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The road towards 2020: A multiple case study on the implementation of the RES-Directive in Estonia, Latvia and Norway and the factors affecting their performance towards meeting the 2020 renewable energy targets.

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Abstract

The purpose of this study is to examine which factors have affected the performance of Estonia, Latvia and Norway towards reaching their 2020 renewable energy goals they have committed themselves to as a result of the implementation of Directive 2009/28/EC on the promotion of use of energy from renewable sources. Looking at a number of factors from the literature of EU policy implementation in addition to exploring for new factors, I have conducted interviews with expert respondents in the three countries and in Brussels, in addition to employing a qualitative analysis of documents. The analysis suggests that the main driver affecting performance in the three countries have been their national support schemes, although the implementation has also been affected by the capacity and functioning of the national administrations. Furthermore, domestic politics and influential players have been central in the amendment of the support schemes in Estonia and Latvia. This has resulted in uncertainty among investors in the two countries with potential long-term effects. In Norway, no support scheme changes have occurred, although investor uncertainty has also risen here due to fears that application processing delays may lead to loss of revenues if producers fail to participate in the country's green certificate system. The study thereby introduces investor uncertainty and suspicions of corruption and non-transparency as new variables in the policy implementation literature. While the theory framework of Falkner et al, the "Worlds of Policy Implementation", does have explanatory power in the case of Latvia and to a somewhat lesser degree in Norway, it fails to explain the performance of the Estonian case. The study recommends certain modifications to the theory framework by adding new variables and encouraging further research where the typologies are tested against both new policy areas and cases.

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List of abbreviations

AAUs: Assigned Amount Units
Ap: Arbeiderpartiet/Labor Party (Norway)
CHP: Combined Heating and Power Plant
EC: European Community
ECJ: European Court of Justice
ECSC: European Coal and Steel Community
EEA: European Economic Area (Agreement)
EFTA: European Free Trade Association
ESA: EFTA Surveillance Authority
ETEK: Eesti Taastuvenergia Koda / Estonian Renewable Energy Association
ETS: Emissions Trading Scheme
EU: European Union
EWEA: European Wind Energy Association
EWPA: Tuuleenergia Assotsiasioon/Estonian Wind Power Association
FrP: Fremskrittspartiet/ Progress Party (Norway)
GWh: Gigawatt hour, energy unit measurement
H: Høyre/ Conservative Party (Norway)
IRL: Isamaa ja Res Publica Liit/ Pro Patria and Res Publica Union (Estonia)
KrF: Kristelig Folkeparti/ Christian Democratic Party (Norway)
MDG: Miljøpartiet De Grønne/ The Greens (Norway)
MWh: Megawatt hour, energy unit measurement
NGO: Non-governmental organization
NREAP: National Renewable Energy Action Plan
NSD: Norsk Samfunnsvitenskapelig Datatjeneste/ Norwegian Social Science Data Services
NVE: Norges vassdrags- og energidirektorat/Norwegian Water Resources and Energy Directorate
RES-Directive: Directive 2009/28/EC on the promotion of use of energy from renewable sources
RES-E: Renewable energy share in the electricity sector
RES-H&C: Renewable energy share in the heating and cooling sector
RES-T: Renewable energy share in the transport sector
SP: Senterpartiet/Center Party (Norway)
SV: Sosialistisk Venstreparti/Socialistic Left Party
TWh: Terawatt hour, energy unit measurement
V: Venstre/ The Liberal Party (Norway)
VAT: Value added tax

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1 Introduction

1.1 Research question

How can the performance in Estonia, Latvia and Norway be explained when it comes to reaching the EU 2020 targets set down in Directive 2009/28/EC?

The purpose of this thesis is to explain which factors have affected the performance in two EU Member States, Estonia and Latvia, and one non-EU country, Norway, towards reaching the EU 2020 renewable energy goals as set down in Directive 2009/28/EC. The share of renewable energy in final energy consumption goal is transformed into specific national targets based on a formula, while also taking into account the different outliers of the participating Member States. Hence, by 2020 Estonia is to generate 25 percent of its final energy consumption from renewables, while Latvia's target is set to 40 percent. Norway, while not being an EU Member State, supports the European Commission's policy in this sphere, and is affected by EU energy and climate policy in the same way as the Member States through the EEA (European Economic Area) Agreement, as the Directive was judged to be EEA-relevant and therefore also applicable to the EEA EFTA countries of Norway and Iceland. Norway's 2020 renewable energy share target is set at 67, 5 percent (Eurostat, 2013).

In this thesis, I will explore which factors have affected the performance of these three countries when it comes to reaching the EU 2020 targets. Through a thorough qualitative document analysis of National Renewable Energy Action Plans, reports and publications from the European Commission and national governments, non-governmental organizations etc., coupled with semi-structured and expert interviews with relevant implementing actors in the administration of the three countries as well as other respondents in the renewable energy sphere, I will investigate which factors explain the performance of the three countries towards their separate European Union 2020 energy targets. The reason for including Norway is to include a non-EU country that is still connected to the EU energy and climate policy through the EEA Agreement.

1.2 Contribution to the state of the art

Theories regarding policy implementation have been a field of substantial scholar attention since the 1960. This will be outlined further in the theory chapter below, but among the most recent literature of importance in this thesis is the work of Gerda Falkner together with several of her colleagues (Falkner, Hartlapp and Treib, 2007) regarding the development of the four different "Worlds of Policy Implementation". After studying policy implementation of six labour law Directives in the EU 15 Member States before the 2004 enlargement, they

categorized the different Member States according to the presence/absence of certain characteristics in this process. Four more countries were later added on (Falkner and Treib, 2007) after studying four of the post-communist countries in Central and Eastern Europe.

Estonia, Latvia and non-EU Member State Norway have not so far been studied by Falkner and her colleagues. Hopefully this thesis can contribute to increasing the number of countries that may be included in the typologies, and perhaps expand their scope as well: Falkner et al have mainly focused on the social policy sphere in her studies. By introducing energy policy, an area where the European Commission obtained shared competence only after the Lisbon Treaty entered into force in 2009, I hope my study can act as a fruitful starting point encouraging future research on implementation research on EU energy policy, and the factors affecting this process.

1.3 European Renewable Energy Policy: An introduction

Energy policy has been in the centre of European integration since the EU forerunner was created in the early 1950s. In fact, some argue that the European project started out with a common energy policy (Birchfield and Duffield, 2011: 2). As coal and steel were the main resources fuelling the various European war machines that ravaged the continent during the 1940s, binding these industries under one supervising organ, the High Authority, was seen as a mean to prevent renewed conflict between the archenemies of Germany and France, as well as preventing energy shortages during the sorely needed reconstruction of a war-torn Western-Europe. This was the rationale behind the Schuman Plan that laid the foundation of the European Coal and Steel Community (ECSC) in 1951, the forerunner of the European Union (Morata and Sandoval, 2012: 1).

While it can be said that energy policy was one of the cornerstones in the foundation of the EU, the policy field itself has by and large remained a Member State concern until very recently, when the European Commission was delegated formal competence in energy and climate policy to be shared with the Member States, with the introduction of the Treaty of Lisbon in 2009 (Birchfield and Duffield, 2011: 4-6). The Europeanization of energy and climate policy has been a slow and gradual process. All the EU Member States endorsed the Kyoto Agreement that was ratified in 2002 and significant process was made in the environmental policy field during the 90s and early 2000s, especially as it gained a legal basis in the Maastricht Treaty of 1992 and subsequent directives like the Directive on the promotion of electricity from renewable energy sources of 2001 and the biofuels Directive of 2003. It was not until the Green Paper “*A European Strategy for Sustainable, Competitive and Secure energy*” was published by the Commission in 2006, however, that the work to develop

more concrete goals for a European energy policy really began (Morata and Sandoval: 6-9). In early 2007, the Commission presented an energy policy action plan, where the three general objectives of the common energy policy were formulated: security of supply, ensuring competitiveness and the availability of affordable energy, and promoting environmental sustainability and combating climate change (Council of the European Union, 2007: 11)

This plan was approved by the European Council in the presidential conclusions of March 2007 where three specific targets, the so-called EU 20-20-20-goals, were outlined (Commission of the European Communities, 2007). By 2020, the EU combined is to: *1: Increase the share of renewable energy in gross final energy consumption to 20 percent; 2: Reduce the share of greenhouse gas emissions by 20 percent compared to the 1990-level and 3: Increase energy efficiency by 20 percent.*

The Commission presented the EU Energy and Climate Package in 2008, which included the goals above and the proposed measures to achieve them. In 2009, the same year as the Lisbon Treaty entered into force, Directive 2009/28/EC on the promotion of use of energy from renewable sources, hereafter known as the RES-Directive, translated the 20 percent renewable energy share into national targets, splitting them into three different spheres: renewable energy in electricity (RES-E), renewable energy in heating and cooling (RES-H&C), and renewable energy in transport (RES-T). Furthermore, the Directive specifies that the share of renewable energy in the transport sector has to consist of 10 percent renewables by 2020, a share that is mandatory for all states for which the Directive is relevant (European Commission, 2009: 27). Although the Member State targets vary greatly, in total it will amount to a 20 percent overall EU renewable energy share by 2020. The Directive also applies to Norway through the EEA-agreement, but Norway's share is not part of the overall EU-target. Instead, the Norwegian government negotiated a separate target the European Commission in 2011, and the Directive has been incorporated into the EEA-agreement (Europaportalen, 2012). As the individual Member States and Norway have different starting points regarding their access to and potential for renewable energy resources, the different national targets have been calculated by the following formula:

$$\frac{\text{Gross production of renewable electricity} + \text{renewable energy in heating and cooling} + \text{biofuels in transport}}{\text{Gross final energy consumption}}$$

Paragraph f of Article 2 in the RES-Directive defines “gross final energy consumption” as:

“(…)the energy commodities delivered for energy purposes to industry, transport, households, services including public services, agriculture, forestry and fisheries, including the consumption of electricity and heat by the energy branch for electricity and heat production and including losses of electricity and heat in distribution and transmission” (European Commission, 2009: 27).

Paragraph a of Article 2 counts the following energy sources as renewables: wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases (European Commission, 2009: 27).

The RES-Directive obliged the countries for who the Directive is relevant to submit National Renewable Energy Action Plans (NREAP), where they lay down how they plan to achieve their national obligations. All NREAPs were to be submitted by the 30th of June 2010 (European Commission, 2009: 28). Transposition of necessary laws, regulations and administrative provisions into national legislation were to be completed by the 5th of December 2010 (European Commission, 2009: 44). The European Commission will monitor the process and the efforts of the participating countries to reach the 2020-targets, and where appropriate, come with recommendations and guidance. In the case where Member States fail to comply, the Commission may start initiate infringement procedures. To monitor Member State performance, the Commission will observe how well the Member States are following the interim targets in their indicative trajectory, as spelled out in paragraph 2 of article 3 in the RES-Directive (European Commission, 2009: 28). The interim targets are based on the average of a certain two year period. The 1st interim target is therefore based on the average of 2011-2012, the second on the average of 2013-2014 and so on.

Table 1 show the different national targets for Estonia, Latvia and Norway, and their performance and development since the RES-Directive’s reference year of 2005:

Table 1: Share of renewable energy in gross final energy consumption, %					
	2005:	2011:	2012:	1st interim target:	2020 target:
Estonia:	17,5 (<i>17,5</i>)	25,9 (<i>25,6</i>)	25,8	19,4	25
Latvia:	32,3 (<i>32,3</i>)	33,1 (<i>33,5</i>)	35,8	34,0	40
Norway:	60,2 (<i>59,8</i>)	65 (<i>64,6</i>)	64,5	-	67,5

This table is based on figures that were available from the Eurostat website in 2013 and the first months of 2014. New figures including 2012 were added in March 2014 with some minor adjustments in the numbers for the previous years as well. As the former statistics are no longer available from Eurostat due to updates, the numbers presented above are based on the press release from 2013 (Europa Press Release Database, 2013b). Updated statistics are available at the Eurostat webpage (Eurostat, 2014b), and in the table these are shown in italics. 2005 is selected as the starting year since it is pointed out in Directive 2009/28/EC that it is the first year with reliable renewable energy indicators (European Commission 2009: 18). -: Missing values

Regarding the second objective in the RES-Directive, the 10 percent share of renewable energy in transport fuel is a separate mandatory target, and the same in all Member States. Table 2 presents how the cases in this study are faring as of 2011-2012 (again, the more recently updated statistics are shown in italics in the same manner as table 1¹):

Table 2: Share of renewable energy in fuel consumption of transport, %:				
	2005:	2011:	2012:	2020-target:
Estonia:	0,2 (<i>0,2</i>)	0,2 (<i>0,2</i>)	<i>0,3</i>	10
Latvia:	1,3 (<i>1,4</i>)	4,8 (<i>3,2</i>)	<i>3,1</i>	10
Norway:	1,3 (<i>1,2</i>)	4,2 (<i>1,4</i>)	<i>1,5</i>	10

This table is based on figures that were available at the Eurostat website until it was updated in March 2014 (Eurostat, 2014a). 2005 is selected as the starting year since it is pointed out in Directive 2009/28/EC that it is the first year with reliable renewable energy indicators (European Commission, 2009: 18). New updated figures are written in italics. -: Missing values.

In 2011 the European Commission started using a different methodology for calculating renewable energy contribution from biofuels and bioliquids, only taking into account fuels complying with the so-called sustainability criteria that laid down rules to prevent biofuels being produced from areas of high biodiversity and high carbon stock (European Commission Directorate-General for Energy, date unknown d, Eurostat, date unknown). As a result, starting from 2011 some fuel types no longer qualifies as renewables, since the RES-Directive specifies that only biomass from sustainable sources are to count as renewable energy input. Some Member States have not yet transposed these criteria into their national legislation. This resulted in certain Member States which previously had a certain share of transport fuel coming from renewables suddenly experiencing a dramatic drop in this share, as the biomass originating from non-sustainable sources are no longer included (Eurostat, 2013: 83). This explains the considerable gaps between old and new figures in Table 2.

In the progress report published on March the 27th 2013, the European Commission gave a detailed overview regarding how the EU is faring in regard to the 2020 renewable targets. While the EU as a whole is progressing well, the Commission lists a number of areas where further progress will be needed. In particular, removing administrative barriers, avoid deviating from national action plans and improvements in the inclusion of renewable energy production within the electricity system are seen as important challenges to overcome (European Commission, 2013:2). The current economic crisis in the EU is also a reason for concern as it threatens the viability of the different national support schemes connected to the promotion of renewable energy.

¹ For the complete overview of performance of the EU28 and the EU average in total consumption and for the transport sector, see Eurostat 2014a and 2014b).

The report also gives an overview of the national performance of the different countries in when it comes to reaching the interim targets set out for 2011. This is also elaborated in a recent European Environment Agency (2013: 11-12) report, which also includes non-EU countries for which the RES-Directive is relevant. The reports indicates which countries that has both reached the interim targets as set down in the RES-Directive as well as the interim target in their NREAPS, countries that have reached the interim targets of the RES-Directive but not the interim target in the NREAP, and countries which failed to reach either of these. It yields the following distribution of countries, as presented in Table 3:

Table 3: Country performance towards reaching the interim renewable energy targets as set down in Directive 2009/28/EC and national NREAPs:		
Reached both targets:	Reached Directive 2009/28/EC target but not target in NREAP:	Failed to reach both targets:
Bulgaria, Estonia, Finland, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Romania, Slovakia, Slovenia, Spain, Sweden, Norway	Austria, Cyprus, Czech Republic, Denmark, Ireland, Poland, Portugal	Belgium, France, (Latvia ²), Malta, Netherlands, United Kingdom

1.4 National support schemes and mechanisms to meet the objectives

The RES-Directive does not specify how the Member States have to proceed in achieving their target, and a good degree of autonomy is therefore granted to national authorities in designing the support schemes to promote growth in the renewable energy sector. This has resulted in a variety of different support mechanisms, and although the support schemes in the Member States have traits in common, each system is a distinct national design, perhaps with a small exception for the Swedish-Norwegian green certificate support system for renewables (Norges vassdrags- og energidirektorat, date unknown). A brief overview of the most common support mechanisms for electricity production, feed-in tariffs, feed-in premiums and green certificates, will be presented below, while a detailed description of the national support schemes for renewables in electricity, heating and cooling, and transport in my three cases will be presented in the respective country chapters below.

In a *feed-in tariff* system, the eligible energy producer is guaranteed a fixed price by national authorities. The tariffs themselves are normally fixed for a 10-20 year period, and are usually technology-specific. The renewable energy produced is delivered to the grid, and the system operator is responsible for distributing this energy. Producers are therefore guaranteed both price and access stability, boosting investor confidence (Canton and Lindén, 2010: 7). *Feed-in premiums* give the electricity producer an extra amount of money in addition to the

² As it was uncovered during the interviews and also supported by updated Eurostat (2014b) data, the initial conclusion that Latvia failed to reach its interim target was incorrect. This will be elaborated further below in the Latvian chapter.

electricity price, and in the same way as with the feed-in tariffs, these premiums are determined by national governments. However, unlike the tariffs the total revenues for the producers will fluctuate depending on the electricity price (Canton and Lindén, 2010: 9). *The green certificates system* makes it mandatory for energy suppliers to buy a certain amount of renewable energy from the producers. To guarantee the origin of the energy, the producers are issued green certificates from the authorities according to the production of renewables, which are sold separately of the electricity itself. The supply and demand of these certificates determine their price, and it thus stimulates competition among renewable energy producers who are part of the system (Canton and Lindén, 2010: 9).

There are pros and cons related to both feed-in tariffs and green certificate systems. As feed-in tariffs secures stability and guarantees price and access to investors, there is a risk that a high burden will be put on the consumers in their energy bills if there are inaccuracies in the estimated production costs. Since the support amount is often fixed for several years at a time, this may turn to be the case in some scenarios. And while the price of green certificates are determined by the market and should minimize consumer expenses, there is a chance that investors may not want to invest in technologies considered immature, which may hamper the deployment of new capacity (Canton and Lindén, 2010: 40). Canton and Lindén favor the use of feed-in premiums over tariffs to reduce the potential burden on consumers, and point to the fact that a certificate system should be introduced when available technologies are ripe for deployment. Where renewable energy technologies have yet to mature, however, feed-in premiums are recommended in the beginning (Canton and Lindén, 2010: 41).

In the heating and cooling and transport sectors, various support mechanisms are at work, including among others, tax benefits, investment support, grants and loans of different sorts, and more. A better overview of the support mechanisms in the three countries will be presented in the country chapters.

2 Theory framework

2.1 Literary overview: The development of implementation theories

As the focus of this thesis is to explain the performance of the selected Member States when it comes to reaching the goals set out in the RES-Directive, special attention will be given to the way the national governments present the way to achieving their country specific goals in the Directive and in their National Renewable Energy Action Plans, and how the formulated policy is translated into concrete policy action and implemented. In this respect, the area of implementation studies can offer a rich contribution to the theory framework of my thesis.

2.1.1 Three generation of implementation theory research: Top-down, Bottom-up and hybrid theories

Goggin and his colleagues (Goggin, Bowman, Lester and O'Toole, 1990) argue that there are three generations of implementation study research. The first generation emerged in the early 1970s, at a time when much uncertainty existed about the effectiveness of reform programs in the USA. According to Pülzl and Treib (2007), research conducted during this period was characterized by pessimism as it contained several case studies documenting implementation failure. The first generation served as an awareness raiser to the scholar community regarding the mismatch between policy formulation and political expectations, or what Hargrove (1975) termed a “missing link”. In particular, research conducted before the 1960 was criticized for a lacking focus on the administrative process.

The second generation of research that followed during the 1970s and 80s was characterized by a line of division between two different implementation theory scholars, namely those belonging to the *Top-down* camp and their *Bottom-up* adversaries. The first school, in its purest form, is characterized by the assumption that policy implementation starts with the political decision makers, “the governing elite” on the top, and see a direct causal link between political decisions and political outcome (Pülzl and Treib 2007:91). Proponents of this perspective tend to see the elites as the main driving machine behind policy implementation, while the work in the administration below has a more passive role. The decision makers at the top are seen as able to control the implementation process, although some scholars do point out that strict hierarchical control in practice can be challenging to maintain (Sabatier and Mazmanian, 1979: 489-92).

While the Top-down perspective sees the political decision makers as the central actors in the political implementation process, those belonging to the Bottom-up perspective see the administration levels below, the ones termed “street-level bureaucrats” by Lipsky (1979,1980) as the main drivers translating political formulation into action. Within this school, the focus lies on the administrative capabilities, autonomy and discretion of the bureaucrats in charge of implementing the particular political formulated goals. Elmore (1980), another scholar in the Bottom-up camp, lanced the concept “backward mapping”, and argued that the focus should not be on the political elites as controllers of the implementation process but on the particular political objective as a “problem”, and then on how the relevant bureaucratic actors attempted to solve this problem. Other important contributions within the Bottom-up approach include the work of Hjern with colleagues Porter and Hull (Hjern, 1982;

Hjern and Porter, 1981; Hjern and Hull, 1982). They suggest that all relevant networks and actors involved in the implementation process be revealed before the investigation starts.

The third generation of implementation scholars advocates so-called *hybrid theories* that attempt to bridge the gap between the two approaches mentioned above. Some of the research was carried out by scholars belonging to the above mentioned camps that had later modified their particular stance. This was the case with Elmore (1985), who added the term “forward mapping” to his theory framework: it meant that political decision makers should start with a consideration over resource allocations and which political instruments they had at their disposal, while also identifying the incentive structure of implementation actors (backward mapping). Sabatier (1986) argued that one had to make a distinction between policy formulation and policy implementation, while Wildavsky and Majone (1978) saw the implementation process as a phenomenon in constant evolution, where the policy goals set out by the governing elites always would be reformed and changed at the administrative levels in what the authors termed a “learning process”. Goggin et al (Goggin 1990) emphasized that the political implementation process was an evolving process of negotiations and bargaining between political decision makers and the implementers. Scharpf (1978) suggested paying more interest to the activities and interactions between the involved actor networks in the implementation process. The focus of the collaboration of relevant actors and agencies has also been advocated by Barrett and Hill (1984) in their critique of the most rigid Top-down approaches. They see the implementation process as a continuum, and warn against separating the policy formulation and the administrative actions that the former depend on to come into fruition. Rather, the two spheres should be seen interconnected, with the implementation process as an integrated part of the policy formulation, a view that is also advocated by Michael Hill (1994), accentuating the inter-relationship between policy formulation and implementation. Hill also discusses the differences between countries regarding implementation cultures, a topic discussed further below.

The notion of seeing policy formation and implementation as inter-connected falls prey to the critique of Maynard-Moody (1989), who argues that the administrative process is a distinct phase that is to be considered separate from the legislative policy formulation, as the focus on norms, ideas and routines of non-elected administrative actors as opposed to the different focus of elected officials. In the same article, A.W. Herbert criticizes him for presenting undocumented arguments regarding the culture in administrative agencies and for not paying sufficient attention to aspects such as accountability, representation, ethics,

responsiveness and citizen access (Hebert 1989: 142), and emphasizes the importance of not ignoring historical precedents, legal traditions and politically defined roles.

In a review of the preceding 20 years of implementation research, Barrett (2004) argues that the doctrine of New Public Management to a certain extent has reinforced the normative Top-down approach. She advocates the need for a revival of implementation theory research, multi-disciplinary research and for further investigation into what she terms a central paradox of control and autonomy when it comes to achieving desired outcomes or performance (Barrett 2004: 261). Other scholars, for example Windhoff- Hérítier (1980) pointed out the importance, often neglected by both Top-down and Bottom-up scholars, of differentiating between different policies, as different policy types involved different implementation structures. Her typologies consisted of distributive and redistributive policies, with regulatory policy as a subunit of the two.

The third generation of researchers thus contributed to the existing literature by trying to de-polarize the debate between the opposing Top-down and Bottom-up schools, as well as introducing some new perspectives, particularly the need to differentiate between different policies.

2.1.2 Contributions from European integration research: cultural and institutional differences between countries

While the above mentioned research literature has focused on the implementation process within nation states, the European integration research has also offered valuable contribution to the implementation theory debate. In particular, several scholars have argued that instead of pursuing a “one size fits all”-approach when it comes to causal factors affecting the implementation process, one has to take into account the existing institutional and cultural differences between countries (Pülzl and Treib 2007: 99). It was also more comparative in nature than previous implementation research.

Implementation of EU legislation became an area of increased research focus after the Single European Act entered into force in 1986. (Falkner, Treib and Holzleithner, 2008: 8). Although this first phase of EU implementation research was initially characterized by a Top-down approach where administration and non-political procedures were the main areas of attention, it has also been modified throughout the years, including some Bottom-up perspectives like the role played by national parliaments, administrations and interest groups and so forth. Today it is therefore probably best placed within the hybrid theory branch. In the literature that has developed since 1986, there has often been a separation of focus between

scholars employing qualitative research techniques, and researchers using quantitative methods. While the research of the former has tended to emphasize the role of political factors affecting the implementation process, the results of the research conducted by quantitative scholars has highlighted the importance of the capacity and functioning of a country's administration.

Within the qualitative research literature on implementation of EU legislation, the causal factors that received most attention from scholars, especially during the "second phase" of EU-related implementation research of the late 1990s, are the "degree of misfit" hypothesis and the "veto player" argument. Duina (1997, 1999), Duina and Blithe (1999) and Knill and Lenschow (1998, 2000) argue that the degree of "fit" or "misfit" between the formulation of supranational policy and how its implementation is intended, on the one hand, and the norms, values and implementing traditions of governments, administrations and interest groups at the national level on the other, will greatly affect the likelihood of successful implementation. Where the degree of misfit is small or close to non-existing, transferring EU-legislation successfully into concrete political actions at the national level will be a smooth affair. Where the degree of misfit is large however, one can expect higher levels of implementation difficulties, delays and also failure. Beunen and his colleagues (Beunen, van der Kaap and Biesbroek 2009) illustrates this in their study of the implementation of the Birds and Habitat Directive and the Water Framework Directive in the Netherlands, citing the focus on formal compliance and considerable limitations on the discretion of the implementing actors as obstacles in the process towards successful implementation, in addition to the considerable number of actors and networks involved in the implementation stages.

