



MINISTERIO
DE MEDIO AMBIENTE,
Y MEDIO RURAL
Y MARINO

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SECRETARIA DE ESTADO
DE CAMBIO CLIMÁTICO

Madrid, 20 de mayo de 2009

Mr. Henry A. Waxman
Chairman of the US House of Representatives
24204 Rayburn
House Office Building
Washington, D.C. 20515

Dear Mr Waxman,

Here in Spain, we are following with great interest, the leading role of the new US administration on climate change, both at domestic and international levels. We are also paying great attention to the works taking place in the House of Representatives on this topic. Regarding the last point, we are surprised by the echoes that a paper signed by Gabriel Calzada on the effects on employment due to the promotion of renewable energy ("*Study of the effects on employment of public aid to renewable energy sources*") is having in the House of Representatives and the US Media.

This note affirms that the Spanish policy on renewable energy destroys employment in the rest of the Spanish economic sectors. Although there are several studies of different sources that have analysed the positive impact of renewable energy policies in terms of employment, and that would serve as answer, the Spanish Government would like to express its views.

First of all, the Calzada's thesis is based on a simplistic, reductionist and short-term view of the problem. The aim of the policies promoting renewable energy has to do with the necessity of changing our energy model to cope with two of the main challenges in the medium and long-term: universal energy access at reasonable costs and energy supply with low carbon technologies to fight against climate change. Having in mind the benefits of renewable energies in environmental terms, the foreseeable cost reductions of these technologies, and also other very relevant benefits like the reduction of energy dependency, an active policy promoting renewable energies is not only fully justified but also needed to be urgently implemented in those places where it have not.

Moreover, these policies with medium and long-term objectives entail other benefits in the short and medium term like job creation, as it has been proved in the reality and shown by different observers. In Spain, according to the last data of the Ministry of Industry, Tourism and Trade the sector employs 73.900 direct workers, while other report by ISTAS-CCOO (labour union institute of work, environment and health) estimates 89000 direct jobs plus 99681 indirect jobs, against de 52200 direct and indirect jobs of the Calzada's figures (unknown source). According to data of the Ministry of Industry, Tourism and Trade and of the

wind power business association, the wind power sector employed 37730 people instead of the 15000 jobs considered in the Calzada's paper. Moreover, the ISTAS-CCOO report foresees 270.788 direct jobs in 2020 considering a 2% annual growth for energy demand and assuming we meet our 20% target of renewable energy in the primary energy consumption. Thus, not only because of the definitive previous arguments, but also because of these other short and medium term benefits, the necessity to urgently put into practice these policies have been reinforced given the current economic situation, not only to establish the basis of the future energy model, but also to accelerate economic recovery in the short term promoting a sector that has clearly helped to create jobs.

Taking into account the current state of the art of these technologies, a policy promoting them must use a support mechanism that allows accelerating unitary costs' reduction to make them competitive. This situation is not new in the energy sector, where other sources of energy have also been benefited by similar reasons in the past.

Calzada not only does not take into account the commented reasons focusing just on one of the short term benefits, the employment, but also the **analysis he makes uses a pretty low reliable and non rigorous methodology**. The conclusions are based on two static and simplistic ratios, from which it is difficult to draw valid conclusions as they compare non-comparable elements. The first ratio compares the economic support given to renewable energies in Spain per job with the average capital per job in Spain. Just to point out one of the wrong concepts under this ratio: it cannot be forgotten, that energy non-supplied by renewable energies, should be supplied by other energy sources and thus, the comparison with the rest of the economy as a whole makes no sense in this case. Within the energy sector, there are different studies showing that the comparison of the employment intensity in the renewable energy sector with respect to other energy sectors, does not reveal at all the conclusions of the mentioned ratio.

With regard to the second ratio, similar conclusions can be drawn. In this case, the annual support for renewable energies per job is compared against the average productivity per job in Spain. It goes without saying, that this comparison has no value, or at least the value given by this study, as incentives and productivity, are terms that do not have relation conceptually.

Support policies for renewable energies generate welfare beyond the direct received incentives, and they contribute to the creation and improvement of industrial fabric. The analysis of the impact on net employment is a complex analysis that cannot be reduced to the elaboration of two simplistic ratios. Numerous studies already analyse the impact of renewable energy in terms of net jobs in economy, with positive results, using methodologies that take into account the inherent complexity. It must be pointed out also, that these ratios are based in data of the recent past period, without taking into account for example, probable evolutions in the medium and long-term of relevant variables like energy prices, the price of CO₂, the reduction on the costs of renewable energy technologies or the foreseeable increase of jobs due to the growth targets for renewable in the medium term.



Last but not least, although the commented reasons are enough to cast doubt on the results of Calzada's note that contradicts most of the previous studies carried out by different researches, it is necessary to highlight an additional and relevant aspect: **data used in his analysis are totally out of keeping with the current reality of the sector**. Even with the doubtful methodology used, results would be very different using more realistic data as the ones commented previously.

On other hand, some partial data of the current evolution of the Spanish sector are used here to point a possible instability in the jobs created by the renewable energy sector. In this point, it must be said that, although the reality of the solar photovoltaic sector in the last year meant some instability in this sector, this is not the reality of the whole renewable energy sector. Moreover, this instability helped to carry out a needed "fine tuning" in the regulatory framework of that sector in order to achieve a sustainable growth of the installed capacity and employment. The stability of the employment in the renewable energy sector will depend on the potential future market, and is quite probable that this market will be growing and stable, not only in the EU and Spain, but also in other regions of the world given the commitments of different countries, the challenges we have to face in the medium-term from an economic and an environmental point of views; the benefits of renewable energies in this respect and the probable evolution of technology costs. Stability on renewable energy employment cannot be questioned because of a punctual fact, on a particular moment and on a concrete non-mature technology in terms of costs, that has known causes that have been corrected.

Finally, it blames renewable energy for the possible relocation of Spanish companies in other countries caused by the increase in energy prices. Firstly, it must be said that electricity prices are influenced by multiple factors, not only renewable energy costs. Moreover, renewable energies do contribute in the short-term to reduce the pool price as they are substituting more expensive sources (in terms of bid-prices), so their impact in the final price is not only negative but positive. On the other hand, in view of current data, it cannot be said that renewable energy has had a negative influence in the employment of other energy-intensive sectors; moreover, current electricity prices in Spain are under the EU average. It cannot be forgotten also, that relocation can depend also in multiple factors other than the electricity price. Lastly, it must be pointed out that relocation has been a factor that has been taken into account carefully in the elaboration of the green EU package, which shapes in part our energy model for the next years.

Reactions from trade unions, from companies and from other observers and scientists are taking place these days stressing that Spanish renewable energy policy, is a policy to be proud of, that has established the pillars of the transformation of our energy model to face the future challenges; that has generated important benefits in environmental terms; that has created net jobs; that has created and improved a powerful industrial fabric, helping the rise of leading companies, not only at a national level but also at an international one, with great export and innovation capacity. In the renewable energy field, Spain is an example to be followed.