

Consultation Paper on the development of a strategy for the exploitation of renewable energy resources

Points from Speech by the Minister for Resources and Infrastructure, Francis Zammit Dimech during the presentation of a consultation paper on the development of a strategy for the exploitation of renewable energy sources.

The Minister for Resources and Infrastructure Francis Zammit Dimech said that over the past decades we have experienced a significant increase in our standard of living and economic growth and this had to be sustained by increasing energy supply. This continued economic growth poses new challenges. He said that Government's approach and policy for the energy sector has to be consistent with the overall and overriding principle of sustainable economic development. While it is realized that we need to retain a degree of control over the sector due to the strategic importance of energy resources, Government's role is slowly being transformed from a leading participant in the market to a more regulatory one. Francis Zammit Dimech said that the establishment of the Malta Resources Authority is intended to provide for such formal, transparent and effective regulation of the sector.

Francis Zammit Dimech said that our vision for the sector is generally consistent with the general policies of the European Union but with particular reference to the Maltese situation, including effective management of all available resources, energy saving and efficiency, and a well balanced fuel mix, where all appropriate energy sources support sustainable economic growth.

The Minister for Resources and Infrastructure added that Malta is committed to a number of European and international obligations that require it to adopt and implement strategies, in the short to medium term, that lead to environmental protection and sustainable development including a sustainable energy system. He said that these include our contribution to the international efforts to reduce greenhouse gas emissions in line with the targets set by the World Environmental Conference in Kyoto and the United Nations Framework Convention on Climate Change (UNFCCC). He recalled that Malta was an instigator of the UNFCCC

process when in 1988 it drew the attention of the international community to the need to conserve climate in the interest of mankind. He added that Malta ratified the UNFCCC in 1994 and the Kyoto Protocol in 2001. As a participant to the UNFCCC, Malta is also currently working to prepare its First National Communication as required under Article 12 where we will be reporting a national inventory of anthropogenic greenhouse gas emissions, and policies and measures to implement our commitments. Renewable energy is widely considered to constitute an important part of the package of measures that are required to enable countries to comply with the Kyoto Protocol and to the UNFCCC. Francis Zammit Dimech said that the power generation sector is considered to be a major contributor to national greenhouse gas emissions, through the combustion of fossil fuel and CO₂ emissions from this sector are estimated to account for about 75% of the total CO₂ emissions in Malta.

Francis Zammit Dimech noted that apart from increasing environmental awareness to reduce greenhouse gases and other polluting emissions, as well as Malta's international commitments, Malta's accession to the European Union is also relevant in this field. It provides an additional driver as well as offers challenges, opportunities and supporting frameworks for promoting diversification, technological innovation and investment in renewable energy sources. The EU Directive 2001/77/EC seeks the promotion of electricity produced from renewable energy sources in the internal electricity market. He said that while the level of exploitation of renewable energy sources varies between the Member States, due to different geographical and climatic conditions and supporting policies, the European Union has been at the forefront to support renewable energy. It has established reference national indicative targets for contribution of electricity produced from renewable energy sources in Member States and is encouraging Member States to adopt appropriate steps to produce electricity from renewable energy sources. Malta is committed to the process of setting our national indicative targets for electricity produced from renewable energy sources.

The Minister for Resources and Infrastructure said that up to now, despite its potential to provide significant social, economic and ecological benefits, the use of renewable energy in Malta has been practically insignificant and we are totally dependent on imported oils for power generation. Renewable energy sources can however contribute positively to import substitution, security of energy supply, meeting increasing energy requirements and economic competitiveness particularly with increasing demand for environmental goods and services. Although their production costs are generally higher than other sources, they do not exhibit the price volatility of conventional resources. Francis Zammit Dimech said one of the most important challenges facing renewable energy resources is an economic one. We therefore need to investigate revisions to existing rules, and operating structures to determine the possibility of increased market penetration of renewable energy technology.

Francis Zammit Dimech said that this consultation paper is the first in a series of steps being undertaken by the Malta Resources Authority in the development and implementations of a strategy for the exploitations of renewable energy sources for electricity generation in Malta. The overall objectives of this initiative is the exploitation of efficient and clean energy technologies to meet energy needs, enhance the quality of the environment through a reduction in pollution emissions brought about by fossil-derived electricity production, and concurrently satisfy Malta's international obligations.

The Minister for Resources and Infrastructure said that it is envisaged that an appointed consultancy will carry out original, independent and the best possible analysis of relevant information, local situations and characteristics, on the basis of which, it will develop and recommend a detailed strategy and implementation programme, inclusive of targets of penetration, timeframes, milestones and benchmarks for the successful, structured and orderly introduction of renewable energy production and distribution in Malta.

Francis Zammit Dimech said that this consultation paper therefore outlines these general specific terms of reference for the appointed consultants to undertake a comprehensive and independent assessment of renewable energy exploitation in Malta. At the conclusion of this work, it is expected that the framework and a coherent blueprint for its structured introduction would be established.

Francis Zammit Dimech encouraged all interested parties, organizations and the general public to submit their comments to this consultation paper. He said we look forward towards active public participation in the process.

07.05.2002

Speech given by Mr. Joe N. Tabone, Chairman Malta Resources Authority

Ladies and gentlemen, members of the press;

I thank the Minister for his address.

In this short address I shall introduce the Consultation Paper on Renewable Energy Systems, published by this Authority a few days ago. Moreover, I would also like to take this opportunity to highlight other activities in areas devolving under MRA's responsibilities in the sector of energy.

