

Dutch Oil & Gas Conference, 25-06-2013

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# **Eneco's vision on energy transition, government policy, and SER treaty**

Kees-Jan Rameau



# Agenda

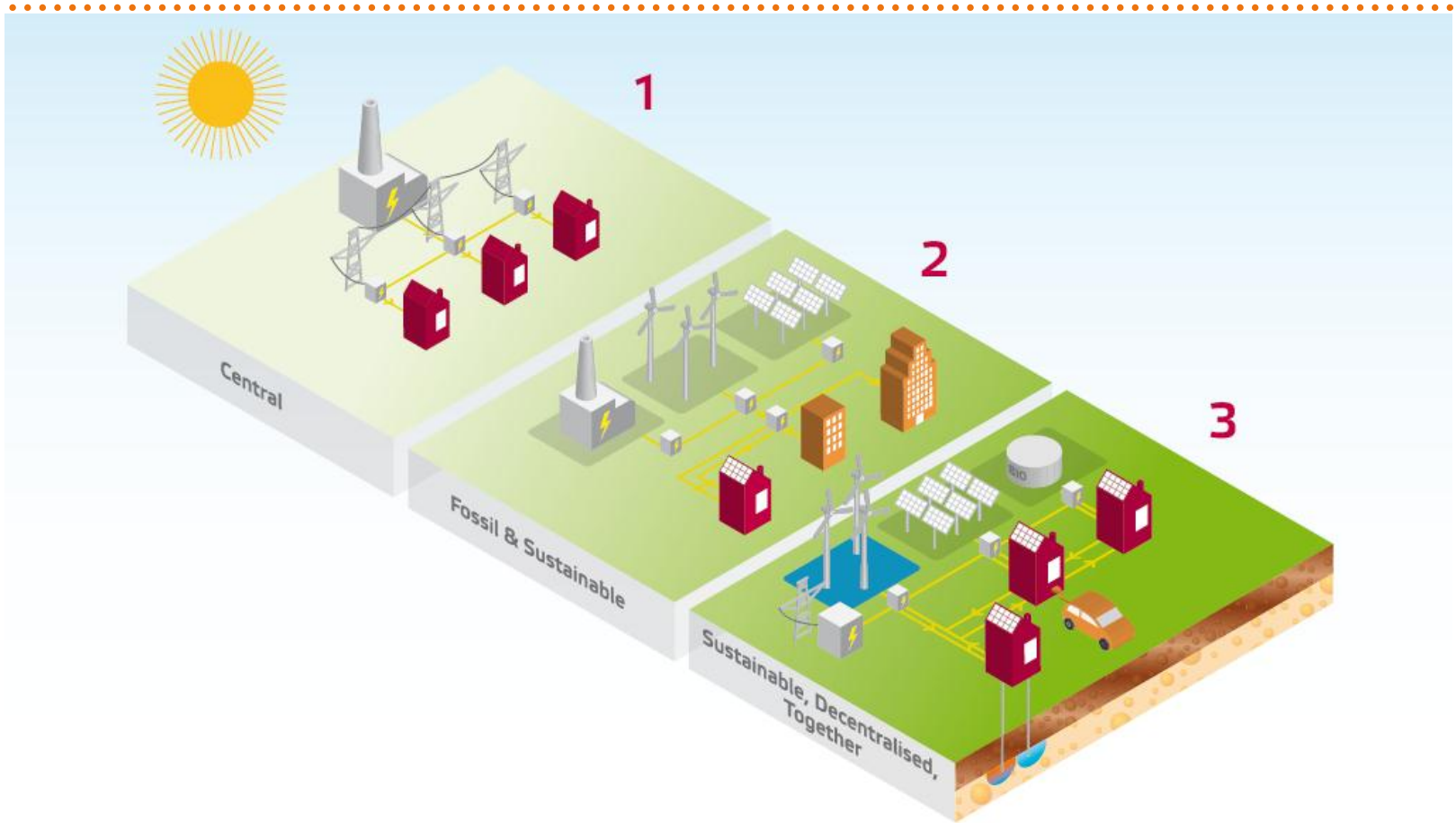
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Vision for energy transition

