

Stimulating Renewable Energy in the Netherlands

Results and Costs of the main support scheme in the perspective of 2020 and 2023 objectives



Netherlands Court of Audit
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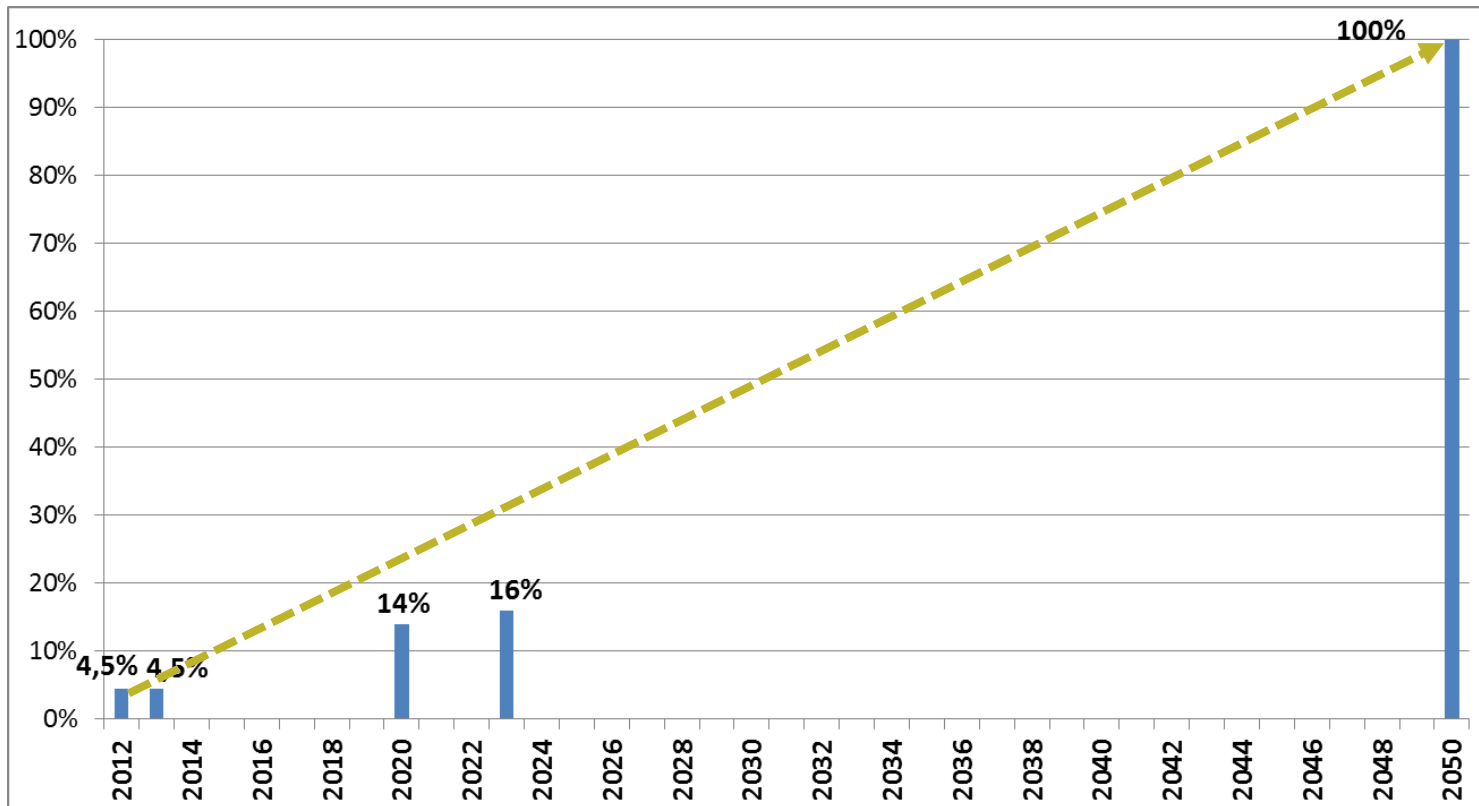


