



The UK and the Renewable Energy Directive

This is a background briefing for MPs, drawing attention to the UK government's role in negotiations on the draft Renewable Energy Directive, and asking for their intervention to secure a strong green energy law. A number of leaked documents have indicated that the UK has been attempting to weaken the positive elements of the Directive, whilst continuing to support a push for unsustainable biofuels. Their stance risks driving green jobs away from the UK and Europe, and making it more difficult for us to meet the new targets set in the UK Climate Change Bill. We urge MPs to raise these issues with the new Department for Energy and Climate Change, to insist that they do not weaken climate protection in Europe. In particular, MPs should ask the Government to drop the following damaging proposals:

- Allowing the purchase of certificates from renewables projects outside the EU, risking green collar jobs at home.
- Excluding aviation from the overall energy tally – this is simply a back-door route to weaken the overall target.
- Opposing priority access to the grid for renewables – renewables should be the UK's first choice for energy.
- Opposing rules to ensure that new and refurbished buildings are fitted with renewable energy solutions.
- Opposing a sub-target for renewable transport which would drive investment in electric cars and reduce dependence on first generation biofuels.
- Allowing governments to meet their targets using carbon capture and storage projects rather renewable energy projects.
- Opposing binding intermediate targets for renewables – allowing Governments to pass the buck and delay investment in a renewables revolution.
- Counting large unfinished projects such as the proposed Severn Barrage towards the target. There is plenty of potential for the UK to meet its target without this loophole.
- Insisting on review clauses in the Directive which will undermine investor certainty and drive green energy businesses out of Europe and the UK.

Britain is leading the attempt to undermine the climate change directive. Gordon Brown promised that the UK would not attempt to cut the EU 20% renewables target. Now UK civil servants from the Department of Business, Enterprise and Regulatory Reform have a different strategy and are pushing for cuts. A government that is supposedly committed to tackle climate change must not try to kill the essence of this directive." Claude Turmes MEP (Luxembourg), Rapporteur for the Directive, as quoted in The Guardian, 26 September 2008

Overview

In March 2007 EU Heads of State, including Tony Blair, signed up to a number of measures designed to tackle climate change, ensure energy security and increase competitiveness. The agreement included a European-wide target of 20% of our energy to come from renewable sources by 2020.

The draft Renewable Energy Directive also contains a sub-target of 10% for the use of renewable energy (originally anticipated to mean biofuels) in the transport sector.

The UK, which currently sources less than 2% of its energy from renewables, has been repeatedly exposed for lobbying in Brussels to undermine the Renewables Directive, and at this point we are particularly concerned about the possible exclusion of aviation fuel in the overall energy tally and review clauses. This could damage not only the UK's investment in renewable energy but the EU-wide achievement. In addition, the UK has expressed strong support for the 10% biofuels energy target, which substantial evidence shows could have damaging sustainability impacts and is not guaranteed to save greenhouse gas emissions. It should be noted, however, that the UK has made valuable contributions to negotiations on the biofuels sustainability criteria, in particular on proposals to deal with indirect land-use change and in calling for an interim review of the biofuels target. Unfortunately such criteria remain insufficient to deal with the scale of the unintended consequences arising from high biofuels targets.

Negotiations in Brussels are expected to reach their conclusions on the Energy Package, including the Renewable Energy Directive, towards the end of 2008. The French Presidency is very keen to reach conclusion in December and it is clear that there are intense discussions taking place now and over the next few weeks. With the UN meetings on climate change coming up in Poznan in December 2008 and Copenhagen 2009, it is crucial that the EU shows strong leadership and does not retreat from tough action.

Whilst we welcome the new Department of Energy and Climate Change (and broadly the recent commitment to an 80% emissions reduction target for the UK), we urge MPs to scrutinise its role in discussions on and attitude to the Renewable Energy Directive.

The Draft Renewable Energy Directive

The European Commission's draft was released in January 2008¹. The EU as a whole has a target for renewable energy to be 20% of final energy demand in the electricity, heating/cooling and transport sectors by 2020. That target was divided amongst countries taking into account current achievement and GDP, with national targets ranging from 10% (Malta) to 49% (Sweden). The UK was given a target of 15%. An EU-wide sub-target of 10% renewable energy for the transport sector alone was also included. The debate on this sub-target has centred on the highly controversial use of biofuels and we comment on this below.

