



The Johannesburg Renewable Energy Coalition

Information Note

Conclusions from the 2nd International JREC Conference in Sonderborg, 17-19 September 2003

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1. Conference Themes & Objectives

Renewable energy experts and representatives of governments from 60 countries met in Sonderborg on 17 – 19 September 2003 to discuss the further global development of renewable energies.

The conference was a follow-up to the World Summit in Johannesburg 2002 and the Johannesburg Renewable Energy Coalition Conference in Brussels, June 2003. The Sonderborg Conference focussed on “Renewable Energy on the Market - new opportunities” and its findings will be incorporated into the preparatory process for the International Conference for Renewable Energies to be held in Bonn, Germany, June 2004.

The Sonderborg conference opened with talks by the Danish Minister for Economic and Business Affairs, Mr. Bendt Bendtsen and the Danish Minister for the Environment, Mr. Hans Christian Schmidt, who conveyed the message that while markets already offer promising mechanisms to promote renewable energy technologies (RET), the threat of climate change demands that the RE share of the total global energy mix be increased as a matter of urgency. Furthermore they noted that a substantial increase in the production and use of RET constitutes a very central element of sustainable development efforts in both developed and developing countries.

The Ugandan Minister for Energy, Ms. Syda Namirembe Bbumba, the Cook Islands Minister for Energy, Mr. Tangata Vavia, and the Chinese Vice-Minister for the Environment, Ms. Wang Jirong underlined in their key-note speeches the vital importance of the issues to be discussed. All ministers expressed their firm intention to promote RE in their respective countries, taking into account the specific national circumstances.

On the basis of the ministerial and other key-note and technical presentations and comprehensive discussions, conference participants prepared a list of findings and recommendations (see Annex):

2. More Information

More information on the conference be found at <http://www.mim.dk/reconference/>. More information related to JREC, including other conferences can be found at <http://forum.europa.eu.int/Public/irc/env/ctf/home>. For additional information, please contact Thomas VERHEYE at the JREC Secretariat, European Commission (Thomas.verheye@cec.eu.int; Tel: ++32 (2) 295 96 39; Fax: ++32 (2) 296 99 70.

**The 2003 Sønderborg Conference on Renewable Energy,
from 17th -19th September 2003
Renewable Energy on the Market - new opportunities**

Principal findings

- Continued diffusion of RET will require a strong and firm policy framework with long-term commitments and must provide a clear vision for the role of RE in energy systems on the basis of local, national and regional resources and circumstances. The policy framework should provide sufficient investment security.
- Clear and realistic targets on the share of renewable energy are a fundamental policy measure and constitute a reliable guideline for investments.
- RE plays a crucial role in implementing the Kyoto Protocol and reducing greenhouse gas emissions.
- In many developing countries the driver for RE is social and economic development – improved access to energy, poverty reduction, gender equality, job creation, and positive impacts on health and enterprise development
- Getting prices right through market mechanisms is key. Fossil fuel subsidies are one of the main barriers to RE market penetration in both developed and developing countries.
- Focus must be on the potentials and benefits of RE rather than talking about barriers.

Policies and regulatory frameworks

- Development and support of RE is to be seen in close connection with the promotion of energy efficiency.
- In some countries there exists a need to integrate RE concerns into demand side management strategies and to minimise the information gap as a national barrier to the deployment of RE.
- An impressive number of developing countries are establishing RE programs and policies. There is a need to work in partnership with private sector, donors and NGO's in order to enhance implementation of these initiatives. Existing networks and partnerships must be strengthened and streamlined.
- There is a strong need for institutional leadership including one-stop clearing houses and RE champions.
- Tax exemptions for RE investments, feed-in tariffs, and more recently certificate-based systems have all proved to be successful tools for promoting RE under certain conditions. Power purchase systems for producers of RE electricity need to be provided.
- Electricity market designs need to explicitly address the unique technological and operational attributes of RE systems.

- Policy makers and regulators must take into account the crucial role of power networks in helping foster RE, whose full exploitation will often require fundamental changes in network operation, organisation, regulation and pricing.
- As RE in many instances is a substitute for investment in wire, transmission operators should make technology neutral decisions taking into account any advantages which distributed RE can bring to the network.
- After the development of the first generations of RE technologies, policy focus may shift towards making RE a fully integrated part of the energy market.
- Climate change mitigation will require a comprehensive mix of instruments that include RE
- Strengthening technology transfer (north-south and south-south) is crucial.
- CDM is a relevant policy instrument both for facilitating RE deployment and for contributing to the adoption of new technologies in developing countries.
- Getting the market to work as a main driving force for reducing the emissions of green house gases is a key factor.
- Institutional and human capacity building in developing countries should be given adequate attention to enhance implementation of RE policies.

Cost, investment and financing

- Price volatility for fossil fuels, environmental degradation, and the need for secure energy supply are additional risk costs which, if integrated in the calculations of overall costs, could yield substantially higher prices for conventional generation. The price of conventional energy should include the cost of risk and environmental impacts. If this is done, adding RE to the fossil-fuel generating portfolio reduces cost as well as risk. A new perspective in preparing forecasts including all cost elements would make RE a more reliable and safe investment for the future.
- International Financial Institutions must prioritise policies that promote local RE manufacture and market development in order to secure substantially higher RE shares in their investment policies.
- To facilitate RE market take up in developing countries, the range of financial products in the local capital market must be broadened.
- External aid finance must be provided in a manner that strengthens the active involvement of local financial institutions.
- There are many good examples of bottom-up approaches to RE deployment that focus on local enterprise development as the driving force, including the AREED, African Rural Energy Enterprise Development. There is a need for more programs that provide seed capital and development assistance for small and medium-sized enterprises.
- R&D can drive innovation, reduce RE costs, and stimulate market development in both developed and developing countries.
- Export Credit Agencies must adopt more environmentally sound policies and increase the proportion of RE in their portfolios, while at the same time

ensuring that this support is for need-driven, locally appropriate technologies and projects.

Finally members of the Johannesburg Coalition on Renewable Energy renewed their continued commitment to the work of the Coalition and encouraged all interested countries and key persons to participate in further strengthening international co-operation on renewable energy.

Conference delegates expressed high expectations for the upcoming International Conference on Renewable Energy to be held in Bonn, June 2004.