

Show me the money?

Just like national governments, the EU has a budget which determines how much financing it can commit and pay to different policy areas.

The EU plans its budgets for a period of seven years. This year, discussions are taking place about the next seven-year budget, or in EU terminology, “Multiannual Financial Framework” (MFF), which will run from 2014 to 2020.

How much is it?

It is the European Commission’s job to propose a seven year ‘MFF’ budget to the Council and Parliament. The current proposal stands at €1,025 billion. This represents 1% of the EU’s gross domestic product – while national budgets are around 30-40% of national GDP.

The MFF is divided into five categories, each of which has a ‘ceiling’ - a maximum amount of money it can contain. The proportion of the overall money to be spent for each of the seven years is negotiated alongside legislative proposals on EU programmes and policies.

Budget must reflect new priorities

The EU’s budget needs to reflect the high priority given to energy and climate commitments in EU policy in its 2020 climate and renewable energy targets. What is more, EU countries have been undergoing strict austerity measures. The next EU budget needs to be a “growth” budget. The wind energy sector has been growing despite the crisis: its growth rate in 2010 was twice that of EU GDP¹. In the four years from 2007 to 2010, the sector’s contribution to GDP went up by 33% to reach €32.4 billion.

As EU employment fell by 9.6% from 2007 to 2010, wind energy jobs in Europe went up by 30%, reaching nearly 240,000 so far, including those created indirectly in other sectors.

EU leaders need to recognise the wind energy sector’s contribution to growth and ensure this is reflected in the 2014-2020 EU budget.

¹ According to the European Wind Energy Association’s latest report, ‘Green Growth’: www.ewea.org/greengrowth



In what ways is EU funding for wind energy under threat?

EU money for wind energy under ‘Horizon 2020’ and the ‘Connecting Europe Facility’ risks being cut.

‘Horizon 2020’

‘Horizon 2020’ is the EU’s new R&D funding programme, replacing the former ‘Framework Programmes’. Investment in wind energy R&D is needed in order to bring down costs – in the last two decades 40% of the cost decrease in wind energy can be attributed to R&D - to accelerate technological development, and to ensure wind energy’s full potential as a power source is reached.

So far, €80 billion has been proposed for Horizon 2020. Of this, €5.6 billion is suggested for non-nuclear energy – almost the same as in the previous budget if all the different R&D energy programmes are added up.

There is a mismatch between the high status renewable energy is given in EU policy, and the funding

proposed. The wind and renewables industries are calling for two-thirds of Horizon 2020’s non-nuclear energy category to be allocated to renewables.

The wind industry’s R&D platform is called the ‘Wind Industrial Initiative’. The European Commission has said that to implement the recommendations of the Wind Industrial Initiative, €6 billion is needed between 2010 and 2020 of which around €2 billion should come from the EU budget and the rest from industry and other sources. However, wind has received only minor support up until now and there is no indication on how much wind could receive in the years to come under Horizon 2020.

The Wind Industrial Initiative should be allocated €1.3 billion through a dedicated budget line, to give security, transparency and stability to the sector.

The ‘Connecting Europe Facility’

The ‘CEF’ is a new funding instrument that has been set up to finance energy, information and communication infrastructure and transport networks.

The Commission has identified the overall needs for energy infrastructure at €200 billion by 2020, including €140 billion for electricity. It has proposed that €9.1 billion should come from the EU budget. New infrastructure is needed for the electricity sector in order to accommodate larger amount of renewables in the system, to increase security of supply and to enable an integrated electricity market, which will bring power prices down.

The huge investment needs for electricity infrastructure should be properly reflected in the CEF. Two-thirds of the €9.1 billion for energy networks should be allocated to electricity.





Sebastien Godinot,
Economist, WWF
European Policy Office

"According to a new IEA report €500 billion of oil and gas are exported outside Europe to mainly Middle East countries because we import so much. That's half a trillion euros we waste outside Europe instead of investing it inside Europe to create jobs and to enhance sustainable economic opportunities."

