



## **The Energy and Climate Package - with regard to Renewable Energy Sources**

Energia Klub welcomes the commitment of the EU to play a leading role in fighting climate change and the accompanying plans of the European Commission for the new Energy and Climate Package. The energy sector is responsible for 65 percent of the world's total greenhouse gas (GHG) emissions, the reduction of energy consumption and binding targets for renewable energy sources are therefore a necessity for achieving the aim of reducing GHG emissions.

So far – in the fields of renewable energy sources (RES) – the EU only imposed targets for the share of renewables in electricity production and for the share of biofuels within the total fuel consumption for 2010. Due to these targets these technologies have seen a significant development, contrary to those sectors with no specific targets, e.g. renewable heating and cooling. We welcome that the new RES directive also deals with the latter sectors.

Several studies were published in 2007 which question the role that biofuels could play in reducing global GHG emissions. Thus we call on the Commission to withdraw its compulsory 10 percent target for 2020.

**Renewable energy target** – At the March Summit 2007 the EU member states could not agree on the 20 percent target being legally binding for all members. National targets – based on the past renewable energy performance of the countries and their economic strength – have thus been proposed by the Commission in early 2008. Energia Klub believes that the 13 percent target determined for Hungary is very low and could be easily outperformed based as well on Hungary's RES potentials as on its economic possibilities. The – not yet approved – Hungarian Renewable Energy Strategy which was prepared in Summer 2007 indicates in its Policy scenario a possible RES penetration of 15 percent till 2020 (presuming simultaneous energy efficiency measures), which would amount to 186 PJ, contrary to the 111 PJ indicated by the Annex of the Directive.

**Guarantees of origin (GO) system** – Studies point out that supporting RES by feed-in-tariffs leads to a more significant increase in RES production than green certificates. Also feed-in-tariffs allow differentiating different technologies which is very important for countries where some technologies are at an early stage of penetration. A modification of the Hungarian feed-in system to differentiate between technologies would be strongly advisable. With green certificates also the conditions for investors are less predictable, as the future price of the certificates is difficult to foresee. It is furthermore not clear how the harmonization with national support systems would be assured, one solution may be to allow the introduction of green certificates only after reaching the intermediate RES targets.

**Biofuels sustainability criteria** – Several experts and studies call for caution on the large-scale utilization of biofuels with the purpose of replacing traditional fuels, as it could cause more harm to the environment and the economy than gains. The sustainability criteria addressed in the Directive present only a basis for assuring the environmental sustainability, but they give no answers to problems like the competition for arable land, which plays a significant role in rising food prices. The whole transportation sector needs reforming. The extension of the emission trading system to the transportation sector, the utilization of more efficient vehicles and the rationalization of transportation and mobility demand would cause far greater reductions in GHG emissions than biofuels, at lower costs.