Aside from the targets, a number of clauses in the draft Directive aim at strengthening the framework for renewable energy – for example by creating priority access to the grid networks for renewable electricity and by requiring renewable energy use in new or refurbished buildings. Direct imports of renewable electricity from countries outside the EU, such as from concentrated

solar power in North Africa for example, are allowed in the draft, but not the purchase of energy certificates or credits from outside the EU.

Renewable Energy Sources

The draft Directive defines “energy from renewable sources” as wind, solar, geothermal, wave, tidal, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases.

In the UK, it is expected that reaching a 15% renewable energy target will mean that our electricity will need to be around 40% renewable by 2020. It is currently at only 4%. Offshore wind energy will be a major contributor, but other technologies will have a role to play. It is also important that we nurture emerging technologies such as wave and tidal systems in readiness for further de-carbonisation and economic opportunities in the years beyond 2020.

The UK’s Target

The UK currently sources a woeful 1.8% of its energy from renewable sources², right near the bottom of the EU league table, ahead of only Malta and Luxembourg. We have relied on North Sea oil and gas, despite having acknowledged climate change for some 20 years. The UK’s draft target of 15% renewables by 2020 is therefore challenging and represents about an eight-fold increase on current levels.

Several reports – including BERR’s Renewable Energy Strategy consultation – have examined how this might be achieved³. The electricity sector will pick up a large part of the effort and commitment will be needed⁴. But in the next 20 years around 30% of conventional electricity capacity is scheduled to close and the network grid needs upgrading. In addition, fossil fuel markets are volatile and energy security has become very important. It is a good time to be planning for greater renewable energy in the electricity system.

Accelerating Greenhouse Gas Emissions

Reducing greenhouse gas emissions by all means possible, including the conversion to renewable energy sources, is crucial. The challenge facing policy makers around the world on climate change could not be more urgent. Far from falling, global emissions in the 21st century have actually accelerated and have been rising by around 3% per annum, faster than the IPCC envisaged in its most pessimistic scenario⁵. Stabilising the atmosphere at 450 ppm CO₂e, which gives a 50/50 chance of limiting warming to two degrees (thought to be the edge of “dangerous climate change”⁶), is getting increasingly difficult. The Earth’s atmosphere is at 430 ppm CO₂e already, and heading for at least 650 ppm if current trends prevail. Recent analysis by the Tyndall Centre for Climate Change Research shows that even if global emissions peak in 2015, reductions of **6.5% per year** in energy and process emissions will then be needed to keep to 450 ppm – a rate of reduction which the researchers say is “*without structurally managed precedent*”⁷. The consequences of delay in tackling emissions are profound.

Combine with Energy Efficiency Targets

The Directive will be hugely important as a driver of UK energy policy, but we should also be prompted into taking more radical action on **energy efficiency** to reduce (in absolute terms) the size of our energy demand. Reducing energy demand is cheaper than building new plant. It is also an important part of the fuel poverty agenda – treating homes to make them warmer, more comfortable places with lower bills means improving the energy efficiency of millions of homes.

Undermining the Directive

Even before the target was agreed by Council, the UK had been exposed for opposing a mandatory target⁸, but nevertheless the agreement was made. Subsequent leaks revealed that the UK was continuing to lobby for loopholes which could dangerously weaken the impact of the Directive. In November 2007, Gordon Brown publicly committed to the EU target, stating “*let me make it absolutely clear, we are completely committed to meeting our share*” – and promised a UK strategy on how to meet our predicted target under the Directive of 15% renewables in the UK by 2020⁹. The consultation on this strategy was subsequently released in June 2008 and was welcomed by environmental groups¹⁰. One helpful amendment has been a proposal to permit joint projects between countries, an idea put forward by Germany, Poland and the UK. But throughout 2008 information has continued to emerge that the UK is still lobbying to weaken the Renewables Directive¹¹.