Case for change

Our position in SER process

# Eneco's vision for energy transition



Trend is both desirable and inevitable

# Growth drivers for sustainable energy

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**Security of supply**



**Combatting pollution/  
global warming**



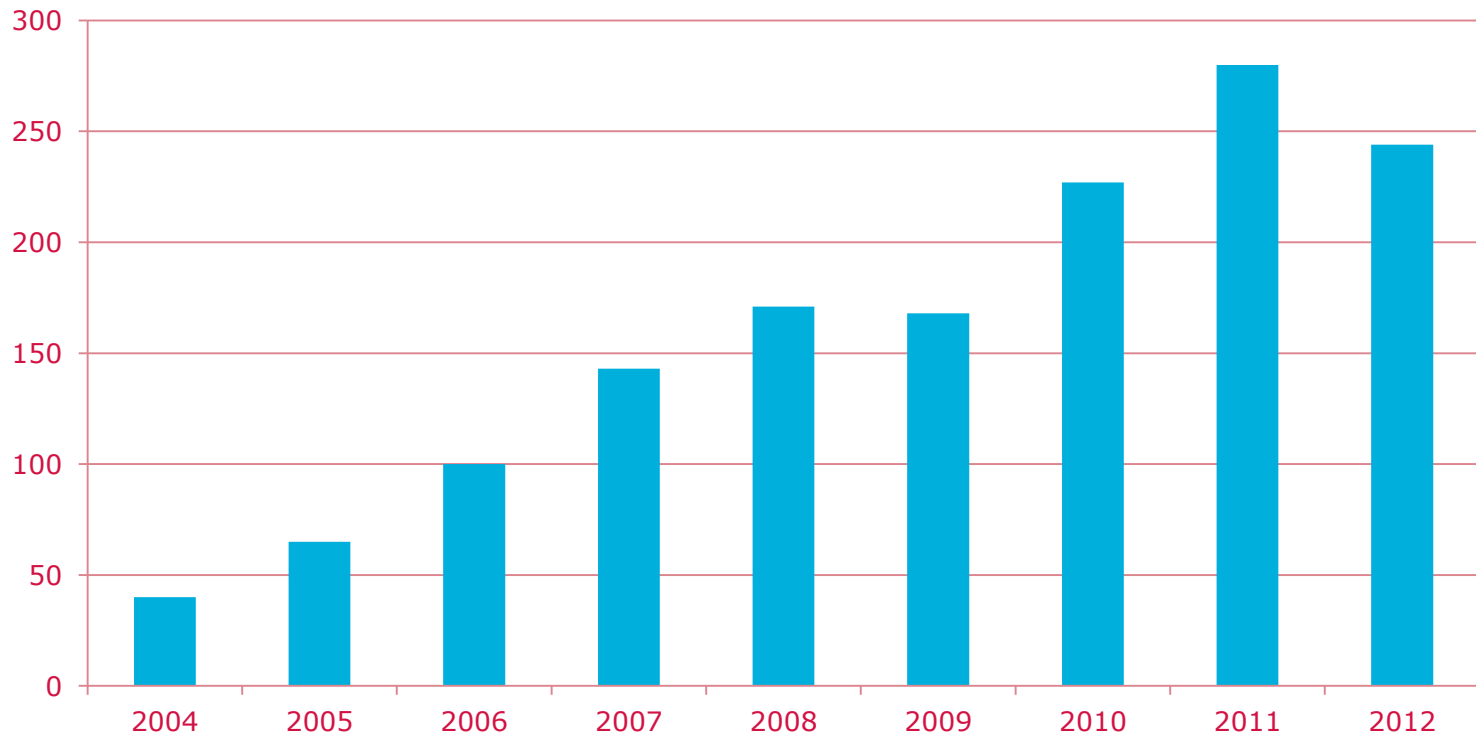
**Value Added for  
national economy**



**Volatile fossil prices and  
declining renewable energy prices**

# Globally, clean energy is booming...

**Global investments in renewable energy (bln USD)**  
**CAGR<sup>1)</sup> 2004-2012 is over 25%**



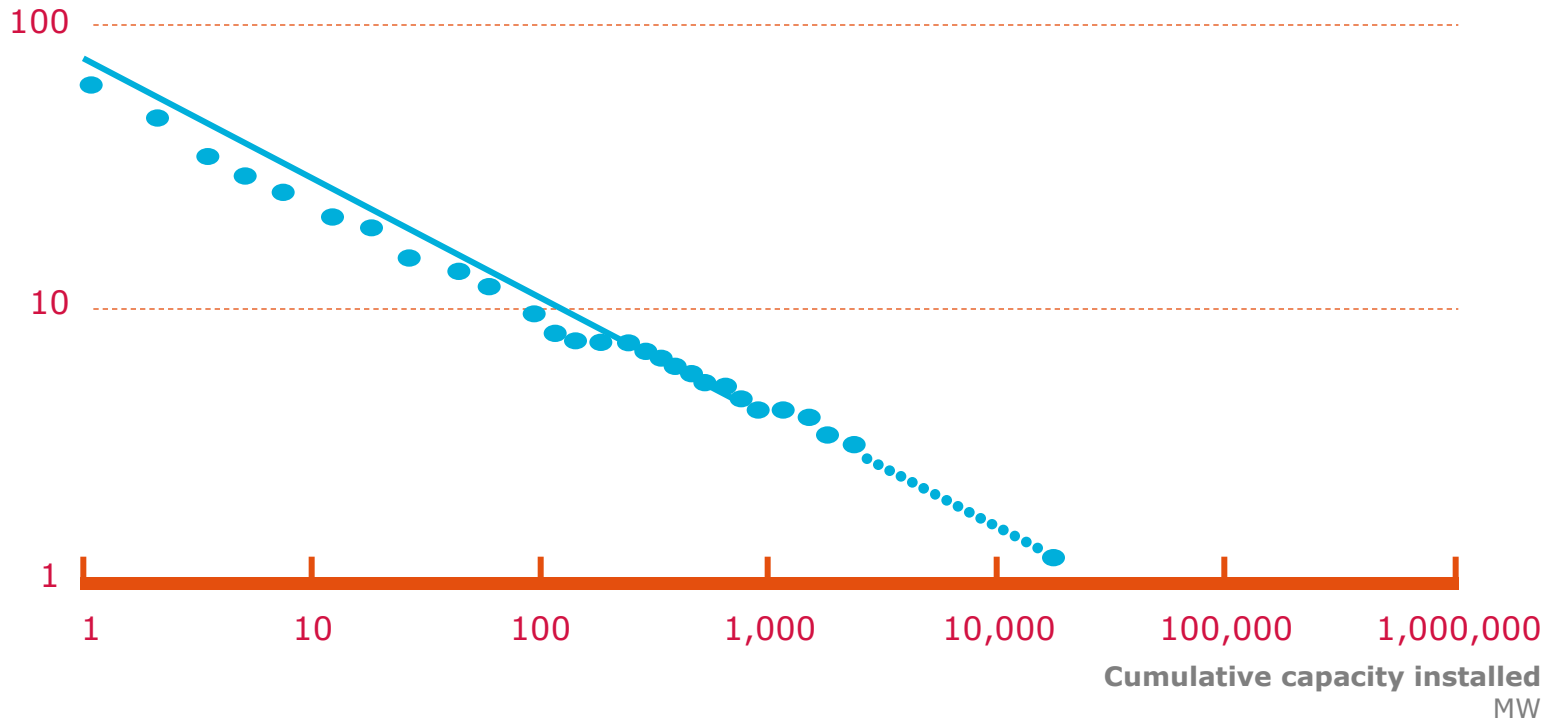
Source: Bloomberg New Energy Finance  
Note: Include corporate and government R&D, and small distributed capacity  
Adjusted for re-invested equity. Does not include processed from acquisition transactions  
1) CAGR = Compound Annual Growth Rate (average % year-on-year growth)