The "veto player argument" is in some ways related to the misfit hypothesis. It focuses on the number of actors, both nationally and at the EU-level, influencing the implementation process. The veto player theory was developed by George Tsebelis (1995), and argues that as the number of institutional actors who have to agree for a law or reform to pass increases, the more likely it is that the implementation process will be hampered, and in some cases crash completely. Risse, Cowles and Caporaso (2001), among others, have argued that the ability of administrations to successfully implement legislation is affected by the number of veto players. Successful implementation is most likely to happen when the number of veto players is low, or alternatively, where there is a consensus-seeking decision-making culture in the country in question to overcome the political power of the veto players. Scholars like Haverland (2000) have argued that the high or low level of administrative costs/degree of

misfit is of little importance, and that one should focus on the number of veto players as the critical explanatory factor for implementation success.

The third phase of EU implementation research heralded the arrival of new methodological and theory approaches. Among qualitative researchers, increased attention was now being paid to domestic political factors, for instance party preferences, when explaining policy implementation (Falkner, Harlapp and Holzleithner, 2008:11). In addition, quantitative research techniques were now being employed on a larger basis, and the EU implementation literature received a solid contribution from scholars employing these methods. As well as scrutinizing political factors, scholars within the quantitative research literature focused on the functioning of a country's administration. Many of these contributions, influenced by the international relations literature, were based on studies of infringement procedures initiated by the European Commission against EU Member States, and distinguish between *voluntary non-compliance*, and *involuntary non-compliance* with EU legislation (Falkner, Hartlapp and Holzleithner, 2008:10-11). The former, also called the enforcement approach, is based on a cost-benefit analysis of the implementation of the legislation in question. Where the benefits outweigh the costs, compliance will be the most likely outcome, whereas non-compliance will probably occur should the legislation prove too costly for a Member State. Non-voluntary implementation by contrast is not about the political will to undertake or resist implementation, but rather concerns the capability of the Member State's administrative system to effectively implement the legislation. If there is insufficient administrative capacity to implement EU legislation, perhaps due to a lack of financial resources, incompatible norms or an insufficient staff, this may lead to non-compliance despite the fact that political will is present. Non-voluntary compliance is also called the management approach. In both approaches, where there is non-compliance supranational organizations would have to intervene. In case of voluntary non-compliance, threats of infringement procedures or sanctions may be necessary to convince domestic politicians to comply, while in the case of involuntary non-compliance, supranational institutions like the European Commission may offer staff training, information campaigns and financial aids to improve the administrative capabilities of the state in question (Falkner, Hartlapp and Holzleithner, 2008:11).

Both the degree of misfit and the veto player arguments have been challenged by a number of scholars for having a too narrow focus. Furthermore, later research has discovered that the explanatory power of the two is rather limited. In their study of the implementation of six labor law Directives in the "old" EU15 Member States (EU Member States before the

2004 and subsequent enlargements), Falkner and her colleagues (Falkner, Hartlapp and Treib, 2007) find that while both the veto player argument and the degree of misfit hypothesis have some explanatory power, none of them can explain all of the outcomes in the 91 cases in their study. Both hypotheses, they argue, fail to take into account the different implementation cultures and structures within the different countries.

The main problem arising from the quantitative research literature is that the results have failed to find consistent evidence of the causal direction of a number of variables. For example, the number of veto players has been shown to have both positive and negative effects on the implementation process, as has support for European integration, both among the population and political parties. Quantitative research has, however, found a consistent pattern between the capacity and functioning of a country's administration and the chance of successful implementation (Falkner, Treib and Holzleithner, 2008:11).

In earlier research, Falkner and her colleagues (Falkner, Hartlapp, Leiber, Treib, 2004) points out that the process of implementation policy is a complex one. Not only is it characterized by a web of different factors, both administrative, institutional and actor-based, in certain clusters of countries some factors might have more explanatory power than others, while not being able to explain the variation in the next group of countries (Falkner, Treib and Holzleithner, 2008:12). Falkner et al (2004) mention a number of factors affecting implementation of EU legislation, although none of these can explain all 91 cases in their study:

Domestic non-compliance: This mainly occurs in two ways: if the country in question lost the debate over the Directive at the European level they might choose not to transpose it into national law by the time limit or do so incorrectly. Alternately, they did not protest against the Directive at the European level but perceive their national legislation as already being up to date and/or better than the EU legislative provisions, and hence chooses to implement the Directive incorrectly or only partly to protect existing legislation.

Administrative shortcomings: Although the political opposition against a Directive is low or non-existent, implementation may be hampered by the limited capacities of a country's administration. This may be due to inefficient or obsolete administrative procedures, or perhaps a lack of manpower or financial resources. According to the authors, this may be a frequent problem in small countries, such as Luxembourg, with a limited staff capacity due to its small population, but problems in the administration are by no means limited to the smaller Member States.

Issue linkage: Implementing EU Directives may prove to be challenging if the legislation in question is linked to a broader set of issues. These issues may be thematically linked to the EU legislation, for example if there is currently a debate about national reforms in a country when new EU legislation is to be transposed at the same time, or may be linked to issues not directly related to the EU Directive in question. It may have both positive and negative effects upon the implementation process.

Interpretation problems: How the Member States interpret the EU Directives may also affect the implementation process. European legislation may have limitations when it comes to setting down specific, clear-cut legislative provisions that suits the national implementation systems in each of the European Union's 28 Member States (in addition to the EEA countries), and it should therefore not be surprising if different interpretations of EU Directives occur. In this case, until the European Court of Justice has given a clear interpretation of the legislation, Directives may be implemented incorrectly even if the Member State has no intention of doing so.

Falkner, Hartlapp and Treib (2007) introduces three typologies that characterize the distinct "implementation worlds" in different European countries, based upon their study of the implementation of six EU Directives on social policy in the "old" EU15 Member States before the 2004 enlargement. Taking into account both the political and administrative systems in the countries under scrutiny, the typologies can be listed in the following way:

1: The World of Law Observance: Characterized by a high degree of compliance with EU legislation, by and large implemented within the time limit. Within this world, compliance is seen as a goal in itself, and domestic as well as interest group concerns are usually subordinate to compliance with EU legislation. The administrative system is effective, and both the bureaucracy and the court system have access to sufficient resources. Citizens also tend to follow the law, and according to Falkner, Treib and Holzleithner (2008: 170) the societies belonging to this cluster are characterized by a "compliance culture". Sverdrup (2004) has also shown that the Nordic countries have had a much lower degree of conflict with the European Commission, both regarding letters of formal notice, reasons of formal opinions and court proceedings. When conflicts arise, they tend to be solved before the Commission takes step towards court proceedings. According to Sverdrup, there exists a "consensus" political model in the Nordic countries. In the rare cases of non-compliance this almost always happen when there is a conflict between fundamental domestic policy regulatory traditions and the formal reform criteria from the European Commission.

2: World of Domestic Politics: In this “world”, the goal of implementation within the time frame is one of many goals, and national interests and domestic concerns can often prevail if they are conflicting with EU policy. Political actors may also appeal to the public when this happens, and this is often not viewed as problematic by the citizenry. The administration system is effective in general: what separates this typology from the “World of Law Observance” is the trend that national goals and interests often take precedence over complying with and implementing EU policy and hence, non-compliance may occur more frequently.

3: World of Transposition Neglect: In countries belonging in this typology, complying with EU legislation is often not a goal in itself. Unless they are targeted by concrete measures from the European Commission, for instance reasoned opinions or threats to start infringement procedures, obligations to comply are often ignored or not recognized. As long as there is no pressure from the political elites or powerful groups, the administration responsible for carrying out the implementation often also tends to remain inactive. Furthermore, when the situation arises that the Commission carries out legal actions against a country in this category, the result is often “compliance on the surface”, with a lack of monitoring and/or enforcement. However, over-compliance may also occur in this group once the implementation process is started and there is political will to carry out this process. Under these circumstances the implementation pattern will be similar to the one described in the “World of Domestic Politics”.

Falkner, Treib and Holzleithner (2008: 169-173) added another typology in their comparison of four of the “new” EU Member States, the Czech Republic, Hungary, Slovakia and Slovenia, with the old EU 15 Member States:

4: The World of Dead Letters: When it comes to implementing EU Directives, the four “new” Member States analyzed by Falkner, Treib and Holzleithner (2008:169-173) and Falkner and Treib (2008) actually perform better on average than the EU15. The Directives in their study are usually transposed correctly and well within the time limit. However, when it comes to monitoring and enforcement, the situation becomes more problematic. The authors mention poor judicial and administrative capabilities, a lack of citizen litigation, weak civil society organizations and poor funding for inspectors and watchdogs as the main reasons why EU legislation, while generally transposed within the time frames set, are often not monitored and enforced properly thereafter.

Table 4 presents the distribution of countries in the different typologies according to Falkner, Treib and Holzleithner (2008: 172):

Table 4: The distribution of countries among the different “worlds” of policy implementation:			
<i>The World of Law Observance:</i>	<i>The World of Domestic Politics:</i>	<i>The World of Transposition Neglect:</i>	<i>The World of Dead Letters:</i>
Denmark, Finland, Sweden	Austria, Belgium, Germany, the Netherlands, Spain, the United Kingdom	France, Greece Luxembourg, Portugal	Ireland, Italy, Czech Republic, Hungary, Slovakia, Slovenia

Falkner et al (2007:16-17) argues that the earlier theories suggested in the implementation studies of European legislation are only “sometimes true theories”: while they have some explanatory power, they cannot explain all of the analyzed cases. Within the typologies above therefore, the explanatory power of different causal factors should vary a great deal. In the World of Law Observance, a compliance culture among the political elite, an emphasis on law abidance and an effective administration is seen as the central drivers explaining the usual swift and effective implementation of EU Directives in the countries belonging to this typology.

Political factors, for instance the preferences of political parties, the number of veto players and pressure from powerful lobby and interest groups are likely to have a strong explanatory effect among countries in the World of Domestic Politics. In the World of Transposition Neglect, aspects in the administration of the included countries will probably have a considerable effect on the implementation process, for instance the norms and values, financial resources and the perception of EU legislation in the administrative system (Falkner, Treib and Holzleithner, 2008: 13). Administrative variables will also probably have a strong effect on the implementation process in the World of Dead Letters.

Falkner and Treib (2008) emphasize that their typologies represent process patterns, not given implementation outcomes, and that they refer to the transposition and application/enforcement of EU social law. Although Falkner et al through the mentioned research articles focus on social policy and stress that one should therefore be careful to automatically apply these categories to other policy fields, they also emphasize that:

“(…) With regard to policies, we expect that the leeway of any administration to disregard EU implementation will not fundamentally differ between issue areas. Additionally, the specific cultures can reasonably be expected to cover not only labour law and even the social policy arena, but also many other EU related policies” (Falkner, Hartlapp and Treib, 2007: 14).

Furthermore:

“As an inductively generated insight from the study of our 91 cases, our typology offers a key to understanding when and where individual theoretical propositions from earlier studies in the field of EU policy implementation in the member states are more or less viable. Therefore, it may serve as a theoretical starting point for, and could be tested by, further empirical research in the field” (Falkner, Hartlapp and Treib, 2007: 21).

2.2 Theory relevance for this thesis, and the selection of cases

In this thesis, I will use the typologies developed by Falkner et al as a starting point for the selection of my cases. Falkner et al (2007) underline that the results which their typologies are resting upon cannot automatically be generalized to other policy fields. This is due to empirical shortages however, not because their typologies are only seen to fit the social policy area. The three cases that I have chosen, Estonia, Latvia and Norway are among the countries that have not been categorized into any of the typologies listed above. Especially for Norway as a non-EU member, this may not be too surprising. Why the Baltic States have been left out of the analysis of Falkner and her colleagues I can only guess, but country size might of course have played a role in their case selection, or perhaps time and resources where a factor. Nevertheless, in selecting the cases above I hope to contribute to the already richly developed theory literature on implementation studies, and potentially also expand the scope of the “Worlds of Policy Implementation” by testing the explanatory power of the typologies based on the results of my findings.

Although my cases cannot automatically be placed in the typologies above just by “guilt of association”, they certainly share attributes with a number of countries already classified by Falkner et al. Norway share many features of the countries in the World of Law Observance: it is a Nordic country, have the same parliamentary system, the degree of corruption is very low (Transparency International, 2013), it is a high income country and the level of trust is very high (Forskning.no, 2012). Likewise, Estonia and Latvia share some traits with certain countries in the World of Dead Letters being post-communist states, joining the European Union in 2004, are entitled to funding from various EU funds and the EEA and Norway Grants, where the grants among other areas are directed towards the improvement of their national judicial and administrative capabilities and so forth (EEA and Norway Grants, date unknown).

Norway has long been performing well above the EU-average when it comes to transposing EU-Directives into domestic legislation after these have been deemed relevant to the EEA EFTA-countries. In a 2011 report, Norway was the second best performer among the

EU27 and EFTA countries, only beaten by Malta (NRK, 2011). Although the number of infringement procedures raised by the European Commission against Norway has risen in recent years, the country has traditionally performed well compared to the EU average, with less than 1 percent of Directives not being implemented within its time frame in the first half of 2013 (Den Europeiske Unions Delegasjon til Norge, 2013). Sverdrup's study (2004) also shows that the pattern of few infringement cases against the EU Nordic countries is also present in the EEA states of Norway and Iceland.

Although Norway in general has had a good track record when it comes to complying with and implementing EU law, on some occasions EU Directives have sparked considerable debate in the country. The most recent example has been the debate over the EU Postal Directive which the Red-Green coalition government of Norway refused to implement, prompting the European Commission to consider sanctions against the country on grounds that it has violated the EEA Agreement (Euractiv, 2013). The debate over the Directive on Data Retention was another hot potato before it was finally implemented in 2011, only to be postponed again in 2012 before finally being declared illegal by the EU Court of Justice in 2014 (NA24, 2012, NRK, 2014).

In the work of Falkner et al (2008), there is an implicit assumption that the legacy of communism in the former Eastern Bloc countries that joined the EU in 2004 and 2007 has left a considerable mark on both state institutions and society in these countries. In his study of the implementation of EU Structural Funds in two Polish regions Marcin Dąbrowski (2013), while concluding that local and regional actors participating in the Structural Funds partnerships have greatly improved their levels of cooperation and that a solid learning process has taken place, also points to several obstacles facing the participating actors: lacking institutional and administrative capability, lack of trust and will to co-operate, as well as substantial levels of corruption. Hence, while there certainly is no guarantee that the same pattern of different "worlds" and differences in implementation cultures will reveal itself among EU Member States in the field of energy and climate policy, there might be reasons to suspect that similarities exist.

However, a number of case studies might challenge the assumption that all post-communist countries in Central and Eastern Europe fit into the World of Dead Letters. In his studies of implementation of EU legislation in Lithuania, Maniokas (2009) argues that Lithuania is actually among the best performers when it comes to implementing EU legislation within the deadlines set by the European Commission. The incidents of non-compliance in his research, mostly within the energy sphere, are not caused by administrative

shortages: rather, vocal domestic interest groups opposing the legislation and voluntary non-compliance by the government is seen as the main explanatory factors. However, fear of sanctions from the European Commission and damage to the country's reputation is seen as powerful enough to convince the Lithuanian governments to comply in the end. In his study of Estonia and Slovakia, Brosig (2010) looks at the implementation of minority rights, regarding the Russian-speaking minority in the former and the Roma population in the latter. In both countries, both the mismatch between EU legislation and the norms and practices of government and the norms of the population as well as vaguely formulated EU policies are put forth as the most important explanatory factors. Administrative shortages apply only to Slovakia, however. Brosig refers to the World Bank governance index developed by Kaufmann, Kraay and Mastruzzi (2008), where Estonia is ranked as the top performer among the post-communist countries in Central and Eastern Europe, and lies close to the EU average. He finds no evidence of administrative shortages as a causal factor behind Estonia's failure to fully implement EU minority rights legislation. On the other hand, according to Kasekamp (2010: 191) the required administrative capacity to implement the EU *aquis communautaire* before the 2004 enlargement was a considerable challenge to all the Baltic States.

Based on the evidence presented in the discussions above, assume that Norway belongs to the World of Law Observance, while Estonia and Latvia have most in common with the World of Dead Letters, thereby putting them in that category.

2.3 Definitions and variables

As the theory foundations in this thesis are grounded in the implementation theory literature, the concept of "implementation" should be defined first. In his study of compliance and conflict management among EU Member States, Sverdrup (2004: 24) defines implementation as

"(...) the transposition of European norms into domestic legislation, as well as to the adherence to and enforcement of such legislation so that it forms part of the political, legal and social environment".

In this context therefore, we are talking about implementation of laws coming from the European level into domestic legislation, and not the transposition of laws made at the level of the national state. Implementation, however, does not only entail simple transposition of EU law into national legislation, but also the enforcement and monitoring of this legislation after the transposition has been concluded, an area that has long escaped attention in the policy implementation literature (Falkner, Treib and Holzleithner, 2008: 13-14). Hence, in this

thesis, “implementation” means the transposition of EU law into national legislation as well as the following monitoring and application of the legislation in question. The content of transposed EU legislation, in other words, also has to be carried out in practice.

2.3.1 Dependent variable: performance towards reaching the 2020 targets

The dependent variable in this thesis will be *the performance of the included countries towards reaching the goals lined out in the RES-Directive*. That is, how well the countries are progressing towards reaching their national renewable energy targets. A country with good performance will therefore have reached its interim target for 2011/2012 and have advanced well towards the goal to be met by 2020, as indicated in percentage points. A country performing badly, on the other hand, will have missed its interim target, and also have a long way to go before the 2020 target comes within reach.

2.3.2 Independent variables

1: National support scheme: As elaborated in Chapter 1, all the EU Member States have developed some form of support scheme for the promotion of renewable energy. These differ from country to country, but the overall objective of the schemes is to contribute to the growth of energy from renewable energy sources, thereby ensuring that the country in question reaches its 2020 targets. Despite being somewhat intuitive, the national support schemes are predicted to have a positive effect on the performance of my three cases.

2: Domestic politics: How national politicians and the population react to EU legislation can have a great impact on the likelihood of successful implementation of EU Directives. As the above-mentioned typology “World of Domestic Politics” of Falkner et al. demonstrates, at least within the social policy sphere this has been a more frequent issue in some EU Member States than in others. Where there is a clash between the legislation coming from the EU and national interests in a Member State, the chances are higher that non-compliance will be the result (Falkner, Hartlapp and Treib, 2004: 10). This variable therefore concerns the level of support among national politicians as well as the population in the country in question of a given EU-Directive and its implications. In this regard, it concerns the domestic support level for renewable energy development and deployment, including different types of technologies and for the national support schemes. It should be emphasized that the role of domestic politics may work both positively and negatively for the implementation. For instance, if there is broad political support among a country’s political elite and a high awareness in the national population of the need for the deployment of

renewable energy and the will to pay for it, both the implementation of the Directive and the resulting deployment of renewables should result in a comparatively good performance.

By contrast, if there is disagreement among national politicians regarding the usefulness and/or importance of the RES-Directive, or if there is a lack of support or even outright opposition in the national population towards the Directive, renewables or the national support schemes, it is theorized that the implementation of the Directive may be affected negatively by this, resulting in a lower level of renewable energy deployment and therefore also a lower level of performance. Compliance with the EU renewables goal is here not seen as a goal in itself, and the majority of the population is either indifferent or hostile to the development of renewables.

This variable captures some elements of the misfit hypothesis mentioned earlier. Some of the critique against both this hypothesis and the veto player argument targets its failure to take into account different implementation cultures and structures within the different EU Member States. Furthermore, the original misfit hypothesis focuses on the misfit between EU legislation and the regulatory traditions and procedures of national governments and the administrations as well as the organization of interest groups (Falkner, Hartlapp and Treib, 2004: 4). I want to examine the role of these factors separately, and have therefore constructed this variable concerning the role of domestic policy actors and the national population, as well as one for influential players at both the political level as well as for the industry and interest groups, and one concerning the role and functioning of the administration. In this way, the explanatory power of each variable can be investigated more thoroughly than the degree of misfit variable would allow.

I have made the assumption that my three countries belong to the World of Law Observance (Norway) and the World of Dead Letters (Estonia and Latvia). In the former, domestic politics is often rated as a secondary concern except where there are fundamental differences between EU and national regulation traditions, while in the latter, administrative features in the monitoring process are seen as the most central factors. This does not preclude this factor from having an effect however, and as domestic politics is listed as a central factor in many Member States, especially in the World of Domestic Politics, it is also important to test for it here.

3: Influential players: In the original “veto player” argument, Tsebelis (1995) predicted that as the number of potential actors in the institutional framework that have to give their consent to a given legislation increases, the bigger are the chances that the legislation may encounter hindrances along the way, or even end up being discarded. In her

study of the different healthcare systems of France, Sweden and Switzerland, Immergut (1990) distinguishes between *veto points*, that is the number of arenas in the legislative assembly and in the electorate through the use of referendums that a legislative proposal has to pass through before being adapted, and *veto groups*, which are influential actors that has a vested interest and a certain degree of leverage within a particular policy and/or professional field. As the RES-Directive has already been adopted at the EU-level, the abilities of institutional veto players in the national and regional parliaments to affect the content of the Directive is much more limited than if it were initiated from the national executive government. In addition, the number of institutional veto players in my three cases are somewhat lower than in the case of, say, federal Germany, as they are all centralized countries with unicameral parliaments.

Instead of focusing on institutional veto points, therefore, I want to look at the role of veto groups. Specifically, I want to examine whether interest groups, energy companies and the industry have affected the performance of my cases in any way. Large energy companies dominate the energy markets in several European countries, and some, especially Gazprom, use their power as supplier and dominant market actor to exercise considerable leverage and influence, most notably in Ukraine in 2006 and 2009, (Eikeland 2011: 33, New York Times, 2009). In some European countries, especially Germany, the industrial groups have complained that renewable energy subsidies are threatening their ability to compete, and want to be sheltered from the subsidy costs, while in Romania, heavy industry is to be exempt from virtually all green energy costs for the next 10 years, if a new draft proposal is approved (Euractiv, 2014a, 2014b). Taking this into account, I will therefore focus on interest groups, energy companies and industry and coined this variable “influential players”. These groups may not have any formal power over legislation in the same way as for instance different chambers in the legislature, but they may nevertheless exert influence over decision makers and the national administration. This influence may of course be motivated by both positive and negative views on renewable energy development: players who are negatively affected by the RES-Directive and deployment of renewables in any way will more likely be more hostile towards this development, while the opposite will be true for players who see this policy as beneficial.

While it might be good reasons to suspect that influential players have a greater influence in the implementation process in countries belonging to the World of Domestic Politics because of the stronger position of national interests and concerns among politicians in that country cluster, this should not suggest that politicians in countries belonging to the

other “Worlds” do not pay attention to domestic interest groups: this happens in all countries. Therefore, while influential players may be more prominent and have a greater impact on some EU Member States than others, I nevertheless count this variable as an important factor relevant to all the different “Worlds”.

4: The capacity and functioning of the administration: This variable focuses on the national administration’s ability to implement EU Directives and enforce and monitor it after it has been transposed into domestic legislation. It therefore covers a quite broad spectrum, including among other things, the administration’s access to sufficient resources and manpower, administrative procedures and effectiveness, the role and power of bureaucrats in the administration in the implementation process and beyond, and so on. It is expected that an effective and motivated administration with sufficient access to personnel and resources, where the implementation of the RES-Directive and the fulfillment of EU policy targets are seen as goals in themselves will have a positive impact on the performance of the country in question. In the opposite end, an administration that is hampered by a shortage of manpower, lacking resources, with ineffective routines and practices, bureaucrats who are indifferent or reluctant towards complying with EU legislation or who are confident that national legislation is superior and that it is therefore no need for laws from the EU, national performance will be more likely to suffer from this as a result.

As mentioned in the typology description, negative effects from administrative capacity and functioning is a feature mostly associated with the World of Transposition Neglect and the World of Dead Letters, while the administrative performance in the other two Worlds are theorized as efficient. Moreover, small countries may be more vulnerable to encountering implementation problems due to a limited administrative capacity (Kasekamp, 2010: 191), although this will need to be confirmed in the analysis. Nevertheless, including this variable in the analysis is important.

5: Formulation of EU legislation and degree of autonomy for national authorities: As the number of Member States in the EU and actors involved in the legislation process has grown substantially in the last decades, Directives are often formulated to take into account the different views and positions of the participators. This can often lead to vaguely or very generally formulated EU legislation, which may lead to different possibilities when it comes to interpretation (Falkner, Hartlapp, Leiber and Treib, 2004: 13-14). Accordingly, it may occur that Member States sometimes interpret the Directive differently than what was intended, even if they had no intention of doing so. Incorrect interpretation may of course also be a deliberate action from national governments in situations where national politicians do

not want the Directive (Falkner et al, 2004: 6). In both situations this may lead to infringement procedures from the Commission if the Member State is deviating too far from the Commission's interpretation of the Directive. The longer it takes before a Member State is notified of its incorrect Directive interpretation if this has taken place, the higher are the chances that this might have an effect on the implementation process, and in this context, also on the performance towards 2020.

While deliberate incorrect interpretation arising from domestic opposition is probably more likely to occur in countries belonging to the World of Domestic Politics and the World of Transposition Neglect, it should not be excluded as impossible in the other typologies, and unintended incorrect implementation may happen in every EU Member State. The inclusion of this variable in the analysis of this study is therefore seen as important.

