PREVIEW

EWEA 2013

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The right direction for wind

The EWEA chief tells **Christopher Hopson** how Europe can kick-start green growth

Photograph: Jason Bickley/EWEA

Christian Kjaer has pleaded for the EU to extend binding renewables targets to 2030, rather than taking the market-based approach advocated by the electricity sector.

The European Wind Energy Association (EWEA) boss calls the creation of market-based systems "empty words" unless such a move supports the development of clean-energy technologies.

Industry body Eurelectric wants the "targets for everything approach" replaced by "a broad framework that allows the market to work, thereby encouraging those investments that make the most economic sense and reducing the costs of the low-carbon energy transition".

> Backloading will buy time, but they need to get the ETS into surgery as fast as possible, or it's going to die

Kjaer, who stands down as chief executive in April, rejects this approach. "Since I arrived at EWEA some 11 years ago, we have been calling for the creation of an internal market for electricity, the necessary infrastructure and fair competition. We now seem to be moving away from achieving that vision," he says.

The current EU target of generating 20% of energy from renewables runs out in 2020 and as yet there is nothing to replace it. Developers and green campaigners fear that without a similar target for 2030, the impetus to invest in renewables will be lost.

"Historically, I think people who don't want targets are people who don't want change," Kjaer says. "So if you want things to remain the same, then okay, you don't need targets. But if you don't want to admit that, then you better come up with a proposal as to what is needed if we are going to have a larger share of renewables in the energy mix."

He says the arguments that carbon markets should be driving renewables investments are logical, in theory. The problem is, the EU Emissions Trading Scheme (ETS), which is intended to spur clean-energy investment, "doesn't work right now".

Kjaer adds: "The European Commission has so far proposed to cut 900 million

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Conference puts the focus on optimism and opportunities

EWEA 2013 will examine the industry's challenges, while also celebrating its successes, writes **Philippa Jones**

Capitalising on opportunities is the main focus of EWEA 2013. "I want people to learn positive lessons, have challenging discussions, get away from navel-gazing, and for delegates to go away with practical suggestions," says Anna Stanford, public affairs manager at the RES Group, who will lead a discussion on the social acceptance of wind turbines.

Mark Young, head of cleaner energy services at DNV KEMA Energy & Sustainability, concurs. He hopes to "promote active knowledge-sharing" during the session he will chair on the latest operation and maintenance technology.

"I want the audience to leave with more understanding than they arrived with, an awareness of new technology, tangible bits of information, and actual experiences," Young says.

The global downturn and the eurozone crisis have made life difficult for many industries. Wind has not escaped unscathed, but its leaders remain optimistic.

"Despite the problems facing us today, we must not forget that the wind industry has achieved incredible levels of growth compared to ten years ago," says Julian Scola, director of communications at the European Wind Energy Association (EWEA).

"There are major challenges ahead, not least increasing concerns about changes in support mechanisms, worries about grid development and the snail's pace progress towards an internal EU electricity market, and the fact that many turbine manufacturers are struggling in a crisis-hit market.

"But wind is becoming ever more competitive, and if we face these challenges head-on together, the prospects are excellent for the future of the European wind market."

Stanford is also positive about the prospects, although she suggests that new challenges lie ahead. The industry needs to use arguments that resonate in the current economic climate, she urges. This means better communicating the facts about "economics, jobs and green growth, and showing how wind is affordable".

Keynote speaker Reinhold Mitterlehner, the Austrian economy minister, is in no doubt about these benefits.

"Wind power not only contributes to Austria's energy security and climate protection, but also plays an increasingly important role for our economy," he says. "Each

'The market fundamentals have changed, not the technological

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allowances out of the system... We believe it should have been two billion rather than 900 million, because if you don't take out enough allowances to address the shortfall, it's not going to have an impact on the carbon price."

This "backloading" plan means fewer allowances will be offered in auctions in the short term, while demand remains low amid the economic slowdown.

"So we agree with backloading, but don't expect it to resolve anything because if this is all you do, there is no point in having it," Kjaer says.

