



**Ministerial Conference under the German Presidency of the EU
Renewable Energy and Energy Efficiency –
Innovative policies and financing instruments for
the EU's southern and eastern neighbours
19 April 2007, Berlin**

Summary and conclusions

The Ministerial Conference on “Renewable Energy and Energy Efficiency – Innovative Policies and Financing Instruments for the EU's Southern and Eastern Neighbours” under the German Presidency of the EU Council convened delegations from 35 countries, including 15 countries represented at ministerial level, on 19 April 2007 in Berlin.

Recognising that the world today is entering a new energy era requiring global action and cooperation, the Conference expressed growing concern over energy security, climate change and access of the poor to modern energy services. Energy security is becoming a central priority for all nations as a factor in healthy economic growth and both internal and external stability. But energy security is about more than just securing future sources of oil. It includes the diversification of energy sources, increasing domestic supply to meet the future growth in demand and strengthening efforts to reduce such demand.

Concerned about the findings on global warming and climate change and related adverse impacts such as heat waves, droughts, floods and heavy precipitation events that are described by the latest scientific findings of the Intergovernmental Panel on Climate Change (IPCC) as well as the consequences that these impacts will have on security due to increased competition for access to energy and water sources;

Committed to sustaining our natural environment and thereby the basis for economic growth and social welfare by limiting the global average temperature increase to below 2° C;

Aware of recent economic analyses, in particular that of Sir Nicholas Stern, indicating that the benefits of strong global early action on climate change far outweigh the economic

costs of action, and also that the adverse impacts of climate change will hamper economic and social development in all countries and endanger the recent gains in poverty reduction in developing countries;

Acknowledging the need for further expansion of renewable energy, energy efficiency and access to energy;

Recognising the efforts already made in the EU neighbouring countries to advance renewable energy and energy efficiency in their own countries;

Considering the increasing interdependence between energy exporting and energy consuming countries and the growing awareness in the EU's neighbouring countries of the need for a secure and sustainable energy supply;

Acknowledging the strong contribution that renewable energy and energy efficiency make today, and will make in the future, to climate protection, energy security, job creation and economic development, particularly in rural areas;

Taking into account the dynamic growth of renewable energy in Europe and a number of EU neighbouring countries and the innovative character of the industry,

the Conference discussed best practices and possible options for the future role of renewable energy and energy efficiency in the context of the main energy policy goals of sustainable development, climate change, security of energy supply and competitiveness.

The following conclusions should serve as guidance for the future direction of the European Neighbourhood Policy and the Euro-Mediterranean Partnership and also for international endeavours e.g. the forthcoming 15th session of the UN Commission on Sustainable Development:

1. The Conference underlines the considerable potential of renewable energy and energy efficiency to help reduce energy consumption, diversify energy sources and foster sustainable development, thus providing a new vision for the European Neighbourhood Policy (ENP).
2. The Conference further encourages EU neighbouring countries to support the EU target of reducing greenhouse gas emissions by at least 20% by 2020 compared with 1990 levels and by 30% provided that other developed countries commit themselves to comparable emission reductions and more advanced developing countries adequately contribute in accordance with their responsibilities and respective capabilities.
3. The Conference recalls the binding target of a 20% share of renewables in overall EU energy consumption by 2020, and a 20% increase in energy efficiency by the same date and encourages EU neighbouring countries to set their targets according to their

capabilities. In order to meet these targets, appropriate policy instruments such as feed-in tariffs, quota, portfolio standards and blending rules, green certificates, pool models, tax incentives, grid connection regulations and guidelines, building and energy standards and labelling should be considered. The current practice of case-by-case tendering in neighbouring countries could be replaced by a generalised promotion policy.

4. To this end, the Conference calls for long-term policies and measures and invites the European Union to support the EU neighbouring countries in increasing the use of renewable energy resources and energy efficiency.
5. Taking into consideration the growing demand for energy and the potential for renewable energies and efficiency gains, cross-border expansion of the electricity grid will require an intelligent ENP-wide grid infrastructure. This would allow better integration of renewable energy resources, i.e. from hydropower, wind, solar energy and cogeneration units. The Conference particularly underlines the need for the large-scale promotion of promising technology applications such as solar-thermal, paving the way for a bigger share of renewable energy in heating and cooling.
6. The Conference takes note of the prerequisites industry has identified for facilitating investment in renewable energies and energy efficiency:
 - Fair pricing mechanisms;
 - Grid access;
 - Simplified administrative procedures;
 - Public acceptance of renewable energy and energy efficiency policies and measures which are “long-term, loud and legal”.
7. The Conference equally emphasises creating an enabling environment based on a regulatory framework including cost-reflecting tariffs, grid connection agreements, building codes, standards and labelling as well as awareness-raising in order to realise the great potential and economic benefits of energy savings and efficiency.
8. The Conference has noted the current common practice of energy subsidisation with a social policy purpose. This practice reduces significantly the competitiveness of renewable energy and energy efficiency technologies. Policies which maintain the necessary support for energy access without hindering the growth of renewable energy and energy efficiency should be encouraged.
9. The Conference recognises the significant potential that renewable energy and energy efficiency technologies offer for innovation and employment. In order to profit from these for their own development, the neighbouring countries are encouraged to build up local industries which will also help equilibrate the renewable energy technology markets and bring costs down further.

10. The Conference recognises the need for significant financial resources, both public and private, to be invested in renewable energy. This should include the use of innovative financing mechanisms including small credit systems for renewable energy and energy efficiency technologies. The Conference recognises the benefits which the flexible mechanisms under the Kyoto Protocol, CDM and JI, offer for the implementation of renewable energy and energy efficiency projects. The option of using CDM and JI should not be limited to the first Kyoto period but extended beyond 2012.
11. Concerted global action to promote renewable energy and energy efficiency is needed. Cooperation on the optimisation of national support schemes, exchange of best practices and technical progress through initiatives and partnerships such as REN 21¹, REEEP², MEDREP³, JREC⁴, GVEP⁵ and EUEI⁶ are important in this context.
12. The Conference recognises the important role business and civil society play in the development of strategies to effectively move forward renewable energy and energy efficiency and their implementation.

An effective and internationally coordinated policy is needed to accelerate development of both renewable energy and energy efficiency markets. Efforts should be channelled into finding ways and means of creating favourable conditions for investment in neighbouring countries. Cooperation should be enhanced between the EU and its neighbouring countries to establish a framework for economic and financial partnership, based on market economic principles and the integration of economies that takes into account the needs of all countries.

¹ REN21 – Renewable Energy Policy Network for the 21st Century

² REEEP – Renewable Energy and Energy Efficiency Partnership

³ MEDREP – Mediterranean Renewable Energy Programme

⁴ JREC – Johannesburg Renewable Energy Coalition

⁵ GVEP – Global Village Energy Partnership

⁶ EUEI – European Union Energy Initiative