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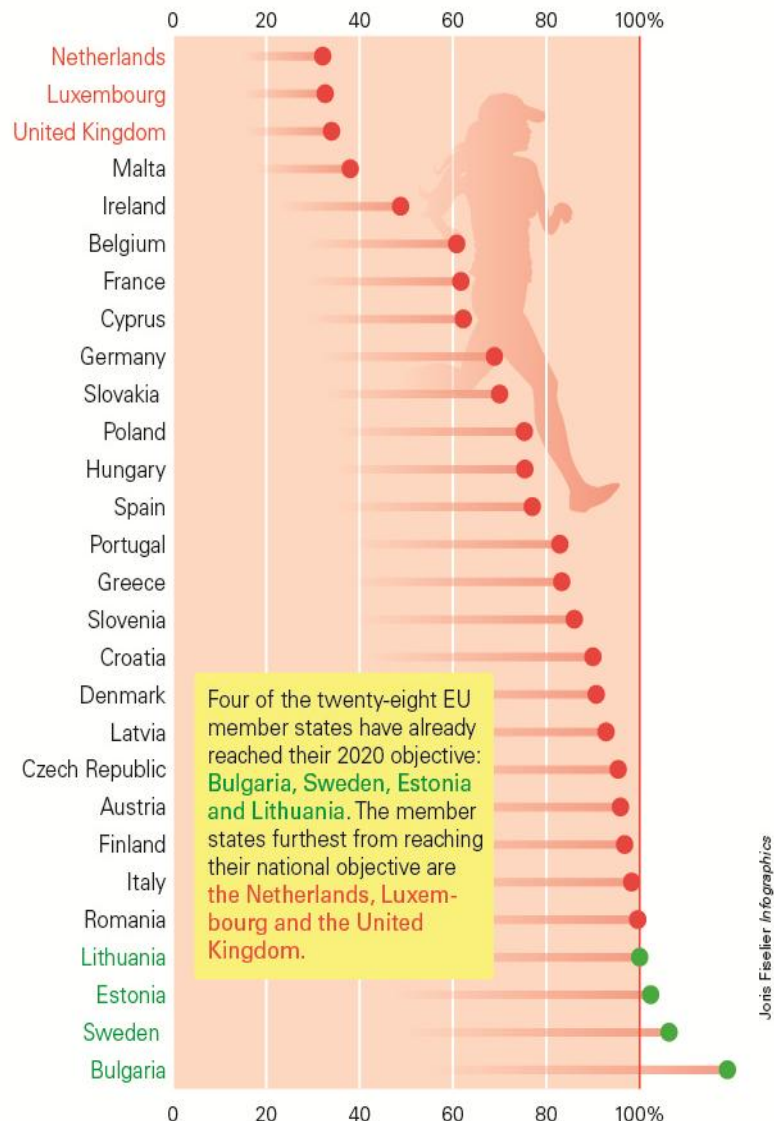
- Policy and short explanation of the support scheme
- Audit questions
- Conclusions
- Recommendations
- Response of the Minister of Economic Affairs
- NCA 's afterword
- Tips & Tricks



Policy objectives and actual situation



Distance from national objectives 2020





3 support schemes in EU (2012)