# Declining costs for sustainable technologies – example solar PV

## Learning curve: solar PV installed 1975-2010

Capital cost

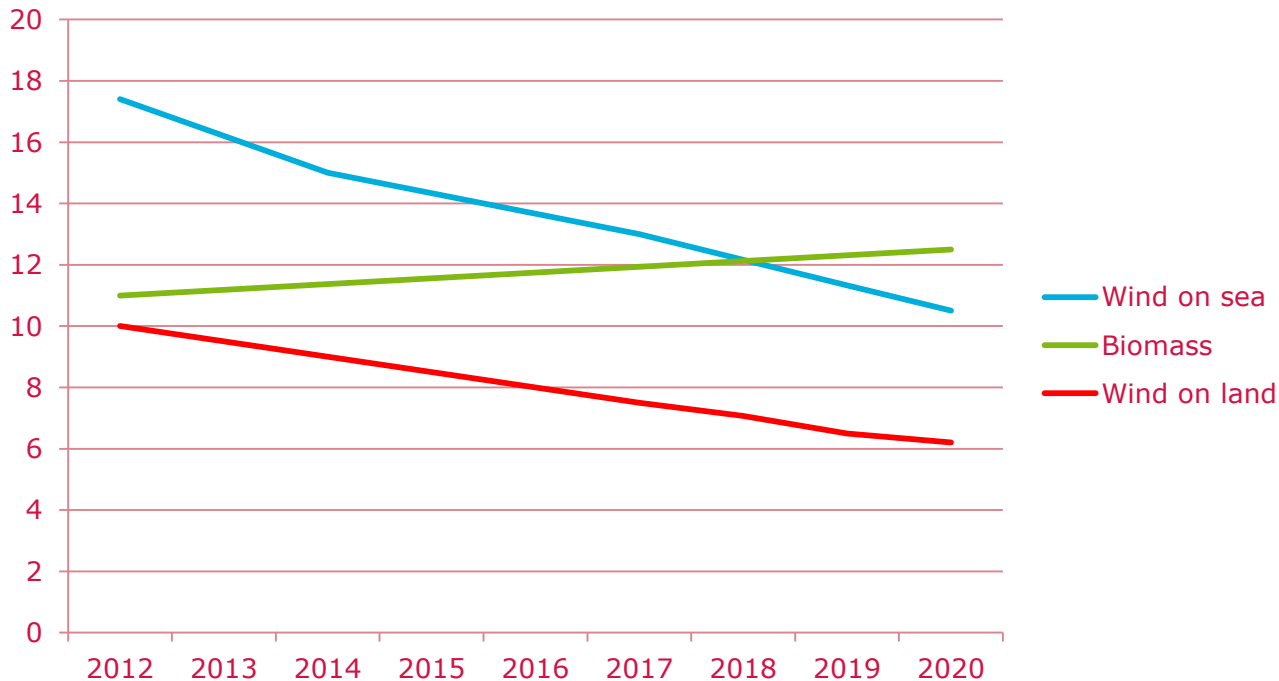
2004 ¢/W



Sources: Worldwatch Institute; IEA; BTM consult; ABS; NREL; IIIIEE; ABI; Drewry 2007; UC Berkeley ERG; Navigant consulting; annual reports; team analysis. Capital IQ

# Similar trend for wind, not for biomass

Cost expectation for electricity from wind and biomass (€ct. / kWh)



Source: CE-Delft 2013, wind on land: ECN 2013, wind on sea: PlanLeeghwater

# New business models for Eneco

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**“Toon”  
(smart thermostat)**



