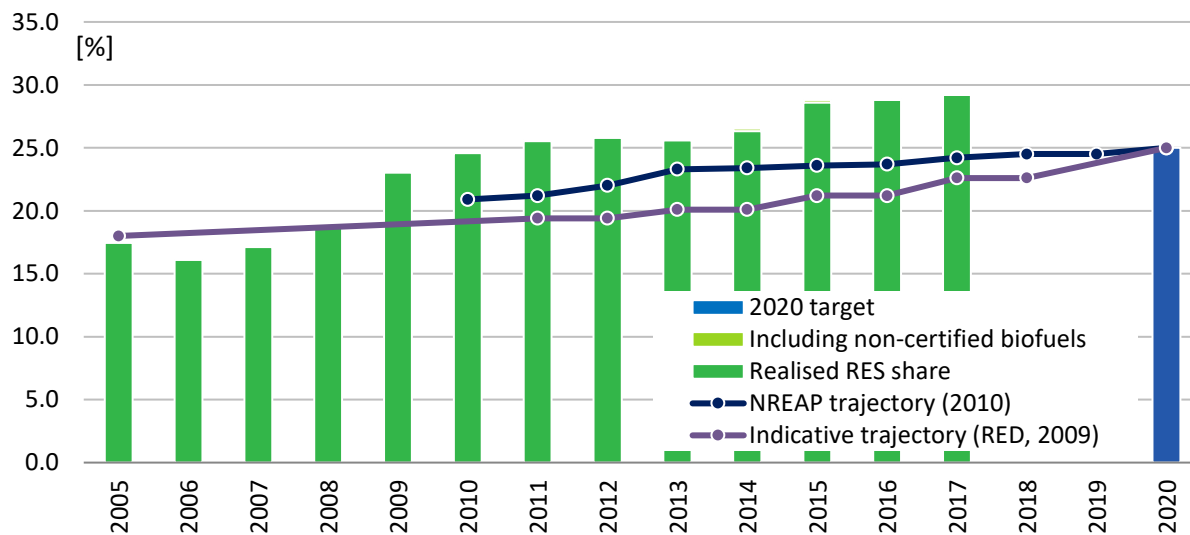


Summary

In Estonia, electricity from renewable sources is mainly promoted through feed-in premiums. In July 2018, the administratively determined feed-in premiums scheme has been replaced by an auction-based feed-in premiums scheme. In addition, investment subsidies are available for biogas/biomass-based electricity and wind power installations. Renewable heat is stimulated through investment subsidies to CHP plants, as well as for private renewable heat consumers. Renewable transport fuels are currently mainly incentivised by way of a support scheme to promote the use of biomethane and the construction of biomethane fuelling stations. Generally, a number of investment subsidy schemes are in place to promote the development, installation and use of renewable energy production installations.



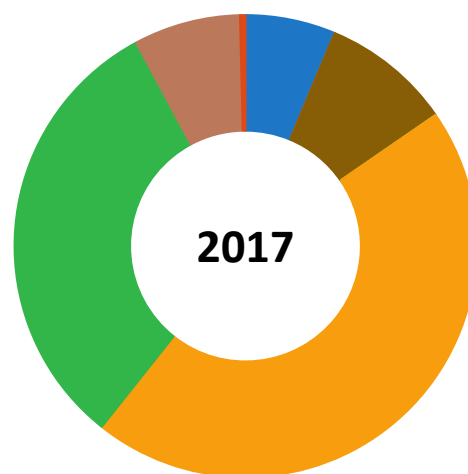
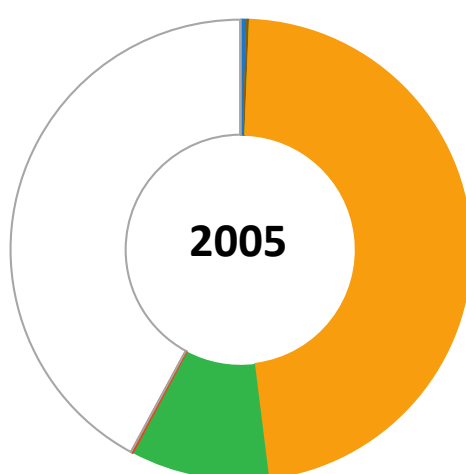
Source: EEA, Eurostat

Abbreviations used:

RES: renewable energy sources
 RES-E: renewable electricity
 RES-H/C: renewable heating/cooling
 RES-T: renewable transport fuels

Data for 2017

Overall RES share:	29.2%	Avoided fossil fuels:	1.2 [Mtoe]
Overall RES 2020 target:	25.0%	Avoided fuel expenses:	0.4 [billion euro]
Share RES-E in electricity:	17.0%	RES Turnover:	790 [MEUR]
Share RES-T in transport:	0.4%	RES Employment:	12200 [jobs]
Share RES-H/C in heating:	51.6%		



- Hydropower
- Wind power
- Solar PV, CSP and water heaters
- Solid biomass
- Biofuels in transport
- Renewable heat consumed
- Renewable heat derived
- Heat pumps
- All other renewables
- Gap towards 2017

Source: Eurostat, 2019.