Joris Fiefler Infographics



Explanation SDE+: Subsidy variation with energy price

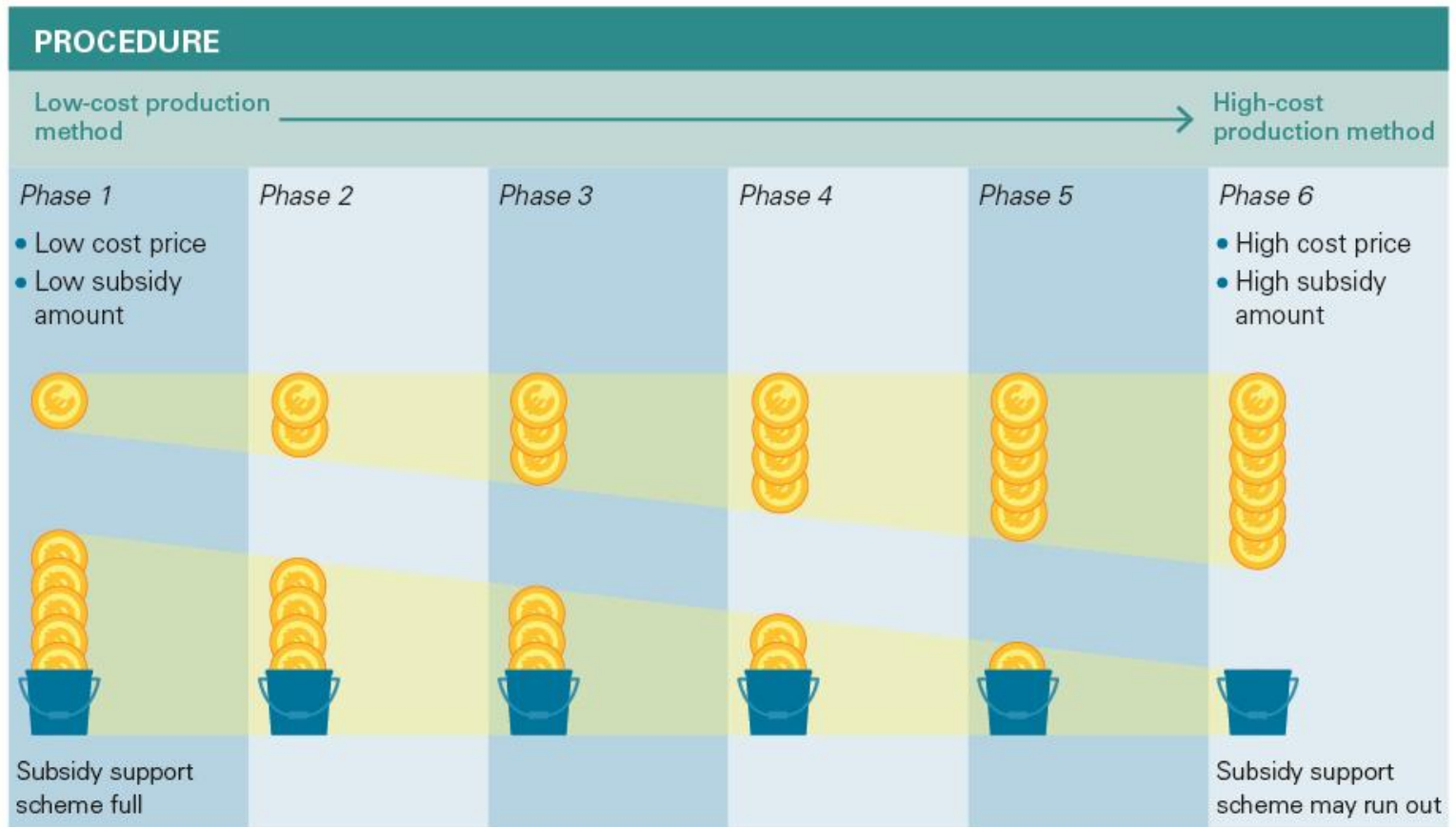


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Subsidy auctions to promote competition