As stressed in Falkner et al.'s (2004: 21) study, no single variable can explain all the variations in the cases under investigation, and while for example the misfit hypothesis and the veto player argument have explanatory power in some cases, they are unable to explain outcomes in others. It is likely that the same may turn out to be true for the variables I have selected in this thesis.

2.3.3 Other factors

As I am exploring which factors have shaped the performance in Estonia, Latvia and Norway towards the 2020 targets in the RES-Directive, the variables listed above have been carefully selected from the rich literature of policy implementation as well as from the Europeanization school. However, as Falkner et al have focused on social policies and labor legislation, and since this is a policy field which has been relatively little covered in the implementation theory literature, I should also be open to new factors that may have affected the implementation of the Directive and the national performance in my cases. As will be further elaborated on below, using a variety of data collection sources, or what is termed triangulation of data, is one of the ways to increase the validity of the study (Creswell, 2013: 251). Having the opportunity to scrutinize a vast array of data information also allows one to discover new factors that were initially not on the researcher's radar. I now turn to the method and data section where my choice of method and data collection techniques will be illuminated further.

3 Method and data

3.1 Multiple-case study research design

As the purpose of this study is to explain the differences in performance between Estonia, Latvia and Norway when it comes to reaching their 2020 goals in the renewable energy

sphere, I will employ a multiple-case study design, where *the countries listed above represent the three cases of this study*.

The case study has been defined in quite a few different ways by scholars (Yin, 2009:16-17). Yin (2009: 18) has developed a twofold definition of what a case study is. Firstly, he characterizes the case study as an empirical enquiry of a contemporary phenomenon in a real-time context, especially where the borders between context and phenomenon are unclear. The second part of the definition regards the inquiry itself:

“The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis” (Yin 2009:18).

Gerring (2007: 19-20) defines a case as a spatially delimited phenomenon or unit that is observed at some point in time, or over a period, making the case study an intensive study of a single case, with the purpose, at least partially, of shedding light on a larger number of cases, the population. Creswell (2013: 97) sees the case study as a methodology or qualitative research design:

“Case study research is a qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g. observations, interviews, audiovisual material, and documents and reports), and reports a case description and case themes. The units of analysis in the case study might be multiple cases (a multisite study) or a single case (a within-site study)”.

The research design chosen for this thesis corresponds to elements of all the definitions above, but perhaps Creswell’s definition most accurately describes the research design in this study. It is a study of multiple cases, Estonia, Latvia and Norway, over a period of time. More precisely, the temporal boundaries of this thesis are from the entry into force of the RES-Directive in 2009 and the progress that has been made since then, to the current performance of the countries in question in 2013-2014, while also including a long-term perspective on the future development of renewable energy towards 2020 and the prospects of reaching the national targets. The analysis period therefore, runs from 2009-2014. Furthermore, EU energy

policy is by all means a contemporary and real-life topic. Each Member State is obliged to reach their renewable energy goals by 2020, and there is currently a hot debate going on between the European Commission and the different Member States regarding new targets for 2030 after the Commission presented its first proposal for the 2030 Climate and Energy Framework, which included a 40 percent reduction of greenhouse gas emissions and a 27 percent EU-wide renewable energy target (European Commission, 2014).

As Gerring (2007) points out in his definition, the purpose of the study should also be to generalize the findings to a larger set of cases. My aim is to contribute to already existing literature on EU policy implementation, especially by testing the typologies of Falkner et al by adding new cases. I am also exploring a new policy field, energy policy, as social and labor policy has been the main area of attention for the researchers that developed the typologies. This will allow me to observe whether Falkner et al.'s typologies are general enough to cover other policy areas than those which these typologies are built upon. In this sense the study is both of an exploring and theory-developing nature, as I seek to test, modify and improve the mentioned theory framework (Grønmo, 2004:90-91). It is also a comparative case study, advancing the comparative perspective by contributing to existing theory and literature through the identification of variables and the relationship between these, and through the comparison of my findings in this study with assumptions arising from Falkner et al.'s theory framework, thereby "(...) contributing to the progressive accumulation of knowledge about the political world" (Landman, 2008: 6, 9).

It is therefore imperative that this multiple case study is designed in a way that takes into account its exploring and theory-developing nature. As I intend to shed light on the causal factors, both familiar and new ones, affecting the performance of three countries that have so far received little scholarly attention within a relatively unexplored policy field, gaining access to and overview over as much information as possible will be essential. As Creswell (2013: 47-48) points out, qualitative research is especially valuable in the exploration of a new field when one attempts to develop a complex understanding of a particular topic, and when one seeks to improve theories seen as inadequate or in need of further development. A qualitative approach towards the research question in this study is therefore seen as favorable.

The lion's share of my data material will be collected through semi-structured interviews with experts and document analysis. Given the nature of my study, it is critical that the interviews are designed in a way that gives the respondents freedom to reflect over the

questions and give as comprehensive and exhaustive answers as possible (Meuser and Nagel 2009: 31). My data collection techniques will be further elaborated below.

3.2 Data collection

As pointed out by Creswell (2013), case studies are characterized by data collection from multiple information sources. The relevant data material will be collected in two ways. The largest share have been collected through semi-structured qualitative interviews with experts in the relevant Departments and Ministries working within the field of energy policy and with EU renewable energy policy and the Directive 2009/28/EC in particular, as well as with other domestic sources that are active within the mentioned policy area, including NGOs, journalists and others. Employees in the European Commission DG Energy in Brussels have also be interviewed in order to get an EU and non-national perspective of the performance in my three cases.

As well as doing interviews during extensive fieldwork periods, I have conducted a qualitative document analysis of energy-related documents that are of interest and relevance for my research question. These include, National Renewable Action Plans, Commission Progress Reports, publications made by different NGOs and other documents.

3.2.1 Semi-structured interviews

Semi-structured interviews occupy the middle ground between formal interviews with closed-ended questions, and informal conversations. In essence, this interview type consists of open-ended questions that have been prepared in advance, with more questions emerging during the interview (DiCicco-Bloom and Crabtree, 2006: 315). Being well prepared before the interview starts is critical, as “(...) *what you already know is as important as what you want to know*” (Leech, 2002: 665). The knowledge the researcher possesses before conducting the interview will determine the type of questions that will be asked, and it was therefore imperative to be as prepared as possible before conducting my fieldwork.

“Gaining rapport” is a very important part of the semi-structured interview. It entails showing the respondent that you are listening, that you are interested in the topic and what the respondent is sharing with you, as well as making the respondent comfortable and relaxed, and thereby avoiding that important information is withheld because of distractions or anxiousness (Leech, 2002: 665-66). Accordingly, when designing my interview guide I took care to have an easy start with some general questions about the respondent and his or her place of work, before gradually moving on to the main topic. When conducting semi-structured interviews, it is important that the conversation does not steer away from the

research question of the interviewer. The researcher should therefore in a polite way be able to lead the conversation “back on track” without interrupting the respondent (Leech, 2006: 668). The interview guide was very useful for this purpose, functioning as a leading tool since the questions were not necessarily asked in the planned order, but rather adapted to the conversation, following the advice of Aberbach and Rockman (2002: 674) in that asking questions in different orders might sometimes be preferable.

There are both advantages and challenges related to the use of semi-structured interviews. Aberbach and Rockman (2002: 673) recommends using this technique if the researcher needs to probe for information, and to give the interview objects the chance and flexibility to shape their responses as well as possible. Leech (2002: 665) sees the approach as a good option if the purpose is to gain a detailed insight, depth and an insider’s perspective, while at the same time making room for the testing of hypotheses and possibly analyzing the interview responses in a quantitative manner, and combine the best qualities of unstructured interviews and formal, close-ended ones. In their interviews with “reluctant bureaucrats”, Becker and Meyers (1974-75: 605) characterizes interviews as “(...) most applicable when specific information is held by a limited number of people, treated as hard-to-get, and must be obtained. In this context, the interview is a win or lose proposition”. Because there is a restriction on available respondents who possess the relevant information on energy policy and the RES-Directive in my three countries, and especially because of the limited number of English-speaking material available to me from Estonia and Latvia, I perceived semi-structured interviews to be the most beneficial data collection technique to obtain my data material.

Of drawbacks and challenges, first of all one should be careful not to become too dependent on the respondents, as they may have, warily or not, a personal influence over the researcher. Yin (2009: 108-109) argues that the interviews should be seen as verbal reports, and that one should therefore be aware of potential bias in the respondent’s answers, poor memory or ability to express one’s opinion accurately, or the fact that he/she may decide to withhold information, thereby only presenting a partial picture of the story. Getting access to the respondents can also prove tricky (Aberbach and Rockman, 2002). The researcher will have to be careful to avoid affecting the respondent’s answers, and should not ask leading questions. A further consideration before choosing to conduct interviews is that it can be quite time and resource-consuming, especially if one is also using an audio recorder with subsequent transcribing. While a considerable amount of time was spent writing interview requests, searching for respondents and transcribing the interviews conducted, overall I did

not experience many difficulties in gaining access to respondents. I also put a great emphasis on not asking leading questions and not affecting the answers of the respondents, and while I cannot completely rule out the possibility of some researcher influence on the respondents, I believe that I at least have reduced this to a minimum.

3.2.2 Expert Interviews

The interviewees in this study have been selected on the basis of their connection to the renewable energy sphere within the EU 2020-framework, and their perceived expertise within this field. While semi-structured interviews and expert interviews overlap to a great extent, I will elaborate what constitute an expert, and why the expert interview is a distinct interview type. According to Meuser and Nagel (2009:18), an expert is a person who is in possession of knowledge about the theme of interest to the researcher. This information is hard or impossible to get access to by other means than talking to the expert and other possible holders of the information in question. Bogner and Menz (2009: 54-55, 72) defines the expert as a person with technical, process and interpretative knowledge within a certain activity field where his/her position and functions have a general acceptance, while Pfadenhauer (2009: 83) reminds us to also emphasize the expert's role in problem solving within his/her field of special competence in addition to the privileged access to information. She also makes a distinction between expert and specialist knowledge: the latter have a well-defined, partial knowledge within a certain field of specialty, while the former have a more general overview of the field as a whole (Pfadenhauer 2009: 82).

The experts in this study are people who possess and have access to special knowledge within the energy policy field, or more specifically, within the renewable energy sphere and work related to the RES-Directive. An expert interview is, as the name suggests, an interview with people regarded as experts. Bogner and Menz (2009: 46-48), distinguishes between three types of expert interviews. *The exploratory expert interview* should be conducted as open as possible and is best suited to explore topics and subjects that are vaguely defined or relatively new, and/or as a way of "scouting ahead" and gaining some initial orientation before identifying a final interview guide. The purpose of *the systemizing expert interview* is to make the targeted expert(s) share her/their exclusive knowledge which is otherwise hard to come by, and to gain a complete and systemized amount of objective information. The researcher's concern is not interpretation of the expert's information, but to get the necessary facts and information relevant for the study in question. Systematic interviews can be open and qualitative or have a stricter, quantitative nature (Bogner and Menz 2009: 47). *The theory-generating expert interview* has as its objective to generate typologies and theories regarding

the functioning and operation of different social systems. Here one wants to analytically reconstruct the subject dimension of expert knowledge (Bogner and Menz 2009: 48), and the formulation of theories are based on actions and decision making maxims of the experts.

While my study in itself has an exploring and theory-developing nature, my interviews have most in common with the systemizing expert interview. The aim of the interviews is to get access to information and facts from persons who are perceived to possess this data due to their work within the energy policy sphere. The interviewee's subjective perceptions about their own work and actions is therefore off topic, and while I am exploring a policy field that has so far not been studied much within the implementation theory school, I still have a solid theoretical and typological background that serve as stepping stones for my work.

Expert interviews and elite interviews share many commonalities. The former has been considered a distinct interview form in the German-speaking world for quite some time while the elite interview as a distinct technique has hardly been mentioned, while the opposite has been the case in Anglo-American social science (Littig 2009: 98). According to Littig, the commonalities by far outnumber the differences between the two. She does, however, distinguish between experts and elites, and although there is a significant overlapping between the two, elites are distinguished by the fact that they have formal decision power and in the functioning in their place of work, possessing the necessary "know-how" and "know-why" (Littig 2009: 107-109). Experts also possess the same level of knowledge as the elite and are marked out by their functioning at work and by having a certain degree of power, but they are not considered to have the same amount of formal power (Littig 2009: 107-109). There are also differences between the interview types when it comes to the focus and interest of the interview, but on a general basis, the same challenges, advantages and disadvantages apply to both (Littig 2009: 109).

3.2.3 Conducting the interviews

Since I intended to shed light on the factors affecting national performance regarding the implementation of energy policy, a policy area so far little covered by the implementation research literature, giving the respondents as much freedom as possible to reply was important. The questions in the interview guide was therefore given an open-ended character and, while not being too specific, was tailored to extract as much information as possible about the effect of causal factors from the implementation theory literature, while also probing for new information and variables.

As my respondents live and work in different countries, fieldwork was almost unavoidable unless I had chosen to restrict the interviews to phone or e-mail correspondence.

While fieldwork is undoubtedly a worthwhile experience, absolutely necessary in order to meet the actual respondents and, according to Punch (1994), “fun and easy”, it was also quite costly both financially and with regard to the time spent. It therefore helped a great deal that I received a fieldwork scholarship from the main power company in western Norway, BKK.

Before reaching out to possible respondents, I made sure that this project gained the approval of the Norwegian Social Science Data Services (NSD). I paid special attention to the ethical sides of the interview, how data was to be stored after conducting fieldwork, and to confirm that both anonymity of respondents were desirable and data protection would be assured.

Gaining access to the respondents at first seemed difficult, but went a lot smoother after a while as I developed the interview participation invitations and got a bit more experienced in the “search for the prey/respondent”-game and more aware of their whereabouts. Initially I feared that linguistic differences might be a barrier, but this was only an issue with a few potential interviewees, and was not a problem with any of the respondents that participated. The contact information of most of my interviewees was available online, for instance on the websites of the relevant Ministries in the three countries and on the websites of different NGOs. Others were found through contacting their places of work per e-mail and thereafter being redirected to the relevant personnel. There was also a certain “snowball effect”, that is, where respondents give you information about additional respondents that might be useful for the study in question (Grønmo, 2004: 102). This was especially useful in Latvia and Brussels.

Very few respondents turned down an invitation to participate, and most seemed quite happy to participate. Some respondents asked me to refer to their workplace instead of them personally, but no institutions had to be anonymized. There were a few “reshuffles” where a new respondent replaced the person I was originally supposed to meet, and while this was not regarded as optimal, this did not affect this study negatively in any major way, and the replacements turned out to be well suited to the task. Most respondents also allowed the use of a tape recorder, making the transcribing process a smooth affair. In the cases where no such device was used, it did not have any serious effect on the data collection, although there is of course always the risk of certain details and information being lost, although this is probably compensated for by the fact that the respondent could speak more freely (Yin, 2009: 109).

18 interviews were conducted all together, one of which one was a telephone interview. While there are substantial challenges connected to the use of telephone interviews, amongst them missing non-verbal elements, the possibility of third persons entering the room

without the interviewer's knowledge and the risk that information may be lost or mistakes be made because of exhaustion due to the need for considerable concentration during the process (Christmann 2009: 177), I did not hesitate to accept the opportunity, as a phone interview is always better than no interview at all, and despite some minor audio quality problems the interview went very well. Overall I felt that the respondents expressed themselves honestly and freely, and that the presence of the tape recorder did not affect our conversations in any noticeable way. After the fieldwork was completed the interviews were transcribed, and I offered my respondents the opportunity to further elaborate and edit the transcripts if they felt this was necessary. This proved especially useful in the few cases of poor audio quality.

As Eurostat updates its statistics within an interval of certain duration, based on Member State reporting in the case of statistics on the share of renewable energy in gross final consumption, I initially relied upon 2011-data that was published in 2013. In March 2014 the statistics for 2012 were made available. On the one hand, these figures made it possible to add stats for 2012 in Table 1 and 2. However, the updated Eurostat figures also added some changes, both minor and major, to the previous statistics for the years before 2012 as well. Especially regarding the performance of Latvia towards the 1st interim target, this resulted in a more positive situation compared to the old statistics. The interview guide I first developed was based exactly on these older statistics, and therefore, during some of the interviews in Latvia a part of our conversation was spent on correcting the initial figures I presented. While this did not have any impact on my findings, the initial interview guide might be said to have been based on uncertain or preliminary statistics.

3.2.4 Data gathered from documents:

As well as conducting interview with relevant respondents with expert knowledge about my three cases, a large part of my data was also gathered through collecting data from relevant documents, and analyzed thereafter using qualitative techniques. Yin (2009: 103) recommends using evidence from documents in combination with information from other possible sources, to minimize the drawbacks of using documents as sources. While they certainly have their strengths by the facts that they can be repeatedly scrutinized, has a broad coverage and contains exact information and references, documents can also be difficult to get access to, they may suffer from bias, and the selection of documents may be biased, for example due to only partial selection or due to subconscious bias from the side of the author (Yin: 102). To a great extent, I agree with his analysis. Regarding the influence of the above mentioned factors on national renewables performance, I expected that most of this information would be uncovered during the interview sessions with my respondents. This is

both because of language barriers as I do not speak Estonian and Latvian and therefore had a rather limited ability to access non-English material in those countries, and also because there is a greater possibility of finding relevant information by direct questions to respondents than in official documents that may abound. However, this is of course not to say that I did not expect to find relevant data through document analysis. The chief point should be that relying on more than one data source is the most fruitful way to collect information, and therefore by resorting to data triangulation, I hoped to acquire a rich and vast amount of valuable information.

Besides the RES-Directive itself, the most important documents in this regard were the NREAP's developed by the relevant Ministries and Departments in the three countries. Progress reports, performance assessments and similar documents from the European Commission also constituted important sources of information, as did information available at the website of the relevant national government ministries where this is available, or reports and publications made by energy NGOs and energy companies, private as well as public ones. Relevant material has also been gathered from a wide variety of online newspapers who have written a lot about the topic, most notably Euractiv, an online media source with EU-wide and often country specific information available in English, but national media newspapers in Estonia, Latvia and Norway also feature in the data sources.

The data material should always be judged against a number of critical criteria, like availability, relevance, authenticity and credibility (Grønmo, 2004: 122-123). A large part of the documents have been gathered from the official websites of the European Commission and the national ministries and departments, from NGOs and associations working within the field of renewable energy policies, or from established online newspapers writing about the topic. I am therefore confident that they fulfil the relevance, authenticity and credibility criteria. Concerning availability, some of the documents used in this thesis were acquired during my fieldwork, often provided to me by friendly and helpful respondents. Most of these documents were available online, but in the cases where English-translated versions were unavailable, getting them translated and explained by native speakers proved very useful indeed. Unfortunately though, referring to them in retrospect proved a difficult task. While most of the relevant documents I have been searching for were available in English, the language barrier remains an obstacle for getting a deeper overview of relevant data material in non-Norwegian and non-English-speaking countries. This was especially the case for the online newspaper sections in Estonia and Latvia, though an interview with a journalist in the former country somewhat reduced this problem there. I did not, however, experience that any

information that I tried to access or in a few cases, requested, were withheld. One should also of course be aware of bias in the documents. Even if the documents come from official sources or from a public organization, there is no guarantee that the information one is presented with contains “the undeniable truth” (Yin 2009: 105). This is yet another reason why it is important to combine documents with other sources of information, in this case with interviews, as it allows me to compare and verify the gathered information against other sources.

3.3 Validity and reliability

In evaluating social science research two criteria in particular can be highlighted that need to be fulfilled: validity and reliability. The former can be split into three subcategories: construct, internal and external validity (Yin, 2009: 40-41).

Construct validity concerns the operationalization of concepts that are used in a study. One needs to properly define the concepts and variables that are to be used, as well as presenting credible measures that match these concepts. In essence, construct validity regards whether one is measuring what one wishes to measure. I feel that the first part has been ensured through the outlining of the variables in chapter 2, where the content of the variables are spelled out. Regarding the measurement of these variables, most of the information will be based on explicit statements and opinions from the interview respondents. The challenging task therefore is to place these expressions into the proper context of what constitutes for example “poor administrative performance” or “considerable influence of domestic national interest groups”. While the variables above outlines how the independent variables might affect the performance of the case countries, it is important to be aware of respondent biases and subjective perceptions have come to the surface during the interviews, and have this in mind when classifying the comments and statements. This notwithstanding, I feel that concept validity is by and large ensured. In using multiple sources of evidence and relating the concepts to earlier research literature, I am furthermore following many of the recommendations offered by Yin (40-42).

Internal validity is about establishing a causal relationship between the dependent and independent variables in the study, separating causal relationships from correlations. Yin (42-43) underlines that this applicable to explanatory studies only, and not to descriptive and exploring ones. As my study is both about explaining the performance of my cases and looking for new potential factors besides the “usual suspects” from the policy implementation school, the establishment of a causal relationship does also apply to this thesis. By examining the variables mentioned in chapter 2 separately in turn, I hope to isolate the effect of each. As

pointed out by Falkner, Treib and Holzleithner (2008: 12) however, no single variable has been able to explain all of the variation in their cases, and more complex causal mechanisms might therefore likely be at work also with regards to energy policy in my three cases. In the concluding chapter, causal mechanisms will be visualized by employing models.

External validity regards the scope of one's findings, to which degree they can be generalized to other cases, in this case, whether my findings might be valid for other EU Member States as well as non-EU European nations like Iceland. In this context, while not underestimating the potential for generalization in this study, being aware of possible caveats and showing humility and restraint before drawing conclusions about the scope of generalization are important virtues for every scientist. I do, however, believe that my findings might be valid for a larger set of European countries committed to the EU policy on renewable energy, and I by testing the typologies of Falkner et al I also give some suggestions to the inclusion of new cases, thereby also aiming at analytical generalization (Yin, 2009: 43). The concrete scope of generalization is a matter that will be further discussed in the country and concluding chapters, however, and will therefore not be addressed any further here.

Turning to *reliability*, it concerns the amount of errors and biases in a study. If a researcher were to repeat the data collection procedures of my study and arrive at the same final results, the thesis would have a high degree of reliability. The opposite would of course be true if he or she were to arrive at different conclusions than mine. Yin (2009: 45) recommends doing a social science study as if someone is always looking over your shoulder. It is therefore imperative to document each and every step that has been taken: which data materials have been used, where they have been extracted, and how. In addition, reliability might be affected by biases from the side of the researcher. By clearly documenting where I have gathered my sources and reporting where these are available, both regarding written documents, transcribed interviews as well as the audio material itself, I am confident that this openness strengthens the reliability of this thesis. Regarding potential biases, while I have taken the best care to avoid injecting any subjective opinions and perceptions into the research process, it is difficult to give any guarantee that the study will be completely free from biases. However, I have attempted to minimize this problem as far as possible by using a wide array of sources, leaving room for different perspectives and types of information. It should be noticed, however, that there might be a slight bias in the selection of documents and respondents. Regarding the former, language plays the greater role, as I have been confined to English-speaking material about energy policy in the cases of Latvia and Estonia, and besides the occasional translation of documents during interviews with helpful respondents, I have

been unable to probe as deep into the array of articles and reports about those countries as I have could in the case of Norway as a native speaker. Concerning the latter, while national Ministries, the European Commission and energy NGOs are well represented among the respondents, the same cannot unfortunately be said about industrial groups. This is both due to time pressure, lacking responses on interview requests and in some cases due to a lack of awareness of potential respondents from my side. I have tried to remedy this as best as I could through high awareness of their absence among the interviewees and by increasing my efforts to present the data and carry out the analysis in as an objective manner as possible.

Creswell (2013: 250-255) also offers a few advices and strategies to ensure a high degree of validity and reliability. Regarding validity, triangulation of methods, data and theories are suggested, as well as constantly reviewing of the hypotheses by the researcher, as well as clarifying researcher bias. For strengthening reliability, obtaining good field notes through the use of tape recording and coding together with other researchers are seen as good options (Creswell: 253-254). Employing a multitude of data sources as well as writing detailed transcripts of the interviews carried out during my fieldwork, I feel that both the validity and reliability of this thesis has been strengthened.

3.4 The analysis procedure

Of the four general data analysis strategies suggested by Yin (2009: 130-136), I find the theory guiding approach the most conducive approach for this thesis. Guided by theory implications, certain kinds of information will be more of interest and can hence be given priority, while information of less importance may more easily be discarded. A good analysis is also characterized by scrutinizing all collected evidence and eliminating known possible rival explanations (Yin: 160-161). Since I will be examining the known policy implementation variables mentioned in chapter 2 as well as being on the lookout for potentially new factors that have had an influence on national performance, “leaving no rock unturned” will be crucial for the analysis. As I proceeded with the analysis of my data material, relevant information was sorted into temporary categories in order to get a more systematic overview of the relevant information, and also allowing irrelevant data to be discarded (Creswell, 2013: 184-185). Interview quotes and important sentences and statements in documents were highlighted as quotes to emphasize their importance, and to further illustrate the findings of the inquiry, I employ models in the concluding chapter to show the relationship between the different variables and the functioning of discovered causal mechanisms. Looking for pattern matching is a good strategy when searching for relations between different variables as described by Yin (136-140), that is, by comparing the patterns

that emerge from my empirical data with the ones predicted in the presentation of variables in chapter 2. In addition to matching patterns, providing a rich case description of different aspects of the cases in the analysis is a valuable advice offered by Creswell (2013: 200), and one that I have decided to follow.

