany, the Spanish Institute for the Diversification and Saving of Energy (IDAE) and the European Commission (DG Transport and Energy).

The first working session was devoted to the present situation of feed-in tariff systems in various European countries. It included presentations on experiences in Germany, Spain, Slovenia, Ontario (Canada), Estonia, The Netherlands and the Czech Republic. The second session dealt with various aspects of feed-in tariff systems, such as best practices of design options and a comparison of different alternatives concerning the design of feed-in tariffs (e.g. premiums vs. fixed tariffs), and the issue of state aid in conjunction with feed-in tariff systems.

In its communication of December 8, 2005, the European Commission concludes that it is too early for a harmonisation of promotion systems for renewable electricity. While this opinion is highly appreciated, the issue continues to be discussed on both, the national and the European level. Therefore, and without arguing that such a harmonisation is necessary, another issue discussed in this session was a possible approach for the harmonisation of feed-in systems.

The third session dealt with grid access and connection procedures for renewable electricity producers; the fourth session was about the essential requirements for wind farms to contribute to the electric system's stability and operability.

CONCLUSIONS

Best Practice Paper on feed-in tariffs

The vast differences between feed-in tariff systems in different countries add a great deal of experiences and richness to the Cooperation. Since Spain and Germany are pioneer countries in the elaboration and implementation of feed-in tariff systems and have reached a remarkable success in the development of electricity generation from renewable energy sources, and in particular wind energy, an exchange of experiences can be highly valuable for all countries.

Since some countries are implementing feed-in tariff systems on the basis of previous experiences in other countries, it is very important to answer the question of how to design feed-in systems for them to promote renewable energies in an efficient as well as effective manner.

As was properly analysed by the Fraunhofer Institute for Systems and Innovation Research and presented by Mario Ragwitz, there are remarkable differences in the design of various existing feed-in tariff systems, such as:

- the level of tariffs,
- existence of stepped tariffs,
- tariff degression over time,
- fixed tariff vs. premium tariff plus the market price,
- the existence of extra premiums for special features (such as production at peak hours, etc.).

The participants of the workshop discussed these options, including their advantages and disadvantages. It was made clear that **support systems need to be clearly defined and stable in time** to provide long-term investment security and to trigger the further extension of the use of renewable energies, thus pushing technical development and cost reductions, and bringing about additional benefits such as job creation, lower environmental impacts, the diversification of the energy supply, and so on.

Experience with the application of feed-in systems has made clear that they have been capable of incorporating circumstances such as the different need of support depending on technologies, the evolution of production costs, and the incorporation of renewable energies in the electric system and in the electricity market, etc.

In the conclusions of its study, the Fraunhofer Institute provides a series of recommendations to use in the design of support systems. Once finalised, the

paper will be published on the website of the International Feed-In Cooperation (www.feed-in-cooperation.org).

Harmonisation

In session 2, Miquel Muñoz (Institute of Science and Environmental Technologies of the University of Barcelona) presented a paper introducing one possible approach to feed-in tariff harmonisation in the EU. The harmonised feed-in system he proposed included a tariff made up of several components: one component each for investment costs, grid services, political incentive, and national priorities. The system's design thus leaves it open to EU Member States to set priorities and to give extra support to specific technologies. In this case, the harmonisation of the systems therefore refers to the harmonisation of the mechanism used to calculate the tariffs - not to the level of the tariffs itself.

However, while the discussion on a harmonisation of promotion systems is essential, it was appreciated that the Commission, in its communication from December 8, 2005, pointed out that for a number of reasons it is too early for a harmonisation. At the workshop, Ms Karina Veum from the European Commission said harmonisation is an interesting issue to analyse, but not among the present priorities of the European Community.

When talking about harmonisation, one must be very careful and consider that harmonisation may stop the rapid expansion of renewable energies that is being experienced in more and more countries. This is also one of the remarks that the EC made in its last year's report.

The participants of the workshop agreed that harmonisation using feed-in systems is **an issue to keep under observation**.

Feed-in tariffs and the European Union's state aid rules

Some EU Member States, including Austria, Slovenia and the Netherlands, had or still have problems getting their feed-in systems approved by DG Competition of the European Commission. Regarding the likelihood of the EC (DG Competition) considering some of these feed-in tariff support systems as state aid, the participants of the workshop agreed that it is **necessary for DG Competition to establish unified criteria to determine when exactly a feed-in tariff will be labelled as state aid**.

Technical and administrative aspects

In order to reach a considerable development of renewable energies it is necessary to make headway and improve everything regarding access procedures and grid connections for renewable electricity producers, overcoming the existing administrative barriers and promoting the improvement of operating conditions in wind farms so as to contribute to the system's stability.

The following conclusions can be drawn from the discussion on grid access and operating requirements for wind farms:

- With increasing shares of renewable energy in the electricity sector, greater co-ordination in the grid management is required, either at regional, national or supranational level.
- So far, the increase of the incorporation of wind energy into the grid has been successfully managed, but regarding the significantly increasing share of this source in the electricity generation portfolio, it will be necessary to incorporate the objectives for wind generation into the grids planning, a demanding monitoring of wind farms and the commitment to, or - in case there is none - the implementation of operation procedures in wind farms.
- The increasing importance of wind energy in the system management involves challenges and opportunities for both producers and promoters, as secondary service providers.

These have to be elements of permanent attention to achieve the desired development of renewable energies.

OUTLOOK

The next steps of the co-operation were presented and discussed in the closing session. There is a **proposal for a new Joint Declaration** to open this cooperation to **all those countries wishing join**, and we invite other countries applying feed-in systems to do so in the certainty that a greater exchange of experiences will result in an improvement of all support systems to renewable energies and, consequently, in a greater penetration of these energy sources into the energy supply network.

Spain and Germany very much welcome the initiative of Slovenia to become member of the Cooperation and are looking forward to the signing of the new Joint Declaration, which is scheduled to take place in Brussels at the Renewable Energy Policy Conference in January 2007, as well as the next workshop, which is scheduled for June/July 2007 and is planned to be carried out by Slovenia.

All in all, the participants of the workshop were very satisfied and happy to meet their colleagues working on the same topic in their respective countries. Many contacts were made and new ideas were collected. Ideas for the next workshop include a stronger focus on biomass issues, financial aspects of feed-in systems, as well as the discussion of the EU Energy Package that will be published on January 10, 2007, and the Communication that is to be published by the end of 2007.