

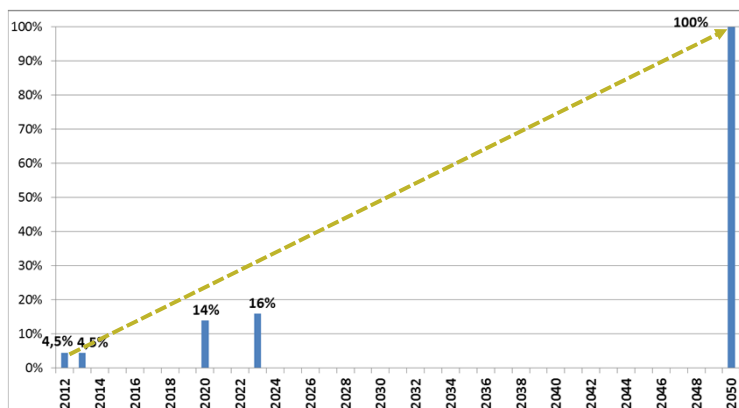
Stimulating Renewable Energy in the Netherlands
Results and Costs of the main support scheme in the perspective of 2020 and 2023 objectives



Netherlands Court of Audit
 Marcoen Roelofs

Sustainable Energy Production Support Scheme Plus (SDE+) | 24 April 2015

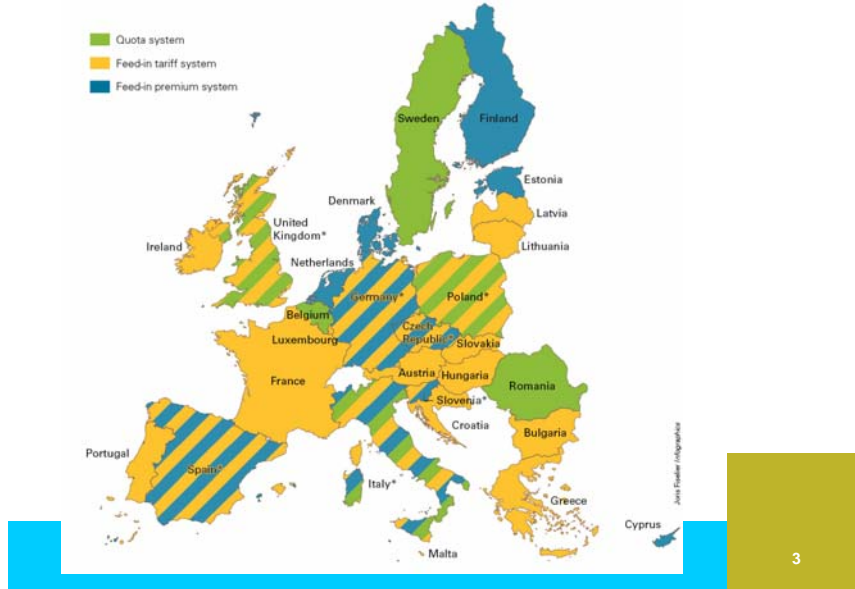
Policy objectives and actual situation





3 support schemes in EU (2012)

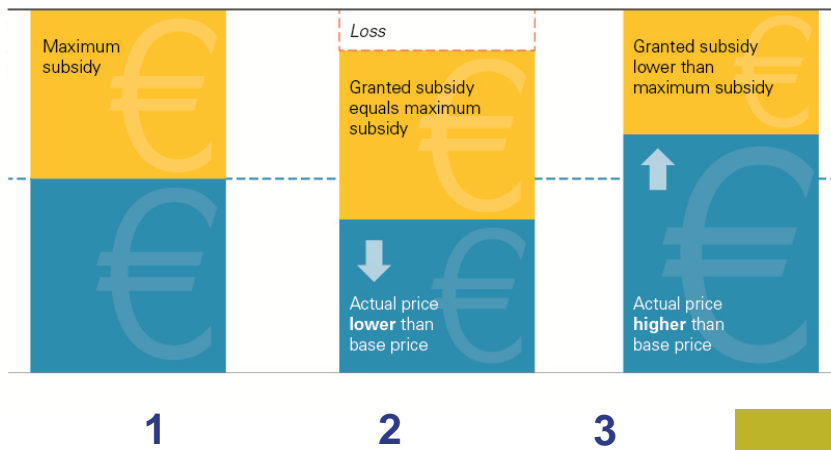
- Quota system
- Feed-in tariff system
- Feed-in premium system