In the following I will present each of the three cases as a separate chapter, starting with an introduction of the renewable energy situation in each country and of the implementation of the RES-Directive. Thereafter, I will examine the role of each of the four variables in the order presented in Chapter 2 and their effect upon the performance in each country, and also present additional factors that were mentioned by the interview objects. This will be followed by a summary of my findings in a thorough discussion at the end of each country section. After the cases have been analyzed and discussed, a thorough comparison of the countries and the effect of the different factors upon performance will be presented in the final conclusion chapter, where the findings will be visualized together with a summary of the study and a discussion of the explanatory power of the typologies of Falkner et al on the findings in my three cases. Finally, some concluding remarks and ideas for further research will be elaborated in the end.

4 Estonia

In 2011, Estonia became the first EU Member State to reach its overall renewable energy target of 25 percent (Europa Press Release Database, 2013b). Figure 1 shows the development in the country since the RES-Directive reference year of 2005:

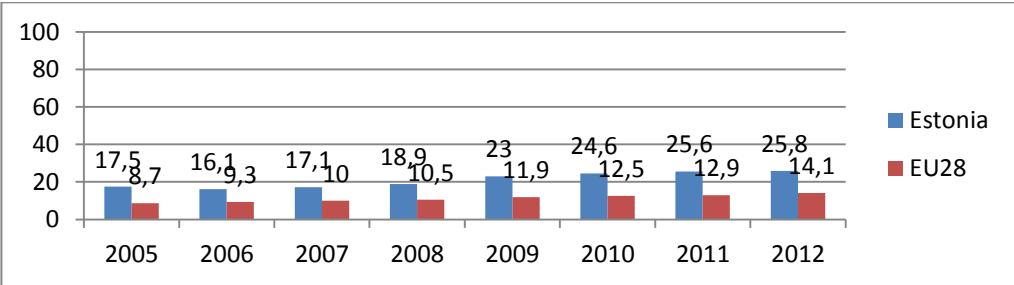


Figure 1: Growth in the renewable energy share in percentage of gross final energy consumption in Estonia and the EU 28, based on the most recent Eurostat data (Eurostat, 2014b).

However, the renewable energy share in transport is still proving a challenge to the country, as its share was 0, 3 percent in 2012 (see Table 2). And of course, while the overall target has been reached, Estonia will have to stay there until 2020 to comply with the Directive requirements. The overall 2020-target of this northernmost Baltic state is split into 17,6 percent for the electricity sector and 38,4 percent in heating and cooling, in addition to the 10 percent share in transport fuel consumption (Estonian Ministry of Economic Affairs and

Communications, 2010: 8³). The heating and cooling sector in Estonia is therefore where the largest renewable energy share is found. In 2011, it stood at almost 46 percent, well over the 2020-target for RES-H&C, while the RES-E share stood at 12,64 percent (Postimees, 2013a). The RES-E share increased to almost 15 percent in 2012, but this number includes biomass burned together with oil shale at the Narva power plants, a practice that was halted in September 2012, and subsequently the figures stood at 11,8 percent in the second quarter of 2013 (Postimees, 2013c, 2013d). The transport sector is still lagging behind however, and has consistently stood at 0,2-0,3 percent for the last years (see Table 2), and therefore remains the largest challenge for Estonia in the years towards 2020, a point also stressed in the progress report that was published by the Ministry of Economic Affairs and Communications(2011: 3) in 2011.

4.1 The transposition of the RES-Directive in Estonia

Estonia was among the last Member States to submit its NREAP to the European Commission, doing so by December 2010, six months after the deadline set in the RES-Directive (European Renewable Energy Council, 2011, Euroserv'ER, 2012). In the EU overall however, only the Netherlands and Denmark had submitted their NREAPs within the June 2010-deadline, so Estonia was not exceptional (Euractiv, 2010). As described above, the NREAP included various support mechanisms to stimulate growth in renewables, ensuring that the share of renewables in gross final energy consumption reaches 25 percent by 2020. While the country was a late runner in delivering its NREAP, the transposition and implementation of the Directive has by and large ran according to plan. In June 2013 the European Commission submitted a letter of reason opinion to the governments in Belgium and Estonia, citing a lack of reporting on the complete Directive transposition into national legislation, emphasizing a potential referral to the European Court of Justice (ECJ) if the two Member States did not comply within two months (European Commission Directorate-General for Energy, date unknown b). There is no indication of the case later being referred to the ECJ however, and according to one respondent working as a policy officer in the European Commission Directorate-General for Energy, based on their knowledge, Estonia has transposed the Directive correctly:

³ The figures presented at page 8 of the Estonian NREAP are incorrect. This is addressed in the “Answers to additional questions on NREAP” document, an attachment included in the zip file on the European Commission’s complete list of Member State NREAPs (European Commission Directorate-General for Energy , date unknown c). The correct figures can be viewed in annex 1 in the mentioned paper, available at http://ec.europa.eu/energy/renewables/action_plan_en.htm .

“We are, I mean, we have a system as the Commission, we have a constant dialogue with the industry, and immediately when they see a problem they inform us. We also have procedural methods of checking their legislation, so in terms of transposition they have transposed entirely the Directive, and in terms of compliance and conformity of the measures, the legal measures in Estonia with the Directive, that is an ongoing process and we are still analyzing that. And we also have a system of complaints, anyone or any citizen that is affected and considers that the Member State breaches EU law then they can complain to us. So far we haven’t been notified of any problem from this perspective”(R16 anonymous Commission policy officer).

The policy officer underlined that the distance from Brussels made it difficult for the DG Energy to assess whether everything is really put into practice, but also said that several indicators point in the direction of RES-Directive compliance:

“Because we are not living there, basically. But if we look at the target and the fact that we haven’t received complaints, that they have not done this and that, they haven’t I don’t know, guaranteed access to the grid of renewable electricity, you can only conclude that everything is fine, therefore the implementation is going ok”(R16 anonymous Commission policy officer).

The perception that the implementation of the RES-Directive has gone well was also shared by an official in the Ministry of Economic Affairs and Communications in Estonia:

“I can only give you some very vague comments about how I see it. I would say that overall, the implementation has been quite smooth in Estonia. We are a small country and can make changes very quickly. Adopt to new situations very quickly and I think we have done it. And the best proof for that is that in 2007, the share of renewables in the electricity sector was nothing. Less than five percent. Now it is 14 percent, so the changes have been very quick here, so. (...)And along with that, we prepared back then a renewable energy action plan or a plan of how we can adopt the Directive and how we can make the changes happen. And today I can say that we have followed the renewable energy action plan very well, even exceeding the target that we foresaw there” (R5 Tatar).

4.2 National support scheme

For the promotion of renewable energy from electricity, Estonia has introduced a feed-in premium system which gives the producers a fixed amount on top of the market electricity

price, which is paid to the producers by the electricity system operators. All electricity-producing technologies that are listed as renewables are eligible for support, although there are certain criteria that have to be fulfilled for both wind power and biomass. Regarding the former, it is stated that the support system will be suspended when a total of 600 gigawatt hours (GWh) has received support within a calendar year, and wind farms that have received other state support will be unable to benefit from the scheme. This is because wind energy development is also promoted through the European Development Fund and funds from the Estonian state, with grants ranging from between 3,2 and 20 million euros (RES Legal, 2013d). For biomass, it is outlined that the electricity will have to be produced from high efficiency combined heating and power plants (CHPs), and that the support does not apply for plants that use conventional sources to produce heating and power. The same amount of 5,37 euro per kilowatt applies to all technologies, save for small-scale CHPs producing power from waste, heat or oil-shale retorting gas, where a support level of 3,2 euro applies. Support is limited for a 12 year period from the date of commission, defined as the point when 80 percent capacity is reached at the power producing plant/station for the first time. The cost of financing the premium tariff is born by Estonian consumers through a separate line in their electricity bill (RES Legal, 2013b).

Subsidies are also available for farmers producing renewable energy for both electricity, heat and fuel from biomass, the growing of energy culture as well as infrastructure construction related to these activities, where between 40-60 percent of investment costs may be covered, with the finances coming from the European Agricultural Fund for Rural Development (RES Legal, 2013c).

The system operator is obliged to connect to the power plant operator, who will bear the costs of the grid connection. Access to and use of the grid system is paid for by the electricity consumers. Renewable energy is not given any priority access to the grid, but is granted access on non-discriminatory criteria (RES Legal, 2013a).

Turning to support for the heating and cooling sector, the Estonian state offers subsidies for the construction of renewable energy CHPS, for the improvement and restructuring of conventional CHPS and boiler houses to enable them to run produce from renewables as well as support to reconstruct Estonia's district heating system in an effort to increase energy efficiency. The subsidies are financed through the EU Structural Funds (RES Legal, 2013f). The Estonian state has also supported housing and apartment reconstructions aiming at energy renovation, where purchasing and installation of solar power plants and the installation of geothermal and hydrothermal heating pumps in private houses and the costs of

installing equipment enabling energy use from renewable energy plants in apartment buildings could receive support from the authorities. Due to considerable interest in the Estonian population new applications are no longer possible, although Estonian authorities do believe there will be possibilities for further support in the 2014-2020 period. The investment support is financed through the Estonian Green Investment Scheme, which again receives its finances through the Estonian government's sale of so-called "Assigned Amount Units" (AAUs), or allowed greenhouse gas emission amounts that countries were allowed to sell during the 2008-2012 period according to the Kyoto Protocol (RES Legal, 2013g, United Nations Framework Convention on Climate Change, 2014). Grid connection is offered by the system operator through the most cost-friendly alternative, but it is local authorities that decide the procedures and conditions for this connection. Heat price is decided between the Estonian Competition Authority and the plant operator for each separate heating district. As with the electricity connection, renewables are not prioritized, but granted grid access by non-discriminatory principles (RES Legal, 2013e).

The Estonian transport sector has so far received less attention than the other two energy areas. However, the Estonian Ministry of Economic Affairs and Communications has proposed an amendment to the Liquid Fuels Act, whereby a mandatory share of 5 percent of biofuels in transport will have to be introduced by 2016, with a gradual increase to 10 percent up to 2020 (RES Legal, 2013i). Support is also available for the purchasing of electrical car and necessary charging equipment (RES Legal, 2013h). As with the renovation of houses and apartments described above, this support is financed through the Green Investment Scheme.

The sharp increase in renewables during the last years can be attributed mainly to the support scheme, according to one Ministry official, while the widespread use of wood in the heating sector accounts for much of the country's renewable energy share:

"One is in the households, where we have quite a large share of wood fired equipment for heating, and then our share of renewable electricity has risen quite dramatically during the last seven years, because although we had a renewable energy support scheme before, but in 2007 a mistaken Estonian parliament adopted an amendment of the renewable energy support scheme which pretty much started a small boom here. Especially with wind energy. And that is, I think, the two pillars which have helped us achieve the overall target for 2020, although we still have some work to do with the transport sector target of 10 percent, you know"(R5 Tatar).

The Estonian support scheme for renewable energy was also highlighted by another official in the Ministry as the main driving factor in the electricity sector:

“I think that the most important factor would be our working subsidy scheme, which has attracted investors since 2008. It has been in force since 2002, but the last reforms we made in 2008, and after that the share of RES has increased significantly. (...)In my opinion that is the most perfect issue that has increased the share of renewable sources, and in the consumption of electricity. Of course, concerning heat and renewable energy, the main issue would be local households which uses their own wood resources and heat with that” (R6 Veiks).

The Estonian government is currently amending the support system, as the country already reached its 2020-renewables goal of 25 percent of gross final energy consumption in 2011(RES Legal, 2013b), and the new proposed support scheme are now being processed by the DG Competition in the European Commission to ensure compliance with the Union’s rules on state aid. According to the Economic Affairs Committee of the Estonian parliament, the Riigikogu, after a vote in January 2013, the new proposed bill will:

“(...)ensure the proportionality of support measures to the goal to be achieved and to adapt the support measures to the developing internal market of electricity, including to reduce the distortions of competition owing to the current renewable energy sources support scheme, and to reduce the unjustifiably high economic burden on consumers” (Riigikogu, 2013)

4.3 Domestic politics

Despite the support scheme being given much of the credit for the rapid growth in renewables since its introduction, the support scheme has also attracted controversy in Estonia. In the period before the 2011 election, the center-right *Pro Patria and Res Publica Union (IRL)* and the liberal *Reform Party* had been in disagreement over the level of subsidies to be paid to energy producers. From 2007-2009 they ruled together with the Estonian *Social Democrats*, but the latter withdrew from the coalition after disagreements regarding cuts in unemployment benefits following economic contractions in the 2008-2009 period, and the Reform Party and the IRL ruled in a minority government until the 2011 election (Deutsche Welle, 2009). The then Minister of Economics from the IRL, Juhan Parts, advocated cuts and reforms of the schemes to combat inflation and rising energy prices for the consumers, and referred to a report published by the Estonian Competition Authority in September 2010 that argued that

the subsidies paid to renewable energy producers were higher than necessary (ERR, 2010b, ERR, 2010c). Both hydro power plants, wind farms and CHPs would remain competitive with a lower amount of state support, according to the Authority (ERR, 2010e). Prime Minister Andrus Ansip from the liberal Reform Party, while agreeing that a revision and reform of the support scheme would be necessary, opposed the reform bill that was proposed by the Ministry of Economic Affairs and Communications in November 2010, arguing that it would reward inefficiency, as well as risking to harm investors' confidence (ERR, 2010d). The Reform Party's resistance to support scheme changes for ongoing projects persevered after the Estonian NREAP was approved in late November 2010 (ERR, 2010a).

The 2011 parliamentary election resulted in a majority government between the Reform Party and the IRL, with Parts continuing as Minister of Economic Affairs and Communications. In July 2012, a memorandum of understanding was signed representatives from the energy industry operating in Estonia, where subsidies paid out to existing renewable energy production facilities would be maintained, while new operators would receive less state support. The decision received criticism from several NGOs, wind farm companies and the European Bank for Reconstruction and Development, among others, and the EU Energy Commissioner Günther Oettinger expressed his concerns over the decision (ERR, 2012b). The European Renewable Energies Federation (EREF) claimed that Estonia was breaching its RES-Directive commitments (ERR, 2012a), if the decision went through, resulting in subsidies being reduced by approximately 20 percent. The IRL is seen as the main architect behind this decision, with the Reform Party and the Social Democrats opposing the proposed amendments out of concerns of damaging the confidence of future investors, and thereby jeopardizing future investments into the renewable energy sector. The other main opposition party in the Riigikogu and the largest among Estonia's Russian-speakers, the *Center Party*, did agree that subsidies were too high but has otherwise stayed out of the debate (Konrad Adenauer Stiftung, 2013).

In January 2013, Economic Affairs Committee in the Estonian Parliament amended the Electricity Market Act, as mentioned in the support scheme description above. Several Estonian NGOs termed this decision a retroactive measure on renewables support and that it violated the agreement between the Ministry of Economic Affairs and Communications and energy representatives from the summer of 2012, pointing out that one reduced the subsidy level while at the same time maintaining a support cap for wind energy, where support were to be granted until a 600 GWh cap has been reached a year as laid down in § 59 of the Electricity Market Act (Estonian Wind Power Association, 2012, 2013a, Elering, date

unknown). Nelja Energia, an Estonian-based wind energy company where Norwegian Vardar Eurus AS holds the majority shares, announced it would not build any new wind farms in Estonia out of concerns that enlarged capacity might result in losing state subsidies if the 600 GWh cap is exceeded (Estonian Wind Power Association 2013b). According to one respondent in the Estonian Wind Power Association (EWPA) the deployment of wind turbines in the country has stalled, as there is a lot of uncertainty among investors in Estonia due to the unresolved support scheme situation (R8 anonymous EWPA official). There is still no concrete decision as the Estonian authorities are awaiting the approval of the European DG Competition regarding rules on state aid (Baltic Business News, 2013b):

“And it has been stuck in there for some time because they would also like to get the EU state aid permission for it, and that takes time. And before that, there were endless discussions going on, so I would say that it is kind of unstable at the moment. And the irony is that they want to change the system retroactively on, well not retroactively in the way that you have to pay back something, but also for existing projects. And this is something that even if the new feed-in would be something acceptable, the fact that they changed it for existing permits, this creates a really bad example of how the investment security is not met. So those are the two things holding back right now further development in Estonia” (R8 anonymous EWPA official).

A DG Energy policy officer emphasized that although the support scheme has been amended, this is a practice that has also occurred in many other European countries, and that it is normal to adjust the support schemes according to changes in technology prices. In this regard, Estonia is given credit for sitting down with energy representatives and involving them in the process of settling the matter. The Commission provides the Member States with advice in changing their support schemes, but as the support schemes are competences of the Member States, the Commission can only provide guidance in this regard (R16 anonymous Commission policy officer). In November 2013, the Commission published guidelines for state intervention in the electricity sector and recommendations regarding national support schemes. Here, the need for adjusting national support schemes and subsidy levels as technologies mature is put to the fore, and financial assistance should only be used where renewable energy technologies are yet to become competitive. Furthermore, retroactive actions should be avoided as much as possible and better coordination of renewable energy strategies between Member States is recommended (Europa Press Release Database, 2013a).

The main reason for reducing the level of state support, voiced both in the Ministry of Economic Affairs and Communications and with other respondents, was because of the burden the subsidies place on Estonian energy consumers. On average, the subsidies make up about 10 percent of the electricity bill in households (R5 Tatar). One respondent from the Estonian Renewable Energy Association (ETEK) expressed it in this way:

“(…) on the electricity bill, there is a separate line for renewable energy support. And this makes people very angry, to see that “come on, we taxpayers have to pay the direct support for the businessmen’s projects”” (R7 anonymous ETEK official).

Several of the respondents pointed to the fact that a separate line in the energy bills does make the subsidies an easy target for criticism, although one respondent pointed to the fact that some conventional fuels also receive state aid, whilst being absent as a separate part of the bills. The respondent also said that age was a factor when it came to the view on energy subsidies:

“(…) for most people it is like a, how should I say it, like a tax that wouldn’t have to be there, it is something extra burden for them. Even though, if there would be a special line saying how much we support the fossil fuels, then I think it would give them the right perspective. But they do things like that, and also some politicians are really opposing putting up these turbines and it gets transmitted. But I would say more for the older folks. For younger people it is more natural that “no, you cannot consume only fossil fuels”” (R8 anonymous EWPA official).

According to the same respondent, a clear majority of Estonians think that wind mills are the most environmental friendly way to produce electricity. When it comes to paying for utilities however, the eagerness tends to drop (R8 anonymous EWPA official). One respondent also pointed to the fact that, apart from the separate line in energy bills and concerns over the costs of national subsidies, many Estonians are not especially concerned when it comes to climate change issues:

“There has not been any scientific surveys as far as I know, but I think the Estonian population perceives climate change as something that... There are a couple of main reasons that is brought up. Either there is a lobby from the renewable energy businessmen or the green businessmen who want to make money by this problem, or some say that it is beneficial for Estonia that it will get warmer, hehe. And some say

that “no, the scientists just want more money for their research, so that is why they pretend this problem is as big as it is”. And since, at first it does not seem as such a big problem for Estonia and the people, as it is for example in the Maldives or the Pacific Islands, or Bangladesh. So this problem is not among the priorities” (R7 anonymous ETEK official).

This is also supported by data from a 2014 Eurobarometer survey, where the share of people who considered climate change to be one of the EU’s most serious problems ranged from only 28 percent in Estonia to over 80 percent in Sweden, although it must be added that a declining proportion of people considered climate change a dire issue in the EU as a whole. Estonian respondents were also among the least likely to have taken any personal action in combating climate change (European Commission Directorate-General for Climate Action, 2014: 5). Estonians are more likely to think the main responsibility for tackling climate change lies with the industry, not with their national government or the EU. Around 65 percent of the people surveyed in Estonia agree to some extent that fighting climate change can improve the economic and job situation in the EU, but only 14 percent “totally agree” with this, the second lowest in the EU (European Commission Directorate-General for Climate Action: 26, 45). 1 in 10 “totally agrees” that making the EU less dependent on fossil imports will improve the economic situation, while this rises to approximately 50 percent if one includes people who “tend to agree”. It is particularly interesting to notice that around 80 percent thinks it is very or fairly important that the Estonian government sets national renewable energy targets. However, only 31 percent thinks this is very important, the lowest share in the EU (European Commission Directorate-General for Climate Action, 50, 55). One respondent emphasized that these attitudes to renewable energy are a bit ironic:

“(…)because Estonia in general, we like to think of us as people who are really close to the nature and we have huge areas for nature reserves and we cannot produce anything big to export in that quantity, so dedicated to produce environmentally friendly and with those... eco products”(R8 anonymous EWPA official).

There might also be differences in opinion between Estonian- and Russian-speaking Estonians, although there is little research available that can solidly validate this claim. In addition to Tallinn and its surroundings, the majority of Estonia’s Russian speaking minority lives in northeastern Estonia, especially in the Ida-Viru county and its regional capital Narva,

where they constitute the majority of the population. This area is also where the Estonian oil shale industry is located. As one Ministry official put it:

“(…) the Russian minority is living in, well, also in Tallinn of course, but mainly in the eastern part of Estonia. (…) And that, in the eastern part of Estonia where the majority of the population is Russian is also the area where the oil shale is excavated (…) Which means that, a lot of people from the Russian minority which in this area is in a majority are having their jobs in the oil shale industry.(…) And of course they see that, if there are other sources to produce renewable electricity, and not only the fossil oil shale, then they could lose jobs. So this actually, this is the reason why I would say that in the Russian minority the understanding of why the renewable energy is useful while it is supported is probably lower than in the Estonian majority, so. (…)I think, that is just my feeling, there has not been any studies made recently specifically on that question, but as I have been many times in the northeastern parts of Estonia in these power plants and in the mines where this oil shale is excavated, then that is a topic which I can feel is actual there”(R5 Tatar).

In reaching the 10 percent target for transport, it has been proposed to introduce a tax on CO2 emissions. This will be a topic of considerable debate however, as it will have a disproportionate social effect on Estonians living in rural areas with limited public transport options (Estonian Ministry of Economic Affairs and Communications, 2010: 39). There are plans to start blending conventional fuels with biofuels from 2015, but there is a problem for older vehicles in this regard:

“Because old cars cannot use the mixed fuel, that is a huge problem. And the fuel mixing makes the price higher. We are not a very rich country, and transport costs are already a quite big share in people’s budgets. So it is not very good easy to make policies in this kind of field. We do not have car taxes either because people cannot pay for it, they just do not have the funds, you know. We do not have car taxes” (R9 Umbleja).

In February 2014 the Estonian Prime Minister Andrus Ansip resigned, resulting in a new government coalition being formed in March consisting of the Reform Party and the Social Democrats, with the new Economic Affairs and Infrastructure Ministry being headed by the latter party. It remains to be seen whether this will result in any changes in the Estonian energy policy (Bloomberg, 2014, ERR, 2014).

4.4 Influential players

The oil shale industry produces the lion's share of the country's electricity through burning in the power plants in Narva, and also produces liquid fuels through other processes. In the years 2012-2013, the approximately 85-90 percent of the country's electricity demand was covered by the burning of oil shale, according to different estimates (CNN, 2013, International Energy Agency, 2014). Estonia has become a net electricity exporter because of its oil shale boom, and as mentioned above, it provides jobs for many among Estonia's Russian-speaking minority, and the industry is therefore an attractive and important part to the region according to Eesti Energia, a fully state-owned energy company (The Telegraph, 2013). However, the level of CO₂ emissions emitted in the process of combustion or transforming the oil shale into fuels are considerably higher than for other sorts of primary fuels. In its National Development Plan for Oil Shale Use for 2008-15, Estonia aims at reducing the annual extraction of oil shale, and furthermore wants to decrease emissions by half in 2020 compared to the 2007-level (International Energy Agency, 2014). In 2010, the IRL-Reform Party-coalition approved the reconstruction of Eesti Energia's Narva power plants, with financial support from the state, arguing that it was vital to do so to ensure energy security. Eesti Energia had been lobbying for reconstruction since 2006. The Reform Party was skeptical towards granting state aid to the reconstruction, however, as it might jeopardize the construction of a proposed nuclear plant project in Estonia. The reconstruction decision received a lot of criticism from the opposition Social Democrats who complained about lacking transparency in the process, and was also criticized by the Center Party, and even resulted in the launching of a vote of no confidence against Minister Juhan Parts, which ultimately failed. The case also received a lot of media attention as the French Alstom company that won the reconstruction tender had been involved in a corruption scandal with Latvenergo in Latvia, where Latvenergo officials were bribed (The Baltic Course, 2011). The European Commission turned down the state aid application from the IRL-headed Ministry, but allowed reconstruction through the granting of free CO₂ emission quotas to Eesti Energia. By 2016, the older Narva plants will have to be closed (Konrad Adenauer Stiftung, 2013).

The oil shale industry is the primary reason why Estonia ranks among the largest CO₂-emitters per capita in Europe today:

“(…)So if you look at those figures in Estonia per capita, we are on the top of the list in the European Union Member States just because our energy production is so heavily connected to the use of oil shale” (R8 anonymous EWPA official).

Several respondents pointed to the oil shale industry and certain lobby groups when asked about interests and organizations opposing the development of renewable energy in Estonia:

“So this industry is huge compared to renewables. So their interest is to keep doing what they are doing. So this is one interest group who will fight for their share of the market. (...)And I think one issue why the public is so against it is because of the interest groups that are against renewables. Because they have the funds and the power to spread their message. So that is the thing, but I think it all starts from climate change, and the understanding of climate change. We still have a few old scientists, or “academics” as they call themselves, who are saying that “there is no global warming, there will be a global cooling”. And they are quite good writers to they are very persuasive. So people are believing them” (R7 anonymous ETEK official).

A number of groups in Estonia are lobbying to find a way to balance the share of renewables and conventional fossil fuels, one respondent pointed out, although these groups were not mentioned specifically. He also highlighted the fact that there were several industrial groups who complained about rising energy prices due to the subsidies, and put this in a wider, European perspective:

“That is the same discussion that we have there, and that we are having all over Europe. That the industry is saying “We are paying too much, we can’t afford it. It is our global competitive advantage that we are losing here with such high renewable subsidies”. So we have the same discussions here, so” (R5 Tatar).

