

Countdown to the EU 2020 targets: An independent view of meeting the renewables target

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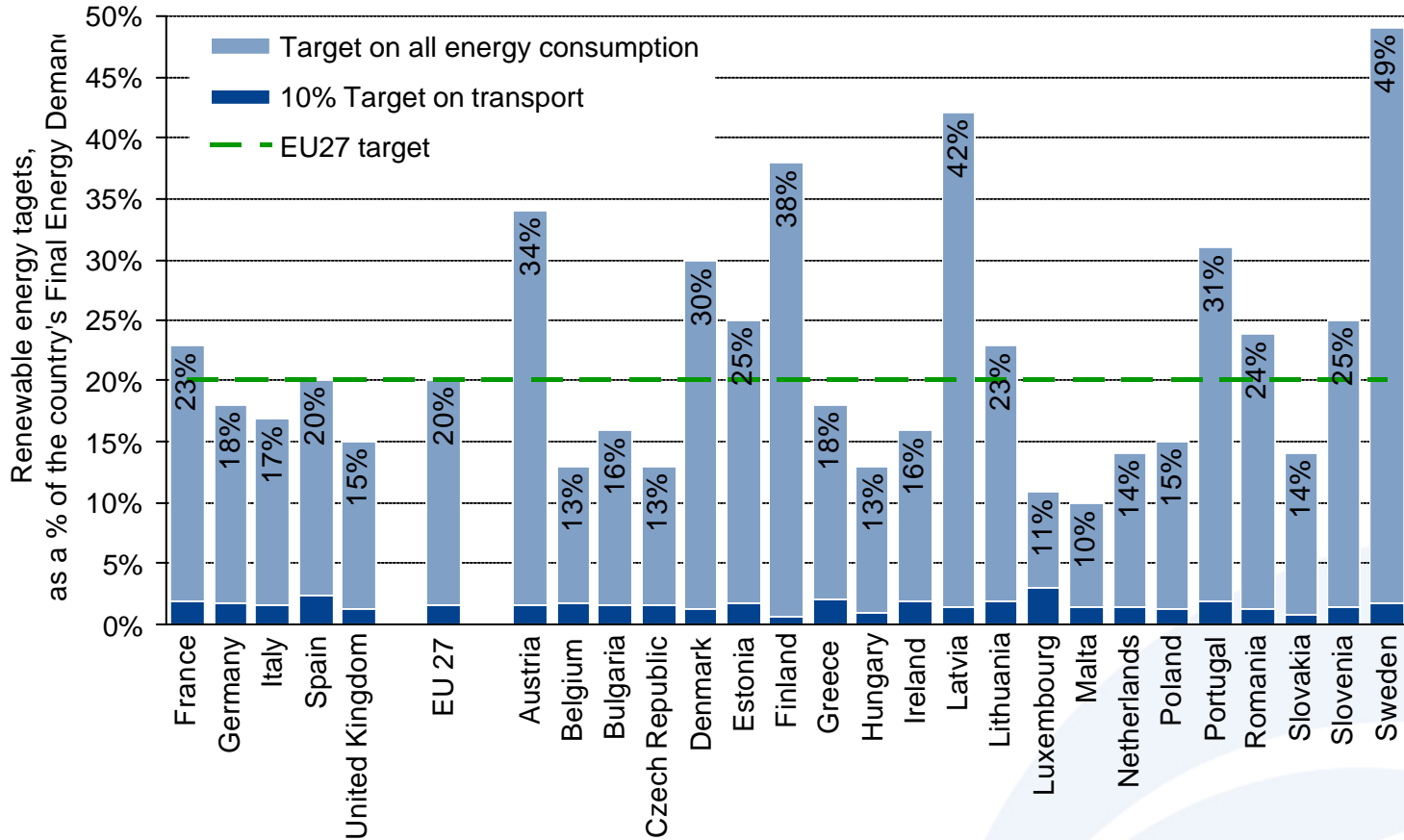
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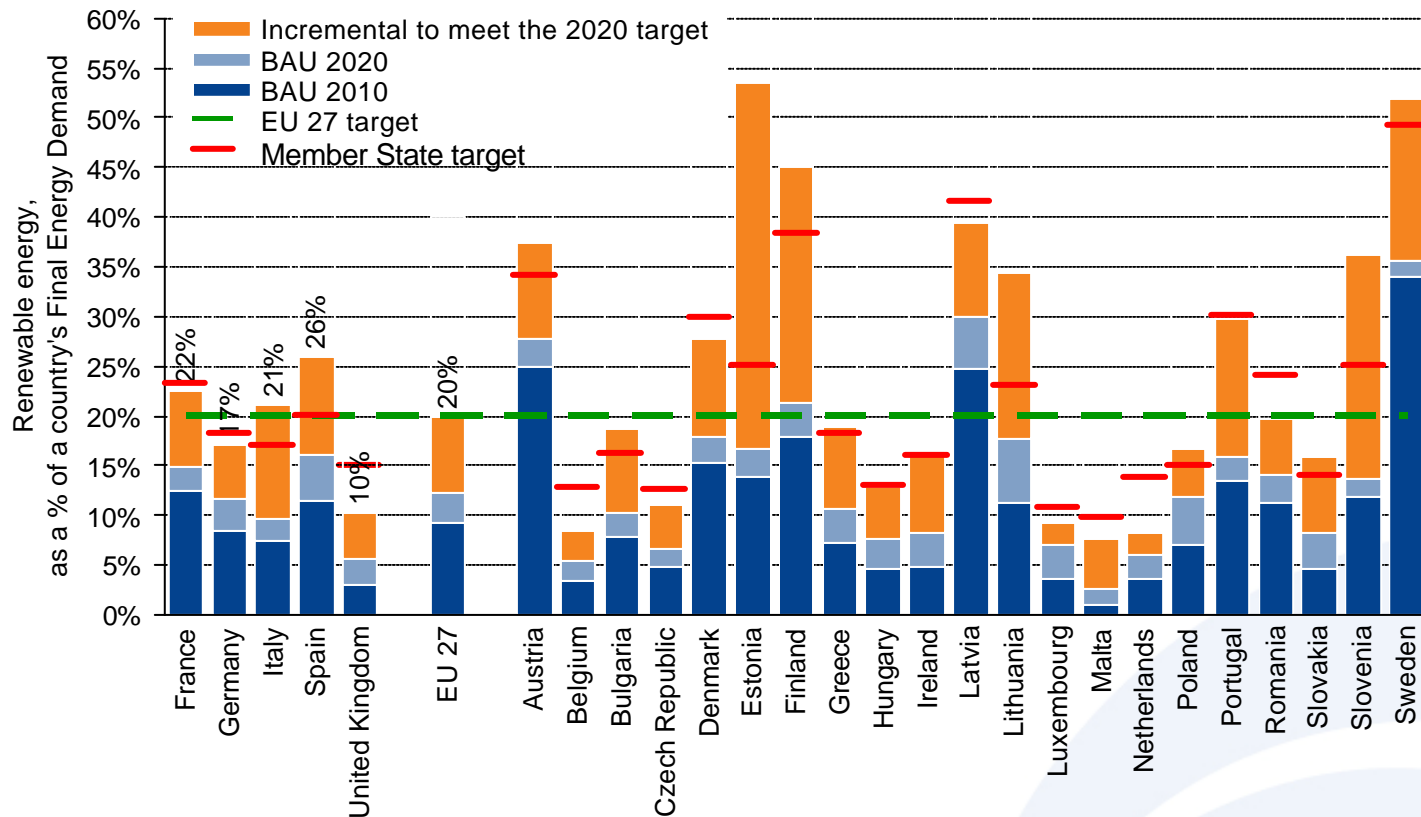
Countries' share of the 20% target