The 21st Century will almost certainly be the age of renewables, just as the 20th Century was the age of fossil fuels.

As fossil fuel reserves diminish and concern increases over climate change, the value of renewable energy as a future power source gathers momentum and is being recognized to be the source of reducing the full dependence on fossil fuel for energy. Renewable energy is an ancilliary source of power which does not cause pollution or generate hazardous wastes or deplete natural resources.

Over the last 20 years, there have been major steps in the development of renewable energy technology for both industry and domestic use. Solar energy, wind energy, hydropower and geothermal sources are all forms of renewable energy which are green and sustainable. Their use is growing and the contribution made to ecological benefit is recognized.

Too many reasons can be attributed as to why alternative and renewable energies have not yet found their place in the Maltese energy production system and mix.

Government gave a specific mandate to the Malta Resources Authority to ‘promote’ the harnessing of alternative sources of energy.

The first step in this direction is the publication by the MRA of the Consultation Paper on Renewable Energy, which is an invitation to all stakeholders to make their valued suggestions to enable the Authority to develop a national strategy on renewable energy. We believe that in this way we shall establish a coherent, focused and comprehensive approach on this important matter.

There is already a recognizable spectrum of opinions and research in Malta about the subject. Although fragmented, they generally converge to form a positive basis. A number of entrepreneurs have made presentations to the MRA on various interesting related projects. We encourage all these entrepreneurs to maintain their interest and momentum and to participate in the consultation process, so that an integrated approach and a broad consensus is built on future developments in this area.

Whilst the Authority is committed to the exploitation of renewable sources, we cannot simply transplant other countries’ systems and strategies. Malta, being a small island state, has its geographical limitations, economic constraints and political exigencies. We have to evaluate and assess the most suitable applications for Malta after examining the impact of market mechanisms and regulatory processes in other countries. After the consultation process, and with the help of expert consultants, MRA will formulate an appropriate national strategy.

In the last two decades energy production and use have grown, significantly. It is enough to note the number of hotels, industrial estates, residences built and motor vehicles on our roads to recognize the volume of fuels being consumed. These reflect the need of a growing economy. Enemalta has strived to satisfy energy demand by continuously increasing capacity. This needs to be efficiently produced, sold at fair prices and delivered as required. We have to view this scenario in a holistic and

sustainable manner. Enemalta fulfills an important role in driving the economy forward.

It is worth noting other milestones in the field of 'clean energy'. This year Malta will have complied with European standards through the ban of leaded petrol. MRA shall also be investigating the introduction of less conventional fuels to power motor vehicles; such LPG (liquefied petroleum gas). In the case of electricity production, Malta is studying the feasibility of transportation (pipeline) infrastructure that will allow for the use of natural gas for electricity generation. Natural gas is one of the cleanest fuels for electricity production, and this would be a huge stride ahead.

The public needs to cultivate a culture of energy efficiency and with it, the philosophy to invest only in energy efficient equipment and processes.

The Malta Resources Authority will in the future embark on an intensive educational programme on energy consumption. Measures will be introduced which will encourage the rational use of this costly resource.

Sustainability can only be properly addressed if it covers the whole chain, from source to supply. Importers of electrical equipment and appliances must conform to the newly established standards (Standards Authority) regarding energy efficiency; architects should incorporate features for energy conservation in their designs and finally the consumer must cultivate an attitude of preservation

What I have mentioned here so far, are some objectives within the area of energy production and environmental protection. However, the Authority has a tall, broad and all encompassing order of functions, that provide for the improved governance of the energy sector.

Last year, the Authority, through its Energy Directorate, assisted towards the formulation of a National Energy Policy. We have worked with the Malta Council for

Science and Technology, and the Authority is taking over the finalization of this national document, within the next few months.

This policy document deals with the other policy objectives on energy; such as ensuring security of supply; to the country and to the individual consumer; designing market structures for less costly, efficient and quality supplies; in addition to measures to protect the environment from the harmful impacts of energy and its excessive use.

Another project in the pipeline is the restructuring of the retail fuel market that will gradually encompass the importation and wholesale market.

The Authority is obliged not only to regulate Enemalta Corporation and its various ramifications, but also to ensure efficiency in performance of this state owned undertaking. MRA fully appreciates Enemalta's contribution to the Maltese economy, but nevertheless it needs to face the realities of today's market forces and consumers' expectations. We shall be developing plans how the Corporation can be supported and spurred to greater operational and financial efficiency. We intend to work closely with Enemalta and approach our objectives in an innovative way for better governance of this sector.

The economy and improvement in standards are changing and therefore our strategies must change too. We must aim at the viability of the sector with efficient systems which provide the consumers with sufficient supply and value for money services.

In conclusion, for the energy sector to continue to develop and improve the needs of the nation, we have to create a partnership between the service providers, consumers and manufacturers of equipment. I would like to emphasize that the Authority's role, responsibility and indeed commitment, apart from advising the Government on policy, is to structure and operate comprehensive and transparent implementation mechanisms, whether they are for the introduction of renewables in Malta or for the

opening of market segments or for the reduction in fossil fuel sources. I close with a quotation from an address delivered in 1999 by the British Environment Minister:-

"I cannot over-emphasise that improved energy efficiency and growth in renewable energy, are not alternatives – we need to pursue both issues vigorously. And we are doing so."

Thank you