According to an article from 2012, most enterprises in Estonia are opposing the renewable energy subsidies; among them the country’s banking association. A MP from the IRL proposed to end renewable energy subsidies in 2021 (Baltic Business News, 2012).

The main beneficiaries of the subsidies, of course, are the energy companies involved in the renewable energy sector. In august 2013, Eesti Energia AS and the Finnish energy company Fortum were the largest recipients of subsidies from the Estonian state, getting almost half of the 4,48 million euros that were paid out in that particular month, followed by Nelja Energia and Tallinna Elektri jaam (Postimees, 2013b). As pointed out above, the level of subsidies paid out to private companies have caused some resentment:

“(…) And that is why people are not very happy, because the much bigger companies who receive the environmental support are the wind companies. Wind power

companies. And most of the wind power generators belong to businessmen, not in our national company but independent businessmen. And then people do not understand it” (R9 Umbleja).

4.5 Capacity and functioning of the administration

As mentioned above regarding the implementation of the RES-Directive in Estonia, both the European Commission and the Ministry of Economic Affairs and Communications have characterized the progress as positive. The NREAP has been followed, and judging by the absence of notifications and complaints received by the European Commission, the implementation of the Directive and the performance towards 2020 has been characterized as good (R16 anonymous Commission policy officer). On more specific questions regarding administrative performance, one Ministry official emphasized the importance for Estonia of living up to its commitments:

“Uhm... well, actually when Estonia has made a commitment, then certainly we wish to fulfil it. But first of all the commitment must be made in a manner that all the benefits and the pros and cons will be considered, of course.(...)But of course, when the commitment has been made then we certainly would like to very, very firmly stand beside it, and fulfil it” (R6 Veiks).

He also pointed out that Estonia has had a good track record in the European Commission regarding responding on requests or notifications from Brussels:

“(...)It is well-functioning; in this sense Estonia is great in the administrative ways. For example, the European Commission has always been surprised when, whenever they ask for clarification regarding whatever case, they will have the answer by a few hours, to them. So they are always surprised how we can handle those questions through the administration, actually. So I would say it is pretty great” (R6 Veiks).

Those remarks are backed up by data from The EU Single Market’s (2014b) scoreboard. Both when it comes to transposition delays and compliance deficits, Estonia is way below the EU average, ranking only behind Denmark in the former (The EU Single Market, 2014a). In November 2013 it had 10 pending infringement cases against it, way below the EU average of 30, and the time it takes to solve these cases is also a lot shorter than in most other Member States. Estonia, therefore, tends to implement Directives on time, and when delays do arise, they tend to be solved rather quickly, with only a small number of cases resulting in infringement procedures being carried out by the European Commission.

Concerning administrative planning and execution at regional and local levels, one respondent characterized the performance as average, but improving:

“Well, there is also a quite long story to tell you, but I would say that we are average, we have made some changes which has made it easier, for example some time ago there was an extra generator requirement from the grid side, so it means that if you are installing a 10 megawatt wind park, then you have to also install like a back-up unit for that” (R8 anonymous EWPA official).

References were also made to a certain administrative obstacles in the wind energy sector. First and foremost, support was only paid when the wind farms were fully accepted into the grid after going through a considerable number of tests; a practice that according to the respondent was quite unique compared other European countries. This has often resulted in longer approval procedures, although it also ensured that only high quality turbines were deployed (R8 anonymous EWPA official):

“In average, it can take up to one year before you get the fully proved... I mean, for some wind farms it has been even a lot longer. But that means that for the whole year you are not receiving the support, you are just gaining the electricity price. And this is something that has been a big problem here” (R8 anonymous EWPA official).

Western Estonia is the windiest part of the country, and a general regional planning for wind energy in the area was recently completed, allowing wind energy construction on Estonia's two largest islands, Saaremaa and Hiiumaa, to commence outside of conflict areas. However, this process has not been without its flaws either, according to the EWPA respondent:

“(...)Which means for example that the two biggest islands that we have, they have now in their county found out where the wind energy can be produced without any conflict. Of course, when you really want to go there and build you have to do some detailed regional planning so, but the pre-work has been done. So in a way, this is really good. But the thing is that this happens only now, 10 years after we built the whole thing.(...)So, and also in some of those areas, the way of how they did it was basically erasing all the conflict areas from the map. But they didn't take wind energy resource into accounting, only neither grid connection. (...)It is quite a big number, but the thing is that they are not sure they can use them at all, because some of them are really far from the grid connection and so on, so that's why I am saying that there

are some good points and some not so good points, so I would put us in the middle” (R8 anonymous EWPA official).

The EWPA-respondent also pointed out that the lead time for offshore wind farms was worse than for onshore. This was attributed to hesitation from administrative officials to give the first permissions, and thereby threading into unknown waters (R8 anonymous EWPA official). Uncertainty among administrative officials is also a phenomenon known elsewhere in Europe, among others, in the Czech Republic and France, according to one respondent from the European Wind Energy Association (EWEA):

“So you have these people who have gone through the whole process of impact assessment, they are siting it exactly where the government says you can site it, but the final permit isn’t coming because people in the administration are a bit worried about what might happen if they say yes. I think it is something that a lot of other infrastructure industries have gone through. (...) in some countries it is just a huge burden because the administrative system is the way it is, in other countries it is a huge burden because the administration doesn’t know how to handle this, it is a new thing, it is a new type of infrastructure. We know how to handle a permit for a road, “we know how to handle a permit for a factory, but how do we handle a permit for a wind farm?”” (R19 Moccia).

4.6 Formulation of EU legislation and degree of autonomy to national authorities

The European Commission DG Energy did not have any information that indicated incorrect Directive implementation, deliberate or otherwise, from the Estonian side (R16 anonymous Commission policy officer). As mentioned above, Estonia did receive a letter of reasoned opinion from the European Commission regarding reporting on the implementation of the Directive, but no more information about the matter has been published since, and according to the respondent from DG Energy, Estonia has implemented the RES-Directive correctly (European Commission Directorate-General for Energy, date unknown b, R16 anonymous Commission policy officer). Reporting of incorrect implementation did not occur from any of the other respondents either.

When asked about the degree of leeway given to Member States when it comes to implementing the Directive and how they choose to reach their national goals by 2020, several respondents argued that national governments do have a considerable degree of autonomy in this regard. A DG Energy policy officer put it this way:

“(…)the current Directive gives them the freedom to divide this share among the three sectors, so, I mean it is up to them how much they will do in the heating and electricity sector, Estonia for instance went for the heating sector, while most of the other ones went for electricity, so it is up to the Member States where they want to do the effort, and it is up to the Member States which technology they want to support (…)” (R16 anonymous Commission policy officer).

Another pointed to the fact that no Member State is bound to any particular support scheme or renewable energy technology:

“You know, no one is tied to the feed-in tariff by law, but the Commission will look favorably on you if you do give some state aid to it. So you can choose the technology, you can choose which energy you would like to develop most, there are all the nuances of it, roof-top solar, solar on the ground, CHPs and… so there is a lot of flexibility there. The other aspect is that they can do energy efficiency. Because as the objective is renewable energy as a share of final consumption, if the consumption goes down, you need less wind farms to meet that objective” (R19 Moccia).

However, one Ministry official did point to the fact that EU state aid rules puts limitations on the national support schemes, and that one in that sense could talk about constraints in Member State autonomy (R5 Tatar).

4.7 Other factors

As mentioned in the support scheme sector, the widespread use of wood material in the heating sector was mentioned by one respondent in explaining the consistence of Estonia’s renewable energy share (R5 Tatar). Of factors directly affecting performance, the uncertainty among investors in Estonia because of the support scheme changes was mentioned as a factor contributing to the stalling of wind energy deployment. While many support schemes in Europe will undoubtedly be revised in the future, several respondents (R7, R8) argued that the considerable waiting period due to the DG Competition approval has led to uncertainty among investors to plan ahead and thereby slowed down wind energy deployment.

4.8 Case summary and discussions

Estonia was the first EU Member State to reach its 2020 overall target in 2011, although more efforts are needed in the sectorial electricity and transport targets, in particular the latter. As the above mentioned evidence suggests, the main driver that has been increasing the Estonian renewables share has been its support scheme, especially for growth in the wind energy and

biomass sectors. The Estonian support scheme has been surrounded by controversy, however. While the mainstream political parties of Estonia have been committed to achieving the country's 2020 renewables target, they have also advocated that the support scheme be amended and the subsidy level slashed. This has first and foremost been advocated by the conservative IRL-party, which have controlled the responsible Ministry of Economic Affairs and Communications since the RES-Directive was approved in the EU, but the Reform Party and the Social Democrats have also suggested amendments to the support scheme, although they were critical to the changes presented in the 2012 memorandum of understanding.

Moreover, rising energy prices, the clear visibility of the feed-in cost on household energy bills and a widespread perception that the state subsidies first and foremost benefit wealthy businessmen in the private sector has fueled some resentment in the Estonian population towards the renewables support scheme. As shown in the Eurobarometer survey on climate change, neither the climate change issue nor renewable energy growth tend to rank very high on the priority list of many Estonians, and for people employed in the oil shale industry, the rise of renewable energy companies might be perceived as a competitor with possible ramifications for their place of work if their success comes at the expense of the Narva oil shale industry. Therefore, while the preferences of Estonia's political parties regarding the country's support scheme and popular opinion on climate change and renewables has not hindered Estonia in reaching its 2020 overall target, the domestic politics factor has contributed to the process of changing the Estonian support scheme, which have caused uncertainty and concerns among renewable energy investors, thereby halting the wind energy deployment in the country. It is important to notice, however, that the support scheme amendments were carried out after Estonia reached its overall 2020-target in 2011. As the amendments are still waiting for approval in the Commission DG Competition, it remains to be seen whether this change will have an impact on Estonian performance and ability to stay on track until 2020. Regarding direct impact of the domestic politics situation, the concerns for Estonians living in rural areas and expected high transition costs as older cars are unable to use mixed fuels has probably contributed to the fact that there has so far been virtually no growth in Estonia's renewable transport share. As mentioned above, however, there are plans to increase this share from 2016 onwards.

Concerning the role of influential players, the Estonian oil shale industry does play a very central role in the country's energy sector. It also provides employment to a substantial number of people in eastern Estonia, where many of the country's Russian minority lives. While some respondents argued that the oil shale industry would fight for its market share and

another respondent pointed to the fact that certain interest groups were lobbying for a balance between conventional fuels and renewables, the exact influence of the oil shale lobby on Estonian renewables performance is uncertain. What is clear, however, is that there has been a substantial opposition towards renewable energy subsidies among companies in the Estonian business sector, particularly among industry groups fearing high energy prices might threaten their competitive viability. As with the domestic politics variable therefore, the resistance among certain influential players in the industry in Estonia towards renewable energy subsidies has probably played a role when the country's government decided to amend the support scheme. While the unresolved support change situation has resulted in a slowdown in the wind energy growth, the long-term impact on Estonian performance will need to be further analyzed in the future. Judged by the evidence in this thesis, any direct impact of influential players on Estonian performance has not been found.

Estonia's administration is overall given a good record by the majority of the relevant respondents, including from the European Commission. On a broader level, Estonia tends to score better than the majority of EU Member States when it comes to Directive transposition and responding to transposition deficits, and has a lower level of infringement cases against it than the EU average. Some criticism did arise from a respondent pointing out poorly conducted regional planning and a rather complicated array of quality tests required for wind energy producers, but overall, the respondents were rather positive in characterizing the performance of the Estonian administration in the implementation and monitoring of the RES-Directive. Thus, it can be concluded that the Estonian performance towards 2020 has not been negatively affected by the administration. In fact, as one Ministry respondent pointed out, living up to its EU commitments was perceived as important in the administration of the Estonian Ministry of Economic Affairs and Communications, a fact that well might have increased the administration's dedication to carry out the NREAP and ensure that Estonia stays on track. It might be argued that the thorough testing of turbines might cause delays in wind turbine deployment, but as the EWPA-respondent also emphasized, this has also contributed to a careful selection of high quality turbines by wind power producers. Overall, the Estonian administration is given a good track record, and there are no indications of negative effect from the side of the administration on the country's energy performance. Perhaps it might even be argued that a dedication to fulfilling its EU obligations have resulted in the Estonian administration working as a positive factor upon the country's energy performance.

As mentioned above, the RES-Directive has been transposed correctly in Estonia according to the respondents. There are no indications of any deliberate attempts of different Directive interpretation that have affected the performance in any way. As a number of respondents pointed out, national authorities are given a great deal of autonomy in choosing their preferred support scheme and which technologies to invest in. It is possible, therefore, that the chance of national authorities transposing the Directive incorrectly due to an alternative interpretation is smaller than for EU Directives which leaves a more limited national room for maneuver. In any case there has not been any alternative RES-Directive interpretation in Estonia, this variable has therefore not affect the country’s performance.

To summarize, Estonia has performed very well in increasing its renewable energy share in the years since the RES-Directive entered into force. The main driver behind this growth has been the country’s support scheme. The domestic politics and influential players variables played a role in the support scheme amendments, but have not had any direct impact on the performance of the country. A possible exception could be the effect of domestic politics on the current standstill in the transport sector due to concerns over rural Estonians and owners of old cars, although Ministry officials emphasized that increased focus will be paid in this sector in the coming years. The uncertainty among investors caused by the support amendments have resulted in a stalling in the wind turbine deployment, but any potential long-term effects of the support change on performance will have to be studied further. It is also important to emphasize that the amendments were made after Estonia first reached its overall 2020-target in 2011. The Estonian administration has, with some minor exceptions, been described as effective and goal-orientated, and it is likely that this has contributed to efficient Directive implementation and to the good performance of the country. No negative administrative impacts were mentioned by any of the respondents. The formulation of EU legislation variable has not had any effect upon performance in the country.

5 Latvia

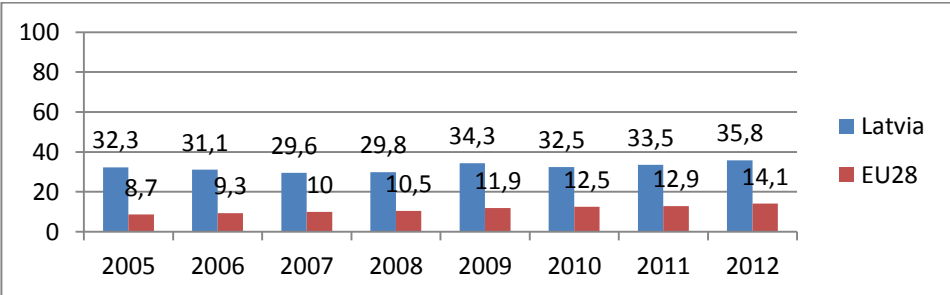


Figure 2: Growth in the renewable energy share in percentage of gross final energy consumption in Latvia and the EU 28, based on the most recent Eurostat data (Eurostat, 2014b).

The Latvian overall renewable energy target of 40 percent of gross total energy consumption by 2020 is split up into 53,4 percent share in heating and cooling, and 59,8 percent in electricity, in addition to the 10 percent share of renewables in the transport sector (Latvian Ministry of Economics, 2010: 13-14). Latvia already has one of the largest shares of renewable energy in the EU, much due to its large hydroelectric power stations, which accounted for 97 percent of the renewable electricity production in the country in 2008, when the renewables share in electricity production stood at almost 40 percent. In the years towards 2020, the Latvian Ministry of Economics emphasizes that biomass, biogas, hydro and wind power will be the main renewable energy sources that will be used and promoted (Latvian Ministry of Economics, 2010: 5). Among the EU Member States, only Sweden with its 49 percent can boast a higher 2020-target (Eurostat, 2014b).

Until renewable energy figures were updated in March 2014, earlier statistics suggested that Latvia was among the countries that had missed its first 2011/2012 interim target (European Commission, 2013: 15, European Environment Agency, 2013: 11-12). More recent figures have confirmed that Latvia did reach this target however, and has therefore performed considerably better than earlier estimates would suggest. This was first discovered in an interview with an official from the Department of Energy in the Latvian Ministry of Economics (R1 Logina), and later confirmed in both the European Commission and the second Regular Report submitted to the European Commission by the Ministry (Latvian Ministry of Economics, 2013: 5):“Yes, there was a risk that it would not be reached, but according to the data that we have and the average that we have taken into account in 2011 and 2012, it has been reached” (R17 anonymous Commission policy officer).

5.1 The transposition of the RES-Directive in Latvia

The Latvian NREAP was submitted to the European Commission on the 11th of October 2010, and like most Member States it therefore missed the June 2010-deadline (Latvian Ministry of Economics, 2010: 103). Similar to its northern neighbor Estonia, Latvia also received a letter of reasoned opinion for failing to report the full transposition of the RES-Directive into national legislation. The two Baltic nations are not exceptional in this regard, however: by September 2013, a total of 17 Member States had received similar infringement procedure notifications from the European Commission (Association of the European Heating Industry, 2013, European Commission Directorate-General for Energy, date unknown a). There is no further indication of any ECJ-proceedings against Latvia for failing to report after the letter of reasoned opinion was issued however, which might therefore indicate compliance with the Commission requests. Personnel in the Latvian Ministry of Economics stressed that

the RES-Directive has been fully implemented (R1 Logina), and this was confirmed in interviews at the European Commission DG Energy: “Latvia was one of the countries who notified most of the implementation well on time, and there were not too many serious problems with the implementation” (R17 anonymous Commission policy officer).

5.2 National support scheme

To promote growth in the renewable electricity sector in Latvia, a feed-in tariff system has been chosen, combined with some quota-system and tender elements. The Latvian authorities has set a percentage goal in total electricity consumption to be produced from renewable energy, and apart from geothermal energy and large-scale hydropower (defined as hydro power stations with a capacity larger than 5 megawatts), the tariff system applies to all sources of renewable energy in electricity production, with tariff levels varying according to technology type (Latvian Ministry of Economics, 2010: 71-72). Various goals are set for the individual energy types, and all producers within these energy branches are required to participate in tenders to be allowed to produce renewable energy at fixed prices until the goal for each energy type has been met (RES Legal, 2013j). The feed-in tariff was introduced in 2007, with percentages set for the next 10 years in 2010 (RES Legal, 2013l), but has been suspended until 2016 because of suspicions and concerns of corruption and a lack of transparency during the tender procedures (RES Legal, 2013j). The feed-in system itself is also being revised, and includes a renewed focus on stricter controls and supervision of energy producers and a deadline for implementing subsidized projects (RES Legal, 2013m). As soon as the plant operator has fulfilled all technical requirements, the system operator is obliged to grant the operator grid access, where the costs of this connection is born by the plant operator. Grid access is granted based on non-discriminatory criteria, and renewable energy is therefore not given any special priority. The costs of grid use are born by Latvian energy consumers (RES Legal, 2013k).

In the heating and cooling sector Latvian authorities offer reduced value added tax (VAT) to companies that supply biomass and biogas, and persons and companies who offer biogas to end-consumers will pay a lower tax rate than they would have if they had used natural gas (RES Legal, 2013o). At the national level, no particular legislation exists that support the connection of renewable heating devices into the heating transmission network. Heat producers and suppliers have to comply with economic and social law, and they also have to comply with environmental protection legislation and laws on the protection of cultural heritage. Suppliers are to buy from all heat producers. Latvian municipalities are in charge of the administration of the heat supply within their territories, and are required to

encourage high energy performance and competition among the suppliers (RES Legal, 2013n).

Latvian authorities offer tax benefits for companies that are processing, holding, dispatching or receiving mineral oil products where biofuels are blended into the conventional fuel products. Tax rates are reduced further the larger the share of biofuels grows (RES Legal, 2013q). Other support mechanisms do not currently exist, although earlier programs did promote increasing the share of biofuels in Latvia. For instance, the “Biofuels and Use in Latvia”-program that ran from 2003 to 2010 aimed to increase the biofuels share in total transport consumption to 2 percent in 2005 and 5, 75 percent in 2010 related to Directive 2003/30/EC on Biofuels for Transport 2010(International Energy Agency, 2013), and a separate “Aid for Biofuels Production” support program has also been completed. A new support scheme for renewables in transport is under discussion however, according to the Latvian Ministry of Economics (RES Legal, 2013p).

Several respondents pointed to the fact that Latvia produces a lot of its electricity from its large hydro power stations and CHPs when explaining why the renewable energy share in the country is so high:

“We have roughly one third of hydro power (...) so roughly one third of electricity is produced from large hydro power. Roughly one third from these two large combined heat and power plants, and roughly one third is imports, net electricity imports” (R3 Āboltiņš).

In addition to the traditional electricity producers of renewable energy, Latvia has also seen the installations of some wind farms and small-hydro power plants. In the heating sector, the largest share of renewable energy comes from the CHPs as mentioned above, as well through the replacement of fossil fuels with biomass in boilers and in the country’s district heating system. Both the renewable electricity and heating production has benefited from the Latvian support scheme (R17 anonymous Commission policy officer). The support scheme, and especially the feed-in tariff for electricity production, is here highlighted as the most prominent factor:

“So the overall target is, we have actually already achieved the interim target, we are overachieving, but the... it is mostly thanks to the heating and electricity sector. The trends continue, but I am not sure what the figures will show regarding the transport sector. And now, to the factors facilitating this, which was your question, one topic is

the support scheme for producing the electricity from renewables. And we have a feed-in tariff system, to support the district production from renewables” (R3 Āboltiņš).

Until 2014, the feed-in tariff system did also support electricity production based on natural gas in two large CHPs in the Riga vicinity, according to a respondent from the Providus Center for Public Policy:

“The justification being that you have to invest quite a lot of money renovating or upgrading the old CHPs with new technologies. Which are of course much more efficient than the old ones, they consume less fossil fuels and they can produce twice as much electricity, with the same amount of gas. So, this is, those are big investments, so they decided that the way how you get paid for the investment is by feed-in tariffs” (R3 Āboltiņš).

As there are still several approved permits that haven't been implemented yet, there is still a lot of potential for the renewable electricity sector to grow further. However, some respondents were concerned that the renewable energy growth in the coming years might be negatively affected by a tax that the Latvian government presented in September 2013, on renewable energy subsidies for CHPs, with a 15 percent tax on natural gas-powered production, 10 percent on renewable production and 5 percent on district-heating systems (Enerdata, 2013).

“The government adopted a new law on, which imposed, which actually decreased support for, decreased the motivation to produce electricity from renewables.(...) So it means that the stimulus aren't going to be there for the next three years, definitely for more years to come. Because they, the Ministry of Economy at least thinks that his feed-in tariff is too high and that it has a too high influence on consumer prices. Which I highly doubt...(...) I think it is actually, it will hamper the deployment of renewables instead of changing the structural factors in the energy sector”. (R3 Āboltiņš).

According to a Commission policy officer, the main rationale for introducing the tax was to get back a portion of the subsidies paid out to energy producers as the costs related to this was considered to be very high. A large share of the money retrieved through this tax will be spent on compensating vulnerable customers who might be negatively affected by the Latvian

opening of the electricity market that was planned to occur in April 2014, but now likely postponed to 2015 (R17 anonymous Commission policy officer, The Baltic Course, 2014b).

Latvia suspended its feed-in system electricity produced from renewable sources in May 2011, and for electricity from effective cogeneration in 2012, meaning that no new auctions will be organized until the moratorium is lifted in January 2016 (Tark Grunte Sutkiene, 2012). However, energy producers who received permits before the suspensions entered into force will still get the subsidies they are entitled to, until their production quota has been reached. As many of the permits that were auctioned were not started up immediately, new capacities still eligible for support have been installed in the period after the moratorium (R17 anonymous Commission policy officer). A DG Energy policy officer emphasized that the design of the support scheme had a turbulent start, and that it also has been revised several times before the moratorium were put in place:

“(…)actually the support scheme design has not been done properly in Latvia, because it started off in the mid-2000s, and this was around the time that such types were put in place in many European countries, so there was a bit of looking how others are doing it, but maybe it was not done in the best way. And it did not take into account also, let us say the changes in costs, so initially the tariffs that were offered were quite high. And at the same time the procedures were pretty restricted, so you had to apply for a production quota that is linked to this feed-in tariff, so you would receive a permission to receive this double tariff if you are part of this quota of people that have been selected to produce a certain amount of electricity, for example”. (…)And then you had to apply for these tenders, if you were after these quota limits then you were excluded. Normally there was a limit to the applications, but at the same time the tariffs were quite high. And that lead to a certain, one would say trend, there were often people who applied for the quota but didn’t really use it for production, maybe tried to even sell it to somebody else, and so there was a bit of a speculation effect. And not all of the capacities that were auctioned were actually used. So then the system was revised several times, because there was quite a lot of criticism that the tendering procedures were not open enough, that the tariffs that were being paid were too high and that this was not being distributed in a very transparent manner, so this was revised several times, there were modifications in 2009, 2010 and 2011, and so all this regulation was gradually brought to the stage of which it could have been designed from the beginning” (R17 anonymous Commission policy officer).

In the words of the Latvian Ministry of Economics, the primary reasons to put a moratorium on further feed-in tariff auctions and amending the support system was of out of concerns for rising subsidy costs and the resulting burden on Latvian consumers.

“Costs of renewable energy support (feed-in tariff) became unpredictable in Latvia. Overcompensation must be avoided and predictability of support is required to stabilize investors’ confidence in the sector. For this reason, the Cabinet of Ministers has made amendments in the current legislation in last year. According to the amendments we expect that the effectiveness of the support mechanisms will be improved, balanced and predictable in terms of price. This solution balances the need to provide certainty with the need to keep minimal costs for consumers”. (R1 Logina).