"So we support it, if the intention is to buy time to fix the ETS with structural measures. Backloading will buy you some time until the patient needs to go into hospital. The problem is, they need the ETS to go into surgery as fast as possible, otherwise it's going to die."

Kjaer says the differences between the renewables and carbon-reduction agendas are becoming bigger.

He is scathing about world governments, blaming them for the "pathetic state" of international climate change negotiations, but acknowledges: "There is no doubt... that politicians are very aware — certainly in Europe, but also in the US and China — of the potential renewables have, including positive changes to the existing power supply.

"We have an incredibly good

fundamentals’

case with wind energy, which is something to keep in mind in the current challenging environment for the industry, and looking into 2013, which is going to be another very difficult year.

“There has been a fundamental change in the market, but the fundamentals of the technology have not changed.”

IMPORTANT ROLE: Austrian economy minister Reinhold Mitterlehner, *left*; and EU energy commissioner Günter Oettinger and EWEA chief executive Christian Kjaer at EWEA 2012, *right*

Photography: DAPD/PA | Michael Buxbaum

new wind farm creates growth [and] jobs, and establishes new technological know-how in the region.”

At a global policy level, there is also an optimistic message. The International Energy Agency’s (IEA’s) *2012 World Energy Outlook* report says wind and other renewables will become the world’s second-largest source of power generation by 2015, and close in on coal by 2035.

The IEA’s chief economist, Fatih Birol, and Ireland’s energy minister, Pat Rabbitte, who launched the report in November, will both deliver keynote speeches at the conference launch.

As well as being positive about the role of renewables in the future energy mix, Birol is emphatic about another of the report’s key tenets: energy efficiency. “Action to improve energy efficiency would bring substantial energy security and economic benefits, including cutting fuel bills by 20% on average,” he says.

Investigating the emerging markets of Eastern Europe and further afield will also be a focus of the conference.

Turkey’s energy minister, Taner Yildiz, is another keynote speaker. Delegates will hear his views on the EU’s trial electricity transmission synchronisation with Turkey that has been ongoing for the past three years. The trial will be prolonged until September this year, when the European network of electricity transmission system operators will decide whether to maintain a permanent alternating-current interconnection between the continental European and Turkish networks.

For his part, Rabbitte has pledged to make advancing grid development and the internal energy market a priority of Ireland’s six-month presidency of the Council of the EU. “Without physical connections between markets, there can’t really be a proper single market,” he warns. “If transmission system developers do not see any certainty post-2020, then there is a real danger that they will delay making investment decisions.”

Rabbitte has promised to share all the energy objectives of the Irish presidency in his keynote speech at EWEA 2013.

QUESTION OF COMMITMENT: The UK has the resources to create a renewables revolution — but does it have the political will?

Crumbling support

Governments across Europe are cutting their backing for renewables. **Zoe Casey** and **Philippa Jones** investigate why

One of the renewables industry's biggest battles is over changes to national support schemes. All across Europe, governments have been faltering in their approach to these programmes, partly as a result of the financial crisis and partly because of a misperception that blames renewables for some of their economic woes.

Cuts to subsidies that began in Spain and the Czech Republic have now taken hold widely, from Portugal to the UK.

In October, companies including Mitsubishi Power Systems and Siemens threatened to slash planned investment in the UK unless the government showed real commitment to developing a low-carbon economy and delivering green growth.

In France, indecision has reigned since the country's highest administrative court asked the European Court of Justice whether the premium purchase price for onshore wind constitutes state aid.

In broader terms, there is evidence of a north-south divide in Western Europe. Recession and austerity are slowing renewables markets such as Spain and Portugal, while support remains stable in Germany, Denmark and Finland. Meanwhile, Italy is going from a tradeable green certificate mechanism to Dutch auctions for installations of more than 5MW and a feed-in tariff for smaller projects.

"Such political about-turns increase the level of risk for a potential financier, since future support levels are unpredictable... [and they] make lending more expensive for wind farm developers," says Pierre Tardieu, regulatory affairs adviser at the European Wind Energy Association (EWEA).

