

Renewable Energies: Leveraging opportunities for new industrial and economic growth

A round table discussion organized by the
IEA Implementing Agreement on Renewable Energy Technology Deployment

30 September 2010, Nice France

Short Meeting Report

Introduction

Next to its contribution in meeting energy and climate objectives, renewable energy is frequently supported to strengthen national industries and economic development. But in various countries the economic crisis has had a major impact on the development of renewable energy.

Yet, given the commitment by many countries to realise the ambitious objectives for Renewable Energy Technology (RET) that have been set, a tremendous market opportunity has been created.

Several governments have hence started to re-assess their RET industry policy, as they want to reap the economic benefits of an innovative and job creating industry that creates high added value. In order to do this successfully, smart choices have to be made to shape the conditions for tomorrow's sustainable growth.

In order to facilitate the debate and the exchange of views amongst countries and organizations, RETD organized a one-day roundtable discussion on this very current issue, from a truly global perspective. The discussion was attended by 20 participants from America, Europe and Asia.

The participants identified and discussed the key elements that are needed to develop a successful RET industry strategy that will help create RET industries that are not only successful today, but will also stay competitive tomorrow.

This while realizing that the RET industry has become global, and competition is increasingly shifting from quality and innovation to price.

Structure of the discussion

The meeting was structured in three sessions:

- (1) Economic opportunities of renewables - early mover success stories, with examples from wind energy in Denmark and solar photovoltaics in Germany;
- (2) Elements to foster industrial development in today and tomorrow's markets, with examples of policies in France, Ireland and the Netherlands, and experiences from the automotive industry; and
- (3) Roundtable discussion, in which the key issues were further elaborated.

Key observations:

1. There are large opportunities for combining industrial/economic development policies on the one hand, and renewable energy (RE) deployment policies on the other.
2. A crucial condition for a successful co-development is the presence of what is frequently referred to as “an enabling environment” for renewable energy: a stable political, institutional and cultural context that is aligned to support the deployment of renewable energy technologies, resulting in a continuously growing deployment of these technologies and the creation of a RE market.
3. Without this stable enabling environment, and notably without significant RE deployment, RE industry support policies will be ineffective. Strong political commitment and leadership is an important and sometimes crucial success factor.
4. Stability does not exclude flexibility. The policy context should provide stability to all stakeholders, but the specific policy instruments should be flexible in order to respond to changes in (market) circumstances (e.g. the adjustment of the feed-in tariffs for solar PV in Germany and France in response to the rapid decline in the price of solar modules). Allowing for flexibility in the design of the policy instruments, re-inforces the stability of the enabling environment.
5. An enabling environment for RE deployment is not sufficient to create strong industrial clusters. The service industry may develop by its own without special support, but this is not true for the production industry. Dedicated policy support is needed, based on the setting of strategic goals, an assessment of the strengths and weaknesses of the RE industry, and the identification of key industrial actors and/or clusters. Generic policy support may not be as effective as dedicated support for selected clusters.
6. An open dialogue with industry representatives is important. The industry can point at barriers that restrain the deployment of RE and/or industrial activity, and bring in the international dimension of RE deployment (e.g. market intelligence, the need for international coordination and/or standardisation).
7. Countries that have still a modest RE industry, might support actors that are active on potential niches and specialities in the value chain (e.g. particular components or services), or on technologies in an early stage of development.
8. Various policy instruments are being applied, ranging from financial incentives, to more intangible incentives and/or conditions as the general investment climate.
9. Financial incentives that were addressed in the presentations and discussion encompass the following:
 - Loan or export guarantees
 - Low interest loans
 - Fiscal incentives (tax deduction)
 - Public-private partnerships, including government provision of venture capital, or equity in RE projects

The main purpose of these incentives is to reduce the total costs and the costs of capital for investors, either by financial support, or by reduction or sharing of risks. Notably for some forms of public-private partnerships, the added value is in the exchange of experiences and the finetuning of support, as illustrated by the case of the automotive industry. An integrated and coordinated approach, which is predictable and adequately timed, will have maximum impact. For some technologies, this approach should be ensured at an international level.

10. More intangible incentives and/or conditions, such as the general investment climate, are also very important. They contribute to the creation of this enabling environment, and constitute a broad range of measures: facilitating the acquirement of permits, building sites, removal of institutional barriers, connecting stakeholders within an industrial cluster, creation of jobs, et cetera (all within the boundaries of state aid rules).

Agenda

Chairman: Hans-Jørgen Koch
Deputy State Secretary, Ministry of Climate and Energy, Danish Energy Agency
Chairman of the IEA RETD Implementing Agreement

Moderator: David de Jager
Ecofys Netherlands B.V.
Operating Agent of the IEA RETD Implementing Agreement

Session 1: Economic opportunities of renewables - early mover success stories

- [Denmark: The contribution of the Danish wind industry to economic development](#)
Emmanuelle Raoult, Vestas
- [Germany: The solar PV industry - success story and policy lessons](#)
Bernhard Milow, German Aerospace Center (DLR), Germany

Session 2: Elements to foster industrial development in today and tomorrow's markets

- **Making it a national commitment: France's holistic approach to developing RET industries**
Georgina Grenon, Ministry of Ecology, Energy, Sustainable Development and Sea (DGEC), France
- [Learning global market dynamics from more mature yet comparable industries: Experiences of the car industry](#)
Francisco Carranza, European Funding & Strategic Collaborations, Nissan International
- [Leading on innovation: How Ireland intends to strengthen innovation in RET industries](#)
Matthew Kennedy, Sustainable Energy Ireland Authority (SEIA), Ireland
- [Leveraging unique development opportunities: Governmental actions to make the Dutch industry competitive in domestic and global markets](#)
Foppe de Haan, Ministry of Economic Affairs, Netherlands

Session 3: Roundtable discussion

David de Jager, moderation

Conclusion

Hans-Jørgen Koch, chairman

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