

EUROPEAN PARLIAMENT

10 November 2000

A5-0320/2000/err.

ERRATUM⁽¹⁾

to the report on

the proposal for a European Parliament and Council directive on the promotion of electricity from renewable energy sources in the internal electricity market (COM(2000) 279 - C5-0281/2000 - 2000/0116(COD))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Mechtild Rothe
(A5-0320/2000)

Amendments 17 and 18 to recital 21, 20 and 21 to recital 22 and 34 and 35 to Article 3(4) have been merged.

Amendment 52 to the table in point 1 of the Annex has been split into amendments 52 and 68.

Amendments 15, 27, 31, 36, 37, 38, 39 and 47 read as follows:

(Amendment 15)
Recital 18

(18) Public support for electricity from renewable energy sources is based on the assumption that, in the long run, it can compete with conventionally produced electricity. Such support will be necessary to reach the Community's objectives with regard to its expansion, in particular as long as electricity prices in the internal market do not reflect the full social and environmental costs and benefits of energy sources used. *The need for public support in favour of*

(18) Public support for electricity from renewable energy sources is based on the assumption that, in the long run, it can compete with conventionally produced electricity. Such support will be necessary to reach the Community's objectives with regard to its expansion, in particular as long as electricity prices in the internal market do not reflect the full social and environmental costs and benefits of energy sources used. *The Community policies, and in*

renewable energy sources is thus recognised in the Community Guidelines for State aid for environmental protection. The rules of the Treaty, and in particular Articles 87 and 88 thereof, will continue to apply to such public support however.

particular the guidelines for State aid for environmental protection, must take full account of the need to internalise all external costs of electricity until fair competition has been achieved.

Justification:

In the context of the electricity market, the Commission's interest in revising the Community Guidelines for State aid for environmental protection must be to create fair competition for all energy sources. Electricity from fossil sources and nuclear energy are still being sold at prices which do not reflect the real costs. In addition to State aid, insufficient attention to external effects and the scarcity factor because of market and competition considerations is the main reason why costs are substantially lower than they should be. This is the point at which regulatory policy is needed to avoid economic damage. The support schemes under this directive are not intended to give concessions to operators of plants for generating electricity from renewable sources of energy. Rather they are intended to ensure that actual avoiding of external costs is taken into account and distortions of the market are eliminated. Hence, when the framework for environmental aid is drawn up it must take account of the national aid schemes within the meaning of this directive without any time-limit until a functioning market is created

(Amendment 27)
Article 2(1)

(1) “renewable energy sources” shall mean renewable non-fossil sources (wind, solar, geothermal, wave, tidal, hydroelectric installations with a capacity below 10 MW and biomass, **which means products from agriculture and forestry, vegetable waste from agriculture, forestry and from the food production industry, untreated wood waste and cork waste**);

(1) "renewable energy sources" shall mean renewable non-fossil sources, **i.e.:**

- wind,
- solar **ray energy**,
- geothermal,
- wave,
- **sea currents**,
- tidal **and** hydroelectric installations with a capacity below 10 MW,
- biomass **with insignificant impurities, meaning the biodegradable fraction of materials from agriculture and forestry, wood and cork waste, biodegradable by-products of the pulp and paper industry and the decomposition of the biodegradable fraction of separated municipal wastes**,
- **landfill gas**,
- **peat up to the limit of its annual increment**;

Justification:

Compromise amendment.

(Amendment 31)

Article 3(2), 1st subparagraph

2. No later than one year after the entry into force of this Directive and every five years thereafter, Member States shall adopt and publish a report setting national targets for future consumption of electricity from renewable energy sources. Such targets shall identify the national objective for future levels of consumption of electricity from renewable energy sources, ***in terms of kWh consumed or*** as a percentage of electricity consumption, on a year-by-year basis for the next 10 years. ***They*** shall be compatible with the objective of 12% of the gross domestic energy consumption by 2010 set in the White Paper on Renewable Energy Sources and in particular with the ***22.1%*** share of electricity from renewable energy sources in the total Community electricity consumption by 2010 as referred to in the Annex to this Directive. They shall further be compatible with any national commitments accepted in the context of the Climate Change commitments accepted by the Community in Kyoto and subsequently. The report shall also outline the measures taken and to be taken, at national level, to achieve these objectives.

