

# Newsletter

## *SDE scheme*

March 2009

### THE NETHERLANDS BOOSTS ITS FEED-IN TARIFF FOR RENEWABLE ENERGY

The Dutch ministry of economic affairs has revealed its 2009 feed-in tariff scheme, setting a large, approximated 1000MW, cap for renewable energy sources, from which 830MW for onshore wind and also including mini-hydro in its regime for the first time.

The law is currently being debated by the parliament but no material changes are expected. If passed, new tariffs will be applicable on 1 April 2009 and will be implemented through the SDE scheme. The SDE scheme supports the exploitation of new sustainable energy projects. In other words the scheme supports the production of renewable gas and electricity. SDE is not an investment subsidy. SDE is a feed-in (tariff) premium subsidy scheme. The scheme will cover up to 1000MW, which is equal to an investment of approximately EUR 1.5 billion.

#### ***Onshore wind***

Important is the higher tariff and a large cap for onshore wind generation. The increased rate for onshore wind generation is due to the increased cost of wind turbines. Some 830MW of wind projects will be subsidised in 2009, at the rate EUR 0.094 per kWh, which is higher than the EUR 0.088 tariff in 2008.

#### ***Offshore wind***

The government also intends to install at least 450MW of offshore wind projects before 2011. Offshore wind is not included in the new tariff scheme, but grants for the projects will be allocated by SenterNovem, a ministry's agency for energy, climate and environment policies. However the government is yet to quantify how generous the grants will be. Applications for the grants can be submitted after the permits for offshore wind projects have been granted (1 November 2009 at the latest). At

the end of the year a tender for different offshore projects will be held under the successful applicants.

#### ***Hydro power***

Further to signals from the market that the potential from hydro power can be realised, mini-hydro generation has been included in the 2009 feed-in tariff scheme. The potential (medium term) capacity growth is estimated at 100 to 200 MW related to hydro power. The tariff rate for small hydro projects with a water incline greater than five meters will be EUR 0.073 per kWh, with a cap of 7MW. Plants with a lesser water incline will be entitled to EUR 0.125, under a 13MW cap. In parliament the question has been submitted whether tidal power should be included in the tariff scheme as well.

#### ***Solar***

Up to 20MW of solar plants will be included. Small PV installations, up to 15kW, will receive EUR 0.526 per kWh and larger projects will gain EUR 0.459 per kWh. The ministry has noted that in 2008 only 3kW of solar installations were entitled to the subsidy which led to more applicants than grants, but now there is a budget for up to 15MW of small PV projects and up to 5MW of larger solar projects in 2009.

#### ***Biomass***

Subsidy rates for electricity generation from biomass will range from EUR 0.115 to EUR 0.177 per kWh, depending on technology. Anaerobic digestion will also be supported

when biogas is fed into the natural gas grid. The tariff ranges between EUR 0.465 and EUR 0.583 per normal cubic meter if manure is co-digested. Between 16MW and 22MW will qualify for the latter tariff. The ministry will also give an incentive to biomass plants to use waste heat in a sustainable way, by implementing a 'commission' system. The more energy efficient a plant is, the higher the bonus under the tariff scheme.

### **General**

The actual subsidies will equal to the gap between the prices for the renewable energy and the average electricity price in relevant year. Caps for onshore wind, solar and mini-hydro amount to roughly 870MW, which leaves more than 100MW for new biomass installations.

Applications for the grants can be submitted between the first week of April and 30 October 2009.

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