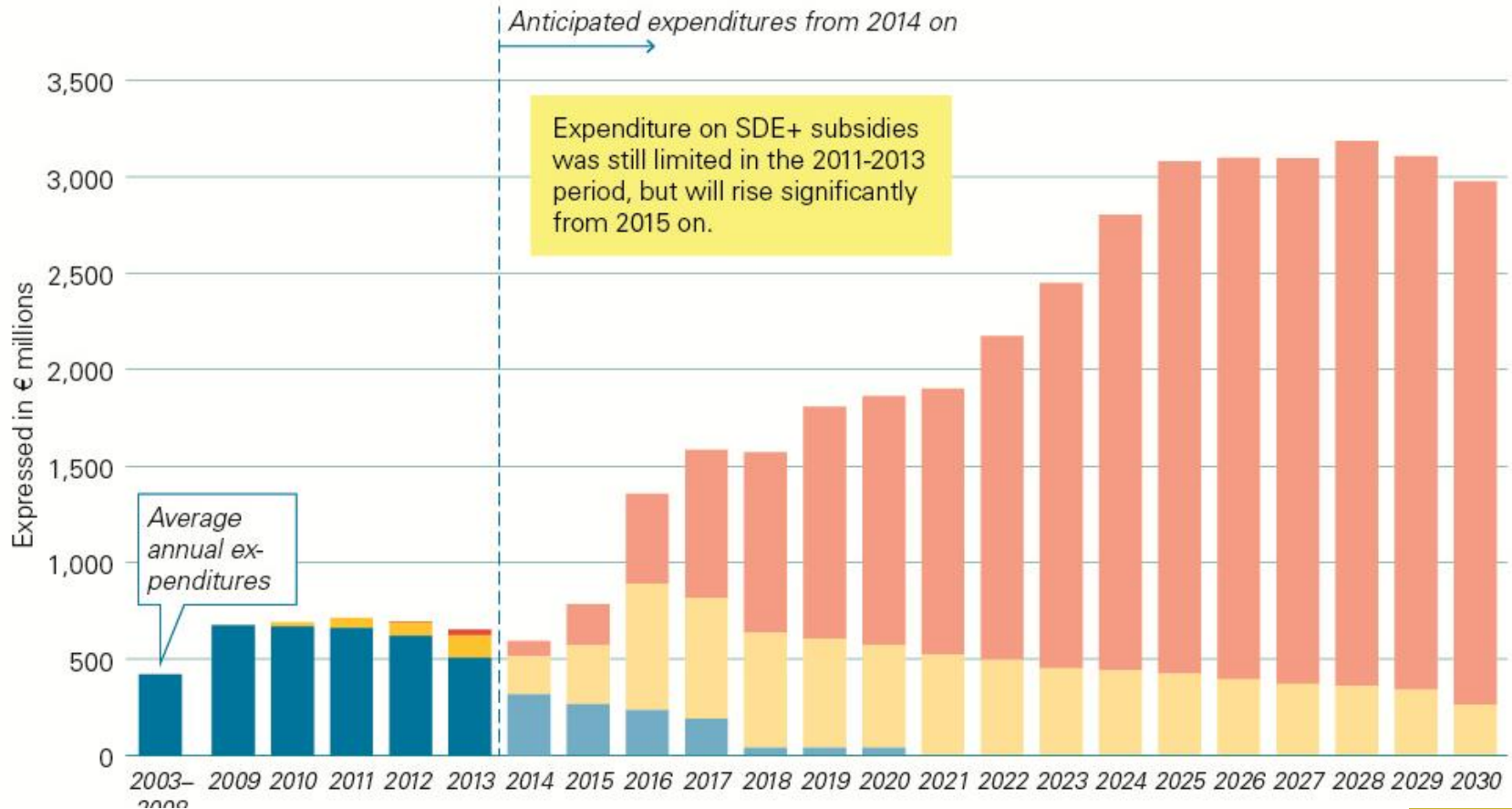


Performance and efficiency audit

1. Sufficient renewable energy production to meet the 2020 and 2023 objectives?
2. What improvements are possible within SDE+ scheme?
3. What options to reach the 2020 and 2023 objectives and at what cost?
4. Does House of Representatives receive clear information?

Subsidy expenditures

MEP SDE SDE+





Conclusions

1. Realisation 2020 and 2023 objectives in jeopardy; SDE+ scheme main instrument, but resulting energy less than expected
2. SDE+ scheme is relatively well structured
- 3 Objectives only attainable with SDE+ scheme by raising the subsidy budget / opening scheme for projects abroad
 - Options outside the context of SDE+
 - Even conceivable to abandon the objectives
- 4 House of Representatives limited insight into contribution SDE+ and anticipated cost



Explanation conclusion 1: Reaching the 2020 en 2023 objectives in jeopardy

Already known:

