

RENEWABLE ENERGY STUDIES

STATE OF PLAY

I. BACKGROUND

The implications of the new EU Renewable Energy Directive 2009/28/EC¹ for the Energy Community have been taken into consideration immediately after the adoption by the European Parliament. During 2009, 2010 and 2011 considerable effort has been made to assess the impact and to investigate the modalities of a possible inclusion of the new Renewable Energy Directive into the Treaty establishing the Energy Community.

The *Study on the Implementation of the New Renewable Energy Directive in the Energy Community* has been contracted with the consortium composed of IPA Energy and Water Economics (UK) and EPU-NTUA (Greece)² in April 2009 and it has been completed in June 2010. The Study calculated the indicative 2020 RES targets based on the methodology described within the Directive 2009/28/EC, with the main intended outcome to serve as a basis to reach the agreement on the binding 2020 RES targets for the Contracting Parties of the Energy Community.

However, the lack of reliable biomass consumption data and different biomass consumption measurement methods across the region delayed the adoption of a Decision on the implementation of entire Directive 2009/28/EC in the Energy Community at the Ministerial Council in 2010. Thus, the 17th PHLG meeting on 29 June 2010, based on the agreement reached between PHLG and RES TF³ in May 2010, has requested the Secretariat (conclusion 7)⁴ to launch a new study on biomass consumption in the Contracting Parties and Ukraine (having the status of Observer at that time) based on surveys to serve as a basis for the re-calculation of reliable 2020 RES targets.

Final results of both Studies – on Biomass Consumption Survey and Re-calculation of 2020 RES targets – were discussed at the 7th RE TF meeting on 6th December 2011.

¹ **Directive 2009/28/EC** on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC

(<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0016:0062:EN:PDF>)

² <http://www.energy-community.org/pls/portal/docs/644177.PDF>

³ <http://www.energy-community.org/pls/portal/docs/648179.PDF>

⁴ <http://www.energy-community.org/pls/portal/docs/676177.PDF>

II. BIOMASS CONSUMPTION STUDY

Upon consultation with the European Commission and Renewable Energy Task Force members, the Secretariat launched the study on Biomass Consumption for Energy Purposes in the Energy Community in September 2010.

The Centre for Renewable Energy Sources and Savings (CRES) from Greece has been contracted on 25 November 2010. The objective of the Study was to:

- ✓ Determine biomass consumption for electricity, heating and cooling in CPs
- ✓ Conduct biomass consumption surveys for 2009 & 2010 based on a consistent sampling process with a focus on households.
- ✓ Build harmonised statistical database for biomass (EUROSTAT)
- ✓ Calculate the share of biomass consumption in the gross final consumption in accordance with EUROSTAT methodology

CRES submitted the Inception Report in January 2011, surveys and analysis have been finalised by 10th June 2011. The work was done in collaboration with Quantos, IPSOS Puls and local experts as subcontractors.

The Biomass Study has required a strong cooperation of Beneficiaries representatives from the Energy Ministries – in their capacity as PHLG and Renewable Energy Task Force members - and the institutions responsible for energy statistics, with CRES, the Consultant for the Biomass Study. Data collection and validation checks of outcomes were requested throughout the main phases of the Biomass Study, and the results were fine-tuned with the relevant institutions of the Contracting Parties from July to December 2011. In line with the conclusions of the RE TF meeting on 6th December, CRES will update the input data for Moldova, Montenegro and Bosnia and Herzegovina as more information from the Contracting Parties becomes available and will submit not later than 15 December finalized results.

The RE TF on the 7th meeting on 6th December 2011 agreed to the finalization of the Biomass study that was in compliance with the requirements from the terms of reference and invited the Secretariat to finalise the administrative and financial obligations on both sides.

In any case, having in mind overall goals of the Energy Community, the calculation of the national energy balances will need to be consistent with the biomass consumption data as finalized and the EUROSTAT methodology.

III. RE-CALCULATION OF 2020 RES TARGETS

The calculation of revised 2020 RES targets has not been included in the scope of work of the Biomass Study, thus the Energy Community Secretariat contracted with the previous consultant IPA Energy and Water Economics that has developed the economic model, to revise the calculation with new biomass consumption data and new values of gross final energy consumption, accordingly.

In the *Study on the Implementation of the New Renewable Energy Directive in the Energy Community*, the methodology used by the consortium led by IPA Energy and Water Economics to calculate the 2020 RES targets is consistent with the approach chosen to determine the targets for the share of renewable energy of the EU Member States in 2020. Moreover, it also addresses the need to ensure that all countries jointly using the cooperation mechanisms have ambitious targets that will generate new renewable energy capacity in the country.

The re-calculation of the 2020 RES targets was based on three main elements:

- share of renewable energy in the base year 2009;
- a flat- rate increase of 5.5% consistent with the effort of EU Member States;
- residual effort determined on the basis of GDP per capita.

The biomass data resulted from the biomass consumption surveys and related 2009 energy balances were the main input to the RES targets re-calculation.

The updated calculations have been challenged by some Contracting Parties in relation to the flat rate increase, the additional residual effort calculation and the forecast of 2020 GFEC. It was recalled that the methodology was previously agreed at the RE TF meeting in 2010 already. Moreover, it was noted that the 2020 GFEC was using a top down approach consistent with the economic growth projections made by the international financial institutions.

The methodology to determine the 2020 RES target was recognized by the RE TF as replicating the EU approach as closely as possible under the existing constraints, given the need for a consistent model for the Energy Community, in particular regarding the baseline and forecast data.