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Certificate markets more efficient than feed-in tariffs?

(Montel Powernews) - The never ending conflict between feed-in tariffs and green certificate schemes once again came to the fore on the first day of the Green Power Marketing conference in Lausanne.

After the head of Eurelectric's working group energy policy unit, Gwyn Dolben, had criticised feed-in tariffs for being less cost efficient than market based systems he met opposition from the next speaker.

"This notion is only based on a gut feeling or your organisation's position. Evidence shows that it is the subsidy schemes in countries with certificate schemes, such as theUK, Belgium and Italy, that are most expensive," said Mario Ragwitz, head of renewable energies at the Frauenhofer research institute in Karlsruhe

Ragwitz pointed at his own research of the 1998-2006 period, which showed that feed-in tariffs not only had been most effective in triggering new renewable energy production, but also most cost efficient. In fact, the gap in cost efficiency between for example Germany and the UK had only increased since, he added.

Milk and power

Dolben of Eurelectric agreed that feed-in tariffs have been most efficient in bringing on new renewable electricity production, notably in countries such as Denmark, Spain and Germany. But in the future, when the share of renewables increases to 20, 30 or 40 per cent, more market based solutions are required, he said. "The common agricultural policy has also been very successful in producing butter and milk. But it doesn't say that it is effective," he said, arguing that national feed-in tariff schemes were incopatible with a European electricity market.

Dolben also blamed the relative lack of success for the UK certificate scheme so far on the fact that it has only been in operation for a few years, and that the planning and approval process for new windpower projects is very slow in the country, often taking up to 10 years.

A European model?

Finding a common European policy to increase the share of renewables may be crucial if the EU states are to meet their binding target of 20 per cent renewables in their electricity mix by 2020. But the European Commission is still letting it be up to the member states to decided which support scheme to use in contrast to its policy on reducing carbon emissions, where it has developed a pan-European system for tradable emission permits.

Fabrizio Barbaso, deputy director general for energy at the European Commission, maintained that it is still up to each EU member state to chose its owns subsidy scheme. But he did not conceal that the 20 per cent target is a momentous task since the current share is only seven per cent. Therefore, it would be beneficial to develop projects where the cost is lowest, he said, arguing that for example Finland should develop bioenergy over solar and that a country like Luxembourg, that has few natural resources of its own, perhaps would be better off by meeting its renewable target through the purchase of Guarantees of Origin from countries with an abundance of renewables.

The commission will come back with a detailed proposal on how to meet the 20 per cent target later this autumn.

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