**ESCO's (Energy  
Saving Company)**



**Installation/maintenance  
(e.g. solar PV, heat pumps)**



**Supporting local  
energy collectives**



# Agenda

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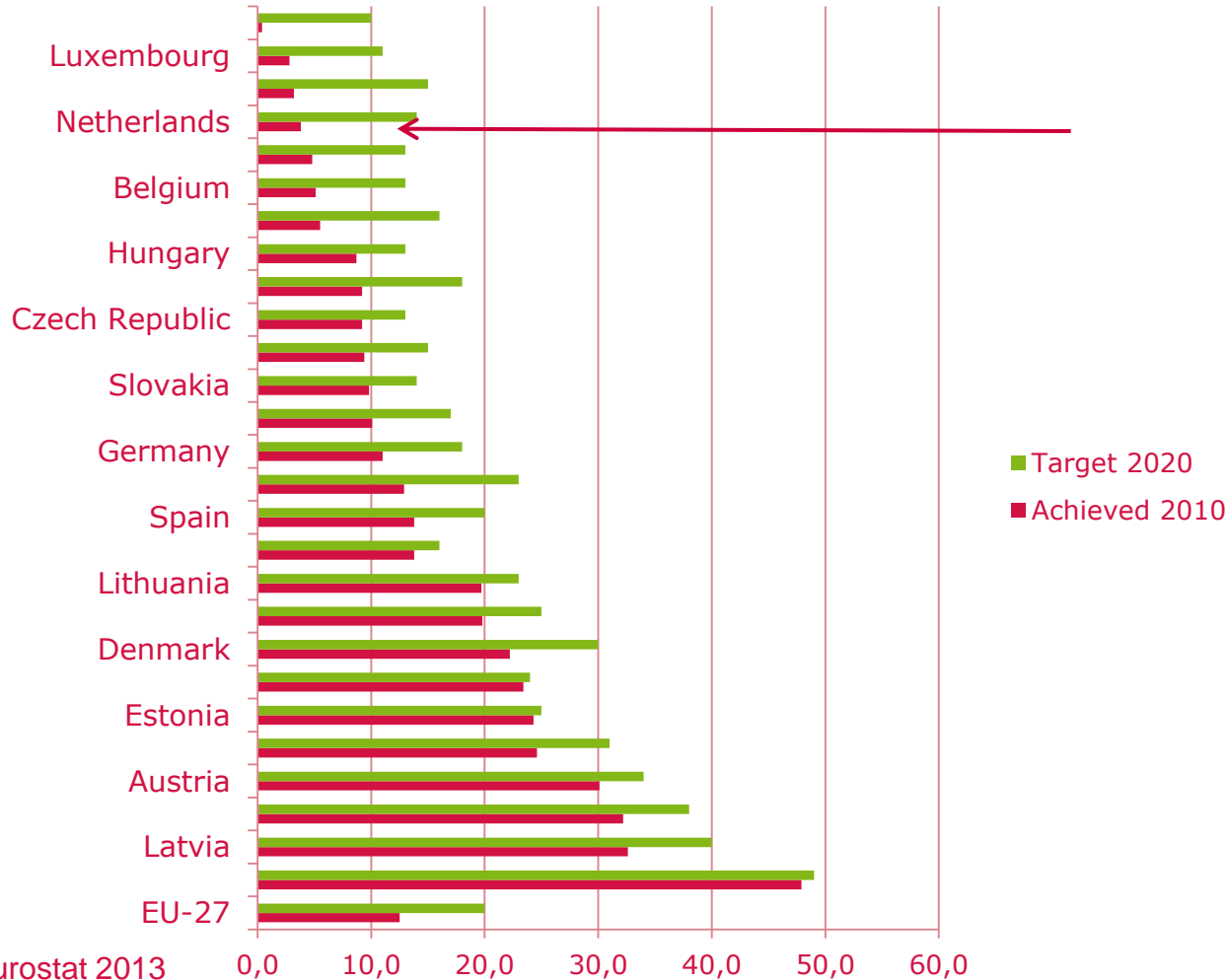
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# Netherlands lags behind...

Renewable Energy Production as % of energy demand



Source eurostat 2013

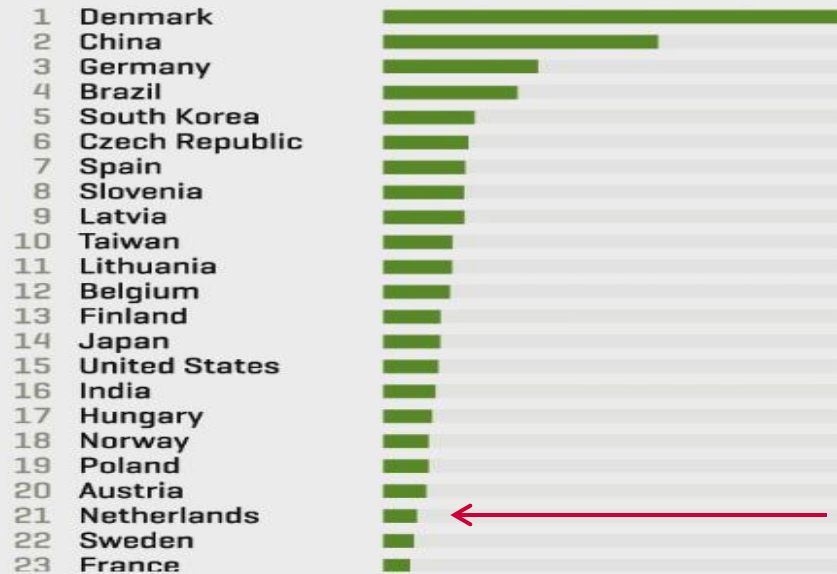
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# ... and misses business opportunities

## Clean Energy Technology share in GDP

Value added relative to GDP [%]

