

Brussels, 7 December 2005

## **Renewable energy: European Commission proposes ambitious biomass and biofuels action plan and calls on Member States to do more for green electricity**

*Today the Commission adopted a detailed action plan designed to increase the use of energy from forestry, agriculture and waste materials. Andris Piebalgs, Commissioner for Energy, said, "This plan will reduce Europe's dependence on imported energy, cut greenhouse gas emissions, protect jobs in rural areas and extend the EU's technological leadership in these sectors. The Plan outlines measures in three sectors : heating, electricity and transport. The measures in favour of transport biofuels, in particular, are a practical response to the problem of high oil prices." In parallel, the Commission adopted a report on the different support schemes of electricity from renewable energy sources which concludes that governments need to step up efforts to cooperate among themselves and optimise their support schemes as well as to remove administrative and grid barriers for green electricity.*

In the context of security of supply, the EU's increasing dependency on oil and gas imports, constantly rising oil prices and EU commitments to reduce greenhouse gas emissions, the development of renewable energy remains high on the agenda of European energy policy. However the take-off of renewable energy is still on hold with prospects of only 9 to 10% for the share of renewables in the EU energy mix by 2010 instead of the 12% target. The Commission has decided to propose an ambitious action plan to promote the use of biomass energy<sup>1</sup>, a renewable source of energy with a huge potential.

### **Biomass Action Plan**

The plan announces more than 20 actions; most of them will be implemented from 2006 onwards. For transport biofuels, they include promotion of "biofuels obligations", through which suppliers include a minimum proportion of biofuels in the conventional fuel they place on the market. In 2006, the Commission will bring forward a report in view of a possible revision of the biofuels Directive<sup>2</sup>. This report will examine the implementation of the Directive in Member States. The EU market share is currently 0.8% which leaves little chance to achieve by 2010 the target of 5.75% that was set in 2003 for the EU as a whole.

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<sup>1</sup> The main forms of biomass energy include transport biofuels (made mostly from cereal, sugar and oil seed crops and waste oils); domestic biomass heating (using wood and wood residues); and the burning of wood wastes and straw in power plants to produce electricity, heat or both.

<sup>2</sup> Directive 2003/30

The plan includes reviews of how fuel standards could be improved to encourage the use of biomass for transport, heating and electricity generation; investment in research, in particular in making liquid fuels out of wood and waste materials; and a campaign to inform farmers and forest owners about energy crops. The Commission will also work on future EU legislation to encourage the use of renewable energy in heating.

The Commission estimates that the measures in the plan will increase the use of biomass to about 150 Mtoe<sup>3</sup> by 2010 (compared with 69 Mtoe in 2003) without increasing the intensity of agriculture or significantly affecting domestic food production. It forecasts that this will reduce greenhouse gas emissions by 209 million tons CO<sub>2</sub>-equivalent per year; provide direct employment for 250-300 000 people; and reduce reliance on imported energy from 48% to 42%.

### **Report on the support of electricity from renewable energy sources**

The report on support of electricity from renewable energy, also adopted today, concludes that more than half of the Member States are not giving enough support to green electricity. The Commission considers that direct support measures will remain essential in the future to ensure sufficient market penetration of green electricity and calls on Member States to optimise their support schemes and remove barriers.

The Report analyses the different support mechanisms used by Member States. It finds that feed-in tariffs, which are fixed prices for green electricity and used in the majority of Member States, are currently in general cheaper and more effective than so called quota systems, especially in the case of wind energy. One reason for quota systems being more expensive is probably the higher risk for investors due to immature green electricity markets.

The Commission concludes that it is premature to propose a harmonised European support scheme. Competing national schemes can be healthy at least in a transitional period, as more experience needs to be gained. Secondly industry currently needs regulatory stability to make investments and develop renewables. In the short and medium term, Member States are therefore recommended to coordinate the existing schemes at European level. There should be better cooperation between countries and optimisation of national schemes.

The Commission also urges Member States to remove barriers to the development of green electricity. The administrative requirements should be reduced: clear guidelines, one-stop authorisation agencies, pre-planning mechanisms and simpler procedures are needed. Transparent and non-discriminatory grid access must be ensured and necessary grid infrastructure development should be undertaken, with the associated costs covered by grid operators.

For more information on the biomass action plan and on green electricity:

[http://europa.eu.int/comm/energy/res/biomass\\_action\\_plan/index\\_en.htm](http://europa.eu.int/comm/energy/res/biomass_action_plan/index_en.htm)

[http://europa.eu.int/comm/energy/res/legislation/index\\_en.htm](http://europa.eu.int/comm/energy/res/legislation/index_en.htm)

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<sup>3</sup> Million tons of oil equivalent