"If you invest €1 billion in coal you create something like 5,000 jobs. If you invest €1 billion in renewable energies you create something like 50,000 jobs, 10 times more. That is something that needs to be taken into account."

George Papakonstantinou, *Greek Minister for the Environment, Energy and Climate Change*

"The Greek economy is dependent on oil imports while having comparative advantage in wind and sun. At a time of austerity, Greek citizens cannot afford to support practices which prolong energy dependence. The choice of importing oil and gas versus producing renewable energy within the EU is obvious."



Tudor Constantinescu,
Principal Adviser, DG Energy,
European Commission

"Renewables will continue to be at the centre stage of our energy policy [...] We have to build and refurbish the infrastructure in Europe to accommodate higher shares of renewables [...] We will have to invest in research and development to promote renewables and make them more cost effective."



Stephane Bourgeois,
Head of Regulatory
Affairs, EWEA

"The wind industry contribution to GDP between 2007 and 2010 has increased by 33% while obviously Europe's GDP as a whole was going down. Even more interestingly, exports during the same period 2007 to 2010 also increased by 33% and direct and indirect jobs have increased by 30% during these four years."

"We are a recession busting industry. We are an industry that can provide growth to Europe."

"We are chronically underfunded by the EU budget for research."

The European Wind Energy Technology Platform calls for a dedicated budget line of €1.3bn for wind energy R&D in a letter to the European Commission, November 2011

"The European Commission has identified wind energy as one of the strategic energy technologies, and has highlighted that it contributes to all of the EU's energy policy objectives: increased competitiveness, energy security and fighting climate change. As part of the Strategic Energy Technology Plan (SET-Plan) the European Commission has initiated and launched, together with the industry and the Member States, a 10 year Research and Development plan for wind energy – the Wind European Industrial Initiative. The implementation of this ambitious strategy requires €6 billion investment of public and private resources by 2020, with more than 50% coming from industry."

Since 2010 the Commission has included a budget line for the SET-Plan in the EU budget, but kept it empty, while allocating money for the SET-Plan technologies via budget lines FP7 Cooperation-Energy and Research related to energy.

It is essential to ensure that in the coming Horizon 2020 proposal of the Multiannual financial framework (2014-2020) the remaining €1.3 billion to meet the budget is allocated for the Wind European Industrial Initiative in a dedicated budget line in order to ensure the effective implementation of this ambitious plan established in cooperation with the Commission."

Birdlife International, WWF, Friends of the Europe, Transport Environment, Bankwatch Network, 'Evaluating the Potential for Green Jobs in the next Multi-annual Financial Framework'

"Investing to increase the amount of renewable energy used in Europe will increase jobs in the planning, design and implementation of renewable energy technologies. There would also be jobs associated with the operation and maintenance of this infrastructure."

Frauke Thies, EU Energy Policy Director at Greenpeace, on the European Council's move to include gas under the EU research and development programme intended for 'secure, clean and efficient energy'

"The attempt to divert EU research funding to natural gas plants is doubly flawed, as the technology is neither innovative nor clean: natural gas plants make use of a mature technology with flat learning curves. As a fossil fuel, gas also contributes considerably to the EU's carbon emissions."

Maria Da Graça Carvalho, Member of the European Parliament, European People's Party, sits on the Committee for Industry, Research and Energy and is a Rapporteur for the Horizon 2020 Specific Programme (ITRE)

"Research and innovation are two central pillars in economic development and job creation in Europe. It is therefore essential to increase the portion of the funding that is allocated to research and innovation within the overall EU budget. This involves substantially increasing the budget of the Framework Programme and the earmarking of the structural funds to be dedicated to this sector."

EURELECTRIC position paper on the post-2013 EU Multiannual Financial Framework

"Through the adoption of policies and targets for 2020, EU policymakers have called for rapid and decisive action in the energy field. EURELECTRIC would want to see the EU budget reflecting those targets and adequately complementing private sector spending for the realisation of the EU energy and climate targets."

