

Wind energy in Spain makes Europe's dream come true

By Heikki Willstedt, Energy Policy Director of the Spanish Wind Energy Association (AEE)

Wind power was the main source of electricity in Spain last year for the first time ever in any country. It covered 20.9 percent of total demand and wind farms produced a record 54,478 GWh, an increase of 13.2 percent over 2012.

It is no easy task to identify a business activity that has progressed so much in the last 15 years as the wind industry in Spain. It has achieved a highly prominent position in economic

terms as a result of the efforts of the companies operating in it, its contribution to the creation of value (GDP growth) and jobs, and the vitalizing effect that this business has on other economic sectors.

Moreover, the wind energy industry is making a major contribution to sustainable development in Spain, since its characteristics are in tune with the main substance of EU's energy and environmental policy, namely the reduction of greenhouse gas and other polluting emissions,

increased use of renewable energies and reduced energy dependence through lower fossil-fuel imports.

How did it happen?

The problem of energy dependence and the common objectives of the European Union are behind this extraordinary feat. Spain has to import more than 70% of the energy it consumes. And the cost of that imported energy has multiplied by 6 from 2000 to 2013. But thanks to wind power, Spain saved 3 bn € in 2013 in imports of fossil fuels, money that has been spent in the local economy. The amount of CO₂ emitted to the atmosphere for each kWh produced has gone down from more than half kilogram to less than 240 grams in the period.

These achievements were simply unimaginable twenty years ago. Thanks to the vision two decades ago of the Government, companies, research centers and Spanish society in general, wind power has become an industrial reality.

The technology itself started at the end of the 80s as a promising experimental technology, but it wasn't until the 90s that commercial installations were connected to the grid. In 1996, the European Union took the decision that, given the two central problems of rising energy dependence and increasing global warming, the development of indigenous renewable energies should become a priority for its

Heikki Willstedt



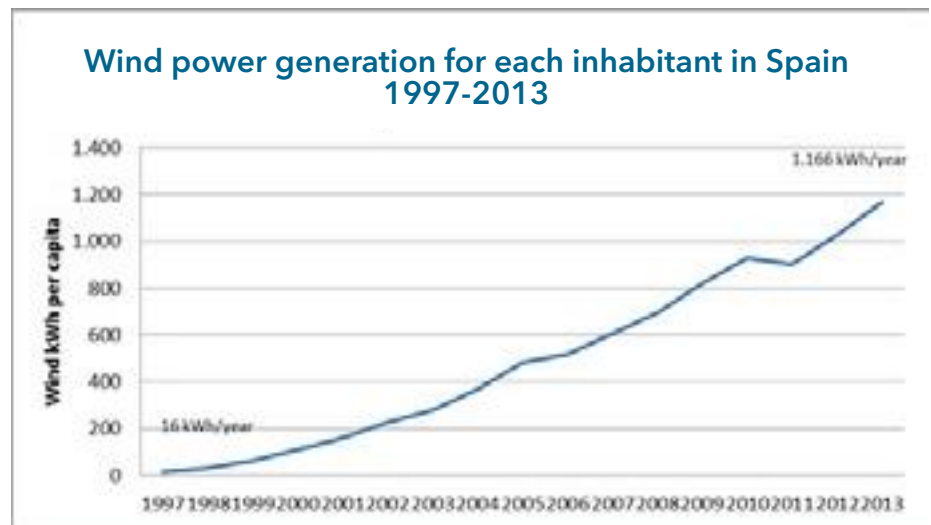
member states. This significance for renewable energy sources was established in an objective for 2010 to achieve a penetration of 12% of these resources in terms of primary energy consumption.

The Spanish Government incorporated this goal into its legislative framework in 1997. It was obvious back then that regulatory stability was fundamental to achieve a long term goal of deployment of capital intensive technologies, like wind power. A feed-in-tariff incentive system was established and kept until 2013, with certain improvements like the establishment of the feed-in-premium system to integrate wind power installations into the daily power market (this system is now being proposed by the European Commission as the model to gradually harmonize all national incentive schemes in the next decade).

With long term goals set by the EU and the Spanish Government, and thanks to the stability of the incentive system, the cost of capital went down rapidly at the beginning of the century. Both developers and manufacturers developed into a reality that goes beyond European borders. Thanks to the cost competitiveness of wind power (in 2007 a study by the EC rated Spain as the EU most cost efficient country in the development of wind power), Spain was able to comply with the EU objectives for 2010 and was looking with confidence to the attainment of the 2020 EU objective of reaching 20% of renewables in final energy consumption.

Let there be energy!

As can be seen in the graph, wind has become an important source of energy thanks to the development and deployment of wind energy technology. Where there was only wind now there is enough electricity to cover the demand of 90% of all Spanish households. And without emissions of CO₂, or of classical air pollutants like SO₂, NO_x or particles.



But this successful EU story is in danger.

Unfortunately, the change in the Government in 2012 has been the harbinger of new policies that go against all that has been achieved under the common European objectives: first, a moratorium in the further development of wind power and other renewables. Afterwards, a new 7% tax on the production of electricity that affects disproportionately wind installations. And in 2013 a change in the support system for existing installations that entails a retroactive cutback in the incentives for wind farms that could be a fatal blow for many installations.

With these new policies, it is doubtful that Spain will be able to reach the EU objective for renewables for 2020, and it is quite possible that the costs of future installations will rise due

to the legal insecurity that these decisions have imposed on investors.

The Spanish wind power sector has been actively asking the Spanish Government and the EU Commission to stop these erroneous policies that go against the recommendations on regulatory changes that the EC itself has made public at the beginning of 2014. But time is running short and if the new regulatory system is finally approved it will be a blow to the entire European wind energy sector and the common goals of the European Union.

The main message from the sector is that economic rationality and dialogue should be the main tools to reach a solution for the sector in order not to harm the industry's long term potential and its ability to continue creating prosperity in Spain and Europe. ●