	2005		2017		
	Energy		Energy	Employment	Turnover
Hydropower	0.0 ktoe		0.1 ktoe	<100 Jobs	<10 MEUR
Wind power	4.3 ktoe		59.5 ktoe	1200 Jobs	80 MEUR
Solar PV, CSP and water heaters	0.0 ktoe		0.0 ktoe	200 Jobs	20 MEUR
Solid biomass	1.8 ktoe		85.6 ktoe	8000 Jobs	490 MEUR
Biofuels in transport	0.0 ktoe		0.0 ktoe	700 Jobs	40 MEUR
Renewable heat consumed	447.3 ktoe		427.6 ktoe		
Renewable heat derived	92.1 ktoe		297.0 ktoe		
Heat pumps	0.0 ktoe		70.4 ktoe	1700 Jobs	120 MEUR
All other renewables	1.2 ktoe		3.6 ktoe		
Gap towards 2017	397.3 ktoe				

Source: Eurostat, EurObserv'ER, 2019.

Hydropower jobs & turnover only covers 'small hydropower'. PV=Photovoltaics, CSP=Concentrated Solar Power. Biofuels in transport only covers compliant fuels (employment and turnover additionally cover the non-compliant biofuels). Derived heat includes heat produced in main activity producer plants and heat sold produced in autoproducer plants. Its counterpart is the final heat consumption in the final consumption sectors (such as households).



CURRENT RENEWABLE ENERGY POLICY

In 2017, the “National Development Plan of the Energy Sector until 2030” (NDPES 2030) was adopted and published, determining various national objectives regarding the legislation and policies to promote the renewable energy sources in electricity, heating and transport sector. However, the specific proceedings in regard to the implementation of further RES support schemes in all respective sectors are yet to be decided. New draft amendments regarding measures to support the RES in heating sector as well as the biomethane producers in the transport sector are expected in 2019. Furthermore, Estonia seeks to sell surplus “statistical renewable energy transfers” to other EU member states that are not on track in achieving their respective national renewable energy target for year 2020. The relevant legislation was introduced in June 2018. The first bilateral contracts are expected to be concluded within short and a tender for statistical transfers is envisaged in the course of 2019.

Currently, a feed-in premium scheme forms the backbone of market support measures for *electricity from renewable sources of energy*. Until recently, the (fixed) feed-in premium levels were determined administratively. Since July 2018, for new renewable electricity plants these levels are determined market-based by way of technology-neutral reverse auctions. There will be a tender in 2019 for installations in the 50 kW – 1 MW range and one in 2020 for installations with a capacity above 1 MW. These tenders intend to meet set RES-E sub-targets, e.g. 17.6% RES-E in final electricity consumption by 2020, and contractual obligations for selling statistical transfers at lowest subsidy costs. In principle, contingent on meeting environmental regulations (notably regarding bio-energy) all RES-E technologies with an upper capacity limit of 125 MW are eligible for feed-in premium support. Moreover, investment (including RD&D) support is granted for bio-energy based CHP plants and renewable energy installations for private energy consumers.

Renewable heating and energy efficiency improvement is stimulated by investment subsidies and consumer subsidies. Investment subsidies are granted notably to CHP and district heating installations using renewables as well as to municipal community centres, child day care centres, and to households and apartment buildings for the installation of heating installations using biomass as well as solar and geothermal heating installations. The allocation of subsidies proceeds in subsequent rounds based on applications and available funds.

As from May 2018 *renewable transport fuels* is supported by a biofuels (blending) quota scheme. Moreover, use of biomethane in the transport sector is incentivized by means of investment subsidies for biomethane petrol stations and to promote biomethane use in public transport systems in municipalities. As from January 2018 certified biomethane producers receive production subsidies on a per MWh basis for biomethane delivered to the gas network system.

OVERVIEW OF MAIN SUPPORTING POLICIES

The main RES support measures applied in Estonia are epitomized in Tables 1 and 2 below. See the previous section and the notes to Table 1 for more details.