The direct impacts of volatile policies go deep. "Continued policy uncertainty can damage investment prospects and lead to slower green growth," warns Mark Potter of RSA Insurance. Uncertainty about future policy support for renewables in key markets such as the UK, Italy and France has contributed to a drop in investment levels across the EU.

Meanwhile, EWEA chief executive Christian Kjaer warns of a "contagion effect": as one government starts to re-evaluate its support for renewables, others may follow suit.

The EU and its member states must decide what they want: a renewables revolution that would lead to reduced carbon emissions, lower long-term energy costs and a vibrant workforce — or a "dash for gas" that will lead to more power stations, higher carbon emissions, and societal and environmental problems.

RISK: Pierre Tardieu

The EWEA 2013 session Support Mechanisms, on 5 February, will take a deeper look at these issues

Photograph: Axel Schmidt/Siemens

STUMBLING BLOCKS: Ana Aguado

Europe must get to grips with the grid

People and goods can move freely around the continent — so why not electricity too, asks **Amy Parsons**

For 25 years, the EU has enjoyed a single market in capital, labour, goods and services. But the one thing that enables all of this commercial activity has not yet been subject to the same liberalisation: electricity.

This is set to change, however, with political support for a single electricity market gathering momentum. The European Commission is aiming to complete "an efficient, interconnected and transparent" internal energy market by 2014.

It is an ambitious deadline, given the big obstacles, but the change would benefit consumers and producers.

For consumers, the most obvious advantage of a single electricity market is lower energy bills. Changing the structure of Europe's generation market, by reducing the concentration in national markets through ownership unbundling and removing barriers to entry for newcomers, would level the playing field and lead to more competitive pricing.

A second key benefit is securing a stable, sustainable energy supply across the EU. Limiting supply and distribution to the national level means shortages cannot be fully mitigated by trading with other member states.

Thirdly, to meet the EU's energy and climate targets, renewable sources must be integrated into the market on a large scale, which requires a far more flexible and regionally integrated power system.

Paul Wilczek, senior regulatory affairs adviser at the European Wind Energy Association, agrees that the commission is proposing some positive steps with its recent communication on the internal energy market, but believes it should go further.

Regulated energy prices and capacity payments, which distort the market and discourage much-needed investment, are rightly criticised, but other important issues must also be addressed, he adds.

"Ending fossil-fuel and nuclear subsidies, improving market transparency and reducing excessive market concentration is crucial," says Wilczek. The current market, designed around coal, natural gas and nuclear, lacks the flexibility for the effective incorporation of renewables.

The other thing missing is an adequate grid. Whatever the market design, electricity can move freely around Europe only if it has the means to do so. Ana Aguado, chief executive of Friends of the Supergrid, believes that although significant regulatory progress is achievable by 2014, a single market is a long way off.

For Aguado, the main stumbling block is a lack of infrastructure, because "the necessary investments in transmission networks in Europe have not been made in the last 15 years".

Political support for infrastructure investment is gaining momentum, however, with agreement in late 2012 on a new EU regulation for streamlining and facilitating permitting and planning procedures for grid projects.

Taken together with the €9.1bn ($11.9bn) proposed for the trans-European Networks for Energy budget, this legislative proposal will bring important developments in offshore and transnational grids, priority electricity corridors, expedited permitting and better co-ordination between states.

Whether the commission can achieve its 2014 target for an internal electricity market is the subject of much scepticism. Certainly, there will be many bumps in the road, and it will be a much longer journey before Europe's electricity is able to enjoy the same freedom of movement as its people.

Ana Aguado will kick off the Integration in Electricity Systems and Markets track at EWEA 2013 on 5 February, chairing a session entitled "Free movement of electricity: will it really happen by 2014"?

Photograph: Stein Morch

LANGUAGE LESSON: Athanasia Arapogianni

Photograph: Jason Bickley/EWEA

Counting the cost

Movers and shakers have a yardstick by which to make energy investment and policy decisions, writes **Amy Parsons**

When the issue of energy comes up in the media, the question of cost is rarely far behind. Comparing the price of energy sources is important for financiers making investment decisions and governments developing policies.

