

**THE TWO-MONTHLY NEWSLETTER by PRORINNOVABILI**  
*for a widespread knowledge on renewable energy*

## **GREEN POWER MARKETING '05 : the future of green power in Europe**

The 4<sup>th</sup> European Conference on Green Power Marketing took place in Berlin the last 6<sup>th</sup> and 7<sup>th</sup> October. It represented a very important opportunity for all stakeholders to meet: producers, traders, grid owners and suppliers, representatives of national government, the European Commission and NGOs discussed about the most relevant driving issues for this sector. Feed-in tariff systems, bilateral agreements, quota systems, obligations, green certificates, guarantees of origin and their results at the European level were thoroughly compared and examined.

**Feed-in tariffs vs quota system/obligations.** Where technologies are still immature, feed-in tariffs have proven to be the best instrument to quickly promote the technology. However, in the case of technologies where production costs are decreasing but still too high, quota systems or obligations could be the most suitable support mechanism. The representatives of Eurelectric ([www.eurelectric.org](http://www.eurelectric.org)) claimed that feed-in tariffs are not as effective as an obligation might be, and that the forced intake of all renewable sources was causing market disturbance and grid instability.

**Green Certificates and Guarantees of Origin.** Experts believe that pan-European trading of renewable energy can only work effectively on the basis of certificates or guarantees of origin. The voluntary markets demonstrate how the approach can work, and how it generates more and more liquidity. The step forward is the full engagement of the European Commission towards a full harmonisation of mechanisms in order to avoid the green energy market fragmentation in terms of content, technology and nationalisation.

**Mandatory and Voluntary Mechanisms.** Several examples of local and national green energy solutions were also presented: the power procurement strategy in Berlin, the public and private measures in Switzerland, the set of policy for renewable energy in USA, the Swedish quota system, the bilateral agreement of Sweden and Norway and the green power policy in the Dutch public procurement. All attendees agreed that if the goals and mechanisms are clear, governments should make longterm commitments to create a stable climate for investors. At the same time there were a broad consensus on the fact that the various national schemes will not lead to a properly harmonised market and that a fully harmonised and transparent European trading system for green certificates and guarantees of origin is the goal to pursue.

**Final Remarks.** Therefore, for the time being it is up to the market players and the national governments to expand their markets. When this bottom-up approach will lead to a minimum degree of uniformity, the EU could step in and take over the process with a top-down approach. On one hand, this strategy delegates the national governments to piloting/pioneering the green energy market by means of bilateral agreements thus paving the road towards a full harmonisation. On the other hand, due the existing differences of national markets, standards, technology's state of the art and types of available resources, this approach could lead to an increased burden of policies thus making even more difficult to achieve harmonisation. We strongly believe that the European Commission should step in this fast growing market as soon as possible and lead the process towards a full harmonisation. The setting up of guide lines is strongly required in order to help the national governments to develop their strategies in a common agreed direction and at the same time to shape the most suitable mechanisms according to their own specific needs.