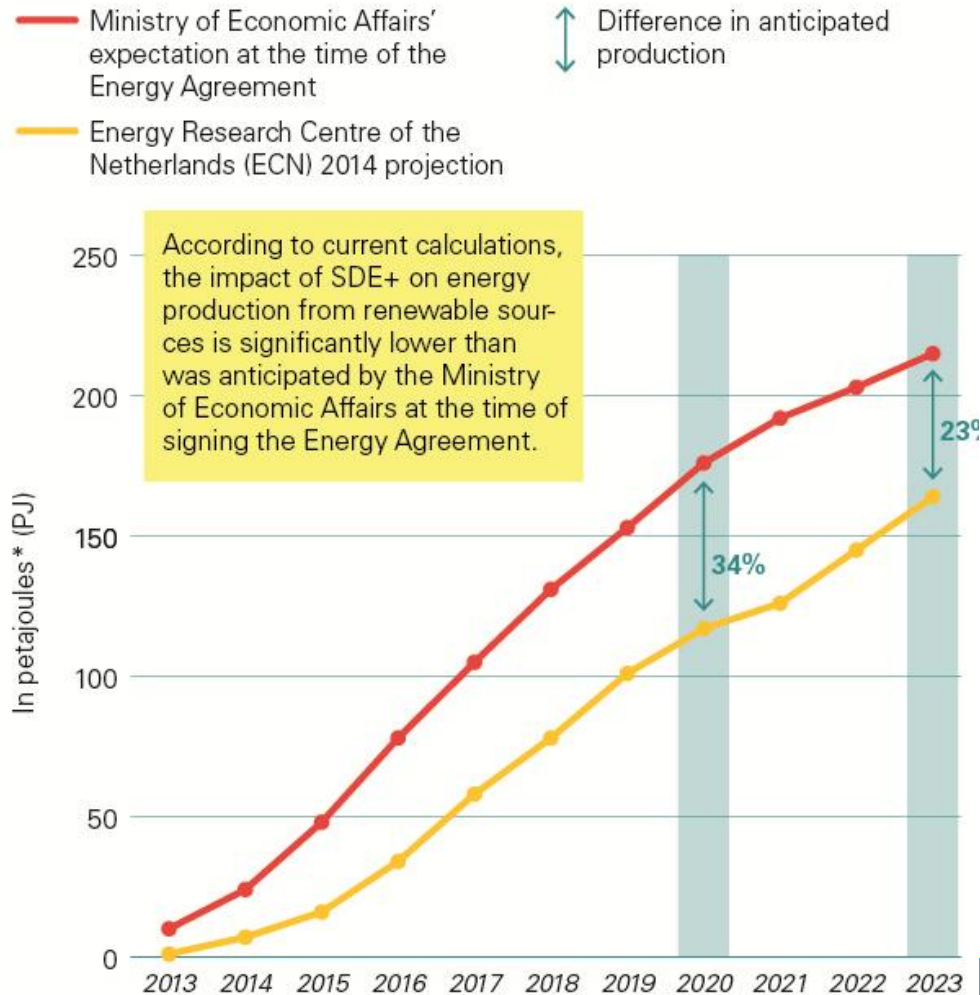
- Report October 2014: 12,4% in 2020 en 15,1% in 2023: previous signals reaching objectives would be difficult

Audit results:

- SDE+ main instrument: will stimulate about half of all renewable energy in 2020 en 2023
- Results SDE+ less than expected: less energy production and less expenditure than expected by Ministry of Economic Affairs



