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EXPLOITING THE POTENTIAL OF RENEWABLES IN ENERGY PRODUCTION

Meeting of Chairpersons of Environment and Energy Committees
of EU National Parliaments

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Introduction

Chairpersons, Commissioner and distinguished guests, good morning.

I am very pleased to welcome you all today to Dublin Castle and I would like to thank you for your invitation to speak to you on the potential benefits of renewable energy.

Our current economic environment, allied to EU and international energy developments, requires us to reassess energy policy directions and to ensure that we set the best course for the short, medium and long term.

However, while it is true that many of the key drivers for energy policy have changed in the last five years, the overriding policy objectives remain the same. Security of supply, competitiveness and sustainability will continue to be the pillars of energy policy.

We remain all too heavily reliant on imported fossil fuels for our energy needs. In Ireland alone we currently import approximately 6 billion euro worth of fossil fuels per annum.

The on-going economic turmoil and geo-political uncertainty only further underline the risks associated with a dependency on imported fossil fuels.

This dependency underlines the immediate and long term imperatives to enhance energy security, reduce price volatility and ensure energy sustainability at competitive prices for both individuals and businesses, while meeting our demanding renewable energy and climate change targets.

Last month we held an Informal Meeting of Environment and Energy Ministers here in Dublin Castle. At the back-to-back lunch the discussion was focused, in the context of the Commission's Green Paper on post-2020, on how to ensure a coherent EU climate and energy policy framework whilst renewing economic growth and competitiveness.

Later during the informal, energy ministers discussed a number of issues each of which is of direct relevance to the role of renewables:

- the Internal Energy Market, with the focus on consumers, demand-side management and distributed generation;
- financing energy efficiency;
- the impacts of unconventional oil and gas on security of supply, competitiveness and prices; and, finally,
- the integration of intermittent renewable sources into the networks.

While significant efforts continue to be made to diversify transport and heat energy sources to renewable energy, the reality is that in the medium to long term oil will continue to play a pivotal role in the energy sector. Until we achieve a fully decarbonised economy, there is a need to ensure secure and competitive oil supplies, without ignoring the unconventional oil and gas revolution which is already reshaping global energy markets.

The question is what do we need to do to ensure investment, maintain competitiveness and avoid carbon leakage?

Many at that meeting agreed that achieving the internal energy market is critical if we are to optimise, in a cost effective manner, the penetration of renewables and that achieving energy efficiency targets is going to be key to achieving our renewables and greenhouse gas emissions goals. In Ireland for

example, energy efficiency will deliver 2% of our 12% renewable heat target.

For the EU, full implementation of the Third Energy Package is an absolute must. Ireland strongly supports full completion of the Internal Energy Market, but this should not be regarded as an end in itself. It is a means to benefit all EU citizens, by contributing to economic growth, to security of energy supply at affordable prices, and to sustainable energy use through the development of secure and sustainable energy sources.

The package includes the Renewables Directive, which was instrumental in providing the necessary stability for development of the renewables sector in Europe, and the Commission's June 2012 Communication on the future of Renewables; we await Commission guidance papers on support schemes and cooperation mechanisms. In addition, the Energy Efficiency Directive and the Energy Infrastructure

Regulation were agreed under the Danish and Cyprus Presidencies.

The post-2020 Framework discussions during our Presidency, which will also continue into the Lithuanian Presidency, will support this process of making an informed and equitable decision.

The scenarios envisaged in the Commission's Energy 2050 Roadmap foresee significant development of renewable energy up to 2050 as a "no regrets" option. The Renewables sector requires investor certainty on the energy landscape post-2020. While I agree with this, one thing is clear: renewable energy will continue to play a significant role and we can plan for, and invest in it on a "no regrets" basis.

So, while we do need to decide on a post-2020 Framework, we already have a direction to take and the most immediate issue is to ensure we continue on the path to 2020.

