



“European Economic Recovery Plan – geothermal industry asks for the creation of a European Geothermal Risk Insurance Scheme”

Brussels, 5th March 2010. The European Commission granted yesterday € 2.3 billion to 43 gas and electricity projects, under the Economic Recovery Package. The EC already approved on 9th of December 2009, a series of offshore wind and carbon capture and storage (CCS) projects that will receive over €1.5 billion from the EU's economic recovery fund. The budget for energy projects (€ 3.98 billion) is now 97% committed.

EGEC asks to allocate the unspent money to notably create a European Fund covering the geothermal exploration and drilling risk.

On 28 January 2009, as part of its overall plan, the Commission proposed a € 5 billion investment package designed to stimulate the EU's economy in the current recession. A substantial element of this proposal is dedicated to energy related projects. Renewables in general (at the exception of wind energy), and geothermal in particular, were ignored by this European Plan. Unspent money must go now to this RES sector if we wish to reach our 2020 policy objectives.

Geothermal energy is a renewable energy source available anywhere in the EU, and at anytime, for electricity and heat & cold production. It will be a major energy supplier in our future, able to provide up to 20% of our energy needs by 2050.

It exists notably a huge potential in Central and Eastern Europe. In applying this geothermal technology, a local energy source, these Member States will really improve the security of their energy supply !

As this Economic Recovery Plan granted the large majority of its financing to Member States from Northern, Western and Southern Europe ; a geographical balance should apply now.

By creating this European Geothermal Risk Insurance Scheme, the EU will remove one of the main barrier for geothermal development in Europe and in particular in Eastern Europe: the mitigation of the drilling risk.

This geological risk concerns the possibility of failure of having, after drilling, insufficient production and/or temperature characteristics rendering the operation unprofitable. Risk coverage schemes aim at the reimbursement of a certain percentage of the investments. Governmental risk mitigation schemes for geothermal already exist in France, Switzerland, Germany and The Netherlands.

A scheme at the European level is crucial and is lacking. It could be developed in cooperation with the European Investment Bank.

The sector urges Member States and European Authorities to create a European Risk Insurance Scheme; the design of this innovative financial tool is ready to be implemented.

EGEC wish also to remind that the Smart energy cities initiative promoted by EREC must also be integrated to this European Plan and financed by the unspent money.

The geothermal industry is sure to provide a large contribution to our future renewable energy mix and to ensure reaching the urgently needed CO₂ emission reduction.

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