Accurately and objectively calculating the cost of a given energy is, however, fraught with difficulty. Assumptions, methodologies and variables differ significantly from one study to the next, producing sometimes contradictory results.

A popular method is a calculation based on the levelised cost of energy (LCOE), which produces a price per kWh by allocating the costs of a power plant across its lifetime. The LCOE of wind power has fallen significantly in recent years, as the design, production and installation of turbines have become increasingly cost-efficient. Investment in research and development, and economies of scale have also had a positive impact on wind's unit price.

According to some measurements, onshore wind is already cost-competitive with coal and nuclear in many places, and although offshore wind is still considered relatively expensive, its LCOE is starting to fall as the technology matures.

When it comes to financing, European Wind Energy Association senior research officer Athanasia Arapogianni believes that "cost and risk have a symbiotic relationship, with low production costs contributing significantly to de-risking projects, particularly for offshore developments". At the same time, the availability of stable sources of finance is a crucial factor in lowering the cost of wind. However, says Arapogianni, there is a lack of dialogue between the financial and wind sectors: "Most of the time, we are not speaking the same language."

Financiers need to appreciate the opportunities offered by offshore wind, while the wind industry needs to develop a better understanding of how financial markets work and communicate the sector's strengths to potential investors.

But Tom Murley, who leads the renewables team at private-equity firm HgCapital, feels that a lack of understanding of wind is not the main reason the finance community is reluctant to provide capital.

"If anything," he says, "we have a better understanding of the regulatory context and resource availability than ever before. It basically comes down to the law of supply and demand, with a global capital shortage invariably leading to higher capital prices."

The LCOE is not the only factor in determining project risk. Murley points out that most investors do not calculate risk purely on the basis of price, particularly when it comes to onshore wind. Macroeconomic issues and country-specific conditions carry far more weight when assessing risk.

Conversely, the LCOE tells only part of wind's story. The added value of developing renewables can often offset or exceed the upfront project costs. When this "net cost" is used to compare wind with combined-cycle gas turbine power, wind comes out cheaper across the EU.

Try out the EWEA electricity cost calculator at http://tinyurl.com/bhhdjd3

Tom Murley is the EWEA 2013 Financing Track Chair and has overseen the development of five sessions on 4 February, featuring finance experts. **Athanasia Arapogianni** will chair the Cost of Energy session on 6 February.

Join our global day of celebration

When times are tough, the competition gets tougher. To stay buoyant, industries are seeking new growth avenues. For the wind industry, that means Central and Eastern Europe.

The European Wind Energy Association's upcoming annual event — EWEA 2013, from 4-7 February in Vienna — will focus on the opportunities and challenges of these emerging markets.

But wind energy's competitors are also after growth. And they are ruthless. We see our industry coming under attack. That's the price of moving into the mainstream.

Recharge has often argued that our industry should be confident in its response. These attacks are already undermining political support for wind in the US and the UK. They could erode public support too if the industry does not fight back.

One way to do so is by supporting Global Wind Day — 15 June — when the industry invites people to "discover the power of wind energy".

With 250 events organised by 59 partners in 40 countries, Global Wind Day has grown impressively since its launch in 2007.

Recharge is pleased to announce that it is backing Global Wind Day. It will sponsor the photo competition that will be launched at EWEA 2013 (*see panel*).

The wind industry can continue to grow in new and established markets. But it must counter its attackers and allow the public to discover what it has to offer.

Global Wind Day: www.globalwindday.org

HAPPY SNAPPER: Last year's Global Wind Day photo competition winner, Austrian Markus Haslinger

Put yourself in the picture

This year's Global Wind Day photo competition asks people around the world to share their wind-energy story.

Under the theme "What does wind energy mean for me?" the 2013 contest will encourage participants to share their personal perspectives via photographs, accompanied by stories, poems and songs.

The competition — organised by the European Wind Energy Association and the Global Wind Energy Council — is open to any photographer who wants to capture images of wind energy from a new perspective and tell the story behind it. The global winner will receive a €1,000 ($1,300) Amazon voucher, and five regional winners will get a €250 voucher.