Ranking  
2011

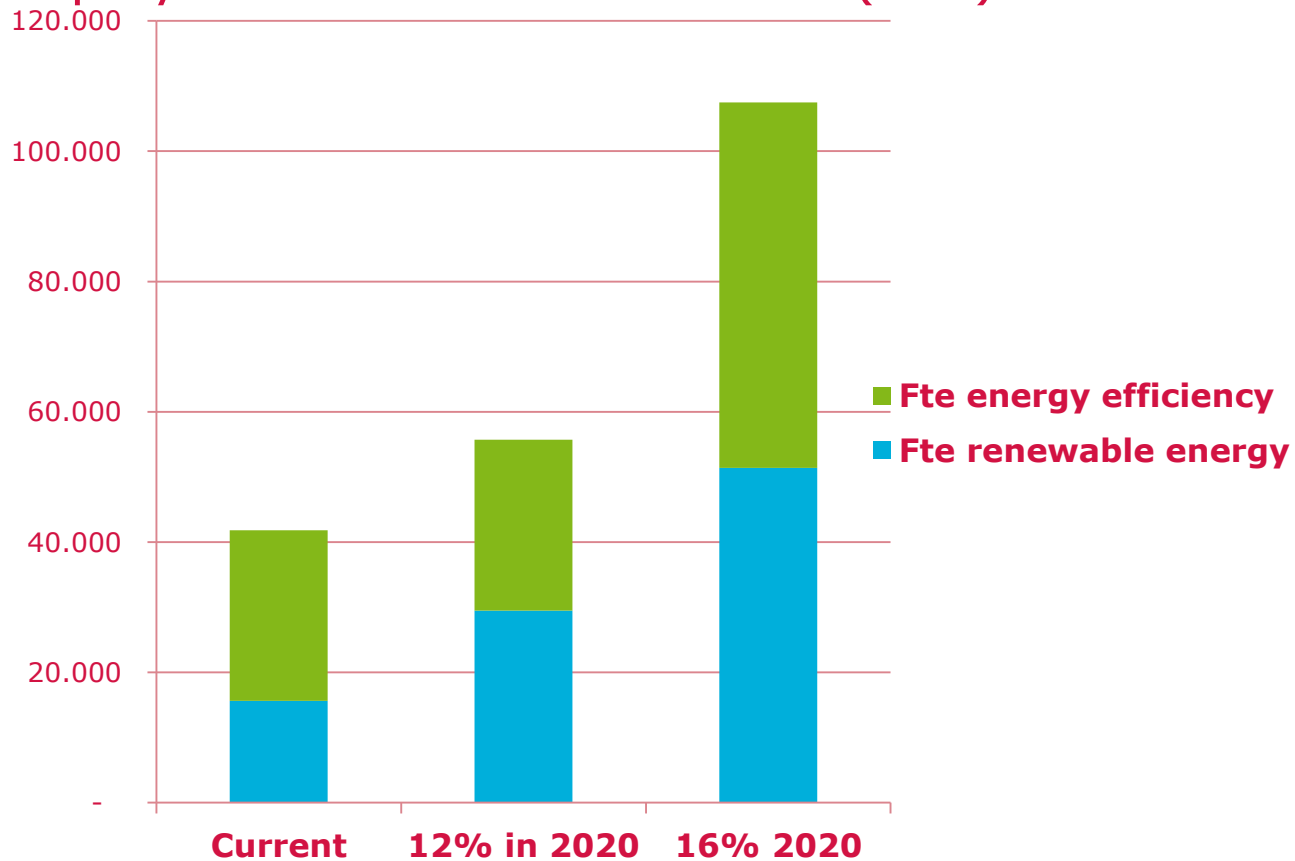


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Source: Roland Berger

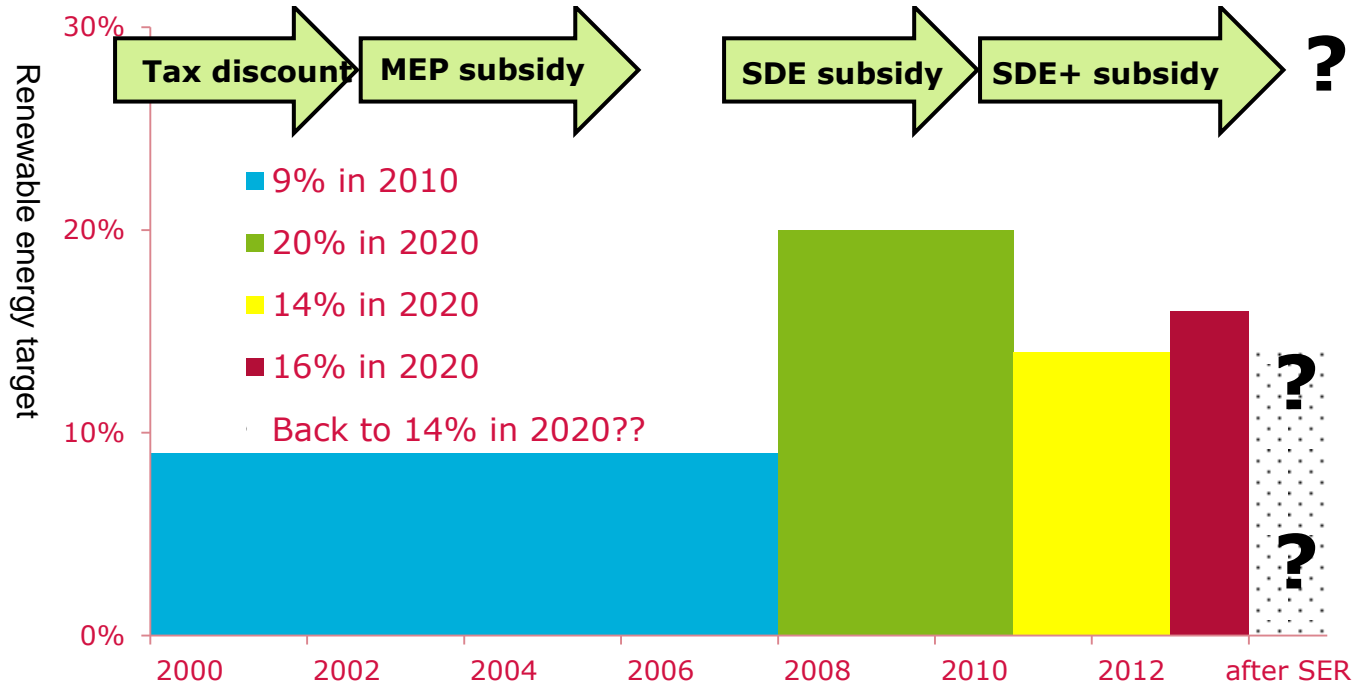
# Ambitious clean energy policy creates jobs