- Each Member State's target is set on the basis of ability to comply and its GDP
- Biofuels target for transport is a uniform 10% for all Member State's



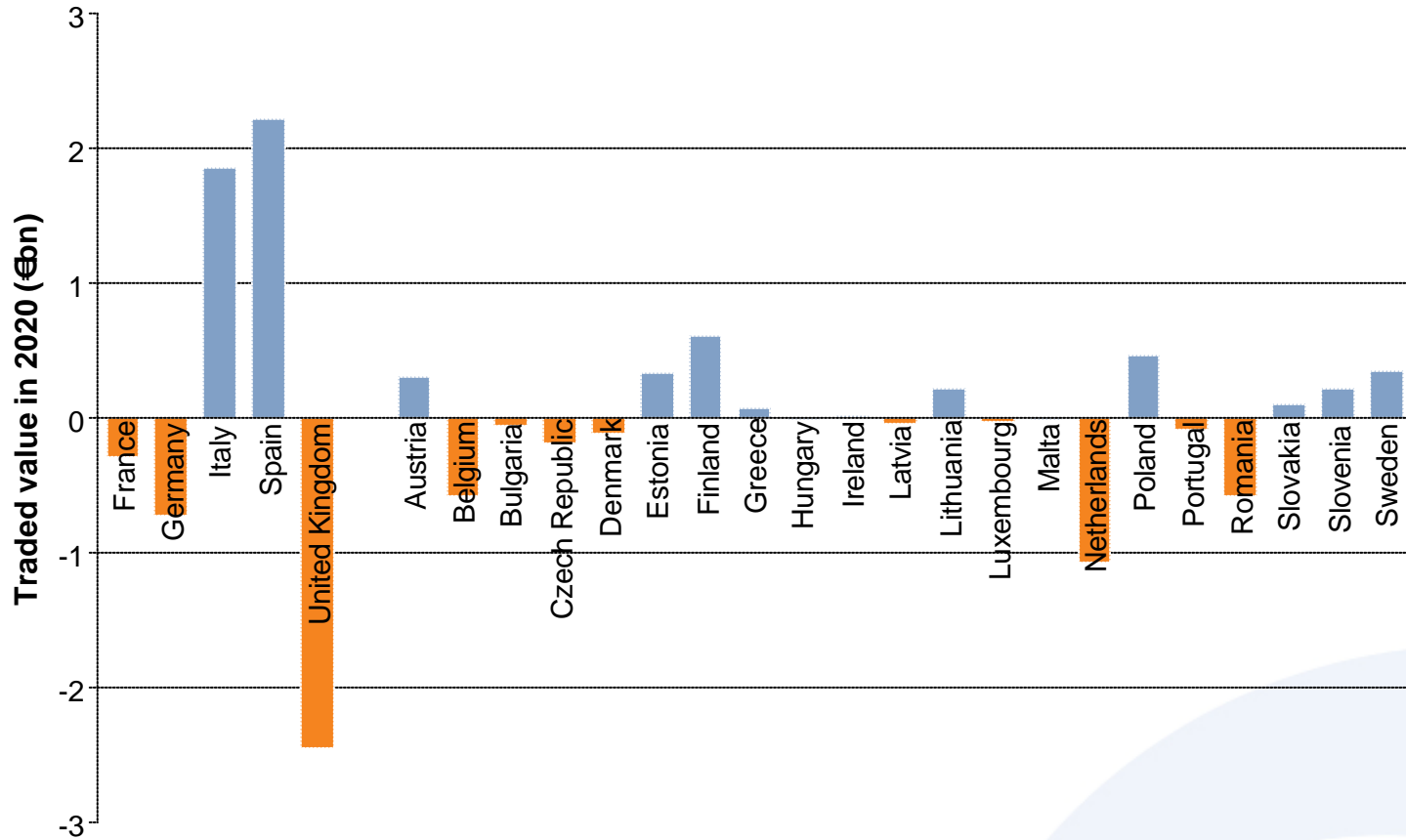
Targets are challenging for all Member States – but more so for some

- Ability of Member States to meet the target from domestic renewables varies significantly.
- If the EU 20% target were to be met on a least-cost basis across Europe the outcome could be substantially different – particularly for the UK