5.3 Domestic politics

Regarding party politics on renewable energy, unfortunately no information is available in English on the webpages of the political parties in Latvia, and their stances on energy policy is therefore somewhat restricted to secondary sources, primarily documents and information retrieved from interview respondents. Before turning to the evidence obtained from these sources, I will present a brief introduction into the political situation in Latvia during the past 5 years.

In 2009, the second center-right Godmanis cabinet stepped down after large-scale demonstrations, some of them violent, had shaken Latvia after the government introduced an economic austerity program as a response to the financial crisis. Besides Prime Minister Ivars Godmanis’ own *Latvia’s First/Latvian Way Party*, the coalition consisted of the *People’s Party* and the *Farmers and Greens Union*, who encouraged Godmanis to step down, and the nationalist *For Fatherland and Freedom/LNNK* (Huffington Post, 2009, BBC, 2009b). Godmanis was succeeded by Valdis Dombrovskis from the center-right opposition *New Era* party in March the same year, who together with four other parties formed an interim government until the 2010 elections (BBC, 2009a), which saw the second Dombrovskis cabinet being formed between the *Unity* party, which became a merger of Dombrovskis’ own *New Era* and two smaller center-right parties, as well as the *Farmers and Greens Union* (Reuters, 2010). Early elections were called out already in 2011, however, as the President at the time, Valdis Zatlers, in relation to an anti-corruption campaign he was waging at the time used his constitutional powers to call for a nationwide referendum on early elections, a vote that received almost 95 percent approval (Bloomberg, 2011, Euractiv, 2011). After being defeated in the presidential election the same year, *Zatler’s Reform Party* was formed by the

ousted president, later renamed into the *Reform Party*, and together with Unity and the For Fatherland and Freedom/LNNK party formed the third Dombrovskis cabinet (European Voice, 2011). Dombrovskis would remain as Prime Minister until his resignation in late 2013 due to the Riga supermarket disaster that saw 54 people killed in a roof collapse at a Maxima supermarket (BBC, 2013). After Dombrovskis and his cabinet stepped down, new government was formed in early 2014 with Latvia's first female Prime Minister Laimdota Straujuma (Unity) gaining office, and the Farmers and Green Union was also included into the new cabinet (The Baltic Course, 2014c). The next parliamentary elections in the country will take place in late 2014.

In the election guide that was published by the Konrad Adenauer Stiftung (2010) before the 2010-elections, four parties are mentioned with an explicit stance on energy policy. "*For a good Latvia*", a business-friendly liberal-conservative party that failed to gain seats in the 2011-elections and were subsequently disbanded, emphasized the need for energy efficiency, energy security and increasing the share of renewables in the energy mix. The Farmers and Greens Union also advocated an environmentally friendly economy with a special focus on renewable energy. *Civic Union*, a national-conservative party who later merged into Unity, also recognized the importance of cuts in greenhouse gases and more balanced energy supply and consumption, but saw renewable energy first and foremost as an important way to reduce dependency on Russian gas. Unity also strongly supported the development of renewables, the phasing out of fossil energy and energy independence, while highlighting Latvia's potential as an energy exporter and also advocating nuclear energy as a solution (Konrad Adenauer Stiftung, 2010: 10-11, 16, 20).

According to one respondent, most of the political parties in the Saeima do support development of renewable energy and the importance energy diversification on paper, but she was critical to how the renewable energy policy has been developed. She did, however, point to the largest party in the Saeima, the *Harmony Center* which is in opposition and the most popular of Latvia's Russian-speaking minority, as a possible exception due to their emphasis on gas:

"The funny thing is that if you look in the political party programs they all say "Yes, we support the development of renewable energy"... maybe the only party, which is actually the biggest party in the parliament, Saskaņas Centrs (...), the Harmony Center party, but they are an opposition party, so they actually don't have influence on the real policy which is implemented in Latvia. Maybe they are, I am not sure what they

would say. Because always they worry about gas, gas, gas, so... that is the party, basically. Yeah, maybe they, but the rest of the parties would say “Yeah, yeah, we need diversity of energy resources” and they support renewable energy but it never has... been implemented in reasonable, coherent policy” (R4 Brauna).

Another respondent argued that the main political parties in Latvia had a tendency to adopt a very populist rhetoric when it comes to renewable energy politics, and also that they have successfully lobbied by industrial companies in the country:

“The parties are very populist about this, and this is the worst thing actually. All parties, because they actually turns as the wind blows, and the wind is actually the public opinion regarding electricity prices.(...)And of course, there is a strong, very strong lobby of producers, large industrial consumers of electricity, and this industry, the large industrial consumers are have quite eagerly lobbied this new tax, and other ways how to decrease the support for renewables. (...)Because they argue that it is the renewables which are driving them bankrupt, which is a complete lie, because the figures show that, the total figures show that support to natural gas in CHPs have been like five times higher. Compared to renewables, hehe. So it is a ridiculous thing to say that the support of renewables has been the driving force that has been driving the crisis” (R3 Āboltiņš).

Both Martin Kampars (Unity), Latvian Minister of Economics during the second and third Dombrovskis cabinets and Daniels Pavļuts (Reform Party) that succeeded him from 2011-2014 have emphasized the importance of balancing the subsidy level for renewable energy with the interests of consumers and industry in Latvia. Several industrial companies have claimed that they risked bankruptcy because of higher electricity prices caused by the subsidies (BalticExport.com, 2013, Baltic News Network, 2010). In 2012, the Latvian Ministry of Economics proposed an amendment in the support scheme for renewable energy starting from 2016, where subsidies for CHPs would be reduced and the state’s obligation to buy renewable energy from producers would be removed. The proposal received a lot of criticism from renewable energy NGOs and producers in Latvia, who argued that it would harm investors’ confidence and that it was also based on biased information (The Baltic Course, 2012). Proposals to reduce subsidies are not limited to renewable energy, however. In August 2013, Pavļuts announced that subsidies to Latvian CHPs that produce heat and electricity from natural gas were to be reduced, to forestall increasing energy prices for

consumers in the country. The Latvian Renewable Energy Association argued that the subsidies for natural gas lacked harmonization at the EU-level, and also accused the government for openly lobbying Latvenergo, Latvia's state-owned energy company, through the support scheme (Baltic Times, 2013).

As indicated above, rising energy prices for consumers and costs related to the subsidies are listed by the Ministry of Economics as the main reasons for wanting to amend the support scheme for renewable energy. Many respondents pointed to the fact that there is a concern in the Latvian public that large-scale deployment of renewables will lead to more expensive energy, at least with the current support system, and that many Latvians use more than half their income on electricity and heating bills (R17 anonymous Commission policy officer):

“So this is the way how people feel, they feel the cost of energy going up, because with the increase of the component or of the part of the subsidized energy that is going up, the bills are also going up. Slightly. (...)But for people who pay a lot of their income to energy bills, this is important. So this is the main reason why there has been a concern, or let us say some opposition against renewable energy, because everyone is aware that it needs to be supported, so somebody has to pay the bill” (R17 anonymous Commission policy officer).

This perception is supported by another respondent:

“The general public I would say is angry, and many businesses are angry because the electricity prices have been rising, and there is general perception that it's caused by renewable energy subsidies (they are being paid by all consumers - it's part of their electricity bill). Latvenergo, the government owned electricity company, has also facilitated this propaganda, that the renewables are responsible for the rising prices. So probably the general public would be against it” (R4 Brauna).

Consumers with low income are especially vulnerable to increasing energy prices. The Latvian Pensioners' Federation has opposed the planned liberalization of the electricity market out of fear that prices might rise by as much as 30 percent in certain areas, and have demanded compensations from the Latvian government (The Baltic Course, 2014a). As a country heavily relying on natural gas imports from Gazprom, though, several respondents pointed to the fact that it might be cheaper for Latvians in the long run to use local biomass instead of importing. It will also create jobs in rural areas and provides additional income for

farmers (R3 Āboltiņš, R4 Brauna). However, there appears to be a slight lack of awareness for this in the Latvian public:

“Biomass sector is underdeveloped in Latvia just because people do not have understanding of what you can get from it. Some think it's too expensive to use biomass, some think - it's old fashioned, ineffective resource. (...)It is a funny that people say that they don't like to pay these electricity bills or particularly the winter heating bills because they are very high, but at the same time they don't ask to change policies which leads to these high prices. Electricity it is more complicated issue, but heating in many towns of Latvia could be much cheaper if they would use local biomass instead of Russian gas. Wider use of biomass would also facilitated employment in Latvian regions and local economies” (R4 Brauna).

One respondent also argued that there was a lack of transparency regarding the support scheme in Latvia and which energy technologies it supports, and insufficient involvement of people in different sectors of society:

“(…) When you are starting with your energy policy, you need to think about what people in the countryside will say, what transport people would say... what environmental people might say. (...)And green groups, and so on. So, and this is exactly at the moment a very good case to talk... renewables in the countryside. (...)And fair reporting. There is one phenomenon. Like everywhere, renewable energy charge, in many countries you might see, but what happens here, we put together surcharge, which is used to support renewable energy, cogeneration from gas, and most importantly support to big power plants as security component to the power system.(...)And this is really misleading to ordinary people on the street. It's misleading to policy makers and misleading legislators. This is incorrect reporting and still going on, and still creating controversy on the electricity market opening, and also on the development of renewable energy” (R2 Ozoliņš).

Similar to its northern neighbor Estonia, the latest Eurobarometer survey on climate change and renewables show that the issue is not ranked as a top priority among surveyed Latvians. 33 percent think it is one of the most serious issues facing the world today, a substantial decline since 2011 (European Commission Directorate-General for Climate Action, 2014: 14, 17). When asked how serious they think climate change is, Latvians has an average score of 6 on a scale from 1-10, the second-lowest above Estonia in the EU. Latvians are among the

least likely to think the responsibility for tackling climate change lies with their government, the EU and regional authorities with 32, 20 and 12 percent respectively, and like the Estonians, most likely to believe this to be the responsibility of business and industry (European Commission Directorate-General for Climate Action: 23, 26-27). Both Latvians and Estonians are among the least likely to respond that they have taken personal action against climate change. 14 percent of the surveyed Latvians “totally agreed” that fighting climate change can boost jobs and the EU economy, 67 percent if one also counts “tend to agree”, while 9 percent totally agreed that reducing fossil fuels imports from abroad would benefit the EU, rising to 51 percent if those who “tend to agree” are also counted, the lowest “agree”-share in the EU together with the Estonians (European Commission Directorate-General for Climate Action, 2014: 32, 46, 51). Together with Estonia and Poland, Latvia has the lowest share of people who think it is very important for the national government to set binding renewable energy targets (33 percent). However, this does rise to a comfortable 81 percent majority if one also counts respondents who answered “fairly important”. While the report concludes that most Europeans see climate change as a serious issue, in several countries it tends to rank behind other issues, most notably the economic situation and poverty, and that there is a connection between personal economic situation and view on climate action (European Commission Directorate-General for Climate Action, 2014: 54-55, 61-62). It is highly likely that this also applies to the two Baltic countries in this thesis, as both suffer from high energy prices and have been affected by the economic downturn in the European Union.

5.4 Influential players

The respondent from the Latvian Ministry of Economics argued that while vested interest groups could have played a role in the political process in the country, they have not influenced the administrative performance and implementation of the Directive:

“(…) there are some interest groups who maybe could affect the political decision, but not in the administrative parts. Of course, we tried to implement the Renewable Energy Directive, and we had to propose new renewable energy law, but because of some interest groups or some investors who did not want this law because of high electricity price increases...(…)Latvia has fully implemented the Renewable Energy Directive with another legislative acts” (R1 Logina).

The publicly owned company Latvenergo, the largest participant on the Latvian energy market, has been reluctant towards the RES-Directive and the way the Latvian government

opted to reach the 2020-targets, according to one respondent, a former employee in the company. Asked whether the company has tried to influence legislation, he responded:

“Yeah, that might be so. You see, that’s again, one of the disadvantages of companies, how it is run. It is not a corporation, unfortunately, it is just one person in the Ministry of Economy which is responsible. Yeah, this is to what my dissatisfaction happened five to six years ago, during the crisis when people said “Oh, make it a bit more...more, not so expensive this, and make it closer to the government”.(...)And they eliminated the supervisory board, which should mean that company management is not protected against political everyday influence.(...) And for that reason, I don’t know who is making the weather. Most likely, the Ministry is very skeptical... I don’t know what you got from the interview, but they are very, very skeptical. That was policy. (...)All, all, all fight should go against renewables. (...) In electricity. (...)Be, be fair. Go for district heating, but not for electricity, not in no way influence the electricity price we promised, a pre-election promise, that policy... (...)So, for that reason, the company having all financial possibilities to be active is out of the renewable market, fully” (R2 Ozoliņš).

Due to its considerable investments into capacities producing energy from natural gas, Latvenergo is described as having vested interests in continued dependence on natural gas in the Latvian energy portfolio, and therefore reluctant to switch to renewable energy deployment (R4 Brauna). In this context, one should bear in mind that large hydro power production does not receive any support from the Latvian state as it is regarded as fully economically viable, and therefore does not count as renewable energy in legal terms in Latvia (R3 Āboltiņš). As Latvenergo is mainly engaged in electricity and thermal energy production based on hydro power and cogeneration, only the latter benefits from the renewable energy support scheme(Latvenergo, date unknwn). There are other electricity producers in the country as well, but they have a smaller share of the market. A respondent had spoken with representatives from one of these, the Finnish Fortum company, who opened a cogeneration plant in the city of Jelgava in 2013 (The Baltic Course, 2013):

“But I remember from interviewing them, and they have always emphasized that there is a big uncertainty in Latvia in this renewable energy sector. Fortum was planning this Jelgava project long time ago, and it was delayed due to uncertainty of renewable energy regulation in Latvia. There were continues political discussions that current

subsidies for renewable energy producers are too high, they should be decreased but in the same time real decisions did not follow, most likely because of lobby of some influential politicians or they families who owns renewable energy stations, in wind or hydro. This uncertainty made business investments in renewable energy sector insecure” (R4 Brauna).

However, it should be noted that the Latvian Renewable Energy Federation have also argued that the support scheme needs to be modified, as the organization thinks it hinders development in the renewables field (Baltic Business News, 2013). Arguing for support change, therefore, does not have to mean hostility to renewable energy production itself.

5.5 Capacity and functioning of the administration

According to both the Ministry of Economics and the Commission DG Energy, the RES-Directive has been transposed and implemented as foreseen, as mentioned above. However, a Ministry respondent did argue that Latvia, as a small country with a limited capacity in the administration, do face certain challenges if the amount of work that needs doing exceeds this capacity. This also applies to the administration responsible for managing the country’s energy policy, which together with political decisions were highlighted as the main factors affecting the administration’s implementing abilities:

“In Latvia, this is a problem, because we do not have any energy agencies, who give us some kind of insight, or propose policy documents or regulation, drafts of regulation or that. The Ministry of Economy is responsible to transpose this Directive, but we of course have the Ministry of Environment who can help us, because they have the climate targets, and so on. But yeah, it is a problem because in the Department of Energy we have only 20 people in there... (...)No, no there are no other factors except this NGO who, who... that want to implement, and then there is political decisions, of course” (R1 Logina).

Another respondent used a more direct description of the administration’s performance, while to a large degree connecting this with the consequences of Latvia’s austerity policies that were introduced as a reaction to the economic crisis that started in 2008:

“Yeah, this is exactly what it is, a lack of capacity.(...)You know, I’d say... the Energy Department is devastated. I’m not afraid to use these harsh words. (...)People leaving... this is exactly the consequences of austerity policy, I’m not, I would say, an enemy to austerity policy, that was badly needed. And, these are the consequences.

Again, people need to understand, you cannot do in such a short time the recovery, to join the euro, and so on, that was... a very good step, but costly” (R2 Ozoliņš).

Some of the people who left their positions were quite central officials within the Energy Department:

“They didn’t want to work there. And I understand that it was for political reasons. At least one of them told me that he simply didn’t see sensible progress in decision making in energy sector and he did not want to continue working this way. I don’t know how competent and capable are people who replaced them and are responsible for energy sector now” (R4 Brauna).

The Ministry of Economics also received criticism for a lack of coherent policy coordination with other Ministries that have been involved in the implementation of the RES-Directive, among them the Ministry of Agriculture, the Ministry of Environment and Regional Development, and the Ministry of Transportation, with the Ministry of Finance also getting involved after the tax on renewable subsidies were introduced in 2013 (R3 Āboltiņš). This was to a certain degree blamed on the fact that different parties have been controlling the Ministries in question; each attempting to visualize its own performance to the Latvian public, and the resulting inconsistencies is seen as negatively affecting Latvia’s performance:

“Deliverance yeah, delivered policies and policy targets, and... so, it will turn ugly from time to time, and I would say that because there has been insufficient, a lack of sufficient coordination of these policies and the policy measures, the administration has not... has not have... has have, actually a negative impact on achieving these goals” (R3 Āboltiņš).

According to the same respondent there has been a tendency within the policy planning to make ad hoc decisions before undertaking mid- and long-term planning:

“The same thing happened last year when the Ministry of Economy finally adopted a long-term energy strategy until 2030. Again, there was a number of... there was a big fuss about the influence of these subsidies on, the potential influence of these subsidies on electricity prices, on industrial consumers and... there was a big fuss about it, and the Prime Minister and the ruling party pronounced these politics, which actually represents also... which actually controls the Ministry of Finance but not the Ministry of Economy, and exercised a really huge pressure on the Ministry of Economy, both

on the Minister and the civil servants, to do everything to show the public that the electricity prices are not going to increase. (...)So... but they wanted to play the public, and unfortunately the exercised pressure which actually messed up all the policy planning in a long-term perspective. Unfortunately, again, again, again, it has happened again” (R3 Āboltiņš).

Despite the above-mentioned negative aspects that several of the respondents pointed out, Latvia has a good score when it comes to transposing EU-legislation at the general level. In 2014, a slight increase notwithstanding, Latvia has a lower transposition deficit than the EU-average, and also tends to transpose overdue Directives somewhat faster than the typical Member State, and its compliance deficit of 0,5 percent is also in accordance with EU law. It also had the EU's second lowest number of infringement cases against it in 2013, but the average period it takes to solve infringement cases are somewhat above the EU-average (The EU Single Market, 2014c). Like its northern neighbor Estonia, Latvia is ranked as an above average overall performer when it comes to EU policy transposition (The EU Single Market, 2014a).

5.6 Formulation of EU legislation and degree of autonomy to national authorities

According to the European Commission, it has not occurred that Latvia has implemented the RES-Directive in any incorrect way:

“No, the support as such is not part of the Directive, and the Directive says that Member States are only obliged to take measures which increase the share of renewable energy in final energy consumption, but what measures they take, that is up to them. So most of the time these are support measures, but they are designed in different ways. But in this respect the Commission until the recent past has not given any specific advice as to how such support should be implemented” (R17 anonymous Commission policy officer).

Other respondents also highlighted the fact that the Directive leaves a lot of independence to the EU Member States in how they will reach their 2020 targets, which support mechanisms to use etc. (R2 Ozoliņš). In Latvia, like in other Member States, these decisions have been taken with national interests in mind (R1 Logina). One respondent did however point to the transport sector as the most challenging sector with regards to how the goal will be met, and that the options available to national authorities within this sector were more limited than within the heating and cooling sector (R3 Āboltiņš). If one looks at the overall information

provided by the interview respondents, perhaps most important in this regard the European Commission, it does not look like incorrect implementation of EU policy has been a factor affecting Latvian performance towards 2020.

5.7 Other factors

Suspicion of corruption and nepotism in the tendering procedures was mentioned by one respondent as a prominent factor in the amendment of the Latvian support scheme (R4 Brauna, RES Legal, 2013j). According to one respondent from a newspaper in Riga, nearly all the energy producers who received the permits during the first auctions were well-established in Latvia's business community, with close ties to national politicians:

“I am not sure if for regular citizen it would have been possible to develop renewable energy business. People who got those quotas and chance to receive subsidies were very close to politicians. And as a result, this renewable energy sector is heavily subsidized right now in Latvia, uhm, but for many years it did not develop because it was not for the broad public, just for a very small group of people who could be in this business. For the past few years the situation has been different, government lifted those quotas and everybody could get permission to start business. Then may be two years ago the Ministry of Economics realized that if all those projects would be implemented they would have to pay so high subsidies that the electricity prices in Latvia would increase so much that it would just be a shock. And what they did is that they introduced a subsidized energy tax which the companies will be paying from this year” (R4 Brauna).

While concerns over corruption and non-transparency probably played a part in the scheme amendments, the long-term impact on the Latvian performance as a result of these amendments is still unclear. This will be discussed further below.

5.8 Case summary and discussion

With a renewable energy share of almost 36 percent in 2012, Latvia is well on its way to meet the 40 percent target in 2020. Like in Estonia more efforts will be needed in the transport sector, but here Latvia has come further than its northern neighbor. In Latvia too, the support scheme was mentioned by several respondents as the main factor facilitating growth in renewables in the recent years, while the country's large hydro power plants and widespread use of biomass for heating accounts for Latvia's high renewable starting point.

The feed-in tariff system to promote renewables from electricity has been suspended until 2016, however, a decision several respondents argued was caused by the fear of rising energy prices. Price concerns have been voiced by ministers from both Unity and the Reform Party when those parties controlled the Ministry of Economics as arguments to reduce renewable energy subsidies, and among the Latvian public, renewable energy subsidies have fueled resentment as it widely believed, correct or incorrect, that the subsidies lead to higher energy prices. Like in Estonia, the prices are also highly visible on the energy bills. While the older party manifestos from the 2010 election shows that several parties did campaign on increasing renewable energy in Latvia, one respondent pointed out that the favoring of renewable energy tended to appear in the programs of most parties. Another respondent also characterized the mainstream Latvian parties as populist when it came to renewable energy, easily swayed by public opinion. As demonstrated by the Eurobarometer survey, Latvians tend not to characterize climate change as a top issue for concern, are less likely than most other Europeans to see it as important that the government develops national renewable energy targets. The domestic politics factor, therefore, has played a significant role in the amendments and suspension of Latvia's electricity feed-in system, which again may have an impact on the Latvian performance in the years to come, although it should be noted that new installations based on earlier tenders are still being deployed. The renewable subsidy tax that was introduced in 2013 and which revenues will partly compensate vulnerable consumers after the upcoming liberalization of the electricity market was also introduced due to a Ministry judgment that the feed-in tariffs were too high, and according to one respondent, this move has slowed down the development of renewables in the country by discouraging investment, and thereby risking to jeopardize Latvia's chances of reaching its 2020-target.

One respondent argued that the state-owned Latvenergo company's considerable investment in natural gas facilities made it reluctant to switching over to renewable energy. Another stressed that a closer and somewhat unhealthy relationship between the company and the Ministry of Economics had developed after the financial crisis with the abolishing of the company's supervisory board, and that the Ministry itself had also argued that Latvia should focus on the heating sector, and not renewables in electricity. This notwithstanding, concrete evidence of the involvement of Latvenergo in the suspension of the feed-in support system is lacking. On the other hand, several industrial groups had argued that they risked bankruptcy due to rising energy prices caused by the subsidy scheme, and both Minister Kampars and Pavļuts have argued that Latvia needs to balance its support scheme with the interests of consumers and the industry. While renewable energy organizations in the country have also

argued that the support system needs to be revised in some form, they have protested against the way the Latvian government has chosen to do this. Consequently, judged on the basis of available evidence, there are good reasons to believe that considerations of the interest of industrial groups among influential players in Latvia contributed to the amendments and suspension of the support scheme in the country. It remains to be seen whether this will have any consequences for the Latvian performance in the coming years.

Another factor that emerged from the interviews that is relevant for the suspension of the support scheme was concerns over corruption and a lack of transparency in the tenders when the first quotas were distributed among energy producers. As one respondent argued, during the first tenders the quotas granted to people close to Latvian politicians. Again, while the suspension of the feed-in tariff system has not directly affected the renewable energy performance, it has created a lot of uncertainty among renewable energy investors, and might therefore have an impact on the performance in the future.

Concerning the functioning of the administration, while Latvia on a general basis tends to perform better than the EU average when it comes to its Directive transposition deficit, the number of infringement procedures against it and the time it takes to implement overdue Directives, several respondents highlighted weaknesses in the administration with regards to the monitoring of the RES-Directive. The Energy Department within the Ministry of Economics has a rather small staff compared to its workload, with a number of its senior staff members resigning and being replaced by people some of the respondents did not know much about. Especially by one respondent (R3 Āboltiņš), this was related to the country's austerity measures. In addition, the fact that the Latvian renewable energy policy has been coordinated between different Ministries controlled by different parties, with each party wanting to demonstrate its own political impact, was seen by one respondent as a factor that had negatively affected Latvia's overall performance. In addition, ad-hoc decisions resulting in inconsistencies in medium- and long-term planning was stressed as a weakness within the Latvian energy policy planning. Judging by the evidence provided by our respondents, therefore, while the Latvian government implemented the RES-Directive on time and according to plan, some weaknesses in the administrative planning and monitoring after the Directive had been transposed seems to have had a negative effect on the Latvian energy performance.

As in Estonia, there are no signs of different Directive interpretation leading to incorrect transposition of the RES-Directive in Latvia. Here too, the autonomy available to national governments in designing their support schemes etc. were highlighted by several

respondents. As mentioned in the discussion of Estonia, given that it by and large is left up to the Member States to decide how to reach their 2020 goals in the Directive, this likely reduces the probability of incorrect implementation due to alternative interpretations.

