



New Danish Government Continues Vendetta Against Renewables: Environmental Bonus to Wind Less Than CO₂-tax

In a meeting with the energy policy spokesmen for the parties behind the Danish electricity reform today, the new Minister for Economic and Business Affairs, Bendt Bendtsen proposes to cut the present environmental bonus to wind energy from existing wind turbines to a maximum of 0.10 DKK/kWh. The legislation applies to turbines which are not running under a transitional scheme of full load hours. This is shown in a draft proposal dated 28 January sent to the parties' spokespersons.

During periods where the electricity price is above 0.20 DKK/kWh = 0.027 EUR, the environmental bonus will be cut automatically, so as to be less than the CO₂ tax on electricity, which is 0.10 DKK/kWh = 0.015 EUR/kWh. (The rate has been the same for more than 20 years).

The same wind turbine owners will be obliged to pay a so called "balancing cost", i.e. purchases and sales of virtual electricity which is assumed to even out the uneven production from each individual wind turbine. The Government estimates that this will cost the individual wind turbine owner some 0.015-0.02 DKK/kWh = 0.002-0.0023 EUR/kWh, while the Danish Energy Agency when working for the previous Government estimated the cost to be 0.023 DKK/kWh = 0.003 EUR/kWh. The law is worded so that this is not considered a reduction in the electricity price, but an increased cost of wind energy. In this way the Minister achieves a solution where the wind turbine owner never really obtains 0.10 DKK/kWh in environmental premium, but only about 0.077 DKK/kWh = 0.01 EUR/kWh.

The minister has thus ensured that the electricity price from existing wind turbines will be substantially below the guaranteed minimum price in the previously proposed system of green certificates, which still is listed in the text of the law (but which has been put on ice indefinitely). In addition, existing wind turbines will see a price ceiling below the equilibrium price for electricity from competing fossil fuel fired electricity plant.

"In this way, the Minister presumably believes that he has ensured that existing Danish wind turbine owners out of necessity will support the introduction of green certificates", says Soren Krohn, Director General of the Danish Wind Industry Association.

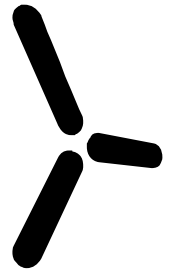
The Danish Wind Turbines Owners' Association rejected the introduction of green certificates at the hearing organised by the Danish Parliament on 28 September 2001.

"But now the Minister has put direct economic pressure on wind turbine owners to get support for green certificates. They are simply getting an offer they cannot refuse."

"With a fixed price system for renewable energy with a maximum price, i.e. 10-20% below that of a new gas fired power plant the minister has ensured that the fossil fuel lobby will not have any competition from new renewable energy installations,"

VINDMØLLEINDUSTRIEN
Vester Voldgade 106
DK 1552 København V

Tel : +45 3373 0330
Fax : +45 3373 0333
E-mail : danish@windpower.org
Internet : <http://www.windpower.org>



says Soren Krohn. In the latest parliamentary hearing on security of supply, less than one month ago, the Director General of the Danish power company E2 underlined that the average cost of new combined cycle gas fired power plant is 0.33 DKK/kWh = 0,044 EUR/kWh.

"The new Danish government is apparently continuing its vendetta against the previous government's policy of promoting renewables. Some might call this Godfather-brutality, but there is actually a certain political elegance in driving a wedge in between the wind turbine owners (who represent the existing wind power capacity), and those who are concerned with the future development of wind energy worldwide, i.e. the wind industry. Whether the move will succeed is another matter" says Soren Krohn.

"As far as I can see, the Danish wind turbine owners will now forget about selling their electricity on the Scandinavian electricity market. That would be an economic catastrophe as of today. They should probably sell it to the Netherlands instead, where the Government actively supports the purchase of renewable energy through a fixed price support system - provided that the renewable energy is not already receiving support in the country of origin."

The previous issue raises the interesting question whether the Danish Government intends to count Danish renewable energy sold to other countries as part of the Danish fulfilment of the EU directive on electricity from renewables.

"EU will not allow double counting, so it can create very interesting problems for the Danish Government to fulfil its renewables quota under the EU directive, if the wind turbine owners try to get a decent price for their electricity in the Netherlands", says Soren Krohn.

(7 February 2002)