"This should be done by streamlining existing funding schemes (e.g. CAP & cohesion policies that also deliver on carbon reductions) and through specific EU financial support for e.g. the development of smart grids & interconnections, smart cities, deployment and integration of renewable energy sources into the grid and the market, public acceptance of technologies and infrastructure, and RDD&I in non-mature low-carbon technologies with a significant potential in the short and medium term."

Letter from **Climate Parliament and 153 MEPs,** 'Proposals on renewable energy and the EU budget'

"Nothing is more urgent than accelerating the development of technologies such as floating wind turbines, cheaper solar panels and highly efficient solar thermal power stations, so that renewable energy can achieve price parity with fossil fuels as quickly as possible. These are the technologies on which the future of humanity may well depend. The EU needs to take the lead, and commit €2 billion a year to the SET Plan, with much of the remaining €3 billion coming from private investment."



Bendt Bendtsen, MEP, Member of the ITRE and Budget Committees

"We are facing big challenges in Europe on our energy policy. We are becoming more and more dependent on fossil fuels from the Middle East and more and more dependent on Russian gas."

"We are moving €300 billion out of the EU every year for fossil fuels. This money we could use inside Europe and we could use that money much much better. [...] I really think it's time to act. It's a question of security of supply, it's a question of foreign policy but it is also a question of competitiveness."

European Renewable Energy Council position paper on a post-2013 Multiannual Financial Framework

"While energy is very high on the European political agenda, the funding allocated to the energy theme is only 4.6% of the FP7 money. The high political relevance of non-nuclear energy should be reflected in the EU budget, leading to a dramatic increase in funding energy research."

Renewable energy gets far less funding compared to nuclear and fossil fuels

Wind energy has received a fraction of the financial support that nuclear has had over decades – and yet wind can provide electricity at less than half of the cost of new nuclear power plants. 80% of the total energy subsidies in the EU-15 are paid to fossil fuels and nuclear energy according to the European Environment Agency, while 19% goes to renewables.

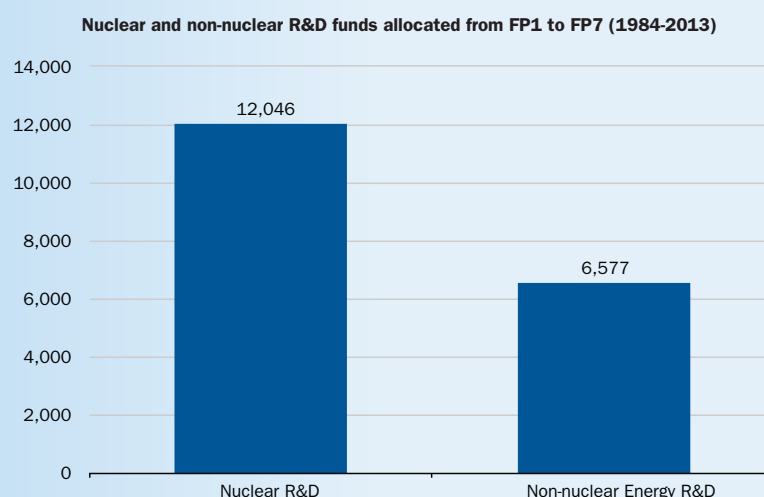
For every \$1 of government support given to renewable energy around the world, at least \$5 are given to fossil fuels, according to the International Energy Agency².

After 50 years nuclear power is more dependent on Government support than ever before. The UK has now set aside £54bn for decommissioning its nuclear power stations – enough to pay for wind turbines to produce 40% of UK's power demand.

No power technology has ever been developed to maturity without subsidies. The wind energy sector receives support in the form of feed-in tariffs or mandatory obligations. But the support is transparent and the industry itself, including the European Wind Energy Association, acknowledges that we need to reach cost competitiveness.