2. No later than one year after the entry into force of this Directive and every five years thereafter, Member States shall adopt and publish a report setting ***mandatory*** national ***minimum*** targets for future consumption of electricity from renewable energy sources. Such ***minimum*** targets shall identify the national objective for future levels of consumption of electricity from renewable energy sources, as a percentage of electricity consumption, on a year-by-year basis for the next 10 years. ***In addition, Member States shall define a minimum quantity for generating based on installed capacity in kWh, taking account of the different technologies.. The minimum targets*** shall be compatible with the objective of 12% of the gross domestic energy consumption by 2010 set in the White Paper on Renewable Energy Sources and in particular with the ***23.5%*** share of electricity from renewable energy sources in the total Community electricity consumption by 2010 as referred to in the Annex to this Directive, to be achieved ***through a process of burden and opportunity sharing between the Member States***. They shall further be compatible with any national commitments accepted in the context of the Climate Change commitments accepted by the Community in Kyoto and subsequently. The report shall also outline the measures taken and to be taken, at national level, to achieve these objectives.

Justification:

The targets indicated have already been defined as minimum targets by Parliament in its report on the White Paper, to make clear that anything achieved over and above the targets is desirable and necessary. Only if the targets are legally binding is it possible to guarantee that

all necessary efforts are made by the Member States to develop renewable energies. The White Paper on renewable energies makes it quite clear that the EU's targets can only be achieved if the technologies for the different energies are expanded. Accordingly the Member States need to tackle the entire spectrum of the potential. When defining Kyoto commitments, Member States should take into account their forests as carbon sinks and forest-based products as carbon stores. It should also be taken into account that RES-E should increase and promote the total consumption of renewable raw materials. Under no circumstances should renewable raw materials be reallocated from other production processes (e.g. forest-based industries or RES-E production).

Energy is not a matter falling within the Community sphere of responsibility, and targets, which, although they might be given for guidance, would be binding in practice, would therefore clearly conflict with the Treaty.

(Amendment 36)
Article 4, introduction

The Commission shall monitor the application of support schemes in Member States and shall, no later than five years after the entry into force of this Directive, present a report on experience gained with the application and the co-existence of different support schemes in Member States. In the light of the conclusions of that report, the Commission will, if necessary, make a proposal for a Community framework with regard to support schemes for electricity from renewable energy sources. That proposal shall:

The Commission shall monitor the application of support schemes in Member States and shall, no later than five years after the entry into force of this Directive, present a report on:

- experience gained with the application and the co-existence of different support schemes in Member States;
- ***the success of the individual support schemes in achieving the targets set in this Directive;***
- ***the competitiveness of renewable energy sources on the energy market and progress in internalising external costs.***

In the light of the conclusions of that report, the Commission will, if necessary, make a proposal for a Community framework with regard to support schemes for electricity from renewable energy sources. That proposal shall:

(Amendment 37)
Article 4(a)

(a) be compatible with the principles of the internal electricity market;

(a) be compatible with the principles of the internal electricity market ***in***

accordance with European jurisprudence and the environmental objectives pursuant to Article 6 of the Treaty;

- (aa) *address the need to internalise external costs, and take account of the status of subsidies to other energy forms;*

Justification:

The report to be drawn up by the Commission should look not only at the aspects of a functioning internal market, but also at the political objectives of the Union in the area of renewable energies and the existing distortions of the market to the detriment of renewables.

The option provided for in the proposal of creating a future Community framework is one that is to be welcomed as a matter of principle. The proposed time-scale of 5 years, however, seems rather short for evaluating existing support systems and it should be extended to 10 years if successful national systems suggest that the EU's targets are feasible.

The explicit reference to Articles 87 and 88 of the EC Treaty is not necessary and in the current discussion can only send out the wrong signal to investors. The fact that this Directive must correspond to Community law goes without saying. What is more important, however, is to make clear that in the context of the Treaties the Community is pursuing a specific objective: using efficient resources to contribute towards effective promotion of a technology for the future and hence complying with obligations entered into through this Directive and in Kyoto.

