



## **New Ministerial Order Changes Little for Danish Market**

In a ministerial order issued on 7 December 2001 the newly appointed Minister of Economic and Business Affairs, Mr. Bendt Bendtsen, proposes a change in payment for wind energy in Denmark.

Owners of wind turbines will see their payment drop almost 30 % from DKK 0.60/kWh to DKK 0.43/kWh. Furthermore, a time limit has been introduced so that the payment of DKK 0.43/kWh only applies to the first 22,000 »full load hours« of electricity production, equal to app. 10 years of production on an average Danish site. The new tariffs will apply to wind turbines coming online before January 1 2003.

The change in conditions comes as no surprise to the market. Mr. Bendtsen (Conservative Party) is simply carrying out decisions taken by the Parliament before the recent general election on 20 November 2001. The election caused a change in government and put Mr. Bendtsen in charge of Danish energy policy, a position formerly held by Social Democrat, Mr. Svend Auken.

The proposed change in payment will have little effect on the installation of wind power capacity in Denmark. Only a handful of contracts have been signed for onshore wind turbines over the past two years due to uncertainty about the future Danish payment system. The ministerial order is unlikely to change this.

The future of the planned Danish renewable portfolio standard (RPS) - a tradable green certificate scheme - continues to be unclear. Officially, the RPS plans have been shelved for at least two years. However, the political reality may be that Danish certificate trading has been shelved until the issue of a common EU payment system is clearer. The Danish Parliament is expected to meet during 2002 to discuss the conditions for wind power beyond 1 January 2003.

The future development of wind power in Denmark will predominantly be offshore. Denmark's goal is to install 4,000 MW wind power in the seas by 2030, enough to meet 50 % of the country's electricity demand. Offshore wind capacity currently totals 50 MW. App. 2,500 MW wind power is installed onshore in Denmark.

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