In wrapping up the discussion, the renewable energy growth in Latvia is mainly credited its national support scheme. The domestic politics variable appears to have been a present factor when Latvian authorities decided to suspend and amend it, as was the influential players variable through the vocal opposition from the country’s industrial groups. A concern over corruption and lacking transparency was also a central ingredient in this decision. While Latvia tends to have a good Directive transposition record on a general basis, several administrative weaknesses were mentioned by respondents to have had a negative effect on its renewable energy performance, although is still on track to meet its 2020 goal. The formulation of EU policy variable factor has not had any effect upon the performance in Latvia.

6 Norway

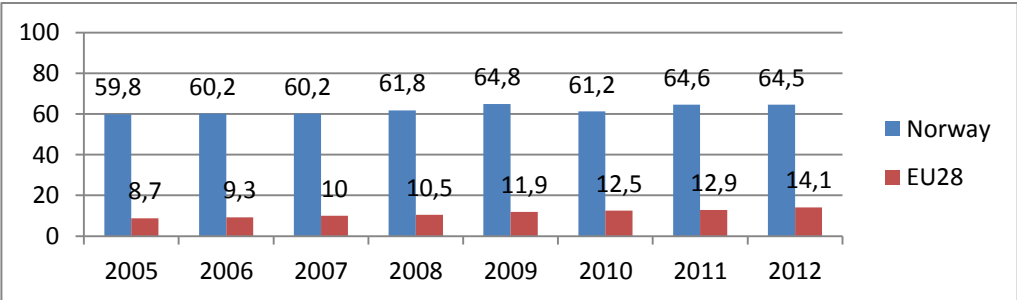


Figure 3: Growth in the renewable energy share in percentage of gross final energy consumption in Norway and the EU 28, based on the most recent Eurostat data (Eurostat, 2014b).

The Norwegian 2020 target of 67, 5 percent of renewables in gross final energy consumption is split into a 113,6 percent share of electricity, up from 96,9 percent in 2010, a 43,2 percent RES-H&C target (36,4 percent in 2010), in addition to the separate 10 percent renewables target in transport, a substantial increase from the estimated 4,1 percent in 2010 (Det Kongelige Olje- og energidepartementet, 2012: 13-15). The target concerns the Norwegian mainland, thereby excluding the country’s offshore petroleum and natural gas sector and territories like Svalbard and Jan Mayen (Teknisk Ukeblad, 2010). Due to the fact that Norway is a non-EU country, it was not clear from the outset if the Directive would be counted as EEA-relevant and thereby subject to implementation in the country. The Directive’s relevance therefore had to be negotiated between the EEA-countries (Norway, Iceland and Liechtenstein), the EFTA-secretariat and the European Commission, and the EEA-countries were therefore not subject to the same December 2010 implementation deadline as the EU

Member States (Europaportalen, 2012, European Commission, 2009: 44). This also means that the renewable energy shares of Norway and the EEA-countries are not counted as a part of the overall EU 2020 target.

6.1 The transposition of the RES-Directive in Norway

The implementation of the RES-Directive in Norway started after negotiations between the European Commission, the EFTA-Secretariat and the EEA-countries had been concluded after a final resolution had been made in the EEA Joint Committee on the 19th of July 2011. The RES-Directive entered into force in Norway on the 20th of December the same year, with Norway submitting its NREAP in June 2012 (Europaportalen, 2012). Norway's overall 2020-goal of 67, 5 percent, the only 2020-target containing a decimal, was negotiated down from a somewhat higher proposition during the conversations (R13 Arnøy). Apart from the debate about the overall target however, Norwegian authorities accepted the RES-Directive in its entire form (R20 Haavik).

The RES-Directive has by and large been implemented quite effectively in Norway. The EFTA Surveillance Authority performed a conformity assessment, a procedure measuring whether an EEA country has implemented a Directive on paper, on Norway in October 2012, and subsequently submitted a letter of formal notice to Norwegian authorities in November the same year, citing a lack of information regarding requirements to producers of biofuels and installers of heating pumps in Norway. ESA was satisfied with the clarifications it received from the Norwegian government however, and the RES-Directive is therefore seen as fully implemented (R10 anonymous Ministry official, Offentlig Elektronisk Postjournal, 2013). As it emerged during conversations with officials in the Ministry of Petroleum and Energy:

“In Norway's case, the Directive has not resulted in any major changes. Several of the measures requested in the Directive were already planned and/or implemented in advance. Within many areas, therefore, Norwegian energy policy and administration were in line with the Renewable Energy Directive”(R11 anonymous Ministry official).

6.2 National support scheme

Together with Sweden, Norway established a green certificate market in January 2012 to promote growth in the renewable electricity sector. In the period 2012-2020, it is planned that 26,4 terawatt hours (TWh) of renewable electricity capacity will be constructed in Norway and Sweden, equaling about 20 percent of total Norwegian electricity capacity in 2012 (Det Kongelige Olje- og energidepartement, 2012: 5). Producers of renewable electricity facilities

established after the 7th of September 2009 (1st of January 2004 for hydro power plants with a 1 megawatt capacity or smaller) can receive one green certificate from the Norwegian Water Resources and Energy Directorate (NVE) for every 1 megawatt hour (MWh) of electricity produced. These certificates are valid for 15 years after being issued, and can be traded at the green certificates market, where their prices are determined by supply and demand. The producers are free to choose whether to invest in Norway or Sweden, as the certificates will be issued in the country of production. Energy suppliers and certain customers are obliged by Norwegian and Swedish authorities to buy a number of green certificates for a certain share of the electricity they sell, with the consumers in the two Scandinavian countries financing the arrangement through the adding of the certificate costs into the electricity price. The share of certificates suppliers are obliged to purchase will increase steadily towards 2020 before dropping gradually towards 2036, when the arrangement will cease to exist (Det Kongelige Olje- og energidepartement, 2012: 32, 77, Norges vassdrags- og energidirektorat, 2012).

Plants will need to be constructed within the 31st of December 2020 to be able to receive certificates in Norway. The certificate system does not differentiate between any particular technologies, so all plants producing electricity defined as renewables are eligible to receive green certificates, provided they were constructed within the time frame specified above. While the system promotes growth in renewables as encouraged in the RES-Directive, it should be noted that the green certificate market between the two Nordic countries would have been established even if the RES-Directive had not existed (see for example Severeide, 2013). The grid operator is obliged to connect renewable electricity producers to the grid, but do not give renewables any priority. Connections are therefore based on non-discriminatory criteria. The national grid operator Statnett has already and will continue to invest to expand and improve electricity grid, both domestic and through connections with other countries (Det Kongelige Olje- og energidepartement, 2012: 5, RES Legal, 2013r).

Within the heating and cooling sector, economic support to district heating based on renewables, to energy efficiency and phasing in of renewable energy in local heating are available to companies, private enterprises as well as public administration through ENOVA, a public enterprise charged with promoting renewables and energy efficiency. It is owned by the Ministry of Petroleum and Energy and financed through the Energy Fund, and there are several regulations in place setting criteria for more energy efficient buildings towards 2020. Support is also available to farmers and forest owners through the Bioenergy Program for the production of bioenergy and to promote its use in the agricultural sector. Mineral oils and other CO₂-emitting products used by consumers in heating are subject to extra taxations, and

fossils in the heating of buildings are to be gradually faced out by 2020 (Det Kongelige Olje- og energidepartement, 2012: 5-6, 20-23, 93, ENOVA, date unknown, Det Kongelige Landbruks- og matdepartement, date unknown).

Taxation also applies to fossil fuels and road use in the transport sector, with reduced road use fees for cars running on biodiesel, no VAT or registration tax when purchasing cars running on electricity or hydrogen and reduced annual fee thereafter compared to cars running on conventional fuels. Beneficial arrangements like free parking, cost-free rides by domestic ferries and more are offered as a motivation for people to purchase el- and hydrogen cars, and the scheme will remain in place at least until 2017 or until the el-car fleet has reached 50 000 cars. Norway already has the highest amount of el-cars per capita in the world. There are also reduced fees for fuels blended with biomass to promote more blending and use of biofuels, and there is an obligation that at least 3,5 percent of the volume of fuels sold by fuel suppliers annually must consist of biofuels. This share might increase to 5 percent in the coming years if sustainability criteria are seen as satisfied by Norwegian authorities (Det Kongelige Olje- og energidepartement, 2012: 5-6, 23-24, 101,109).

Other measures aimed at promoting the use of renewable include increasing funds for research, information campaigns and regulations of various sorts.

As was the case in Estonia and Latvia, many respondents point to the national support scheme as the main driver affecting Norway's performance towards 2020 (R20 Haavik, R14 Gjerset):

“(...) But for the increase, in the Renewable Energy Directive, then it is the certificate system. Period. Of other things that have been done that matters then there is, since the reference year is 2005, after that there has been done a certain deal within district heating. That is, ENOVA is a tool contributing to reducing or at least curbing the growth in energy consumption. (...) So a greater portion of money has been granted to ENOVA which contributes to delivering results, that is lower growth in energy consumption or eventually a reduction, plus reduced fossil amounts in the heating sector. And we have mentioned the electrical vehicle policy and the mandatory sale as two instruments on the transport side, the two who are probably having the largest impact” (R14 Gjerset).

6.3 Domestic politics

One respondent argued that the political will to expand Norway's renewable energy capacity and building interconnection cables was also an underlying factor affecting performance,

although the background rationale differs between parties, with the Greens (MDG) and the Socialist Left Party (SV) wanting to help Europe by producing green energy, the Center Party (SP) wanting cheaper electricity for Norwegian consumers through renewables but not necessarily transmission cables abroad, and the Labor Party(Ap)/Conservatives (H) view that Norway should deliver effect to Europe, meaning hydro power compensating for the shortfall of European wind energy when the wind isn't blowing, with that energy "coming back" to Norway when wind conditions in Europe are optimal (R18 anonymous Commission policy officer, *Fagbladet Energiteknikk*, 2011).

A closer look at the political programs of Norwegian parties that have been represented in parliament (Stortinget) since the 2013 election⁴ reveals that on a general basis, all parties favor developing new facilities to increase the renewable energy share (Arbeiderpartiet, 2013: 22-23, Fremskrittspartiet, 2013: 21-24, Høyre, 2013b: 58, Kristelig Folkeparti, 2013: 60-61, Miljøpartiet De Grønne, 2013: 7, Senterpartiet, 2013: 11, Sosialistisk Venstreparti, 2013: 22, Venstre, 2013: 22). Individual differences exist on more detailed issues, for instance the Greens wanting to remove large and small hydro power from the green certificate system while the Conservative Party on the other hand also wants to incorporate those small hydro plants that were not originally included (Høyre, 2013b: 57, Miljøpartiet De Grønne: 8). However, the main lines in Norway's climate policy has laid firm since an agreement was reached in 2008 and enacted in 2012 between all the major Norwegian parties apart from the Progress Party (FrP), who did not participate in the negotiations, and the Greens, who lacked parliamentary representation at the time. Among other things, the agreement stipulates that Norway is to become carbon neutral by 2050, increase funding for research on emission cuts and renewable energy, and produce more energy from renewable sources (Regjeringen, 2012, Stortinget, 2012).

Despite the Progress Party's abstention from the climate agreement and being the only party in the Stortinget that has yet to take a concrete stance on the human impact on global warming (Fremskrittspartiet, 2013:26), its ascendance into government position after the 2013-election has not yet resulted in any major deviation from the renewable energy policy pursued by the previous red-green coalition (SV, Ap and SP) or the climate agreement. In the agreement laid down between the Conservative-Progress Party coalition and its support parties, the Liberal Party and the Christian Democratic Party, it is stated that renewable energy deployment is to be increased, and that the climate agreement needs to be strengthened

⁴ The Socialist Left Party, the Green Party, the Labor Party, the Center Party, the Liberal Party, the Christian Democratic Party, the Conservative Party and the Progress Party (NRK, 2013)

(Høyre, 2013a: 2). The commitments are repeated in the Sundvolden declaration of October 2013, laying out the Conservative-Progress Party coalition platform. While the declaration also mentions that making certain amendments to the certificate system will be considered, it is not specified what this might involve (Statsministerens Kontor, 2013: 62). From the available evidence so far, therefore, while there certainly are differences between the Norwegian parties when it comes to specifics within the energy and climate policy areas, there is a consensus when it comes to expanding the country's renewable energy facilities.

Because Norway does not always feature in the Eurobarometer surveys since it is a non-EU country, direct comparison with Estonia and Latvia is unfortunately not available regarding how Norwegians perceive climate change and renewable energy due to the country's absence in the survey. Research on the public opinion on climate change and renewables in Norway give various results. In a 2011 survey among the 51 countries where the study had been conducted, Norwegians ranked among the least worried respondents over climate change and global warming ahead of Estonians, with 13 percent of the surveyed Norwegians saying they were "not concerned", and 40 percent "a little concerned" (The Nielsen Company, 2011: 5). On the other hand, 7 out of 10 Norwegians preferred renewables to fossil energy provided that the price level was similar, in a survey conducted by the energy company Telinet Energi (2012). When it comes to willingness to pay more for renewables, 6 out of 10 were willing to pay at least 500 NOK yearly in green certificates to renewable energy development according to a 2009 survey carried out by Statkraft (2009). However, a recent study concluded that Norwegians on average did not want to pay extra to be guaranteed that their electricity comes from renewable sources (Forskning.no, 2014). When asked about the support for renewable energy in the Norwegian population, several respondents argued that the general view on renewable energy in itself is good. Technology type matters, however, where wind farms are often more controversial than hydro or sun, district heating, bioenergy and electrical vehicles (R13 Arnøy, R15 Engen). This is also supported by the Statkraft survey mentioned above, where the approval rating for renewable technologies are quite high (on average 79 out of 100 points), although lower for wind farms, with offshore farms viewed more favorable than turbines on land (80 against 72 points, respectively). The survey also shows that municipalities where wind farms have been built or are planned are more likely to accept wind farms in their communities (59 percent), against the 50 percent country average (Statkraft, 2009, Havgul Clear Energy, 2009). The location of the project does effect on public opinion, according to a Bellona respondent:

“But if we look at some of the other technologies that are a bit more controversial, I think that to some extent, there is a lot of opposition. At least before the construction, but I think that situation is similar in many European countries. (...) Especially where there is a lot of nature. You have the «NIMBY-effect», that is, «Not In My Backyard», everyone wants wind turbines but nobody wants them were they are visible. However, Trøndelag is where the largest deployment of wind farms have taken place during the last years, and there the experience has been that if they have conducted surveys of the population before the construction, there is a larger opposition than after the construction is finished” (R15 Engen).

Perceptions regarding project locations may differ, however:

“(...) but it is important also to notice that by far not everyone are opposed to wind turbines locally, there are many places where people have been proponents for getting turbines to their municipality, and where the problematic issue is a lack of grid access that limits the deployment of turbines where the local population on average are very positive and the wind conditions are good. So I believe in some cases that people who have described this as a cleavage between locals and cottagers regarding keeping things as they are versus usage of local resources, that they are right in some cases” (R13 Arnøy).

One respondent commented that the RES-Directive and the debate around it and the support scheme may turn quite technical, and as many citizens do not have enough knowledge about the topic, its introduction has not been very controversial. However, the plans to build more interconnection cables abroad and the potential effect that might have on electricity prices in Norway might be a potential powder keg (R12 Boasson).

6.4 Influential players

In the consultation process issued by the Ministry for Petroleum and Energy prior to the EEA-Committee decision of July the 19th 2009, several NGOs, industry groups, Ministries and Directorates⁵ were invited to offer their point of view on the RES-Directive and its implications for Norway (Det Kongelige Olje- og energidepartement, 2009). Most of the

⁵ Ministry of Children and Equality, Bellona, EBL, Ecohz AS, Enova SF, Ministry of Finance, Fred. Olsen Renewables, Industrikraft Møre, Ministry of Justice and the Police, Ministry of Local Government and Regional Development, Landssamanslutninga av Vasskraftkommunar, Ministry of the Environment, Norwegian Society for the Conservation of Nature, Norwegian Water Resources and Energy Directorate, Norsk Bioenergiforening, Norsk Hydro ASA, Norsk Industri, Norsk Petroleumsinstitutt, Norsk Teknologi, Norsk Vindkraftforening, Norsk Handelsorganisasjon, Norwegian Petroleum Directorate, Statkraft AS, Statnett SF, Ministry of Foreign Affairs, ZERO, LO (Det Kongelige olje- og energidepartement, 2009).

participants in the consultation process gave their full support to Norway implementing the RES-Directive, for instance Bellona (2009), ZERO (2009) and Norsk Vindkraftforening (Norwea) (2009), some, notably other Ministries, did not have any comment (Det Kongelige Barne- og likestillingsdepartement, 2009, Det Kongelige Justis- og politidepartement, 2009), and none directly opposed the implementation of the Directive. There were several inputs and comments regarding how the RES-Directive was to be implemented and the target reached, however. Industrikraft Møre (2009) asked that the construction of a gas power plant at Fræna supplying both off- and onshore activity with energy, if awarded concession from the NVE, did not risk being stopped because it might affect the renewables share in energy consumption. Norsk Industri (Federation of Norwegian Industries) (2009) hoped that the government would listen to industrial interests by not demanding compensation from recently established environmental friendly industries through additional renewable energy production just to maintain Norway's renewables share, and also worried that coal and gas plants with CCS-facilities would not count as renewables, the latter concern also raised by Norsk Handelsorganisasjon (Confederation of Norwegian Enterprise) (2009), who also emphasized the importance of energy efficiency and that Norway should negotiate with the European Commission to promote natural gas as an important component in the overall EU renewable energy policy. Like Industrikraft Møre, Norsk Hydro (2009) also raised concerns over possible compensation demands for new industry construction, and argued that as Norway already had Europe's highest renewable energy share, it should seek to get its overall 2020-target reduced during the negotiations with the Commission, out of concerns for high costs and rising difficulties connected with an already high renewable energy share. As Norway's 2020-target could be up to 74 percent according to some estimates if the RES-Directive's Annex I-formula was used, Norsk Hydro argued that the Norwegian government should attempt to reduce its overall target in the same way as Sweden did. This view clashed with organizations like Bellona, ZERO and Norsk Bioenergiforening (Norwegian Bio Energy Association) (2009), which preferred more ambitious targets.

As mentioned, the final negotiations resulted in the Norwegian overall target of 67,5 percent. Norway's energy councilor to the EU described the negotiation process in the following way:

“(...) the challenges of having a large increase, because the challenge gets bigger the higher up on the scale you are. (...) And especially if you have an increase in energy consumption on due to economic growth or whatever, it entails a relatively much

larger increase in the renewable energy that you have to phase in than if you are placed far down on the scale. (...) So we tried to gain understanding for this, and then we ended on 67,5 percent. And if I remember correctly, we are the only country that have a comma-something in our goal. And that indicates that there have been negotiations about this, and that this is what we landed on” (R20 Haavik).

Concerns raised by participants in the consultation processes could therefore have had an effect on the negotiations that shaped Norway’s overall 2020-target. After the negotiations were concluded however, there is little evidence suggesting that the implementation process has been affected by any particular group or interest constellation. According to the respondents in the Ministry of Petroleum and Energy regarding the implementation process

“(...) by and large it has gone according to plan. I see that you have a question if there exist any actors in Norway that have affected this process along the way, but according to our knowledge this has not occurred” (R10 anonymous Ministry official).

In the words of one respondent from the environmental organization ZERO, it was not initially clear how the Directive would be implemented in Norway as the EU Member States had already agreed upon the overall as well as their specific targets (R14 Gjerset). While various interest groups were invited to comment on the Directive, the negotiation process itself limited the participation of interest groups:

“And that maneuverability was exploited fully by the government, and the Ministry, to negotiate the target down, and that process did cause more delays, and they held their cards very close to their chest. So it was a... no involvement of actors like us in that process, from what I recall. (...) When that was in place, I think the formal implementation of the Directive as I remember has gone well (...)” (R14 Gjerset).

There has been a number of Norwegian economy professors, for instance Michael Hole at the Oslo University, who have objected to the green certificate system and the renewable energy policy pursued by Norway and the EU as it is seen as ineffective, too expensive and disturbing the quota system under the EU Emissions Trading Scheme (ETS) which they see as the effective way to solve the climate change issue (R13 Arnøy, R14 Gjerset, *Teknisk Ukeblad*, 2011). However, they do not appear to have had any effect on the RES-Directive implementation or Norwegian performance.

6.5 Capacity and functioning of the administration

As indicated from the answers of the respondents above, the implementation of the RES-Directive has by and large gone according to plan in Norway, after the targets were agreed upon. Indirectly, therefore, it looks as if the administration has been performing well in when it comes to the transposition and implementation of the Directive. One respondent did however point out that differences in the processing of applications between Norway and Sweden had resulted in most of the wind energy investments being undertaken in the latter country (R15 Engen):

“In Sweden the process of approving applications is a lot faster because the applications are only being processed at each... or at the province level one might say, municipality or region. While in Norway they have to go through the directorate level, and every decision is being appealed, so people say 2013 was the last year one could count on, or that was the cut off-date to start construction before 2020. (...) One thing is that there are relatively few people processing the applications in the directorate, so there is a huge pile of applications that they are going through, and on top of that every decision is being appealed by local groups” (R15 Engen).

This problem was also mentioned in the Ministry of Petroleum and Energy:

“Processing is impeded by opposition to construction, often from environmental groups. These groups are often also concerned with climate change, but it is often environmental considerations and fear of deterioration that lies behind this opposition to construction” (R10 anonymous Ministry official).

In the period from the green certificate market entered into force in January 2012 to August 2013, the difference in renewable energy development between Sweden and Norway stood at a rate of 7:1, with the difference being particularly stark at wind energy (Teknisk Ukeblad, 2013). As mentioned by the Bellona respondent above, limited processing capacity among caseworkers and continuing appeals resulting in extra time being spent on processing of complaints have raised concerns that most of the wind energy investment will be conducted in Sweden, financed by Norwegian energy consumers (Teknisk Ukeblad, 2012). According to the Auditor General of Norway, some larger wind power projects may have to wait up to 11 years for a concession due to processing and appeals (E24, 2014). As plants have to be built by the end of 2020 to be able to receive green certificates (a prominent difference between Norway and Sweden in the certificate system), this has caused a lot of grievances among wind

energy producers who fear they will sustain huge losses if the construction of their farms is not completed within the deadline (Teknisk Ukeblad, 2014, R15 Engen). In addition to the aforementioned dissimilarities, differences in the tax systems have also made Sweden a more favorable place for wind turbine investors than Norway (R12 Boasson). In 2012, Sweden and Bulgaria joined Estonia in already achieving their 2020 targets, with Sweden as the first EU-country managing to reach its 10 percent transport goal (Regeringen, 2013, Europa Press Release Database, 2014b).

Turning to the implementation of EU-Directives in general, while Norway has tended to have a fair track record, the transposition deficit doubled to 1,8 percent from 2012-2013, the worst result since 1997, placing it together with Iceland and 5 EU-Member States that failed to stay below the 1 percent deficit target in 2013 (EFTA Surveillance Authority, 2014: 2, 7-9). It remains to see if this is a continuing trend, though, as Norway has tended to stay below this threshold. The average transposition delay in Norway stood at 5,7 months in November 2013, below the EU average of 7,3 months, and Norway did not have any transposition delays that had lasted for more than two years (EFTA Surveillance Authority, 10-11). Norway had 28 pending infringement cases against it per November 2013, a lower number than several of the EU 28 countries, while pre-court infringement procedures tend to take longer than the 12,5 EFTA-average in Norway, but still well shorter than the EU-average of 27,9 months. There has been an increase in the time it takes for Norway to comply with EFTA court rulings, although this was largely caused by a single case (EFTA Surveillance Agency, 17, 19-20). Overall, then, while Norway's Directive transposition performance has deteriorated somewhat since 2012, it remains to be seen if this is just annual fluctuations or if it will mark a break with the Norwegian trend of performing somewhat better than the EU-average in this regard.

6.6 Formulation of EU legislation and degree of autonomy to national authorities

There are no indications of Norway implementing the RES-Directive in any particular way that has raised the attention of the EFTA Surveillance Authority responsible for monitoring the correct transposition of EU Directives in the EEA countries. As mentioned above, while ESA did request more detailed information regarding the certifications of biofuel producers and installers of heat pumps, the answers they received from the Ministry of Petroleum and Energy appears to have been sufficient. According to the energy councilor at the Norwegian EU delegation:

“(…) Norway has also developed a national plan for how the targets are to be met in accordance to the requirements, and that plan was published within the set time frame, so yes, to me it looks like the implementation and monitoring is functioning well” (R20 Haavik).

The councilor, like the majority of respondents in Estonia and Latvia, also emphasized that the RES-Directive gives national governments a lot of autonomy in choosing how they are to reach their 2020 targets, and which measures to employ:

“My impression is that the Directive in itself offers a great deal of freedom regarding what one wants to focus on. Together with Sweden, Norway has chosen a technology neutral solution that has been highlighted as a template down here for how this can be done. (…) And there are two components, first of all there is the technology neutrality that some find satisfactory, and the other part is the cooperation mechanism, which at present is the only cooperation mechanism in the EU today” (R20 Haavik).

He did, however, point to the fact that new EU rules for state aid might reduce the array of available options in developing national support schemes for renewables (R20 Haavik). As mentioned above, the European Commission published state aid guidelines for renewables in late 2013, arguing that financial assistance should only be provided for technologies that were still considered immature, and that support should be phased out for technologies that have become competitive (Europa Press Release Database, 2013a). In April 2014, more formal rules for state aid were adopted by the European Commission, and these will enter into force from the 1st of July 2014 and last until the end of 2020. The rules stipulate that from 2017 onwards, new tenders will be exposed to competitive bidding processes for public support, and the gradual replacement of feed-in tariffs with feed-in premiums and market based forms of support, thus increasingly exposing renewables to market signals. Although the new rules only concerns future tenders and installations, thus not affecting existing installations or the amount of support they receive under existing schemes, they certainly do stipulate a somewhat stricter framework for state aid to renewables (Europa Press Release Database, 2014a, 2014c). As the green certificate system of Norway and Sweden is a market based solution, however, the new state aid rules will have few future consequences for Norway.

