



EGEC Position Paper on European Commission Communication “Renewable Energy: a major player in the European energy market

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INTRODUCTION

EGEC, the European Geothermal Energy Council, welcomes the Commission’s Communication “Renewable energy: a major player in the European energy market” published last June, notably its focus on 2020. However, the geothermal sector regrets the lack of analysis on heating and cooling as well as the poor ambition regarding the 2030 agenda.

In its INI report on this issue, the European Parliament should pay more attention to the role of renewable heating & cooling technologies for decarbonising the economy. It should also look at the role of renewable base load technologies like geothermal electricity for managing the grid and providing security of supply.

Renewable electricity

Geothermal energy can be produced as a base-load renewable resource, meaning it can run 24 hours per day as it is immune from weather effects and does not show seasonal variation. The base-load characteristic distinguishes geothermal from several other renewable technologies that produce variable power.

The Commission has repeatedly promoted two possible long-term scenarios about the future EU electricity systems. The first scenario is still dominated by conventional base load (coal with carbon capture and storage, nuclear). The second foresees a large penetration of variable RES in the North (wind) and in the South (solar) with excessive and costly grid extension¹ and gas as back up in the medium term.

Such an approach would imply a disproportionately high concentration of capital investments into a small number of countries. This issue, furthermore, risks turning into a real challenge if the public antipathy for new transmission corridors and major upgrades to existing lines (including bigger sub-stations and towers) are taken into serious consideration.

¹ The impact assessment of the Energy Roadmap 2050 shows that cumulative grid investment costs alone could be €1.5 to €2.2 trillion between 2011 and 2050, with the higher range reflecting greater investment in support the above-mentioned concentrated approach to the development of renewable electricity.

In contrast, a more balanced concentration would share and reduce the investment requirements among the member states, with further benefits in terms of local competitiveness and growth in employment. **In that regard, the benefits that geothermal can provide to the EU's future power system should be highlighted: a constantly running local renewable energy source which is available anywhere.**

Overall, in contrast with the top-down approach undertaken by the Commission, a more bottom-up approach taking into account the local aspects of RES development would be preferable.

Support schemes

The Commission's Communication only focuses on the feed-in tariff / green certificate level and minimum costs of each technology.

However, the analysis of support measures should not be limited to mere financial support. Natural resources and capital costs differ from country to country. Those differences should be carefully taken into account while designing support schemes.

In addition, while comparing different technologies, it is of the utmost importance to be as transparent as possible, and to assess system costs (infrastructure and grid expansion), public R&D funds allocated over time, as well as to integrate all externalities related to each technology such as carbon dioxide, other pollutants, and residual insurance responsibilities that fall to government.

It can be underlined that geothermal is **the RES technology receiving the lowest amount of financial support in the energy sector** despite the fact that it provides a lot of advantages: renewable, base load, sizable, etc.

Finally, specificities of each technology, e.g. the geological risk for geothermal, should be addressed and innovative financial tools should be investigated. **The geothermal sector asks for the establishment of a European risk insurance scheme for geothermal.**

Need for an EU Action Plan on Renewable heating and cooling

Heating and cooling represents today circa 45% of the EU's final energy consumption, of which a large majority is currently being generated by burning fossil fuels (about 80%). As a result, heating and cooling is a major contributor to the overall EU greenhouse gas emissions, as well as to the high level of costly fossil fuel imports into Europe.

Nevertheless, the Communication completely overlooked the heating and cooling sector, where market-ready, efficient and completely carbon free energy solutions already exist.

Over recent years, the lack of awareness and political support has meant only modest market development in the RES H&C sector. However, local renewable energy solutions, combined with energy efficiency measures, have the potential to decarbonise the entire heat demand in a more cost-effective manner. **Such a solution can trigger local development and provide European consumers with affordable and sustainable energy.**

In order to shed light on the future of this sector and to define the most cost-effective post-2020 energy strategy, **EGEC highlights the need for a dedicated EU action plan on renewable heating and cooling.** This plan should identify those market failures hampering the growth of the sector beyond 2020. In addition, it should include an assessment of EU heating and cooling demand, identify statistical gaps and outline best-practice examples on how to support the sector.
