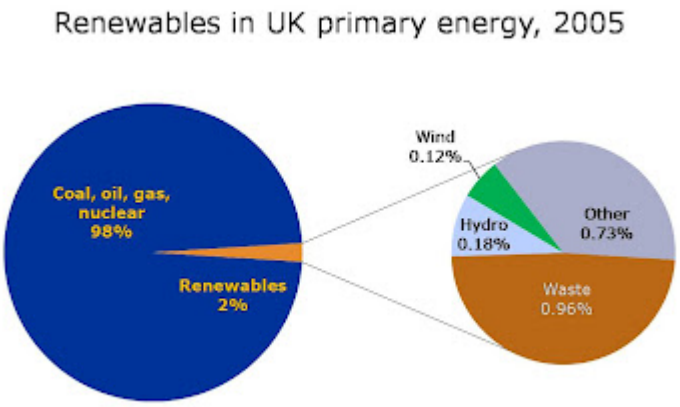
Escaping the reckless EU renewables targets



The Guardian exploded with indignation this week [*Revealed: cover up plan on energy target*; leader; letters], at the discovery of a leaked government memo discussing how the UK might wriggle out of a European Union renewables target – to reach 20% of EU energy consumption from renewables by 2020. In fact, the real story is different and more worrying than the Guardian has it. The real problem is how this target ever was agreed in the first place and the negative consequences for climate change that will flow from it. It might seem counter-intuitive to see a highly 'ambitious' renewables target that way, but I think these targets an own-goal that will discredit the EU, cause negotiating sclerosis, distract from more important objectives, and fail to deliver what would in any case have been the wrong approach, whilst missing renewables targets for 2010 by miles. I think this is bad policy and the civil servants are right to be looking for a way out, so let me explain why…

First a little background…

The target: is a political agreement of the 8-9 March Council of Ministers under the German presidency of the EU (see presidency conclusions p.20-23). The target is: *a binding target of a 20 % share of renewable energies in overall EU energy consumption by 2020*. That 'overall' is taken to mean 'primary energy', meaning all the commercial energy inputs to the economy, including transport fuels, gas supplies to houses, coke used in blast furnaces etc. Most renewables targets so far have been expressed as percent of *electricity* production.

How achievable? Let us be under no illusion, that is a very large amount of energy to come from renewables. The chart above shows that only 2% of UK

primary energy comes from renewables (2005) [source: Digest of UK Energy Statistics (DUKES) – XLS]. Even within that, the two biggest sources are waste of various kinds, but mostly landfill gas, and large hydro, mostly in mountainous Scotland. [source: DUKES report on renewables p2] Neither of these are easily 'scalable' as the supply of waste is mercifully limited and the supply of mountains fixed and protected from the dam-builders. So we cannot even say that it is a matter of merely doing 10 times what we have done so far in the next 13 year. I'm not sure it's worth discussing further, but a rapid 10-20 fold increase in anything that we have already struggled with over many years, should have caused a "pause for reflection", as civil servants might describe complete incredulity. To their credit it does look as though civil servants were restless back in February (see earlier Guardian article: *Britain tries to block European target for renewable energy*) – at least they are consistent!

Burden sharing. The target is set at EU-level, so perhaps there is a prospect that other countries will take on more than 20% and we in the UK can take on less? This is a process known as 'burden sharing', or the divvy up of a collective target amongst the member states according to objective criteria or, more usually, political gaming. And in fact the EU average is better than the UK's: about 6.4% of EU primary energy comes from renewables, compared to our 2%. But the EU's total depends heavily (c. 70%) on waste and the large hydro schemes of the Alps and Pyrenees, which are not easily scalable. [See my earlier post on the EU numbers, with sources: *Renewables – why is the EU involved?*]. The EU agreement leaves the thorny question of burden sharing for a later date, giving the guidance that:

> *From the overall renewables target, differentiated national overall targets should be derived with Member States' full involvement with due regard to a fair and adequate allocation taking account of different national starting points and potentials, including the existing level of renewable energies and energy mix (cf. paragraphs 10 [clean fossil fuels and carbon capture and storage] and 11 [nuclear]), and, subject to meeting the minimum biofuels target in each Member State, leaving it to Member States to decide on national targets for each specific sector of renewable energies (electricity, heating and cooling, biofuels).*

Well, that should settle it! Because the overall target is so extreme, each member

state will be trying to massage the burden sharing methodology in its favour: and there is no political agreement on how this should be done.

