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*The European Forum  
for Renewable Energy Sources*

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# **Adequate support schemes for RES heating and cooling**

**Dr. Burkhard Sanner**

**European Geothermal Energy Council, Brussels**



# Incentives are about creating the right framework conditions

- **Financial incentives:** *Any public policy giving a financial advantage to those who install a RES H&C system or who make use RES energy*
  - Direct grants, Tax reductions, reduced or zero interest rate loan, green certificates, insurance
- **Non Financial:** *Any public policies aimed at increasing the use of RES H&C except those mentioned above*
  - Simplification licensing procedures
  - Information

# Flanking measures are crucial

- Promotion and information
- R&D and demonstration projects
- Training and certification
- Standards and quality
- Building regulation and RES ordinances



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# Financial incentives, a necessary evil?

- Fossil technologies without externalities still too cheap ( and receive more subsidies ! )
- Difficult to sell long term “pay-back”
- Emerging markets
- However, they provide results...

*They lead to strong market uptake but may have unwanted effects*

*- so right policy decisions are crucial !*

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# Financial incentives I

	Direct financial incentives		Tax incentives	
	Investment grants	Feed-in Tariffs	Tax reduction	VAT reduction
-	<ul style="list-style-type: none"> <li>• Effect on prices</li> <li>• Red tape</li> </ul>	<ul style="list-style-type: none"> <li>• energy output?</li> <li>• control?</li> </ul>	<ul style="list-style-type: none"> <li>• indirect effect</li> <li>• black market ?</li> </ul>	<ul style="list-style-type: none"> <li>• VAT EU reg</li> <li>• Indirect effect</li> </ul>
+	<ul style="list-style-type: none"> <li>• Most common</li> <li>• Very efficient</li> </ul>	<ul style="list-style-type: none"> <li>• Increase RES share</li> <li>• long term</li> </ul>	<ul style="list-style-type: none"> <li>• no application</li> <li>• “Emersione”</li> </ul>	<ul style="list-style-type: none"> <li>• simple</li> <li>• little effect on public finance</li> </ul>
Examples	Czech Republic, Germany, Poland, Slovakia, Ireland	UK in 2011	Italy, France	France

# Financial incentives II

	Low or zero interest rates loans	White, green certificates
-	<ul style="list-style-type: none"> <li>• little impact</li> <li>• processing of requests</li> <li>• overhead can be high</li> </ul>	<ul style="list-style-type: none"> <li>• General measure</li> <li>• Complexity</li> </ul>
+	<ul style="list-style-type: none"> <li>• good flanking measure</li> <li>• relevant also for specific targets (large installations-R&amp;D)</li> </ul>	<ul style="list-style-type: none"> <li>• Long term</li> <li>• self financed</li> </ul>
Examples	France, Poland, Germany, Portugal	Sweden, ESD (France)

# **A promising example: the UK Renewable Heat Incentive (RHI)**

**First phase in force since March 2011**

**Non-domestic sector:**

- RHI payments to be claimed by, and paid to, the owner of the heat installation**
- Payments will be made quarterly over a 20 year period**
- Tariff levels have been calculated to bridge the financial gap between the cost of conventional and renewable heat systems**
- Heat output to be metered and the support calculated from the amount of heat used for eligible purposes, multiplied by the tariff level**

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## **A promising example: the UK Renewable Heat Incentive (RHI)**

**Domestic sector, further details to come up soon (and fully in force in 2012), with the following criteria:**

- a fair spread of technologies across all regions of Great Britain, including biomass, solar thermal and heat pumps (including air source heat pumps)**
- a well insulated home based on its energy performance certificate**

**„The Coalition Government has decided that the RHI will be funded from general Government spending. The previous Government’s plans for an RHI levy to fund the scheme were considered overly complex“**

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# A warning: Incentives could also lead to unwanted results – like a huge share of electricity for heating

