

# Netherlands Renewable Energy Support Schemes Policy Case Studies

Rethinking  
Decarbonisation  
Incentives

The Dutch government launched a renewable energy support scheme in 2011, called Stimulerend Duurzame Energie (Stimulating Renewable Energy, SDE+) to encourage the generation of renewable energy in the Netherlands.

## Policy Type: Renewable Energy Incentive Scheme

### Key Features

The government organises a tendering scheme for renewable energy developers whereby the winners receive risk reductions in the form of subsidies.

### Sectors Covered

Power (Renewables).

### Sectors Not Covered

Industry, Transport, Buildings, Agriculture, Forestry, Waste.

"Investors agree that one of the biggest advantages of the SDE+ is the clear and strong price signal it provides for large volumes of renewable energy."

Martijn Blom, Theme leader,  
Financial Instruments, CE Delft

### Carbon Price

€62

/tCO<sub>2</sub>e in 2015  
(~£45)<sup>1</sup>

### Key Dates

The SDE+ scheme was launched in 2011.

2011

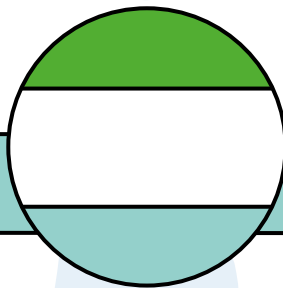
<sup>1</sup> Exchange rate 2015: €1: £0.726. Source: <http://www.ofx.com>, accessed 29/06/2018.

## Introduction

The Netherlands established the SDE+ regulation (Stimulating Renewable Energy) in 2011. The policy aims to incentivise the generation of renewable energy for the lowest cost possible, enabling the achievement of the Dutch and European Union targets for renewable energy generation.

The Dutch government recognises that the achievement of significant additional renewable energy generation in the country will involve helping renewable energy developers overcome financial barriers. The government therefore provides them with financial guarantees and risk reductions via the SDE+ regulation.

As such, the SDE+ scheme supplements the economic support for renewables provided by the EU ETS carbon price by compensating electricity generation companies for the difference in price between the market price and costs for renewable generation over a period of 8, 12, or 15 years, depending on the type of technology used. The SDE+ is therefore designed so that the combined level of support is sufficient while not providing a double subsidy for renewables.



## Key Findings

### Policy Objectives

- The argument for the Dutch government to put in place the SDE+ is mostly based on the benefits the policy brings beyond saving carbon. The wider benefits cited by the government include local economic development, creating investor confidence in the renewable energy sector and improving national energy security. This argument was used to justify putting in place a policy that favours certain technologies and therefore does not lead to least cost decarbonisation.

### Policy Design

- The SDE+ scheme involves the government providing guarantees and risk reduction to renewable energy developers via subsidies through a tendering scheme. In general, all technologies can compete, so that the most cost-effective renewable energy mix will be developed.
- The overlap between the SDE+ scheme in the Netherlands and the EU ETS demonstrates that targets of overlapping decarbonisation policies should be set in a mutually consistent way. For example, the EU ETS

cap is currently set by taking into account increased renewable generation that will be encouraged by Member State policies.

- In addition, the Dutch SDE+ system is designed to limit the amount of subsidy it provides if the EU ETS carbon price is high. This avoids high subsidy costs if the desired emission reductions are already sufficiently incentivised by the EU ETS.

### The Future of Climate Policies

- The advantage of the SDE+ regulation compared to the EU ETS is that it provides a stable economic incentive that does not suffer from market volatility.
- In addition, the two instruments of the renewable support scheme and the carbon market work together in a complementary way. The SDE+ regulation provides a top-up on electricity prices, which are influenced by the EU ETS, to ensure it gives sufficient support for investments into renewable energy development.



## Definitions

### Renewable Energy Incentive Scheme

A scheme whereby financial guarantees or risk reductions are provided to renewable energy providers by the government.