(Amendment 38)
Article 4(b)

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| (b) take into account the characteristics of the different renewable energy technologies; | (b) take into account the characteristics of the different renewable energy technologies, <i>the unavoidable variation in size of renewable energy electricity production installations and geographical circumstances;</i> |
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Justification:

Power generation from renewable energy sources is dependent on geographical conditions, and calculating the costs of electricity from renewable sources depends not only on technical productivity but also, to a greater extent than with conventional energy sources, on geographical location. In order to avoid excessive concentration of specific technologies for renewable energy sources on a small number of sites (e.g. vast wind farms off the Irish coast and no wind turbines at all in the rest of Europe), the varying geographical factors need to be taken into account when calculating remuneration for electricity from renewable energy

sources.

(Amendment 39)
Article 4(c)

(c) be efficient and simple;

(c) be efficient and simple; ***in this connection, models should be applied which have made a particularly significant contribution to increasing the percentage of electricity generation based on renewable energy sources and improving the productivity of renewable energy electricity production installations; they should not distort markets for renewable raw materials, in particular for biomass, since they are used for material production as well, which should be preferable to energy production;***

Justification:

The most efficient and effective models should be used to achieve the targets

(Amendment 47)
Article 7(3) and (4)

3. Transmission and distribution system operators shall be required to provide to a new generator wishing to be connected a comprehensive and detailed estimate of the costs associated with the connection.

4. Member States shall require transmission system operators and distribution system operators to set up and publish standard rules relating to the sharing of costs of system installations, such as grid connections and reinforcements, between all generators benefiting from them.

3. Member States shall ensure that the costs required for connecting plant to the technically and economically most favourable connection point of the grid are borne by plant operators. The grid connection must correspond to the technical requirements of the grid operator. The plant operator may arrange for the connection to be made by the grid operator or by a skilled third party.

4. The costs required for reinforcing the grid which is needed solely because new plants are to be connected for receiving and further transmitting the energy supplied shall be borne by the grid operator required to make the reinforcement. The grid operator must submit details of the investments actually required, together with an indication of their costs. Grid operators may estimate

the share of costs to be borne by them when determining the grid user fee.

The sharing shall be enforced by an appropriate compensation mechanism and shall be based on objective, transparent and non-discriminatory criteria taking into account the benefits initially and subsequently connected generators as well as transmission system operators and distribution system operators derive from the connections.

4a. Member States shall ensure that electricity from renewable energy sources is not disadvantaged by the imposition of transit fees or impeded by technical requirements. The additivity of the costs of using various voltage levels and the resulting cost advantages of the decentralised production of electricity from renewable energies must be taken into account when the fees are determined.

In particular, Member States shall ensure, by means of appropriate measures, that the costs applied in the peripheral regions of the Community, in particular in island regions and regions of low population density, do not constitute obstacles to the production and export of the electricity produced from renewable energy sources in those areas.

4b. For the purpose of resolving disputes a clearing office shall be set up by the relevant national authorities, with the involvement of the parties concerned.

Justification:

The costs arising for grid access are of enormous importance for the future development of renewable energies. As part of the process of equal treatment with other forms of energy production the grid operator must therefore provide the requisite infrastructure. This in fact reflects the responsibility with regard to costs vis-à-vis conventional energy sources in the legal provisions of the Member States. Specific rules on grid connection costs serve to avoid legal disputes and hence help transparency and legal certainty. By contrast, the connection costs should be borne by operators of renewable energy plants, since these are costs eligible for a grant and this reflects the principle of a proper sharing of burdens.

Inappropriately high transit fees and requirements are the main obstacle to the development of trade in electricity from renewables. Furthermore, in some instances no distinction is made between the transmission networks used. By analogy with the internal market directive on electricity, a differentiation must be made between electricity transmission and local electricity distribution. Only the distribution grid costs should apply for electricity from renewable energies fed into and distributed in the grid. The Member States should be given the possibility of setting up a conflict-settlement body. The purpose of this amendment is to improve the rapporteur's amendment by giving the Member States greater flexibility

(1) Concerns all languages.