

COST AND POTENTIAL OF RENEWABLE ENERGIES IN EUROPE

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Statkraft
PURE ENERGY

NEW RES POLICIES: ATTRACTIVE GROWTH POTENTIAL..

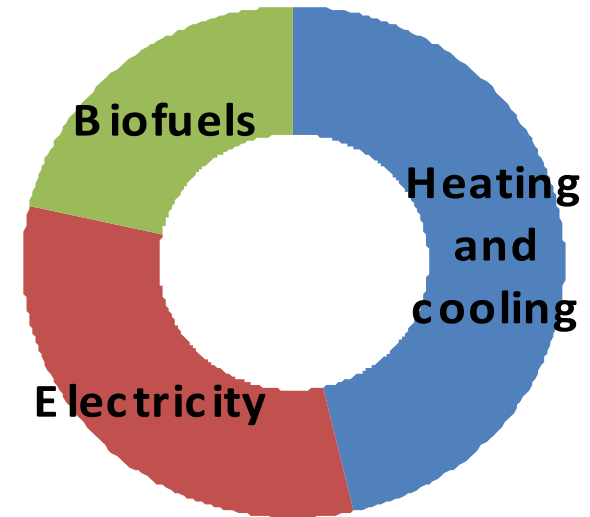
20 % renewables in 2020

Growth until 2020

(~1700 TWh / 146 mtoe)

Renewable targets per sector:

Transportation	10%
Electricity	~35%
Heating and cooling	~18%

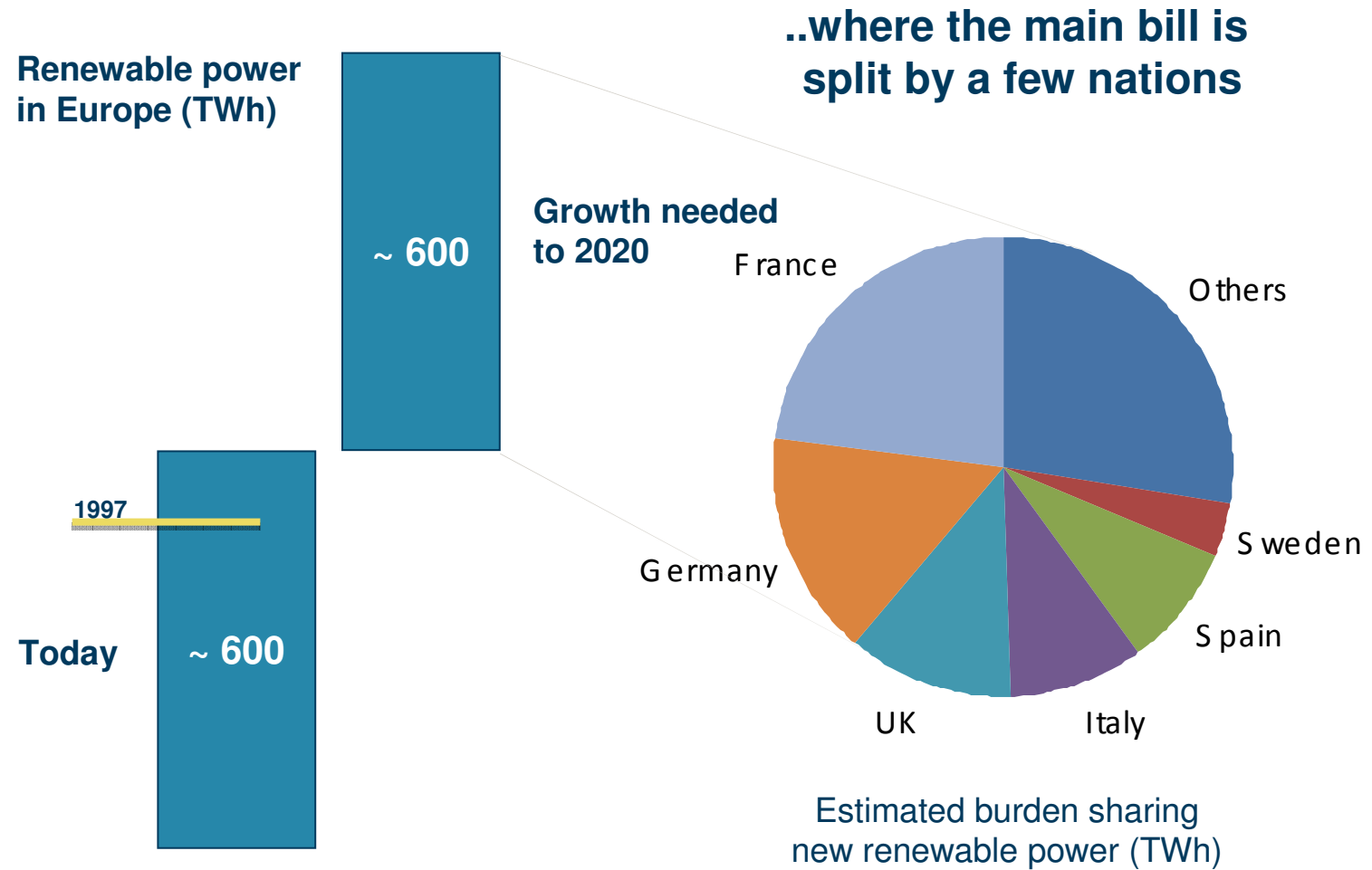


..FOR A COMPANY AS STATKRAFT






- > *Statkraft is a Norwegian power company, with a strong base in hydropower and a European leader within renewable energy.*
- > *The Group generates hydropower, wind power, gas power and district heating and is a major player on the European energy exchanges.*
- > *Statkraft has 15 years of experience of operating in liberalised power markets.*

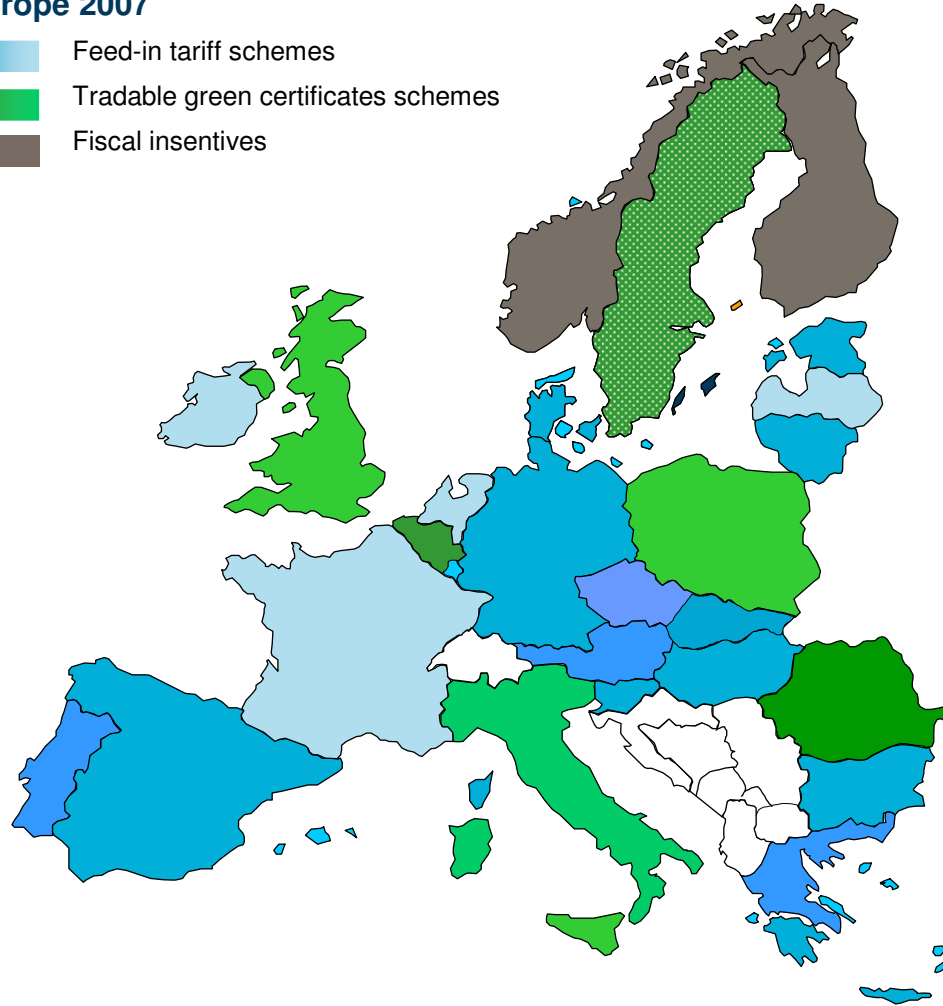
HUGE INVESTMENTS IN RENEWABLE ELECTRICITY REQUIRED..



MANEUVERING IN THE LABYRINTH OF 30 DIFFERENT SUPPORT SCHEMES...

Europe 2007

-  Feed-in tariff schemes
-  Tradable green certificates schemes
-  Fiscal incentives



... is this the best
foundation for
massive growth?