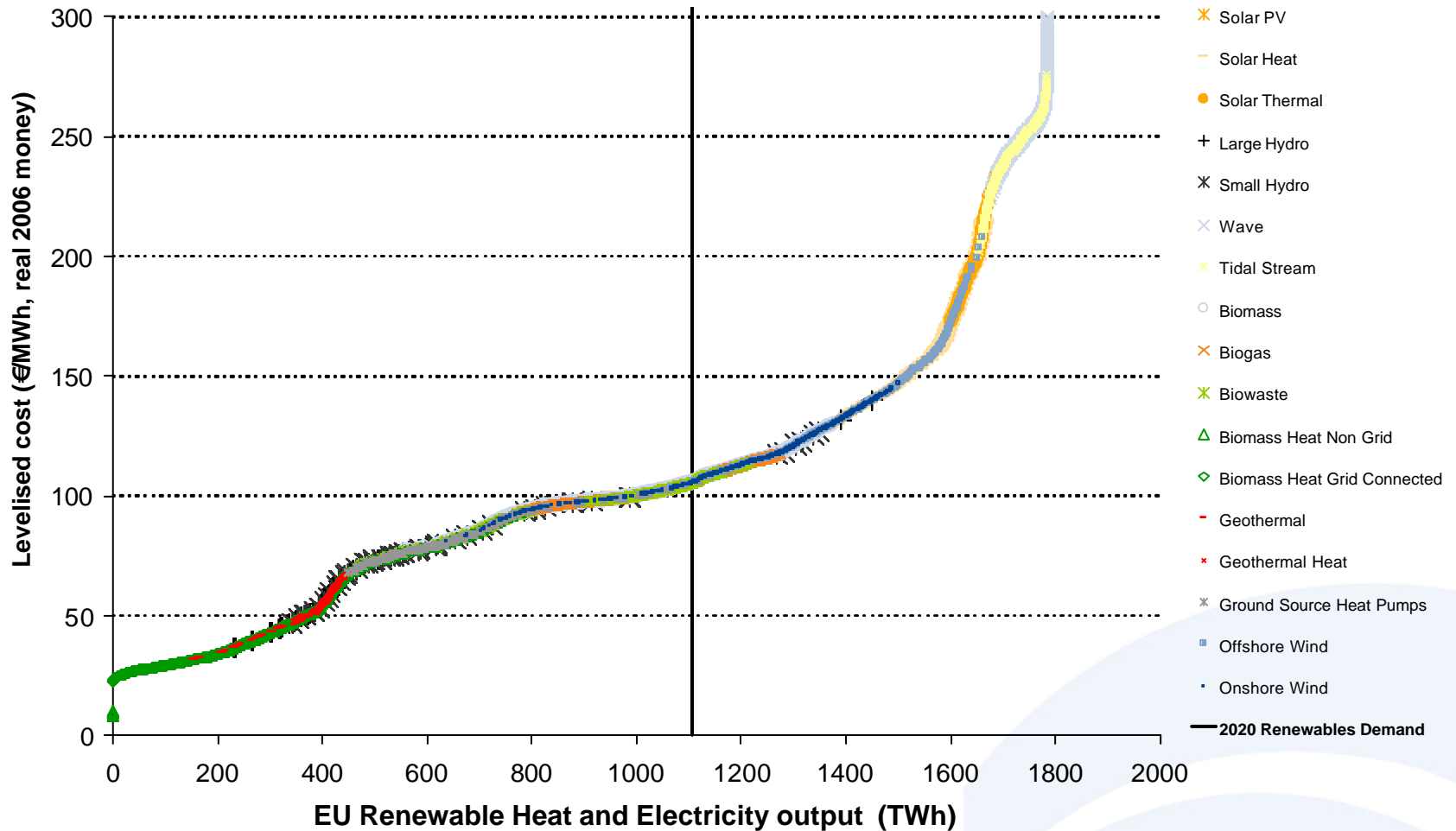
Variation in compliance costs gives rise to substantial trading potential

- Trading in Guarantees of Origin (GOs) could reach €13bn pa by 2020
- But draft Directive creates barriers to trade which could stifle a market in GOs