Less energy production SDE+ than expected





Explanation conclusion 2: SDE+ scheme relatively well structured

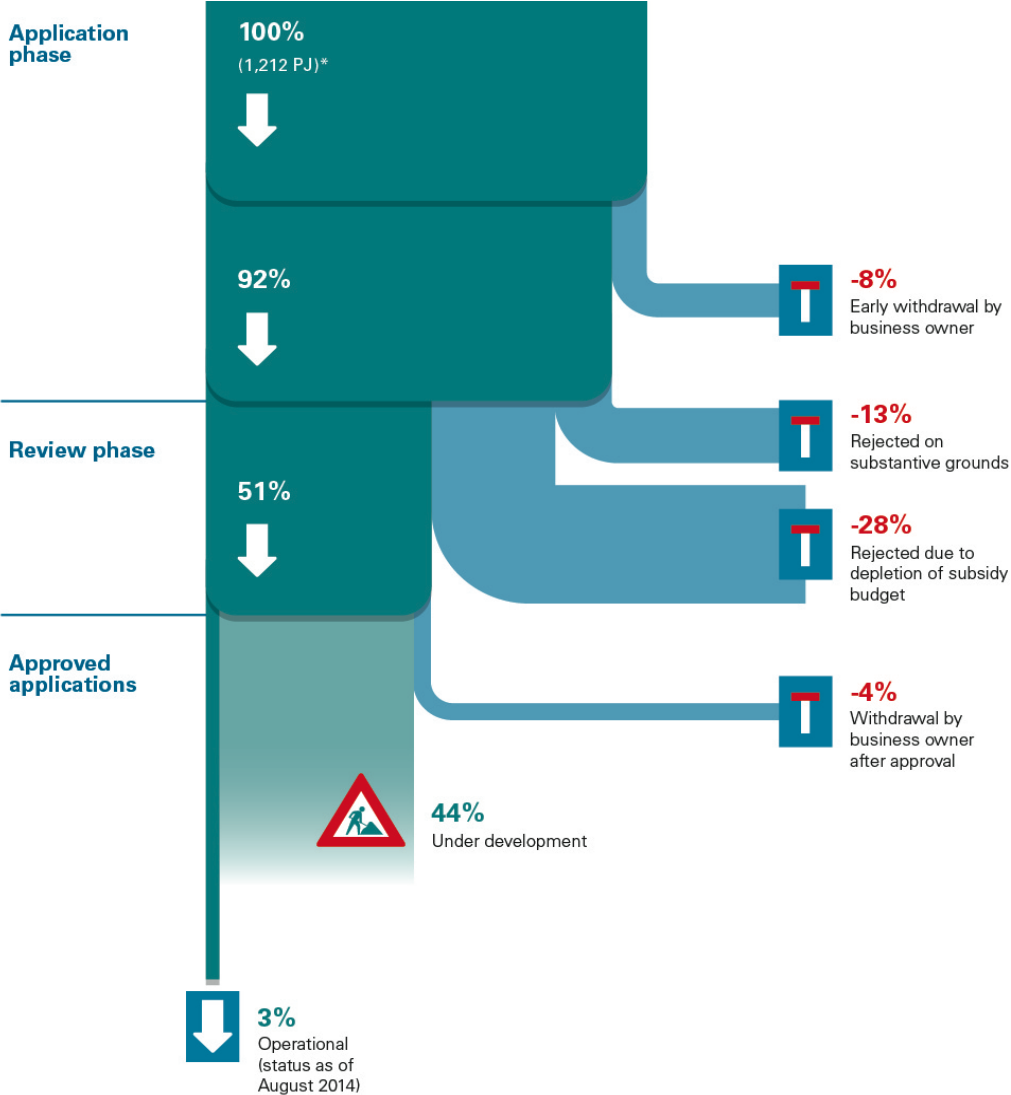
- Well-thought-out, learned from pitfalls previous schemes
- Well understood by project applicants (survey)
- Fits within trend and current policy European Commission
- Modifications of SDE+ had little effect (model calculations)

Main comments:

