

Speaking points CdP round table discussion power and energy organised by DBCCI

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Energy policy in the Netherlands and options for bilateral cooperation

Context Netherlands energy policy

- In the Netherlands, traditional energy sources are getting scarcer, energy demand is growing, and CO2 emissions are too high. We need to break the cycle of relying on polluting energy sources and strive for a transition to sustainable, clean energy management.
- The challenges in the energy sector in the Netherlands cannot be solved within the present energy structure. To make the change to a sustainable energy management system we need to force technological change and adapt consumers to a new energy infrastructure.
- One of the key factors that determine the success of the transition is the role of civil society and the private sector. Both stakeholders will be intimately involved in shaping and implementing the energy policy in the coming years.

Dutch policy in a nutshell: flexible energy management

- At the core of sustainable energy management is a system of flexible energy management. This means an energy management system which is **cleaner, smarter and diversified**.
 - **Cleaner**, in terms of CO2 reduction.
 - **Smarter** through use of ICT. Think of smart energy consumption meters and smart networks.
 - **Diversified** because energy should be supplied through a variety of sources. Besides sustainable energy sources more variation in fossil fuels is needed originating from multiple countries, through multiple routes.

Vision 2050

- The vision for 2050 of the Netherlands government is that 40 percent of all energy originates from sustainable energy sources. Energy from coal and nuclear power will become more important and there will be increased import and export of electricity. We will use more decentralised power systems, more solar power, and develop more wind energy parks. Petrol stations as we know them today will disappear: we will charge our electric cars from our own home.

Policy in practice

- To achieve this vision the Netherlands will offer a good investment climate for large scale energy production, we integrate electricity markets, and we streamline procedures for infrastructure projects.
- We want to become the main hub for gas distribution in the world. Both in terms of pipeline connectivity with gas fields in our region and by connecting LNG

terminals to the European gas distribution network.

- To force technological change we invest in innovation to develop small scale techniques and develop policies to make the energy grid smarter, flexible and more efficient.
- Innovations will be sought in following field of technology:
 1. New gas: demonstration projects for the production of SNG (synthetic natural gas).
 2. Sustainable electricity: further development of solar cells.
 3. Sustainable mobility: experiments with hydrogen driven cars.
 4. Supply Chain Efficiency: reduction of energy use in agriculture.
 5. Urban areas: development and application of heat and cold storage under ground.
 6. Blue energy: using the North-Sea as source of energy through wave energy, wind turbines at sea (6000 MW to be generated in the coming years at sea through wind turbines), production of algae as a source of biomass, and making use of the electricity potential difference between salt and fresh water to create electricity.
 7. Nuclear energy: development of 4th generation technologies.

We will invest half a billion euro in innovation between 2008 and 2012.

Opportunities for bilateral cooperation

- From this description it becomes quit clear that the Netherlands and Bangladesh face similar challenges in the long term.
- Bangladesh deals with depletion of natural gas reserves and the Government therefore aims to diversify its energy mix. Bangladesh considers the import of LNG and aims to use nuclear energy. Coal has to become the most important energy source and the share of renewable energy should increase. Cooperation with surrounding countries is also taken into account.
- Knowledge and expertise developed in the Netherlands could be instrumental for Bangladesh and *vice versa*. Innovative techniques developed in the Netherlands could find useful applications here and our governments could exchange ideas how to organise international cooperation in the energy sector.

Instruments for bilateral cooperation

- The Dutch Government developed a number of instruments to structure bilateral cooperation.

ORIO

- On a Government to Government level the Netherlands offers the ORIO infrastructure fund. ORIO could assist Bangladesh to develop its energy infrastructure. Grant of maximum 30 million and minimum 2 million Euro are provided. Maximum project costs are 60 million Euro.

PSI

- To stimulate Business to Business cooperation between our two countries the Netherlands Government offers the Private Sector Investment programme. PSI stimulates foreign investments in innovative businesses in developing countries.

A grant of maximum 750.000 Euro is offered to Joint-Ventures between a Bengali and a Dutch company. The PSI program could for example be instrumental in introducing new technologies in the energy sector.

FMO

- The Dutch Development Finance Company FMO, offers alternative sources of finance n with an aim to develop the financial sector in Bangladesh. Renewable energy is a priority area for FMO which currently invests around 140 million Euro in Bangladesh. For example, FMO finances the 350 MW Haripur Power plant

Energy for development

- The Netherlands governance also supports the development of rural energy. 50% of total energy consumption in Bangladesh is fuelled with wood, leaves, and manure. The Netherlands government currently provides 3.5 million Euro to GTZ to implement a program which introduces solar technology, energy saving technology, and efficient wood stoves in Bangladesh.

More information:

- We have brought with us a number of brochures and folders which you could take with you on your way out.