So what is wrong with this? A few points about these targets – doubtless there are more:

1. Discredits EU policy-making. The biggest failure is that the EU Council agreed this at all – and I think that is the angle the Guardian missed: it tells us something very bad about the EU. We should be concerned about the negotiating dynamics and accountabilities that cause leaders to agree such unrealistic targets. It isn't a matter of them being ambitious and going for it, it's more a matter of making crowd-pleasing gestures and then exiting before the day of reckoning arrives. This, I fear, is a rather fundamental feature of the way the EU does policy at the highest level – a need for visible 'wins' but with policies subject to inadequate scrutiny and challenge and the collective abdication of responsibility that the 27-member council allows for. Also, a high price paid by the leader who wants to 'wreck' the political consensus by injecting a note of realism and scaling back the . I am describing a variation of the fable of the *Emperor's new clothes* – a collective blindness and group-think in the face of facts. I think the target will fail, and well before 2020, discrediting the EU and strengthening the opponents of action on climate change.

2. Distraction and introversion. Immense efforts will now be squandered on the argument over burden sharing or the type of bureaucratic ingenuity on display in the memo leaked to the Guardian. At a time when the EU should be leading the world into the next phase of the Kyoto Protocol, it will instead be consumed by internal wrangling over the share of the renewables target. It important to understand that 'bureaucratic resources' are basically fixed, and if they are spending their time fighting over renewables targets, they are doing less of something potentially useful.

3. Fails basic test of EU 'competence'. There is every reason to agree some aspects of EU energy policy at EU level – carbon targets and how to share them, those aspect of the response that bear on the single market (for example the EU ETS, energy efficiency standards for traded products) and external relations – for example dealings with Russia and the participants in the Kyoto Protocol. But where is the case for specifying renewables targets at EU level? This is a technology choice and should be left to member states, which should work out

how best to meet its targets taking account of its own circumstances and resources. If the Commission feels it needs to be prescriptive to make sure the carbon targets are met then there are two better approaches: first fine the countries if they exceed their targets through 'infraction proceedings' (this is widely practised for other failures to meet agreed EU goals – eg. water quality); second, become prescriptive and interventionist only when a country is falling behind and off track.

4. Unconvincing analysis. Given the scale of the target, the analysis behind it is very thin and does not seem to have had much challenge. Have a read of the Commission's *Renewable Energy Road Map*; EU Energy Policy Data working document; or the Energy For a Change World framework. It looks like policy-based evidence making to me. I'm just unconvinced by the projections, modelling and economic assessment. And there is very little on 'barriers'. If I can find time, a thorough hatchet job will follow.

6. Bad economics. This very heavily directs the response to climate change to the some of the most expensive technological responses per tonne of carbon saved. The energy market regulator OFGEM estimates that the mechanism for supporting UK renewables will cost £32 billion over its life (to 2027), and that it save carbon at an average of £400/tC compared to £66/tC for the EU ETS and lower or negative costs for many energy efficiency measures [OFGEM document]. Though part of this is the design of the mechanism rather than the underlying technology cost, a **much larger** mechanism would be needed to meet any plausible UK share of the EU target. the policy also favours biofuels within the renewables mix (there is a target to convert 10% of road fuel to biofuels by 2020, but other technology choices would be down to member states). But biofuels are about the least efficient option for deploying biomass – a DTI economic assessment of biomass shows bioethanol from wheat to save carbon at £152/tCO2 (equivalent to £557/tC) and that bioethanol and biodiesel are the most expensive ways to reduce carbon with biomass.

7. Side-stepping the likely embarrassing failure to meet 2010 targets. The agreement deflects attention from the rather pertinent point that we have EU renewables targets for 2010 (see directive 2001/77/EC which sets 'indicative' targets for 22% of electricity and 12% of primary energy from renewables by 2010) **and these are going to missed by miles** – see evaluation and tracking by EurObserv'ER Barometer (2006 report):

> *...the important European objectives, the 22% of the Directive on renewable source electricity and the 12% of primary energy of the White Paper, shall be far from being reached in 2010*

Great! The new super-ambitious targets, which are over the horizon of political riskiness for those making the agreements, have been made whilst failing to meet targets that they can actually do something about.