

New directive to boost green energy

(Montel Powernews) - New EU rules on disclosure could give demand for renewable power sources a decisive boost.

According to an EU directive, electricity suppliers will from 1 July this year have to specify the contribution of each energy source on the electricity bill to its customers, revealing how much "dirty" power that is supplied to the consumer. According to Bernd Kiefer, CEO of the Zurich-based consultancy Kiefer & Partners, this is likely to be the main factor triggering voluntary demand for renewable energy sources in the coming years.

"Disclosure will be most efficient in countries where the share of renewable energy is high such as in Norway, Switzerland and Austria. In these countries consumers believe they are using green electricity, while they in reality import much grey energy from abroad. The system should increase suppliers' awareness of buying sufficient amounts of green energy. However, in countries such as Germany it will be less effective," Kiefer told Montel Powernews at last week's green power & marketing conference in Lausanne, Switzerland.

Non EU members Norway and Switzerland are going to implement the directive, that according to schedule is to be implemented from 1 July this year.

To have good effect, the scheme has to be implemented in a way that makes it easy for consumers, Kiefer says, pointing at Austria as a success story. In Austria disclosure already has already been introduced, and it has forced energy companies to give their grey power imports an "environmental upgrade" using hydropower certificates. "The risk is that national governments will not implement disclosure in a consumer-friendly way," Kiefer said.

Slow market

Power from renewable energy sources remain unprofitable without public support, and to trigger growth in renewables, consumers in several European countries are obliged to buy a share of their electricity from renewables. The voluntary markets are developing much slower than the mandatory ones, although the world wide voluntary market has exceeded 3 million customers, according to figures from Rolf Wüstenhagen at the University St. Gallen. The lion share of this voluntary market is in the Netherlands where a generous tax scheme has made green power just as cheap as grey power. Today 30% of households in the Netherlands buy green power compared to only 1% in the EU as a whole, according to statistics from Datamonitor.

Bernd Kiefer believes that voluntary market will continue to grow in tandem with mandatory markets, and that these markets will increasingly overlap from 2010. As direct financial support to renewables decreases, voluntary market should increase, he held.