

"Market based approach needed for renewables"

(Montel Powernews) - European governments should replace inefficient feed-in tariffs with more market based tools in their efforts to increase renewable energy production, the head of Austria's regulator Energie-Control, Walter Boltz, said Thursday at a Green Power conference in Lausanne, Switzerland.

"Feed-in tariffs have proved successful in terms of building up green generation capacity quickly. This enables long term planning security and secures riskless profit for investors. But the tariffs are often overgenerous, the local schemes are incompatible on an EU-level and the tariffs are often used as a tool of regional development policy where environmental effects often take second or third priority," Walter Boltz said.

Feed-in tariffs, the fixed support to producers of renewable energy, are the most used policy tools to promote renewable energy production in Europe. Wind power capacity in countries such as Germany and Spain has grown at a rapid pace thanks to this fixed support, with Austria set to exceed its 2010 targets due to generous feed-in tariffs. The increases, though, cost money.

"According to the Austrian renewable scheme, 1% of renewables in the Austrian power system will cost the consumer EUR 500m over the 13 year period in which the feed-in tariffs will operate," Boltz said, warning European policy makers of the danger of constructing another industry that is totally dependent on subsidies to survive.

European certificates market

Instead, the head of Austria's regulator would like to see a single, unified European wide system of tradable certificates. Such a system, he believes, could allocate production to places where the conditions are best, and not where the national support schemes are the most generous. "Solar power is more effective in the south of Spain than in the north of Germany," he said underlining his point.

Theo J. de Lange at the Dutch ECN Policy studies said that a move away from feed-in tariffs should reduce the European governments costs of complying with their renewable targets. But he was not convinced that such a system would be efficient. A good starting point would be for every member state to sign up to the EC directive on guarantees of origin, he said.