## Employment in the Netherlands (FTE)



Source: Ecorys, Feb. 2013

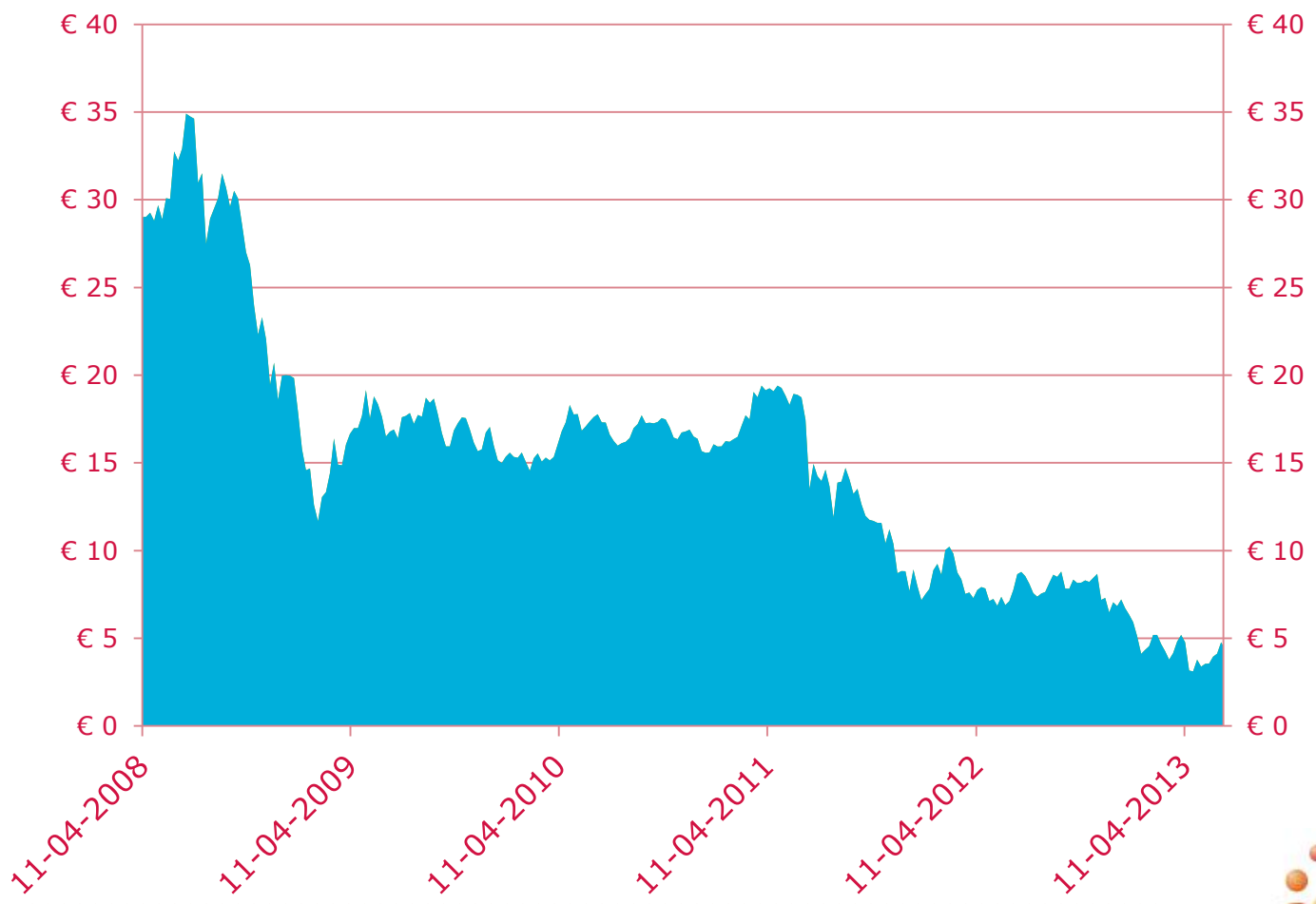
# Inconsistent Dutch energy policies



- Changing incentive systems, changing ambitions
- Long licence procedures for projects
- Failing ETS – no fair price for polluting