..RATHER THEN LOOKING FOR THE WIND

Wind resourcesand installed capacity



Kilde: VGB PowerTech



Kilde: EWEA

A EUROPEAN ARENA FOR INNOVATION

Industrial policy and renewables

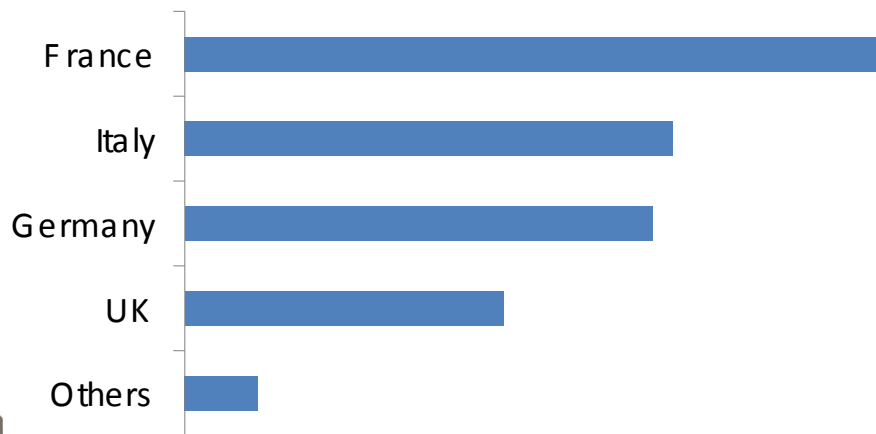
- > EU´s global political leadership on climate change and renewables should be turned into an industrial leadership based on competitiveness
- > Should renewables support be dominated by national industrial policy concerns?
- > Active R&D policy is vital, but can best be handled outside the renewables support schemes
- > A European certificate market will reduce barriers to entry for investors, and increase competition for new investments

Several hundred billion euros of investments over the next 10-12 years

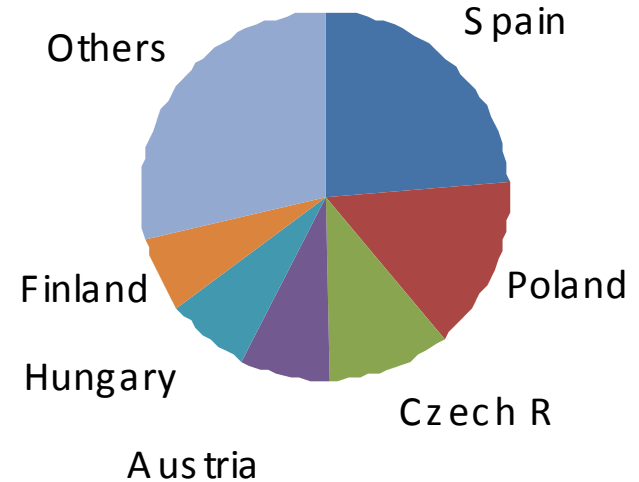
THE VALUE OF AN OPEN MARKET..

- > Commission estimates up to € 8 bn annual cost and higher GHG emission of not trading
- > The numbers indicate that one third of the needed growth in renewable power should come from another country then where it is paid for
- > The provisions for trade in Guarantees of Origin in the proposed RES Directive are weak and will not lead to significant trade

"BUYERS"
RES demand surpassing "best-fit"



"SELLERS"
RES supply surpassing "best-fit"



..AS DEMONSTRATED IN THE CARBON MARKET

EU EMISSION TRADING SCHEME (ETS)

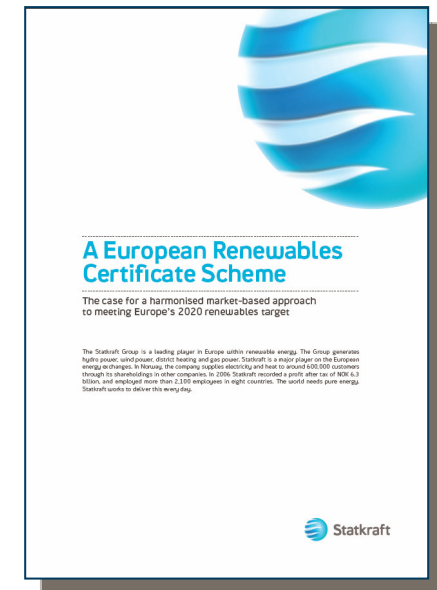
*”Besides underlining the need for verified data, experience so far has shown that **greater harmonisation** within the EU ETS is **imperative to ensure** that the EU achieves its emissions reductions objectives at **least cost and with minimal competitive distortions**.*

*The first two trading periods also show that **widely different national methods** for allocating allowances to installations **threatens fair competition** in the internal market.”*



STRONG CASE FOR A EUROPEAN MARKET-BASED APPROACH..

- The 20% RES target is a huge growth opportunity for investors in renewables
- The economic and environmental costs of 30 different policies are high and will increase
- The strong arguments for trade in GoOs are not supported by the proposed RES Directive
- The industrial policy issues needs to be addressed going forward
- Securing grid co-ordination and investments on a European scale will be key
- The goal should be a harmonised European Renewable Certificate system



PURE
ENERGY