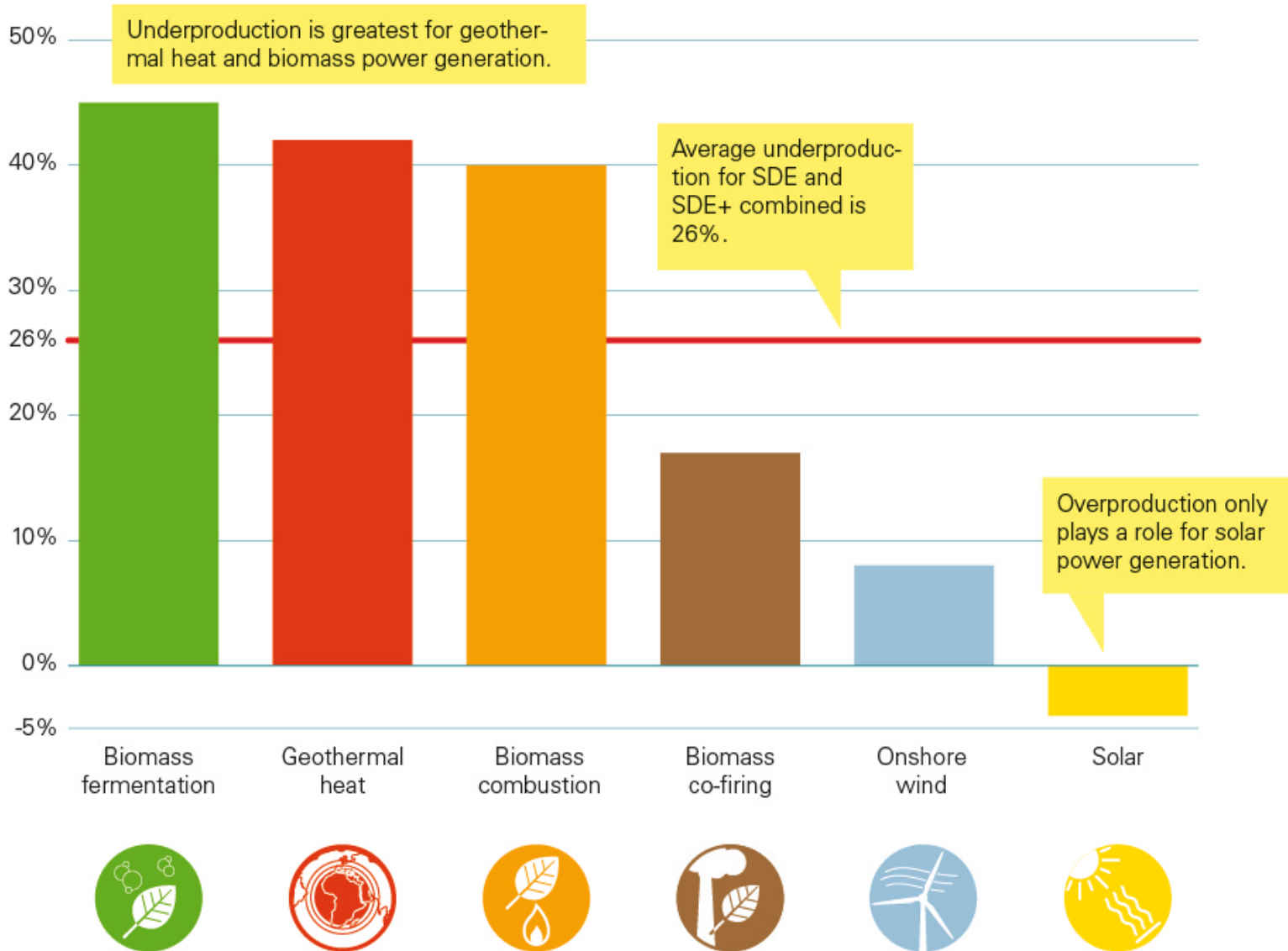
Sharp decline in auction mechanism

No account is taken of substantial underproduction

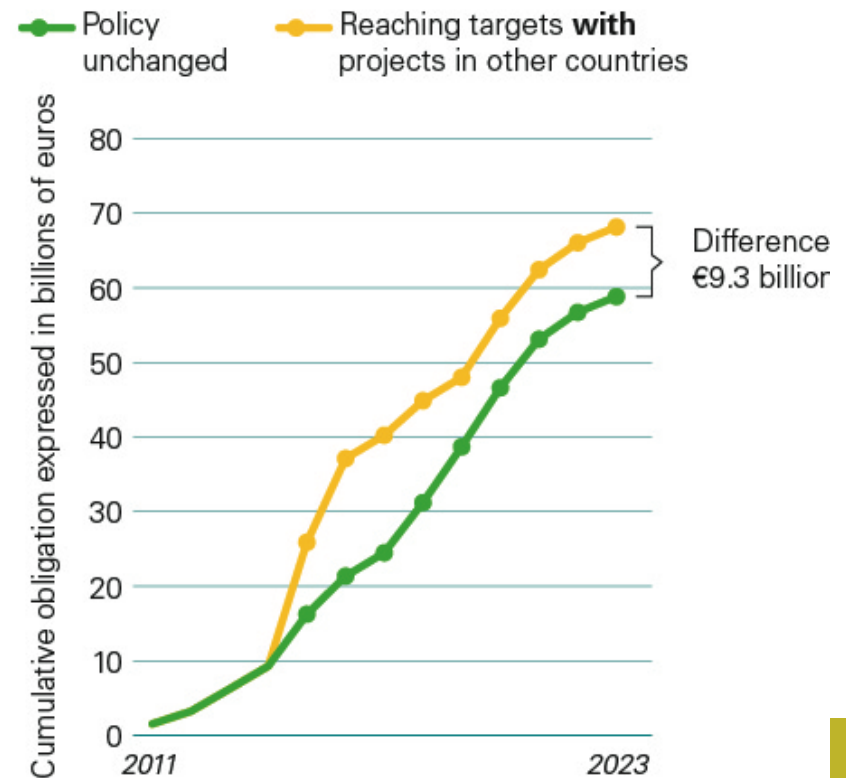
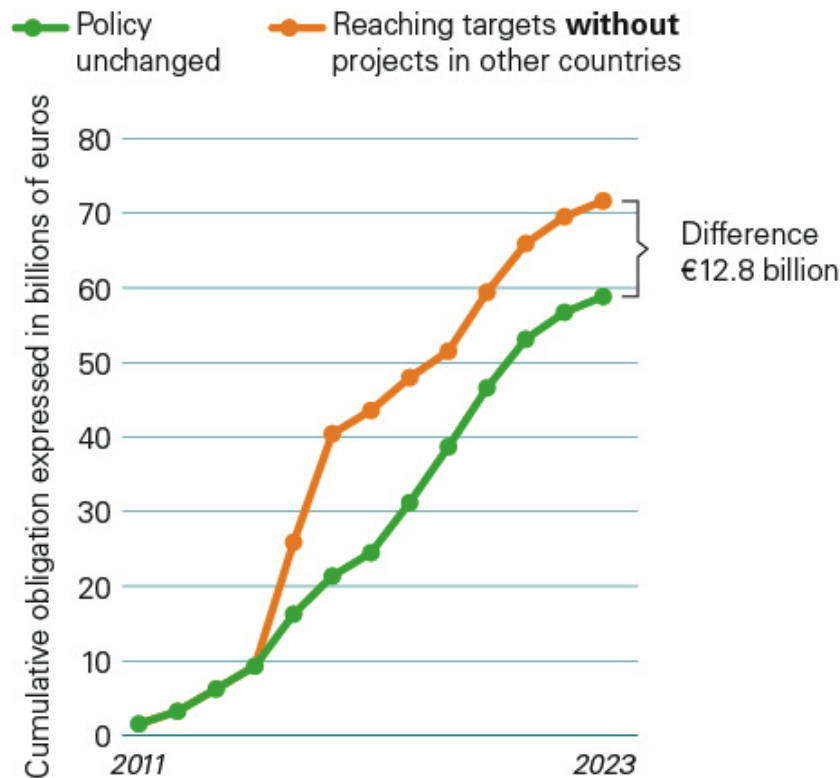
From subsidy application to energy production (SDE+ scheme 2011-aug 2014)



Explanation SDE and SDE+ underproduction(2008–2014)



Explanation conclusion 3: Objectives SDE+ only reachable by raising subsidy budget / opening scheme for projects abroad





Explanation conclusion 4: Shortfalls in information to House of Representatives

1. No information about expected contribution SDE+ to policy objectives renewable energy
2. Budget expenditure SDE en SDE+ give limited insight into anticipated expenditure

Unspent funds placed in a budgetary reserve since 2013



Recommendations NCA

- Decide upon a realistic scenario to adjust SDE+ or adapt other policy in order to reach objectives or decide to abandon the agreed targets
- Take account of onderproduction: Opt for a certain degree of oversubscription / or reserve more money
- Clarify information to Parliament about planned SDE+ contribution and anticipated expenditure / budgetary reserve
- Incorporate SDE+ policy intentions in a long-term strategy



Response Minister of Economic Affairs

- Admits unclear picture in the annual departmental budget: promises clear overall picture of financial and policy information SDE+
- Confirmation 14% and 16%: Aims to wait until 2016 (review of Energy Agreement) before decide upon additional measures
Continues preparations for cooperation projects abroad
- Too early to assume underproduction of 26% of SDE+ projects
- Agrees with long-term strategy
- No reactions on problems concerning biomass



Afterword NCA

- Overall picture should resolve information shortcomings
- Misunderstanding underproduction: on average 26% (SDE and SDE+ 2008-2014)
Projects 'under construction' not included in analysis
- Postponing decision until 2016: too late to achieve objectives before 2020 deadline: Always obstacles in practice and development and implementation of new policy will take time
Decisions needed now



Tips & tricks from the audit team

- Type of audit (forecast) quite new: accept model uncertainty
- Cooperation with Energy Research Centre: continuous communication needed about input, output and interpretation
- Large-scale internet survey: involve callcenter to increase response
- Analysis project data: understand all concepts and unit of measurements before you start to analyse..



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