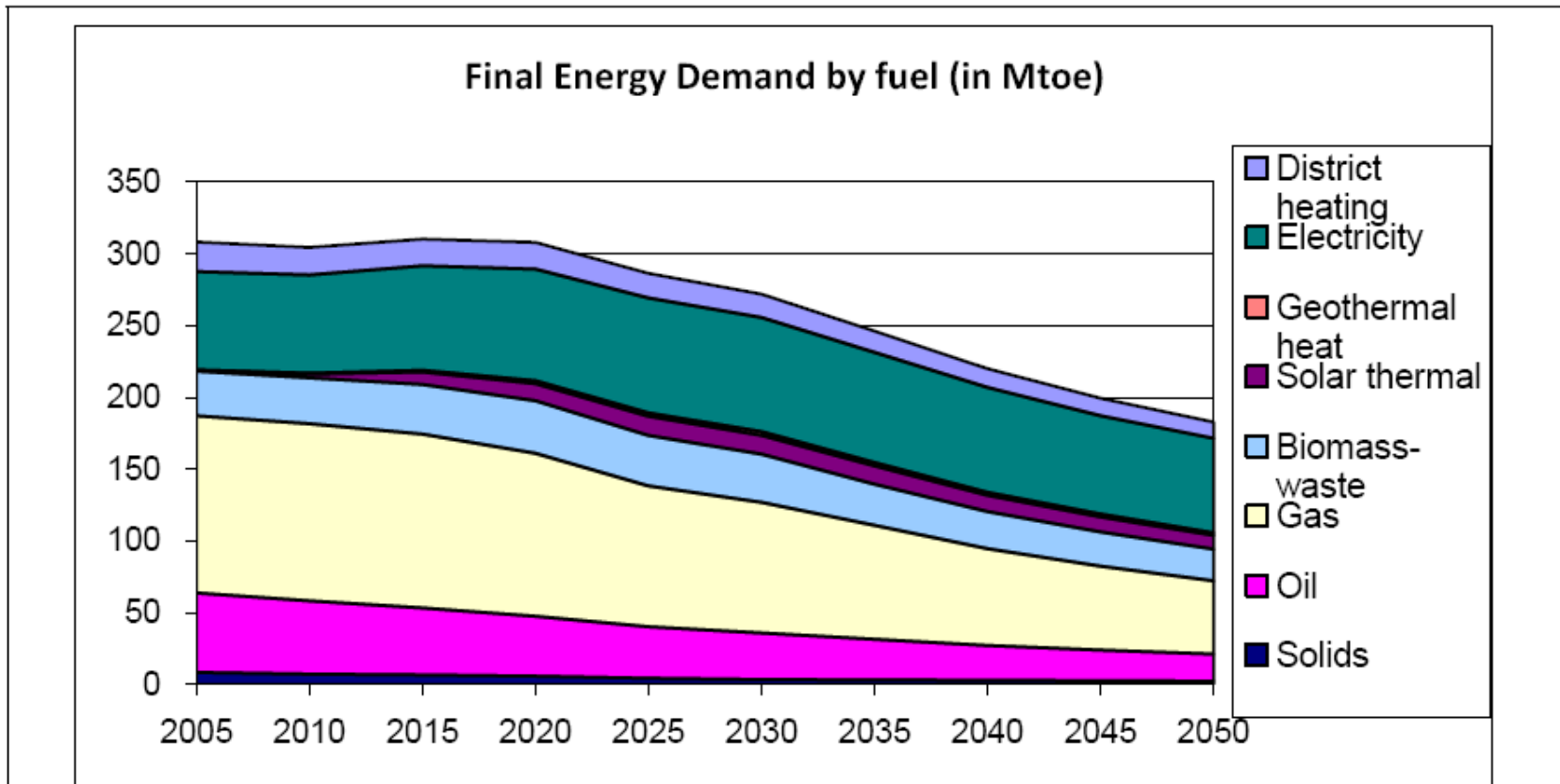


Figure 4: Residential Sector. Final Energy Demand by fuel up to 2050 according to *Power Choices* scenario (EURELECTRIC, *Power Choices*)

From EURELECTRIC Policy Paper April 2011



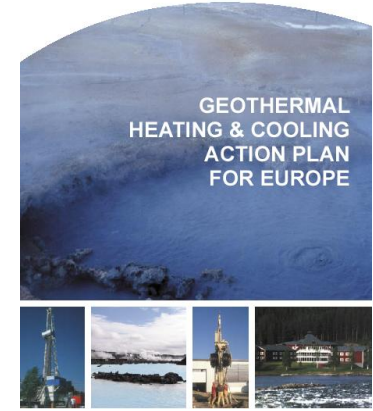
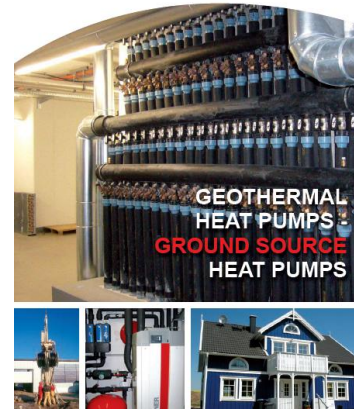
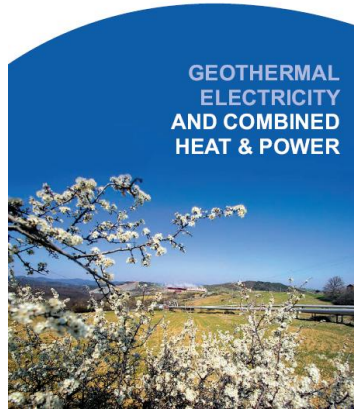
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# Recommendations

- Have mid & long term perspectives:  
**no stop-and-go schemes !!!**
- One-stop-shop for project developers & customers
- Link with quality
- The key positive effects of well designed and managed financial incentive schemes are:
  - Reduction of the upfront investment costs
  - Psychological effect: signal of the public authority to the potential users

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***Thank you very much for your attention!***



**GEOHERMAL SNOW MELTING AND DE-ICING**



**GEOHERMAL ENERGY USE IN AGRICULTURE**



**GEOHERMAL DISTRICT HEATING**



**GEOHERMAL DESALINATION**

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