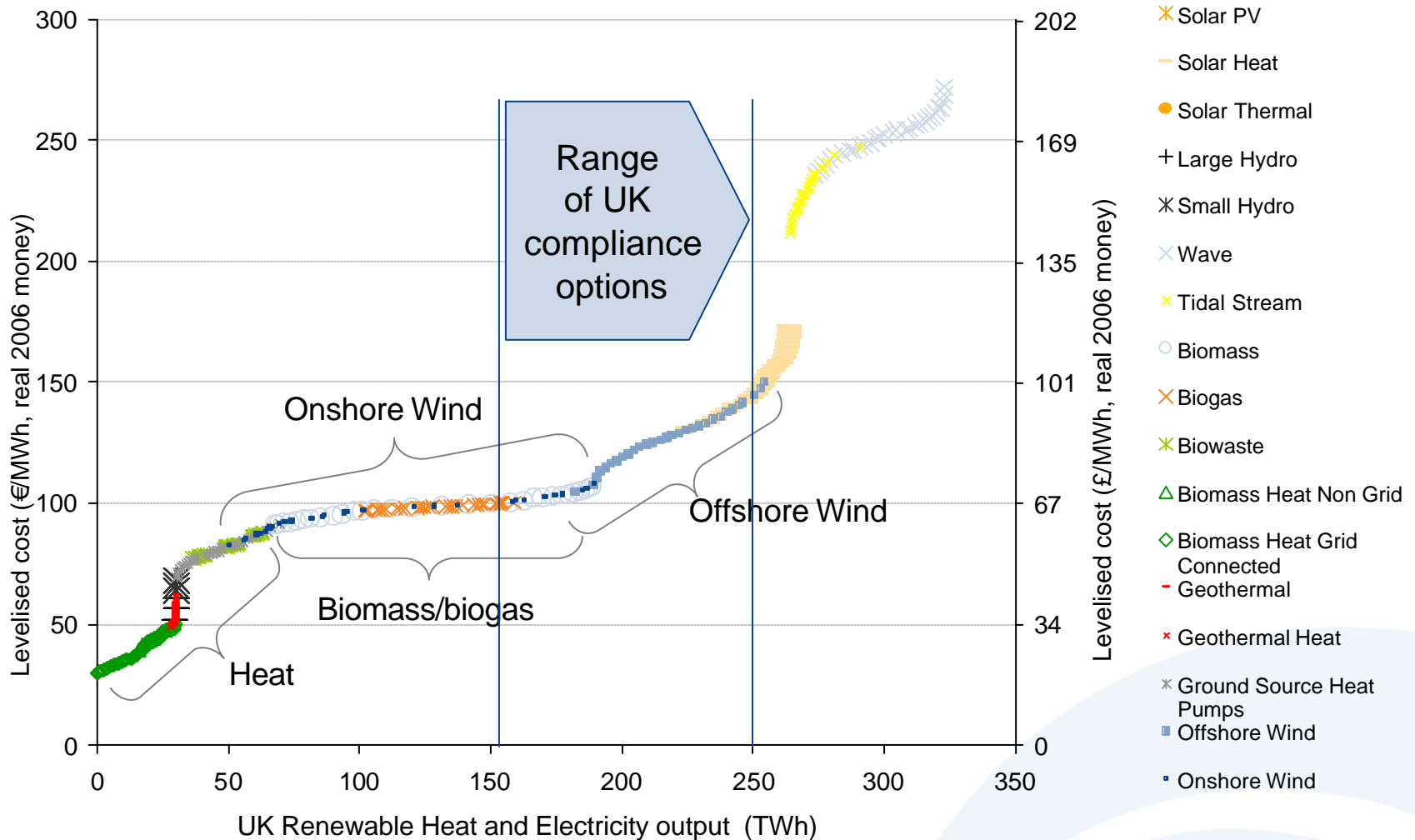


Project costs vary significantly between technology and Member States

Economic supply curve modelling for EU renewables

