

**Councillor Kevan Lim**  
**East of England Regional Assembly**  
**North Sea representative on CPMR Energy Group**

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Report on CPMR Energy Group

The CPMR Energy group had a session with Mr Samuele Furfari, Deputy Head of DG Tren at the Commission who has responsibility for renewable energy policy.

There appear to be 3 key areas of concern that arise from those discussions.

1. The target for some member states seems very conservative and appears to be based on the states achievements so far on achieving renewable energy. The UK target for example is 15% of renewables by 2020.

2. Within the individual targets for member states, there will be the ability to transfer some of their renewables targets to other member states under a guarantee of origin. This is an area of concern as it is not clear from the commission's proposals how this system will work. It was also not clear if states can transfer part of their obligation before they have met their renewables target. This would be a major potential issue as in theory it would enable individual member states for example to transfer some of the obligation to a lower cost member state rather than expanding their own renewables sector.

This was an issue that needed clarification with the commission.

Following discussion with the European Commission they confirmed that

*The system of transfer of guarantees of origin covers electricity and large-scale heat. It covers both physical trade in electricity, and 'virtual trade' in which renewable energy produced in one Member State would count towards the target of another*

- A transfer can happen in two ways: by an agreement to transfer guarantees of origin between governments (under Article 9.1) or by transfer of guarantees of origin between companies (Article 9.3)*
- Transfer between governments is subject to the condition that the government 'exporting' guarantees of origin is on track to reach its own target*
- Transfer between companies is subject to the condition that either of the countries involved would have the power to say 'no'*

3. The commission is also proposing a 10% minimum requirement for each member state on bio fuels for Eu transport. This proposal was being

challenged by a number of MEP's who are concerned about the environmental impact of bio fuel on food production

The commission did not seem to recognise in the proposals the potential impact of expansion by non-EU states of their bio fuel production. Whilst the expansion may have economic benefits for those states in regions like Africa and South America, it also has the potential to damage food production in those regions.

In Article 20 of the draft Directive, it is stated that *the European Commission will monitor the impact of EU bio fuel policy on the availability of foodstuffs in exporting countries, in addition to the availability of people in developing countries to afford these foodstuffs and wider development issues.* The European Commission has said that it will monitor both the negative and positive impacts.

According to the European Commission, it is also concerned that appropriate standards of production should be met. Imported bio fuels and bio liquids will need to meet the environmental sustainability criteria listed in Articles 15-17 of the Directive (e.g. the bio liquids and bio fuels shall not be made from raw materials obtained from land which is highly biodiverse or from land with high carbon stock).

We are now clarifying with the European Commission on exactly how standards of production will be monitored (e.g. the draft Directive refers to multilateral and bilateral agreements between the EU and non EU countries under Article 16) .

#### Energy Co-ordination Group

Due to Council commitments I have not yet been able to convene the meeting of Energy Co-ordination Group but will report at the Executive Meeting on Progress.

Kevan Lim