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We are aware that the UK supports, or has supported, proposals that include the following ideas:

- giving credit for carbon capture and storage projects at fossil fuel power stations if renewable energy targets are not met –allowing investments in coal at the expense of renewables targets;
- counting purchase of certificates from renewables projects outside the EU towards the target – diminishing investment in a home-grown industry ;
- excluding energy use from aviation from the overall energy tally – essentially ignoring the sector and its growth;

- removing a requirement for priority access to the grid for renewables – currently a significant barrier to renewables in the UK¹² ;
- keeping intermediate targets non-binding but also letting Member States set the targets – creating scope for deferral of obligations and slippage;
- counting large unfinished projects such as the proposed Severn Barrage towards the target – an idea which has been incorporated into the draft, and which has opened the door for discussions on further relaxations;
- making optional the fitting of renewable energy technologies to new and refurbished buildings, rather than mandatory – despite the obvious role for the buildings sector in stimulating use of renewable technologies (and the enthusiasm of UK councils for the Merton rule¹³);
- inserting a clause to review aspects of the Directive in 2014 – a course of action which is necessary to examine the sustainability of biofuels, but which, if expanded, could open the door for a wider review of the Directive and thus raise pressure for more flexibility in ways of meeting the targets and even call into question the EU-wide target;
- permitting “factors” beyond Member States’ control to be taken into account – a clause which seems to go beyond *force majeure* (covered in another Article) and which could excuse lack of commitment and failure to comply by calling on factors for which a Member State chooses not to take responsibility.

A number of these ideas were covered in a leaked paper from BERR in 2007¹⁴ and have arisen in further documents. More recently a paper prepared by the French Presidency has incorporated various aspects¹⁵. Any of these ideas would, if adopted, seriously reduce the level of ambition of the Directive.

The 2014 review clause could be particularly damaging. Whilst there is much agreement that there should be a review of biofuels – or more strictly the use of renewable energy in the transport sector – in 2014, opening up the review more generally to consider other elements of the Directive could seriously threaten the long-term intent of the Directive. The prospect of major change would create uncertainty and reduce investor confidence. This could create a self-fulfilling prophecy that a 2014 review would be necessary due to insufficient investment.

The UK would also like aviation’s energy needs to be excluded from the agreement¹⁶. Aviation is currently responsible for around 6 per cent of UK GHG emissions but the solution to decarbonising this sector is not obvious. It is highly likely that biofuels would be used preferentially in road transport and/or electricity generation rather than used in aircraft. However, it is not reasonable simply to ignore this expanding sector, and excluding the sector opens the door for other countries with “difficult” sectors to seek similar treatment. The Directive does not require every sector to meet a specific target, but seeks to ensure that a percentage of our overall energy use is renewable. Lacking another solution, it should be transparent that aviation’s growing energy demand will be addressed by other sectors which have to pick up the renewable energy burden. The need for emission cuts is now so urgent that aviation should not escape accountability¹⁷.

Biofuels and the Renewable Energy Directive

EU leaders agreed to a 10% renewable transport energy target, expected to be delivered almost entirely by biofuels, but on the explicit condition that it would be met sustainably. The UK Government requested the Gallagher Review to investigate a number of the impacts of biofuels. It concluded that the risks, particularly from indirect impacts of biofuels, are significant and that these are directly related to the level of demand¹⁸. As a result, the review recommended that the EU 10% target be lowered. Indeed, there is now substantial evidence to show that high biofuels targets cannot be delivered sustainably and as such we remain opposed to the 10% target. Large-scale biofuels production will lead to the loss of high-carbon storage areas, biodiversity loss, will exacerbate poverty in developing countries as well as leading to land use and water conflicts and cause rises in global and local food prices.

We support the European Parliament's compromise proposal whereby the renewable transport energy target is split into two different components. In this way, a significant proportion of the target would have to be met through alternative technologies such as vehicles using renewable electricity. Such a move would incentivise solutions which have the potential to deliver higher greenhouse gas savings at less cost to society, but which are currently too far from the market to emerge without this additional 'pull'.