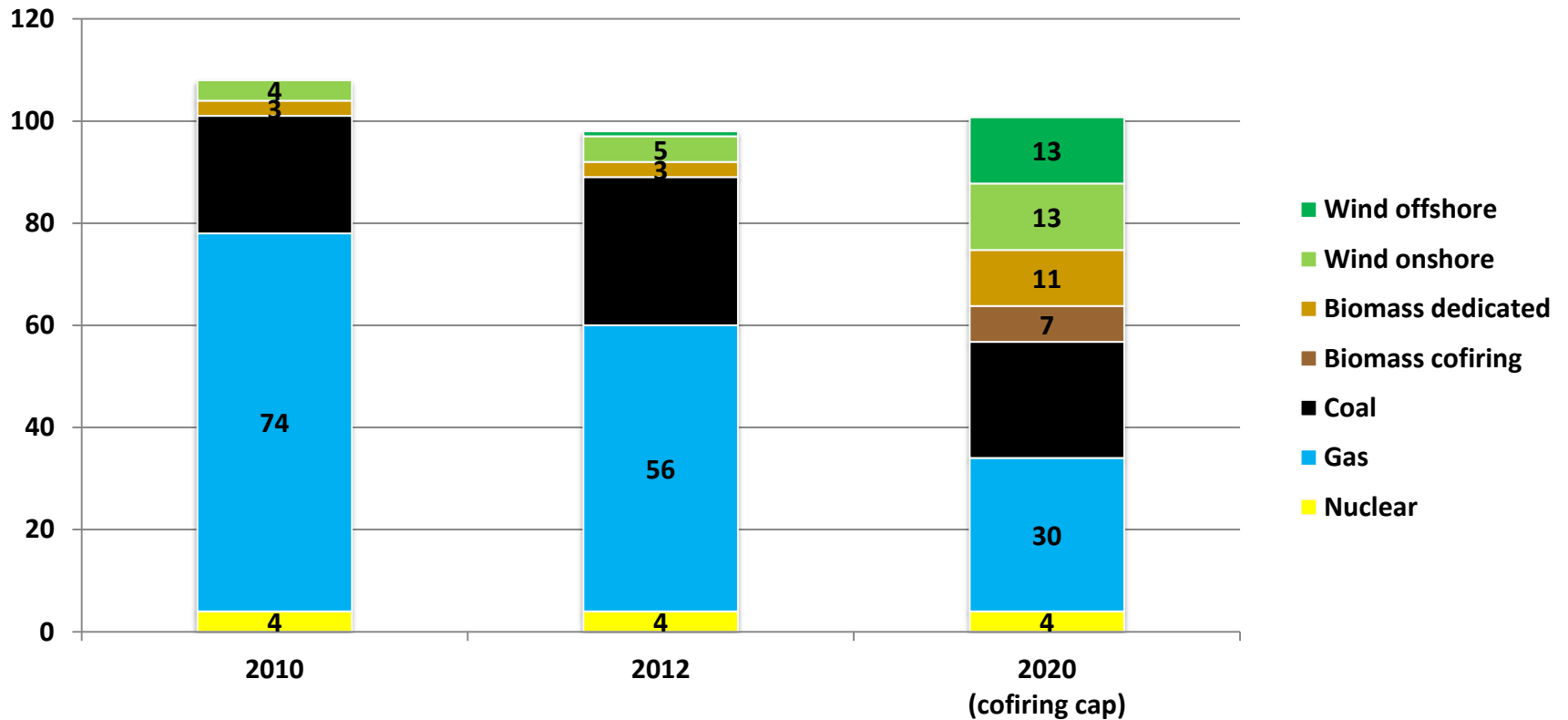
# EU policy cornerstone ETS is failing

ETS Price (euro/ton CO<sub>2</sub>)