Table 1: Overview of support schemes to promote renewable energy in Estonia

	NON-FISCAL SUPPORT SCHEMES						FISCAL AND OTHER STATE FUNDED INCENTIVES			
	Feed-in tariffs	Feed-in premiums	Tenders	Quota obligation with Tradable Green certificates	Quota obligation without Tradable Green certificates	Net-metering/ net-billing	Investment subsidies	Tax credits mechanism I 1)	Tax credits mechanism II	Soft loans
RES-E										
- Offshore wind		x					x			
- Onshore wind		x					x			
- Solar		x								
- Hydro		x								
- Geothermal		x								
- Solid biomass		x					x			
- Biogas		x					x			
RES-H/C										
- Solar thermal							x			
- Geothermal							x			
- Biomass							x			
- Biogas (Biomethane)		x					x			
- Small scale installations, e.g. solar thermal collectors, heat pumps, biomass boilers and pellet stoves							x			
- Others, i.e. aerothermal, hydrothermal										
RES-T										
- Bio gasoline					x			x		
- Biodiesel					x			x		
- biomethane							x	x		

1) Fiscal incentive of bio-methane use in the transport sector

Sources: RES-Legal Europe (2019), EurObserv'ER

Table 2: Overview of instruments used at present in Estonia

Instrument	Description
Feed-in premiums	Technology-specific guaranteed premium on top of the revenues from electricity sold, during the support contract period.
Investment subsidies	Applied to facilitate the financing of biomass and wind power based RES-E installation and certain renewable heating technologies including bio-based fueled CHP and district heating installations and biomethane facilities in the transport sector
Tax credits scheme	Bio-methane use in the transport sector is fiscally facilitated. Note that in Estonia electric vehicles in combination with renewable electricity is fiscally facilitated as well.
Biofuels quota scheme	Importers/suppliers of transport fuels are subject to a renewable quota scheme for biofuels. Compliance based on sample testing rather than certificates-based.

For further information:

CEER, 2017. Status Review of Renewable Support Schemes in Europe.

http://www.ceer.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Electricity/2017/C16-SDE-56-03%20Status%20Review%20RES%20Support%20Schemes.pdf

EEA, 2017 <http://www.eea.europa.eu/data-and-maps/daviz/actual-res-progress-indicative-trajectory-2>

Eurostat, 2017. Energy from renewable sources. http://ec.europa.eu/eurostat/statistics-explained/index.php/Energy_from_renewable_sources

REN21, Global Status Report 2017 http://www.ren21.net/wp-content/uploads/2017/06/170607_GSR_2017_Full_Report.pdf

IEA/IRENA Joint Policies and Measures database

<https://www.iea.org/policiesandmeasures/renewableenergy/?country=Estonia>

Member State Progress Report, available at the Renewable Energy pages of the European Commission,

<http://ec.europa.eu/energy/en/topics/renewable-energy>

RES Legal database, <http://www.res-legal.eu/search-by-country/estonia/>

https://ec.europa.eu/commission/sites/beta-political/files/energy-union-factsheet-estonia_en.pdf

(European Commission/ DG ENER, Energy Union Factsheet Estonia, November 2017)

European Alternative Fuels Observatory, <http://www.eafo.eu/content/estonia> ; <http://www.eafo.eu/eu>

What is meant by ...?

Auctions for granting renewable energy support	An auction is a process of granting production or investment support to renewable energy projects based on the lowest bids by eligible project developers.
Feed-in tariff (FiT)	A support scheme which provides for a technology-specific remuneration per unit of renewable energy payable to eligible renewable energy producers. A proper, periodic review of FiT rates is often undertaken with the aim to prevent both too high FiTs so as to minimise regulatory rents, i.e. supra-normal returns and too low FiTs to preclude below-target market uptake because of FiT levels that are perceived by market participants to be less attractive. In addition, feed-in tariffs often include "tariff depression", a mechanism according to which the price (or tariff) ratchets down over time.
Feed-in premium (FiP)	A scheme which provides for a support level per unit of renewable energy to eligible renewable energy producers, typically for a period of 10-20 years, at a pre-set fixed or floating rate. The premium is typically adjusted periodically to exactly offset change in the average energy wholesale market price, based on a pre-specified benchmark market price. A floating FiP may move freely or may only be allowed to move within a pre-set interval.
Grants	Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a non-profit entity, educational institution, business or an individual. (Source: Wikipedia.org)
Green public procurement	In Green public procurement contracting authorities take environmental issues into account when tendering for goods or services. The goal is to reduce the impact of the procurement on human health and the environment. (Source: Wikipedia.org)
Renewable quota scheme (RQS)	A RQS mandates certain market actors (typically retail suppliers or large energy end-users) to respect a pre-set minimum share or amount of their total energy procurements from renewable sources of energy. Typically a tradable green certificate (TGC) scheme is operated to enable the obligated parties to prove their compliance with the prevailing renewable quota target by means of TGCs.
Sliding feed-in-tariff	A FiT scheme which pre-sets technology-specific declining feed-in tariffs for certain prospective vintages in line with the technology-specific learning curve, as projected by the National Regulatory Agency (NRA). Often a depression rate is used indicating the %/annum decrease in the rate level.
Soft loans	Loans at concessional (below market-based) terms, for example at sub-market-conform interest rates, made available in several Member States to stimulate certain renewable energy technologies.
Tax credits	These are amounts a tax paying entity is allowed to deduct when declaring payable taxes, for example company tax or income tax, to the tax authorities, for example the producer tax credits (PTCs) used in the United States to stimulate among others wind energy deployment.

Disclaimer

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