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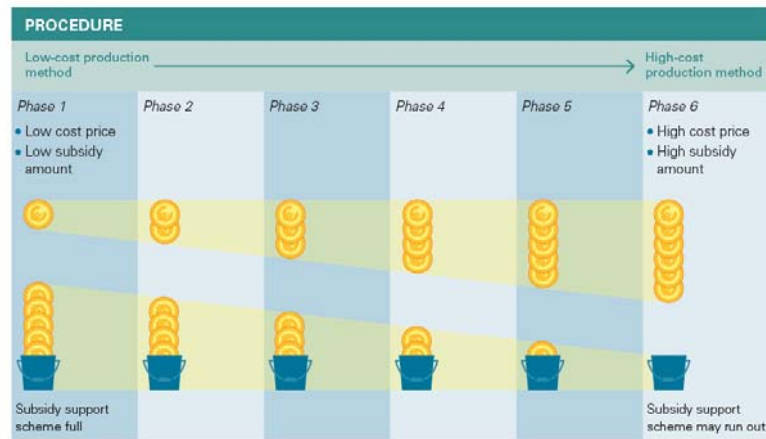


Explanation SDE+: Subsidy variation with energy price



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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?*



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 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

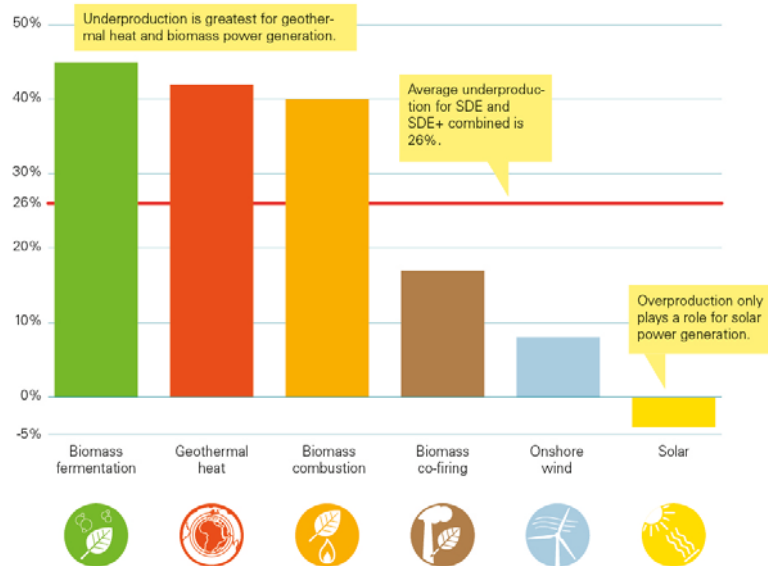
No account is taken of substantial underproduction



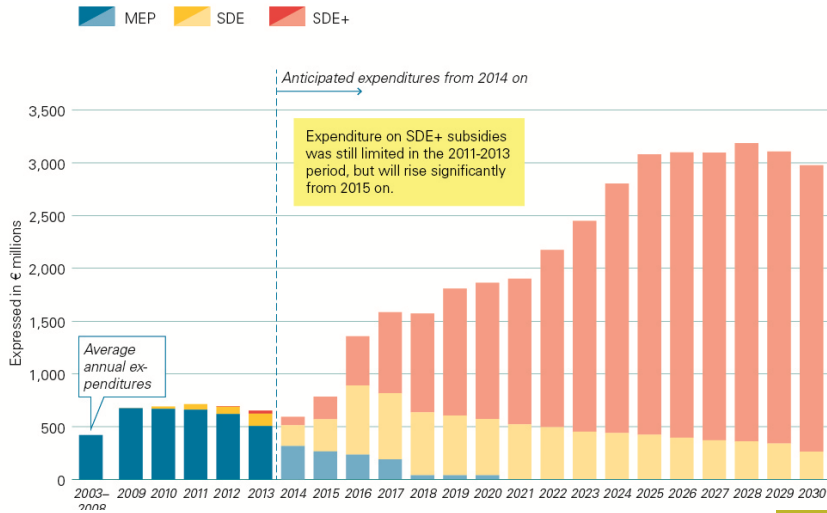
Tips & tricks from the audit team

- *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.*

Explanation SDE and SDE+ underproduction(2008–2014)



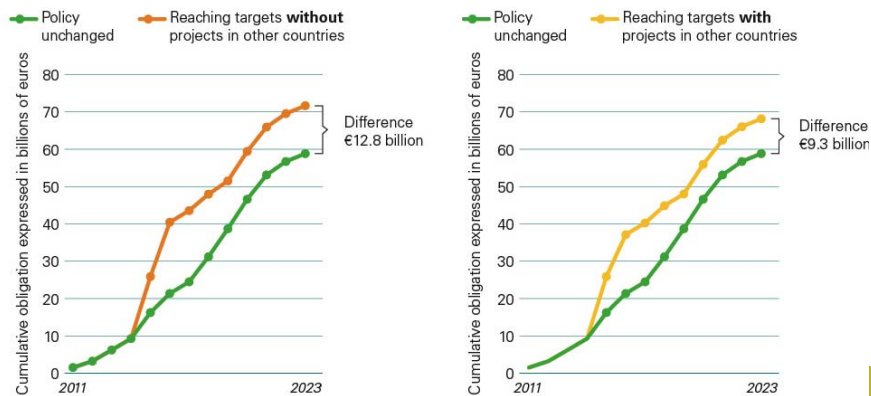
Subsidy expenditures



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



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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 underproduction: 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*



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*

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

