

European Commission study shines light on the true cost of energy

The European Commission study on “Energy subsidies and costs in the EU”, released today, demonstrates that the direct total cost of conventional energy technologies, such as coal and nuclear, is much higher than the direct cost for solar energy.

13 October 2014, Brussels – The study proves that solar energy is cost effective today, and is improving competitiveness at a rate that conventional technologies will never be able to achieve. This is a wakeup call for policymakers to prioritise the most cost effective energies – such as solar. Policymakers need to stop protecting the past and begin to shape the future, which is clearly based on renewable energies on the evidence of the report.

“Despite decades of heavy subsidies, mature coal and nuclear energy technologies still rely on similar levels of public support as innovative solar energy is getting today. However, support to solar electricity is already coming down, in line with the rapid technology cost reduction, as opposed to coal and nuclear energy which remain locked into subsidies as they have been for the last 40 years,” commented Frauke Thies, EPIA Policy Director. *“With its increasing cost-effectiveness, solar is set to overtake conventional technologies in the short term,”* she added.

The Commission also released a progress report on the Internal Energy Market that reveals slow progress.

“The Internal Energy Market report confirms that limited progress has been made towards transparency and flexibility. Europe still has a long way to go to achieve a real internal energy market that provides fair conditions and a level playing field for solar power and other innovative solutions in the electricity sector,” concluded Thies.

Note to editors:

About the report on “Energy subsidies and costs in the EU”

Main findings of the report include:

- Since 1970, conventional energy generation (in particular nuclear and coal) has benefitted from very substantial direct and indirect subsidies
- Significant support to solar power was introduced only recently and probably reached its peak in 2012
- Even in a special year for solar like 2012, mature technologies like nuclear and coal still received almost the same level of support as solar, taking into account historic support that can be directly linked to the production of today (other effects like free allocation of emissions allowances for fossil fuel generators under European Emission Trading Scheme or indirect effects of historic support are

excluded though). The total monetary value of public interventions in the energy sector excluding transport in the EU28 was €113 billion in 2012, plus €3-15 billion of direct historic support

- The total aggregate external costs of all energy sources added up to around €200 billion in 2012, with an uncertainty range from €150-310 billion. If these costs were taken into account, total costs of energy from nuclear, gas and coal in 2012 would by far exceed those of solar
- If broken down into support given per unit of energy generated, direct support for solar was around €110/MWh in the peak-year 2012. When external effects of different energy technologies are taken into account, the total societal costs per unit of coal were almost the same or even higher compared with those of solar, including in 2012
- The levelised cost (i.e. the costs of producing a unit of electricity) of large-scale solar power generation was around €100/MWh in 2012, already comparable with those of natural gas and nuclear, demonstrating the increasing economic attractiveness of solar

About EPIA

EPIA – the European Photovoltaic Industry Association – is the voice of photovoltaics in Europe. EPIA represents its Members, who are active along the whole solar PV value chain and in related business sectors. Created in 1985, EPIA promotes PV electricity in the European market and gives its global membership a strong and unique voice towards European decision makers. EPIA's mission is to drive the European energy transition, ensuring that photovoltaics play a crucial role in tomorrow's electricity mix.

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