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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE
EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

A Lead Market Initiative for Europe

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Action Plan for renewable energies

ACTION PLAN OF THE LEAD MARKET INITIATIVE IN THE AREA OF RENEWABLE ENERGIES

This Action Plan describes the implementation of the Lead Market Initiative in the field of *Renewable energy: CO₂-neutral energy sources*.

Renewable energy refers to energy that can be derived from regenerative energy sources like wind, solar, biomass, biodegradable waste or feedstock, geothermal, wave, tidal and hydropower. These sources can be used for generation of electricity, heating/cooling or as transport fuels (biofuels). Currently, the European renewable energy sector has an annual €20 billion turnover and provides jobs to around 300.000 people while meeting approximately 8.5% of Europe's energy needs¹. The European Council in March 2007 set a binding target of a 20% share of EU energy consumption for renewable energy by 2020. This 20% target offers to producers a huge opportunity to develop and cut down their production cost by further exploiting economies of scale.

The development of renewable resources is held back by three factors. First, given that the external costs of energy use (e.g. greenhouse gas (GHG) emissions, air pollution, security of supply) are not fully reflected in energy prices, demand for renewables, which on the whole have low external costs, is sub-optimal. Second, and linked to the previous point, important learning curve effects which would lead to lower prices, in several technologies are exploited more slowly on account of present low levels of demand. Finally, the fragmentation of renewables support systems in the EU and the existence of administrative and market barriers mean that the potential of the EU internal renewable market is not fully exploited.

While some of the above factors apply to all renewables equally, there are also significant differences across different market segments, notably in terms of barriers in the internal market, which need to be addressed. The Commission's renewables policy is developed on the basis of a widespread consultation with interested parties. The Commission will set out the proposed measures to reach the 20% renewables target as part of the energy/GHG reduction strategy it intends to adopt early 2008. The main elements of the renewable energy part of the package will be the allocation of the overall 20% target between Member States along with a European framework to allow flexibility in how these targets are met. The requirement for national action plans that set out pathways to increase renewable energy, the removal of planning and certification barriers to the uptake of renewables and the creation the EU biofuels sustainability regime. The lead market initiative complements also other EU activities on renewable energy sources, notably those described in the European Strategic Energy Technology (SET) Plan. The SET-Plan aims to accelerate innovation in low carbon technologies, including renewables. In particular, the SET-Plan proposes three European Industrial Initiatives (EII) on biofuels, solar and wind. These are partnerships with industry and the research community to implement result oriented actions to deliver and bring to market cheaper and performing technologies. A fourth EII on electricity grids will address the challenge of integrating renewable electricity. In the context of the LMI the Commission will also consult with stakeholders on the need to further improve the innovation environment.

¹ European Renewable Energy Council

Policy Instruments	Objectives	Actions	Timetable	Actors
Legislation	Promote the Internal Market in renewable energies by removing barriers to the integration of renewable energy sources in the EU energy system.	Replace current legislation (e.g. Renewable Electricity Directive) with measures that: <ul style="list-style-type: none"> – allocate the 20% renewable energy target amongst the Member States; – require national action plans that set out pathways and to standardise EU guarantee of origin regimes to enable EU-wide flexibility in meeting national targets – create the framework for opening the market for guarantees of origin – set out environmental sustainability criteria – anticipate future qualifications and skills needed to favour the uptake of renewable energy sources 	until 2010	EC Member States
	Remove barriers for renewable energy development and simplify authorisation procedures.	Remove planning and certification barriers to the uptake of renewables; Incorporate renewable energy in building codes; Provide guidelines for authorisation procedures; Eliminate red tape for SMEs.		Member States

Policy Instruments	Objectives	Actions	Timetable	Actors
Public Procurement	Increase the share of renewable energy purchased by the public authorities	Establish a network between public purchasers of renewable energy to apply the Commission guide on public procurement for innovation. Identify via that network good practices in the field of procurement of renewable energy and promote their application across the EU.	2008-2010	EC Member States
Standardisation, Labelling, Certification	Reap the benefits of the EU internal market through a coordinated approach for standard setting and labelling on technologies for energy generation and transmission.	Continue the process of adopting minimum energy performance standards (eco-design requirements) in the form of implementing Directives for 20 priority product groups including boilers, water heaters, consumer electronics, copying machines, televisions, standby modes, chargers, lighting, electric motors and other products. Ensure that appropriate measuring methods will be developed on time through CEN/CENELEC or other appropriate means. Products that do not meet the agreed minimum requirements may not be placed on the market (c.f. EEAP Priority).	until 2011	EC CEN Industry Other stakeholders
	Develop European sustainability standards in the value-chain for production of renewable energy in Europe.	Begin with the creation of a biofuels sustainability regime in the new renewable energy Directive. In line with the Biomass Action Plan, consider the extension of the regime to other areas.	2008-2011	

Policy Instruments	Objectives	Actions	Timetable	Actors
Complementary Activities	Mobilise public and private financing	<p>Promote the exchange of experience in financing from such funding mechanisms as the EU Structural Funds, European Investment Bank initiatives specific to renewable energy – workshops, networks etc.</p> <p>Strengthen the EU support through e.g. CIP-IEE, LIFE+, FP7, or Structural Funds to bridge the gap between successful demonstration of innovative technologies and effective market entrance.</p>	2008-2010	<p>EC</p> <p>Member States</p>
	Develop the state of the art business cases for an effective supply chain in different renewable energies.	Publish a guide on how to establish collaborative working schemes in the supply-chain of renewable energies, general provision of contractual, management and insurance rules as well as good practice for SMEs - Disseminate this guide to public and private investors, contractors and other market operators.	2008-2009	<p>EC</p> <p>Industry</p>
	Anticipate the future qualifications and skill needs to uptake innovation in renewable energy and to enable its fast implementation	Propose scenarios for future qualification needs and develop an EU-wide strategy to facilitate the up-grading of skills and competencies in renewable energies.	2008	<p>EC</p> <p>Industry</p> <p>Education systems</p>

Policy Instruments	Objectives	Actions	Timetable	Actors
	Support the internationalisation of renewable energy technologies	Improve the knowledge on barriers to disseminate the renewable energy technologies and their implementation all over the world and propose remedial actions	2008-2010	EC
	Further investigation and identification of the barriers hindering the commercialisation of renewable energies	Increase the knowledge on the effective barriers of development of a demand for renewable energy and propose remedial actions.	2008-2010	EC