Renewable Energy Targets

The 2009 Renewable Energy Directive has set very ambitious targets with the objective of achieving 20% of all energy in the EU from renewable sources by 2020. Not just for its own sake but because a vibrant renewable energy sector can deliver on a number of fronts: it can help wean Europe off imported fossil fuels, enhance security of supply, create employment opportunities and deliver competitively priced sustainable energy. It will also be critical to decarbonising our economies and will assist with the treatment of wastes.

How we achieve these challenging targets will have a major impact on our future economic prosperity and wellbeing and here in Ireland the de-carbonising of the entire energy system will be a central tenet of Irish energy policy over the short, medium and long term.

Renewable Energy

In relation to renewable energy, wind energy has been a significant driver of growth. Like many European countries, Ireland has seen huge growth in wind-generated electricity in recent years. Since 2003, approximately 1,250 turbines with a total capacity of almost 1,800 MW have been commissioned and almost 18% of our 2012 electricity consumption was drawn from renewable sources, to make the single greatest contribution to achieving our 2020 target to deliver 40% of electricity demand from renewable sources.

As we move towards more integrated European wide electricity and gas markets, it gives Ireland a real opportunity to develop new markets for our renewable resources, so that we become a net exporter of renewable energy and technology. This means that renewable sources of energy can play a critical role in our economic recovery, offering growth and job creation opportunities.

The significant development of renewable energy is linked to the potential for international trade in renewable energy. In January the United Kingdom Secretary of State for Energy and Climate Change Edward Davey and I signed a Memorandum of Understanding on energy cooperation. That Memorandum sent a strong signal of our shared interest in developing the opportunity to export green energy from Ireland to Britain. I believe trading of renewable energy can result in more cost efficient uses of resources, can drive down deployment costs, can be sustainable in the long term and can reduce dependence on fossil fuels.

The enabling cooperation mechanisms under the 2009 Renewable Energy Directive are in their infancy and are not being used as expected. They have to result in clear benefits for governments and developers. The benefits of such projects will not only be felt in the renewable energy sector but can deliver significant high quality employment.

On the transport side, like most Member States Ireland will meet its 10% target mainly by the increased deployment of biofuels but also by the replacement of part of our transport fleet with Electric Vehicles.

Increased demand for biofuels is acting as an incentive for the indigenous production of sustainable biofuels and, when made from waste materials, this will deliver significantly greater environmental benefits.

Despite the slower than anticipated uptake, both here and across Europe, Electric Vehicles will become a mainstream mode of transport, especially post 2020, and will play an important role in the decarbonisation of transport.

Infrastructure must be put in place to support an increasing number of EVs. The development of this infrastructure is providing opportunities both to local manufacturers, in the production of charging points, and to the ICT and engineering

sectors in the design of hardware and software for this infrastructure.

Ireland, I am glad to say, is at the vanguard of the deployment of intelligent charging infrastructure. The electrification of transport, by acting as an energy store, will also provide a means of better balancing electricity supply with demand which will further increase the efficiency and effectiveness of wind and other intermittent power on the system and lead to lower energy costs.

Conclusion

Developing renewable energy is an integral part of achieving sustainable energy objectives and our climate change strategy. Along with energy efficiency and smart networks, it will assist in transforming Europe's economy from one based on a predominantly import-based fossil fuel dependence to a more indigenous low carbon economy.

While much of the focus to date has rightly been on achieving our 2020 targets, the international agenda is very much moving out to 2030 and 2050. Energy is at the heart of all economic development and growth, and security of supply is the life blood.

A fully integrated and interconnected internal energy market will ensure the future of the energy sector in Europe, with positive consequences for business, consumers and growth. The shift from traditional carbon-based energy sources to alternative sources, especially renewables, as well as improved interconnection and greater energy efficiency measures, will all require increased coordination at EU level. The aim of these efforts is not simply to achieve the 2020 targets, but to progress beyond that to 2030 and towards the 2050 goal of a decarbonised economy.

Renewable energy will clearly have a central role to play over the coming decades in the context of EU energy and economic

policy. It is the “no regrets” option. As acknowledged by all at the Informal Council Meeting, renewable energy is the only long-term solution to the energy problem. The challenge for us all, however, is to leverage the resources we have to maximise the benefits that accrue to the economy and our citizens.

Thank you.