Current European policies to increase the use of biofuels in the transport sector could be a costly and unsustainable means of securing emission reductions, which in some cases will make climate change worse, not better, as well as threatening to undermine sustainable development, especially in developing countries.

The UK can wield considerable influence over the outcome of this debate, and is well positioned to make a real difference to the deployment of sustainable low-carbon transport options in the future. We urge MPs to ask the Secretary of State for Transport about these issues and to ensure that the UK Government is instrumental in achieving this goal.

The UK has a huge renewable energy potential in its wind, wave, tidal and solar resources. We can build a thriving renewables industry in the UK, and lay the foundations for even greater use of renewable energy in the years beyond 2020. Not only will this help us meet emission reduction targets and tackle climate change, it will take advantage of a tremendous economic opportunity in a fast-growing sector.

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- ¹ CEC (2008). Proposal for a Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources. COM (2008) 19 final
- ² DUKES 2007 data at: <http://www.berr.gov.uk/whatwedo/energy/statistics/publications/dukes/page45537.html>
- ³ Also: Renewables Advisory Board (2008). 2020 Vision – How the UK can meet its target of 15% renewable energy; Poyry (2008). Implications of the UK meeting its 2020 renewable energy target. Report for WWF and Greenpeace.
- ⁴ It is expected that around 40% of the electricity supply will need to be from renewable sources by 2020 to reach the 15% overall target.
- ⁵ Raupach et al (2007). Global and regional drivers of accelerating CO₂ emissions. Proceedings of the National Academy of Sciences **104**, 10288 – 10293.
- ⁶ Warming below a two degree rise will already cause considerable harm to many of the world's peoples and its systems and so "two degrees" is not a desirable target by any means.
- ⁷ Anderson, K and Bows, A (2008). Revisiting emission scenarios in light of post-2000 emission trends. Philosophical Transactions of the Royal Society A, doi:10.1098/rsta.2008.0138 (published online).
- ⁸ <http://www.guardian.co.uk/uk/2007/feb/13/greenpolitics.eu>
- ⁹ The Prime Minister, Gordon Brown, 19 November 2007
- ¹⁰ http://www.foe.co.uk/resource/press_releases/governments_renewable_ener_26062008.html
- ¹¹ A series of articles in The Guardian has covered these issues at:
<http://www.guardian.co.uk/environment/2008/sep/26/biofuels.climatechange>
<http://www.guardian.co.uk/environment/2008/jul/24/renewableenergy.greenpolitics>
<http://www.guardian.co.uk/business/2008/may/07/europe.greenbusiness>
<http://www.guardian.co.uk/environment/2008/apr/08/renewableenergy.alternativeenergy>
<http://www.guardian.co.uk/environment/2008/mar/29/renewableenergy.climatechange>
<http://www.guardian.co.uk/environment/2007/oct/23/renewableenergy.energy>
<http://www.guardian.co.uk/environment/2007/aug/13/renewableenergy.energy>
<http://www.guardian.co.uk/uk/2007/feb/13/greenpolitics.eu>
- ¹² The Industry Committee (ITRE) of the European Parliament have adopted particularly strong wording on priority access to the grid. The British Wind Energy Association has called for support for the original Commission text on priority access to the grid, and the Renewable Energy Association would also like to see priority grid access for renewable electricity.
- ¹³ First adopted by the London Borough of Merton, the rule began as a 10% target to reduce CO₂ emissions through the use of onsite renewable energy technologies in major new developments.
- ¹⁴ BERR (2007). "Draft Options Paper on Renewables Target." A copy is at:
<http://www.guardian.co.uk/environment/2007/aug/13/renewableenergy.energy>
- ¹⁵ French Presidency Note to Energy Council, 7 October 2008
- ¹⁶ Confirmed by the Secretary of State for Energy and Climate Change, Ed Miliband, The Guardian, 15 October 2008
- ¹⁷ Inclusion in the Emissions Trading Scheme (ETS) will allow the sector to buy permits and continue to pollute, possibly increasing the purchase of credits from countries outside the EU. This is clearly not the same as stimulating renewable energy generation.
- ¹⁸ Renewable Fuels Agency (2008). The Gallagher Review of the Indirect Effects of Biofuels Production.