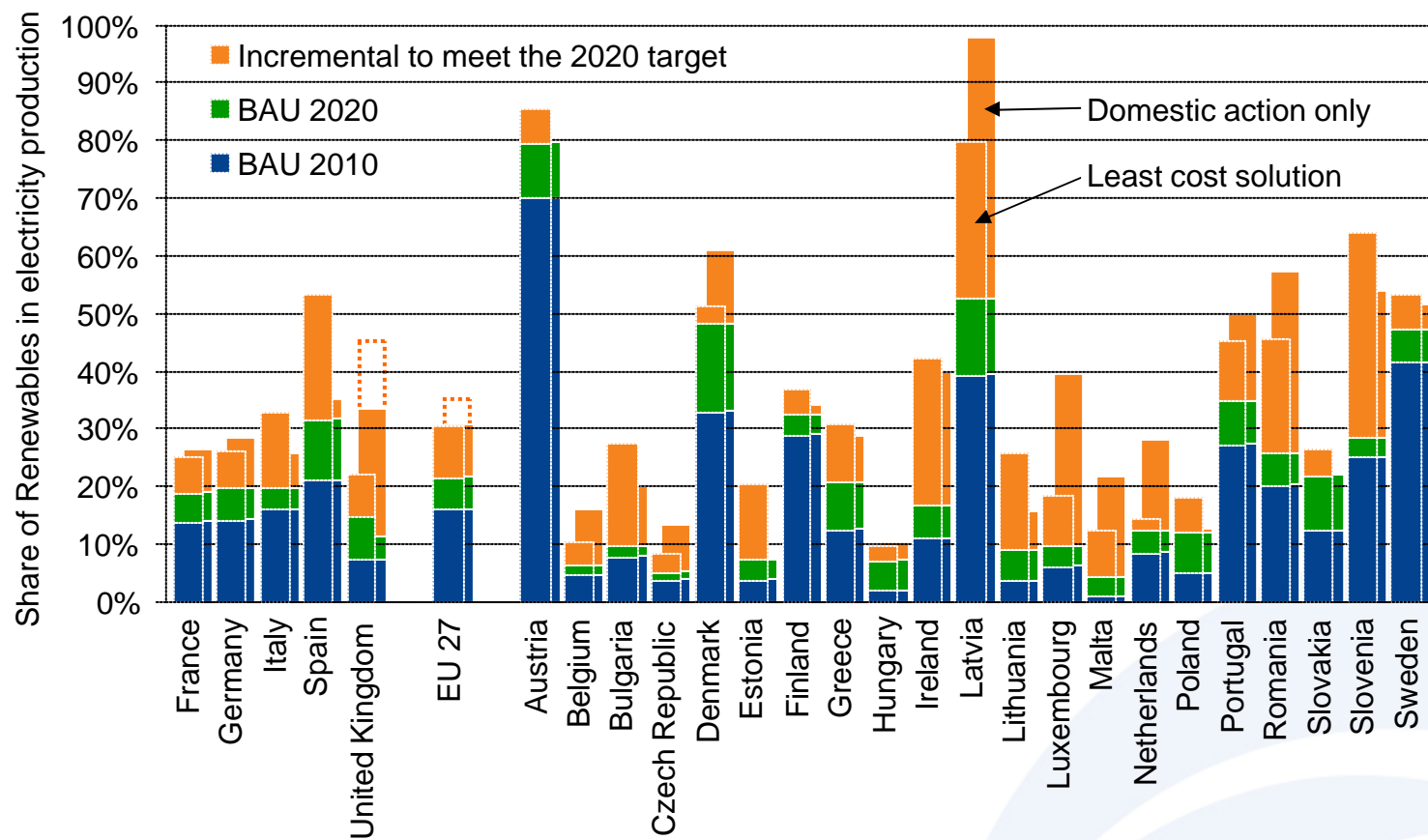


The extent to which trading is seen feasible and acceptable will have a major impact on the UK's compliance strategy