# NL power generation mix: coal is growing

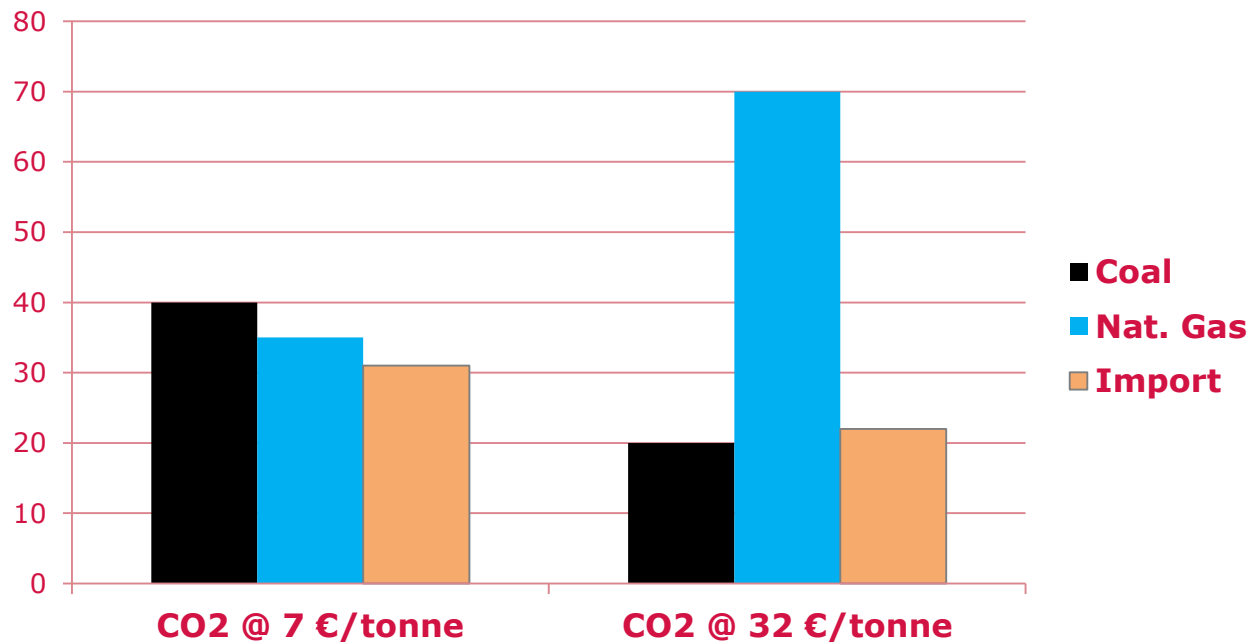
Power Generation Mix  
TWh, Netherlands



Source: Eneco, CERA, McKinsey

# Higher CO2 price would shift coal back to gas

Dutch power generation in 2015 (coal, gas, imports only) in TWh

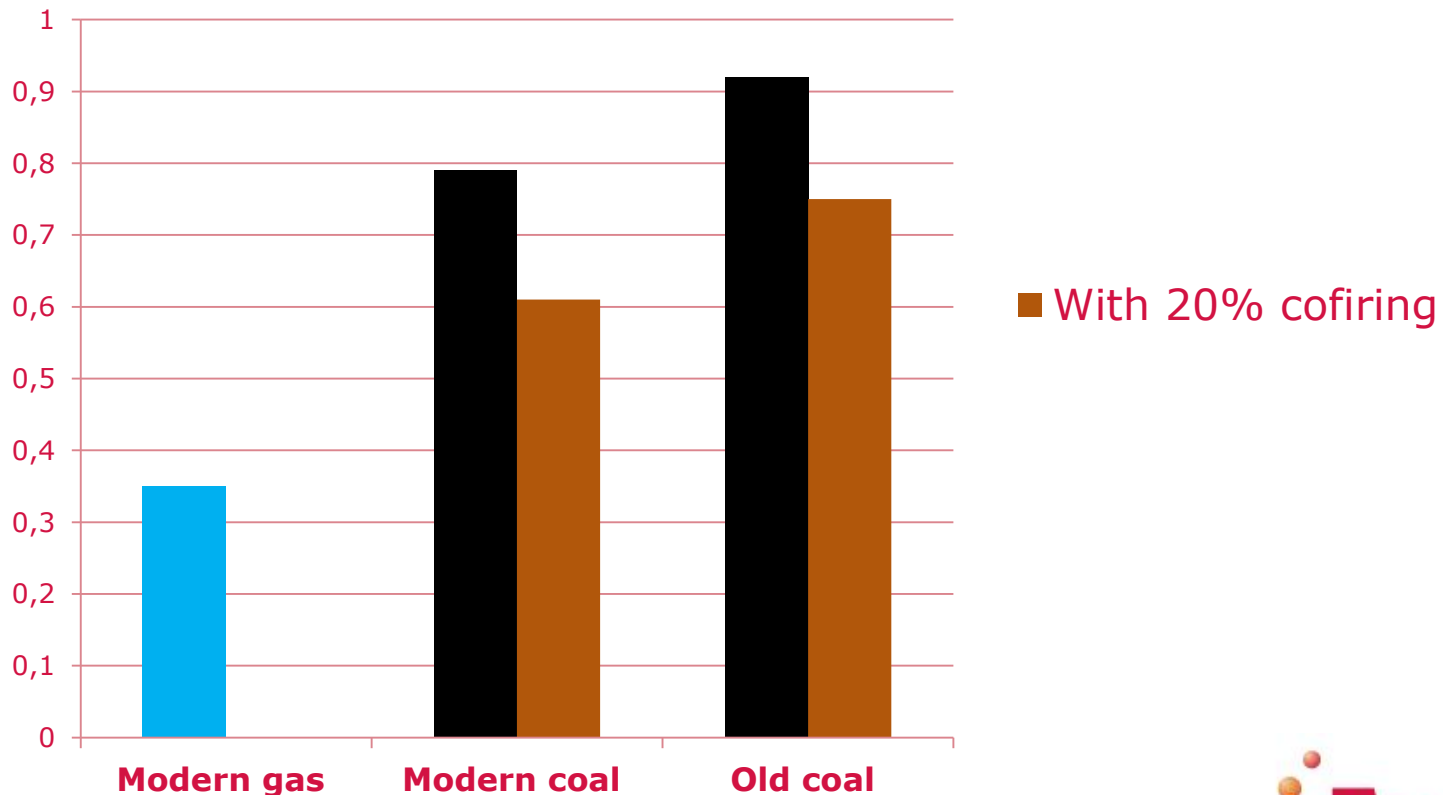


Source: SQ consult 2012; at existing coal tax of 13,73 euro per ton coal



# Subsidizing cofiring of biomass in coal plants increases emissions vs. gas plants

CO<sub>2</sub> emissions in ton per MWh



# Agenda

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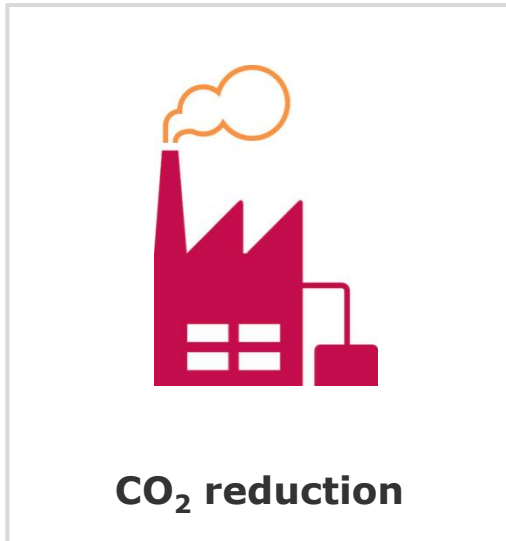
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# Government policy: 3 target areas

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# Eneco view - CO<sub>2</sub> emission reduction

2030



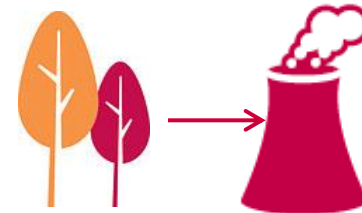
- 45 - 55% emission reduction
- Lower ETS ceiling by 2,5% p.a.



- EU pricefloor of €40 for CO<sub>2</sub>, or...
- ... national/pentalateral policy



- Close old coal plants (2500 MW)
- Standards for emissions/kWh



**Cofiring biomass:**

- no life extension of old plants
- sustainability standards biomass
- subsidies for efficient use only

# Eneco view - renewable energy

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2020



2030

## Focus on long term, not just 2020

- separate budget for wind; cap on cofiring
- focus on technologies with low-cost potential



**Subsidies are necessary in absence of effective CO<sub>2</sub> price**



**Choose a policy, stick to it**



**Level playing field fossil versus renewable**

# Eneco view - energy efficiency

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**(Fiscal) incentives for energy labels for houses**



**Enforcement of efficiency measures;  
Mandatory efficiency**



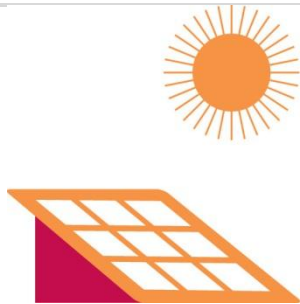
**Create energy awareness and influence behaviour**



**Revolving fund for cheap renovation loans (repaid through energy bill)**

# Eneco view – decentral clean energy

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**Local clean energy: huge potential solar-PV, heat pumps, solar boilers...**



**Support energy cooperations, e.g. reduced energy tax**



**Allow participation of communities in local renewable production**



**Roll out smart grids, smart meters; Real-time pricing for consumers**

# Added value of 'SER' vs 'regeerakkoord'

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- Create broad support for long term incentive schemes for clean energy
- Use subsidies only for structural solutions with best long-term cost reduction potential
- Stimulate local energy solutions
- Stimulate CO<sub>2</sub> measures at EU level, or alternatively at national / pentilateral level
- Create efficiency targets, obligations and incentives





**Thank you**