The competition will be launched at EWEA 2013, and entries are open until 5 May. See www.globalwindday.org

Europe is being driven by an easterly wind

PHILIPPA JONES

Wind is now a truly European industry. And despite concerns about the short-term outlook in more mature markets, positive signals are coming from the east.

The traditional wind bastions, Germany, the UK and Spain, led the field for new installations last year. But Romania and Poland were among the ten biggest EU markets for the second year running.

EWEA 2013 also wants to further discussion on what is happening beyond EU borders. Turkish Energy Minister Taner Yildiz will explain in his keynote speech on 4 February how he sees the development of his country's market.

Turkey has a growing economy, and energy demand is booming. Ankara estimates that more than 50GW of new generation needs to come on line before 2020, and the government wants to see 20GW of wind installed by 2023, up from 2GW today.

Many of the continent's mature wind markets are experiencing damaging changes to national support schemes, but again the situation is brighter in emerging markets.

Turkey still has a feed-in tariff and guaranteed ten-year power-purchase agreements for renewables. Romania has introduced legislation confirming that each megawatt hour of wind will get two green certificates at the price dictated by the market, promising good development up to 2017. And Poland plans to attract offshore investment, with an objective of 1GW by 2020.

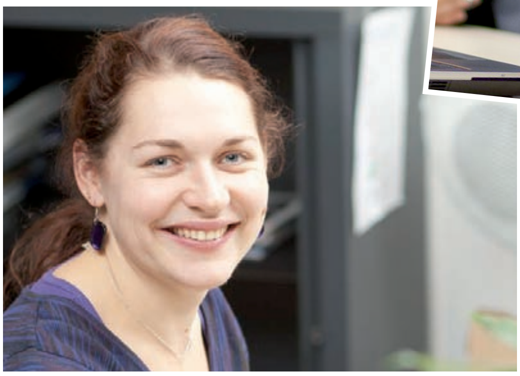
Vienna is at the crossroads of Europe's mature and developing wind economies. EWEA 2013 hopes to help bring these markets closer together, not least because many barriers — administrative hurdles and grid development — are the same for both sets of players.

At EWEA 2013, on 5 February, two morning sessions and an afternoon workshop will focus on emerging markets.

EWEA 2013: brought to you by...

EWEA media officer Peter Sennekamp, *above*, and head of membership and business development Christelle Roche, *right*

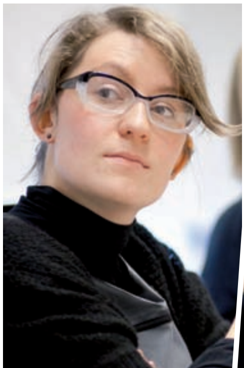
Senior business development manager Sanna Heinonen, *above*, and conference manager John McSweeney, *below*



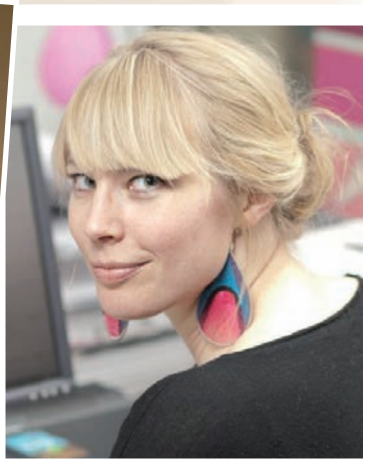
Head of conferences Amy Parsons, *above*, and senior events manager Celia Galeotti, *below*

Behind the scenes at every European Wind Energy Association event, there are dozens of people working hard to make it a success. Every person in each department is involved in some way. The work begins more than a year in advance, with every aspect — from what you eat to whom you meet — planned in meticulous detail. These are just some of the dedicated EWEA staff who transform the event from an idea into reality...

Photos: JASON BICKLEY, EWEA



Marketing manager Deborah Yates, *above left*, and events manager Aleksandra Nowak, *above right*



Conference manager Louise Lilja, *above*, and director of membership and events Malgosia Bartosik, *left*