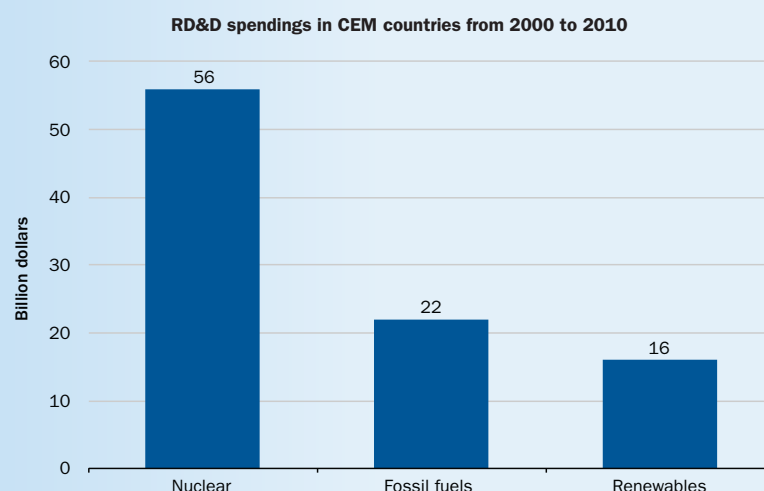
² International Energy Agency, 'World Energy Outlook 2011': www.worldenergyoutlook.org

Evolution of non-nuclear and nuclear energy budget in the EU's R&D funding programme, the 'Framework Programmes'



Source: Council Decisions on the Framework Programmes (FPs) and EURATOM FPs

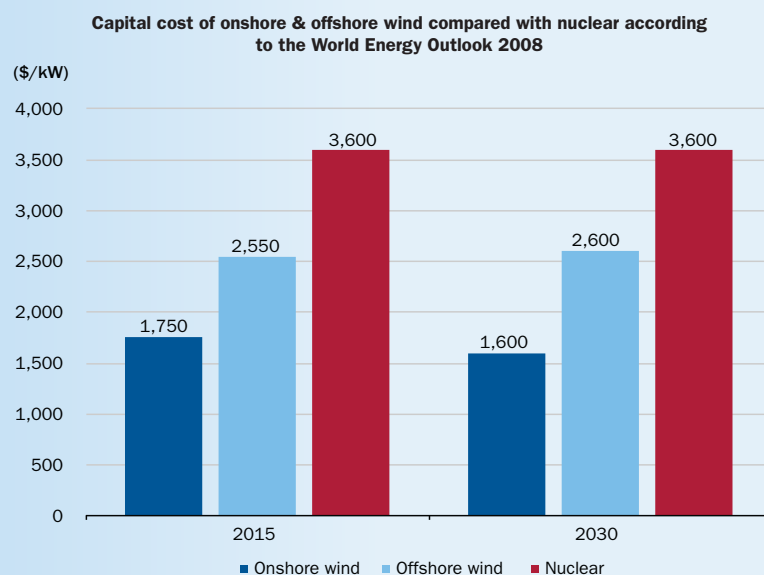
RD&D energy spending in CEM* countries from 2000 to 2010



Source: Clean Energy Progress report, OECD/IEA 2011

*CEM countries: Australia, Brazil, Canada, China, Denmark, the European Commission, Finland, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Norway, Russia, South Africa, Spain, Sweden, the United Arab Emirates, the United Kingdom, and the United States.

Construction costs of nuclear power plants in France and USA



Source: World Energy Outlook 2008

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EWEA is the voice of the wind industry, actively promoting wind power in Europe and worldwide. It has over 700 members from almost 60 countries, including wind turbine manufacturers with a leading share of the world wind power market, plus component suppliers, research institutes, national wind and renewables associations, developers, contractors, electricity providers, finance and insurance companies, and consultants. This combined strength makes EWEA the world's largest and most powerful wind energy network.

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