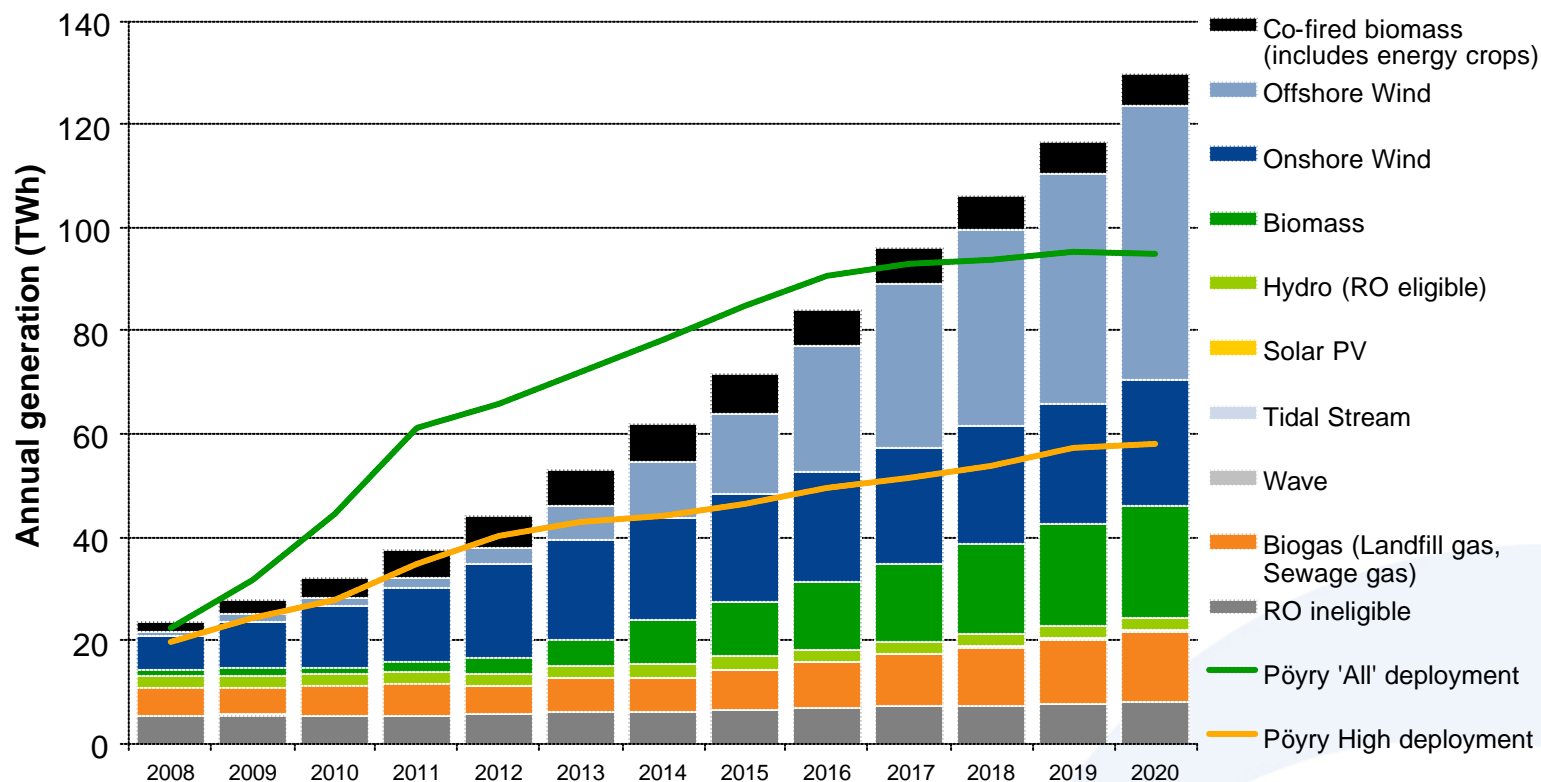
The proportion of electricity sourced from renewables to grow across the EU

- The UK will need 25% renewable generation even if trading is utilised
 - Rising to 35% if trading is not acceptable and/or feasible
 - Rising to 45% if renewable heat, transport or energy efficiency are also not delivered



To deliver 30%+ renewable generation in the UK will require doubling delivery under the Renewables Obligation

- Required renewables would exceed that of all projects proposed for the UK (excluding tidal barrages)
- Offshore wind will be the critical technology for meeting the UK's targets



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