6.7 Other factors

As Northern European country with a large hydro power sector, weather conditions may lead to considerable fluctuations in energy consumption year-on-year. Cold and dry winters may

lead to electricity shortages due to lower water levels in the reservoirs of the hydro power stations, as was the case in 2010 (see figure 3 for illustration). Population growth and areal planning are also factors that may affect the renewable energy share in gross consumption, and there is therefore a certain deal of uncertainties related to the estimates in the forthcoming years (R10 anonymous Ministry official, Det Kongelige Olje- og energidepartement, 2012: 10, 13). Norway's geographical conditions were also mentioned, especially the country's hydro power potential:

“(…) Geography... first of all, we have an economy that allows us to take the liberties to expand our renewable energy capacity. Many would say that we ought to do so as we are pumping up a lot of hydro carbons in the North Sea and selling it to other countries, resulting in pollution there. But also because we were dependent on hydro power for electricity many years before we had hydro carbons, so it is very lucky that we have waterfalls an rivers, waters and elevated areas at all” (R15 Engen).

Energy efficiency and expansion of small-scale hydro power were also highlighted as important factors affecting the renewable energy share in Norway (R10 anonymous Ministry official, R20 Haavik). With regards to the latter, there has been an interesting development in recent decades as it has evolved from a largely overlooked technology in the late 90s with little potential to become included in the green certificate system. As one respondent put it:

“The reason why small-scale hydro power has been incorporated into the system, I have not studied this specifically, but the impression is both because of pressure from the industry but also just because the Center Party wanted to include it. (...) Because it has been kind of a farmer issue. (...) And there have been arguments that we had to do it since Sweden included it, but that is not true. We didn't need to include it because Sweden did so. It has been the Center Party's minister post during almost the entire 2000-decade in that Ministry” (R12 Boasson).

6.8 Case summary and discussion

With its traditionally very high share of renewables in electricity based on hydro power, variations in the year-on-year weather conditions may lead to fluctuations in the renewable energy share. Nevertheless, with almost 65 percent of its mainland gross final consumption coming from renewables, Norway is well on track to reach its 67, 5 percent overall target. The growth in renewables in recent years have by the mainly been attributed by the respondents to the Swedish-Norwegian green certificate system and other aspects of the Norwegian support

scheme, energy efficiency and the growth of small scale hydro power, while Norway's favorable geography, rivers and waterfalls has given the country favorable conditions for developing wide-scale renewables production from hydro power, giving Norway an edge with a high renewable starting point.

Unlike what has been the case in Estonia and Latvia, there haven't been any particular changes in the Norwegian support scheme since the green certificate system was introduced in 2012. Although the government declaration of the Conservatives/Progress Party coalition says that amendments in the certificate system might be considered, it is not mentioned what this might entail, although it has been mentioned that the small scale hydro power plants excluded from the original system might be included. In the words of one respondent, the establishing of a Swedish-Norwegian green certificate system was a priority issue for the Center Party who headed the Ministry for Petroleum and Energy from 2004-2013. The backing of renewable energy growth is shared by all the political parties in the Norwegian parliament however, although there are various underlying rationales for this, and intra-party differences are clearly present. Moreover, despite the Progress Party's absence from the climate agreement of 2008 and the party's unclear stance on the issue of climate change, the 2013 election ushering it into government and control of the Ministry of Petroleum and Energy has not resulted in any deviation from the purpose of the agreement. In fact, the Sundvolden declaration stipulates increased efforts to strengthen the climate agreement.

Regarding the popular view among Norwegians on the topic of climate change, as the evidence above shows, while Norwegians tend to be less worried over climate change than populations surveyed in many other countries, renewable energy tends to be viewed quite favorably, although wind farms, while still viewed in a positive way, tend to score somewhat lower, especially if located onshore. The willingness to pay extra for renewables is more uncertain: while a majority was willing to pay more through the green certificate system if this went to renewables, fewer were willing to pay more to be guaranteed that their electricity consumption came from renewables. Ahead of wind farm constructions, local opposition groups have been vocal in some areas, but there have also been cases of the local population viewing the turbines positively, but where limited grid access sets construction limits. Nevertheless, on a general basis renewables appear to have a positive appeal in the Norwegian population. Combined with the fact that all the political parties in Stortinget favor increased deployment of renewables, the domestic politics variable should predict a positive impact on the Norwegian renewable energy performance. Political will was also mentioned by one respondent from the European Commission as one underlying factor behind the renewables

growth in Norway. All in all, therefore, the domestic politics variable appears to have had a positive impact on the Norwegian renewable energy performance.

Concerning the effect of influential players in Norway, while the government probably did pay considerable attention to the interests of various groups ahead of and during the negotiations with the EU and EFTA regarding the final Norwegian 2020 target, there is no indication that influential players have had any effect upon the Norwegian performance after the Directive entered into force in December 2011. While there are various groups and interests in Norway that have opposed the renewable energy targets and the support schemes promoting them, notably certain economy professors, this has not had any impact on neither the support scheme nor the overall performance.

While most respondents argued that the implementation of the RES-Directive had gone according to plan after the negotiations with the EU and EFTA were concluded, and although Norway has tended to have a good transposition record compared the EU average, some respondents did emphasize that the centralized, lengthy processing period of applications for wind energy projects at the NVE did risk resulting in the lion's share of wind farm deployment occurring in Sweden instead, where the application processing is decentralized to regional and local levels. As permits can be appealed by groups or persons opposing wind farm deployment, thereby causing delays for several years, wind energy producers risk facing huge losses if their farms are not operational within the Norwegian 2020-green certificate deadline, causing investor uncertainty. As operators in Sweden will be able to receive certificates even if their plants are constructed post-2020 moreover, this will likely contribute further to the favoring of Sweden over Norway by wind energy producers. Accordingly, the long waiting period to receive a permit due to limited processing capacities in the NVE compared to the number of pending applications is a considerable obstacle to renewable energy deployment, and as mentioned by Engen, some estimates suggest 2013 was the last cut-off year for construction to start before 2020. The long application time and limited processing capacity of the administration has therefore had a negative impact on the deployment of new renewable energy capacity in Norway and hence negatively affecting its overall performance.

No records of any deliberate or involuntary interpretation of EU legislation have been reported in Norway, and this variable has therefore not had any impact on the performance in the country.

While the main factors mentioned by the respondents that have positively affected the Norwegian performance towards 2020 are the national support scheme and energy efficiency,

with weather conditions causing fluctuations in the renewable energy share year-on-year due to varying water levels in hydro power reservoirs, the domestic politics variable has also played a role by ensuring continued support for the national support scheme and renewable energy among the political parties and in the Norwegian population. There have not been any changes or amendments in the support scheme, as has been the case in Estonia and Latvia. While the Norwegian performance do not appear to have been affected by influential players in the country after the 2020-target negotiations, the limited processing capacity and considerable processing duration at the NVE have resulted in a slower development of wind farms in Norway compared to Sweden, and combined with the fact that new plants becoming operational from 2021 will be unable to receive green certificates in Norway, this has both resulted in investor uncertainty, more wind farms being installed in Sweden at Norway’s expense, and a negative impact on Norwegian wind farm growth and ultimately Norwegian performance towards 2020. The EU policy formulation variable has not had any effect.

7 Case comparison, theory relation and conclusion

Based on the evidence above, I have constructed the following models visualizing the impact of the different variables upon performance in the three cases. The straight lines show the direct effect where one has been discovered, the dashed lines show indirect effects where this has occurred, while the dotted lines entail no effect on performance:

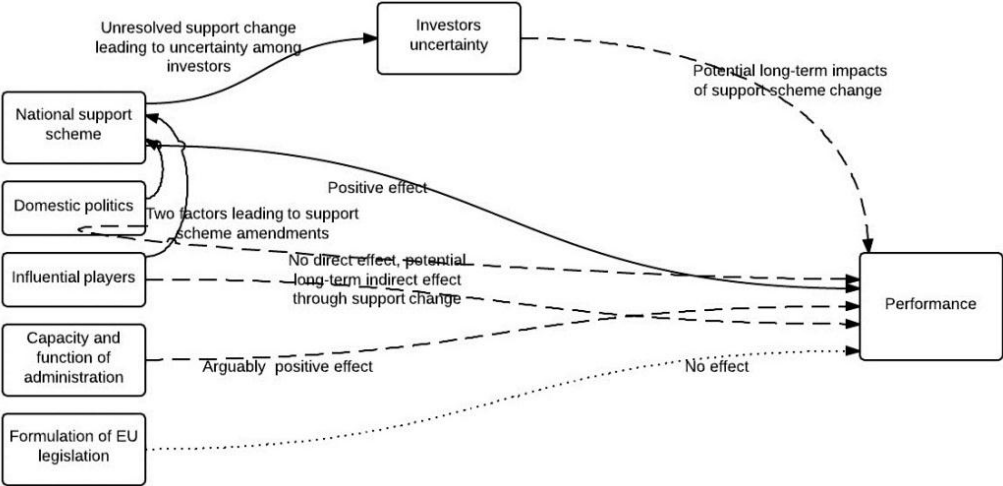


Figure 4: Model illustrating the effect of the individual variables upon the performance of Estonia

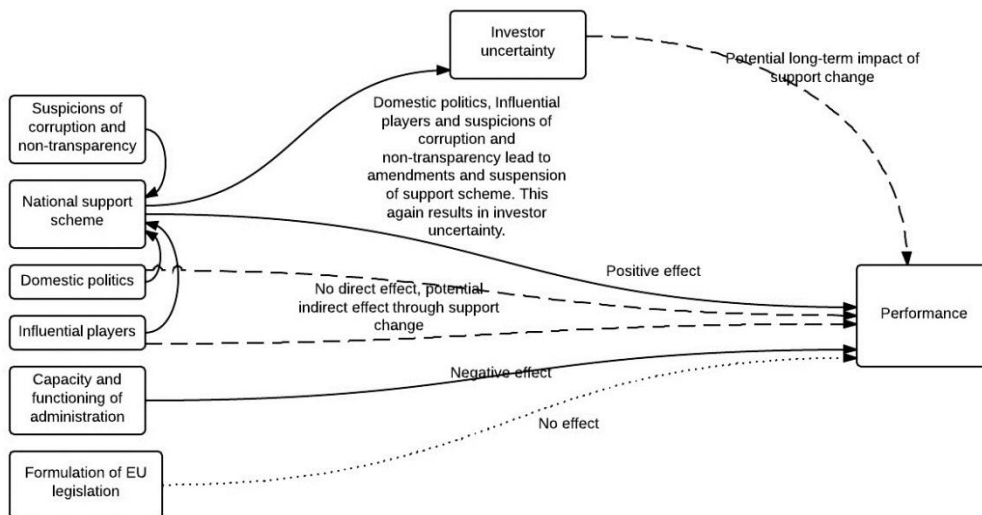


Figure 5: Model illustrating the effect of the individual variables upon the performance of Latvia

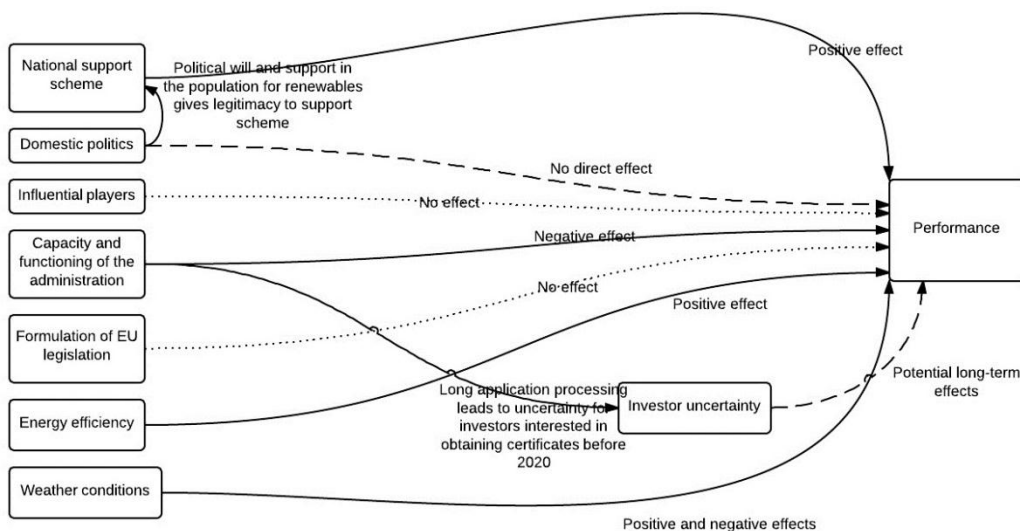


Figure 6: Model illustrating the effect of the individual variables upon the performance of Norway

As the Figures 4-6 shows, the national support schemes have been the main factor increasing the performance in my three cases. As outlined in the theory chapter, this was also expected. Regarding the domestic politics factor, together with influential players it has been central in the amendment of the support scheme in Estonia and Latvia, with suspicions of corruption and non-transparency in the quota tendering procedures also playing a vital role in the latter case. In both countries the amendments has resulted in uncertainty among renewable energy investors, which may have long-term consequences, as testified by the stalled wind energy growth in Estonia. If the amendments turn out to be negative in the long run therefore, domestic politics and influential players will have had an indirect negative effect upon performance through the support scheme change leading to investor uncertainties. The long-term effects remain to be seen however, with future research being recommended.

In Norway, on the other hand, cross-party support for the renewable support system and a positive view of renewables in the country has given the support scheme legitimacy, and there are currently no existing plans of support scheme changes. While there are certain influential players in Norway that are opposed to the current renewable energy policy, they have not been able to convince politicians to change the support scheme, and they have not had any effect upon the Norwegian performance. While the domestic politics variable has not had a direct effect upon the performance in Norway, it gives legitimacy to the support scheme and has therefore not led to the amendments seen in Estonia and Latvia. The domestic politics variable, while not having any direct effect upon performance in the three countries, has indirectly worked according to theory assumptions in that opposition in the public and among certain political parties towards the support scheme for renewables have resulted in amendments and suspensions of these, which in the long run may have consequences for the performance of these countries towards 2020. Where the population in general looks favorably on renewables and the support scheme, which is also backed by the political parties, no support scheme amendments have taken place. The same goes for influential players, who contributed to the support system change in Estonia and Latvia. In Norway, most influential players were supportive of the Directive and the support system, and while there are certain groups that have opposed the chosen policy, neither of them have had any influence on policy after the negotiations with the Commission were concluded.

Regarding the capacity and functioning of the administration, in Estonia no negative effect upon national performance were discovered. Overall the administration was characterized as efficient and goal-oriented, something also supported by the low level of infringement procedures raised against the country. While none of the respondents explicitly presented the Estonian administration as a factor having a positive effect upon performance, it is likely that the lack administrative obstacles have been beneficially for the country's renewable energy growth. In Latvia and Norway on the other hand, certain administrative weaknesses, a lack of resources and personnel and poor policy coordination in the former and a long processing period due to a limited staff and numerous opportunities for permit appeals in the latter, has resulted in a negative impact on the renewable energy growth in the two countries. In Norway moreover, the considerable duration of the application processing has led to uncertainties among investors who fear they will miss the green certificates if their plants are not operational by the end of 2020. While both Latvia and Norway are well on track to meet their renewable energy goal by 2020, some features in the administration has unfortunately had a negative impact on renewable energy growth, and therefore on their

performance. Thus, while the functioning of the administration has probably been beneficial in Estonia, in Latvia and Norway certain weaknesses have had a negative effect upon performance.

There were no indications of alternative interpretation of Directives in any of the three cases, and incorrect implementation, unintentional or deliberate, has therefore not occurred and affected the performance in any of the three countries.

Apart from the five variables presented in the theory chapter, some new factors have emerged in this study. Firstly, investor uncertainty arising from support scheme amendments might have consequences for the ability to stay where they are in the case of Estonia, and in reaching the 2020 target in the case of Latvia and Norway. So far, however, this is only speculations, although some vague signs have been observed in Estonia in the form of stalled wind energy growth, and uncertainties also exist among investors in the Latvian heating sector and among wind energy producers in Norway. Whether this will have impacts on the performance of these two countries in the longer run remains to be seen, however, and the topic will require more scholarly attention in the coming years. Secondly, in the Latvian case suspicions of corruption and non-transparency during the tender procedures was a factor contributing to the amendment of the country's support scheme. While further information about the topic unfortunately was not mentioned by the respondents or has been found through the analysis of documents, it has undoubtedly played a role in the renewable energy policy in Latvia. Paying increased attention to the role of corruption on policy implementation in future research is therefore strongly recommended.

Thirdly, in the case of Norway energy efficiency and weather conditions was also highlighted as factors affecting performance. Regarding the former, by lowering gross final consumption through efficiency, the renewable share of total consumption will increase. Concerning the latter, cold and dry winter will decrease the water level in hydro reservoirs, while wet and warm winters have the opposite effect. Energy efficiency likely plays the same role in all three countries, and in Latvia with its considerable hydro power production, so does the weather condition factor. The reason why these two factors have been left out of Figure 4 and 5 is that they were not mentioned explicitly by the interviewees in those countries. This does not mean that they are absent factors in Estonia and Latvia, however, quite the contrary: as mentioned in the introduction chapter, increasing energy efficiency by 20 % and cutting greenhouse gas emissions by 20% also makes up the EU 20-20-20 goals in addition to the emphasis on renewables. However, as these targets are not part of the RES-Directive's objective, and as the energy efficiency target in itself is not a mandatory one for the Member

States, I regard them as beyond the focus of this thesis, and direct the remaining discussion of my findings towards their relation to the theory framework of chapter 2.

In essence then, the most prominent factor affecting performance has been the national support schemes, followed by the capacity and functioning of the national administrations which have had a negative impact in two cases, and arguably a positive effect in the remaining one. Domestic politics and influential players, while being central in the amendments of the national support schemes in two cases has not so far had a direct impact upon performance. An indirect effect may not be excluded however, if the support scheme amendments will have a long-term impact on national performance. Future research is encouraged to study this possibility.

7.1 Revisiting the four worlds of policy implementation

As my analysis has shown the most important factor affecting performance, national support schemes, are not part of the theory framework of Falkner et al. Nor are two other factors that have emerged from this study; investor uncertainty and suspicions of corruption and non-transparency. The variables related to the Worlds of Policy Implementation have also been influential, however, but have the countries followed the patterns predicted by the typologies I assumed they belonged to, in the implementation process?

In Chapter 2, I presented my assumptions that Norway shared most similarities with the other Nordic countries in the world of Law Observance, while Estonia and Latvia had commonalities with other former Communist countries in the World of Dead Letters. In Norway, as an assumed World of Law Observance country, one would suspect Directive transposition within the set time frame and effective monitoring and enforcement later on, with both national politicians and the population being supportive of the implementation of the Directive, and in case of national concerns voiced by domestic interest groups, the importance of complying with EU legislation trumps domestic opposition. In Estonia and Latvia as countries presumed to belong in the World of Dead Letters, while assuming the transposition of the Directive would be carried out within the time frame, suspected obstacles in the form of limited administrative capability, a poorly funded civil society and little citizen litigation from below would predict certain deficiencies in the monitoring process and in achieving the goal of the Directive after transposition.

The results that have emerged in this study present a mixed picture. On the one hand, while the RES-Directive was transposed within the time frame in Norway and the Directive's goal of increased renewable energy production has been endorsed by the Norwegian political parties and enjoys considerable support in the population, and while influential players

opposed to the policy has not been able to influence the implementation, certain administrative deficiencies have been noticed in the form of long application procedures. This has led to a decreased renewable energy deployment in Norway with a corresponding higher deployment rate in Sweden due to the common renewable electricity support scheme of the two countries. The Estonian case shows the successful transposition of the Directive and the first EU-Member State to reach its overall 2020-target, and while concerns voiced by influential players, certain political parties and from the Estonian population have led to the amendments of the country's national support scheme with potential long-term impacts on renewable deployment, the performance has not been affected by any administrative shortages according to the respondents. On the contrary, most described the administration as goal-oriented and efficient. In Latvia too the RES-Directive was transposed on time, and like in Estonia support scheme amendments and suspensions have been carried out as a result of political party preferences and opposition to renewable subsidies from influential players in the country and in the population. Unlike Estonia however, weaknesses in the capacity and functioning of the administration has had a negative impact on performance.

While Norway overall fits into Falkner et al.'s theory framework as a country with effective implementation and where the domestic opposition to the EU legislation (the RES-Directive in this case) is rather limited, the administrative weaknesses arising from the long application processing durations is not a trait usually related to the World of Law Observance. While it should also be emphasized that apart from this aspect the administrative capacity and functioning in Norway was generally described as quite good and efficient, it is also clear that this feature distinguishes Norway from neighboring Sweden, where the processing of applications are conducted much swifter at a more de-centralized level. In the Estonian case, the fact that the administrative capacity and functioning was mostly characterized as effective and the absence of negative administrative effects upon performance stands in contrast to what one might expect in a country belonging to the World of Dead Letters, where shortages in the administrative performance is one of the defining characteristics of the category. For Latvia, the performance of the country more resembles the ideal type of a World of Dead Letters country, as the Directive was early transposed into national legislation, but lacking resources and manpower and poor planning coordination in the administration has negatively affected performance of the country.

Taken together, the pattern predicted by the World of Policy Implementation approximates what this study finds in the case of Latvia. In Norway, while many similarities can be found between the World of Law Observance and the pattern observed in the

Norwegian case, Norway also deviates to a lesser extent when it comes to the capacity and functioning of the administration as discussed above. In the Estonian case, the explanatory power of the World of Dead letters is limited. No negative impact from the side of the administration was observed, arguably quite the contrary, and although more efforts will be needed to remain on track until 2020, it was also the first EU Member State to reach its overall 2020 goal in 2011. In total, the Worlds of Policy Implementation theory framework has greatest explanatory power in Latvia, somewhat less in Norway due to the discussed shortcomings in the administration, and has little explanatory power in Estonia, which performs better than the World of Dead Letters typology would suggest.

Several reflections emerge from these findings. First of all, it might be that the policy implementation patterns observed within the energy policy field differ somewhat from those observed in the social and labor policy areas. As this study has shown, more variables are at play than the ones included in the original theory framework, with certain factors like the national support schemes being particularly policy sector specific. However, as the analysis has shown, the “old” factors still play a vital role in the implementation process of the three cases, and they should therefore certainly not be discarded. Secondly, it might be that my original assumptions when classifying the three cases were premature. As demonstrated by the Estonian example, it might certainly not be the case that all former Communist countries in Central and Eastern Europe experience administrative shortages and challenges, something also pointed out in Brosig’s (2010) study where he compared Estonia and Slovakia as mentioned in Chapter 2. However, the analysis has shown that the pattern observed in Latvia and Norway corresponds more to what one would expect from countries belonging to the World of Dead Letters and the World of Law Observance. In case incorrect positioning of cases into the Worlds of Policy Implementation has taken place, therefore, available evidence suggests that this would only hold true in the Estonian example.

7.2 The road onwards and suggestions for further research

In this study I have examined which factors that have affected the performance of Estonia, Latvia and Norway towards their 2020 renewable energy targets, employing the policy implementation typologies of Falkner et al as my theory framework. As the analysis shows, this framework has explanatory power in the cases of Latvia and Norway, but considerably less in the Estonian example. In all three countries, the main driver affecting performance has been the national support schemes. The study has also revealed two new factors affecting the implementation process, investor uncertainty and suspicions of corruption and non-transparency. Of the variables included from the theory framework of Falkner et al, the

capacity and functioning of the administration appears to have had a negative impact in Latvia and Norway, with an arguably positive effect in Estonia. Domestic politics and influential players might have potential long-term impacts in the cases of Estonia and Latvia through the support scheme amendments, if the resulting investor's uncertainty results in a long-term negative effect upon performance.

Hopefully this study will encourage new research in the field of policy implementation of EU legislation, and improve the theory framework of Falkner et al by investigating new cases and testing new policy areas. While this study has shown that the explanatory power of the Worlds of Policy Implementation typologies differs between my three cases, this should certainly not mean that the framework needs to be discarded. Rather, by including new factors like investor uncertainty and suspicions of corruption and non-transparency that emerged from this study, the existing framework may be modified and improved, and perhaps also new "worlds" might be added in the future, complementing or replacing some in the existing framework. While certain policy sector-specific factors like energy efficiency and weather conditions will be conditional to specific policy areas, it is my belief that an overall implementation policy framework that can cover a broader set of political sectors can be successfully developed. A stepping stone in this regard is the inclusion of two new variables, investor uncertainty and suspicions of corruption and non-transparency. Both are factors that might very likely play a role in the implementation of other forms of EU legislation as well. In particular with regard to corruption, a phenomenon where there is considerable EU-wide differences (Transparency International, 2013) the role played by this variable may hopefully contribute to a thorough discussion about the differences in political cultures and popular perception between the countries in the European Union. How does corruption affect the implementation of Directives? Are some countries and policy "worlds" more vulnerable than others, and why is this so? While the Transparency Index gives some hints of better and worse performers, more research on the effect of this factor on policy implementation is encouraged.

Although several new factors affecting performance emerged from the study, one can of course not totally exclude the possibility of additional, unknown variables not mentioned by the interviewees having a positive or negative impact on the performance of EU and EFTA-Member States towards the 2020 targets. Again, more research is welcomed. By expanding the analysis of the RES-Directive implementation to other Member States, the role played by the variables in this study might be further scrutinized, and new factors might also emerge.

Looking to the future, the European Union Member States are currently debating the 2030 Climate and Energy Framework for the post 2020-period. In January 2014 the European Commission unveiled a proposal of a 40 % reduction of greenhouse gases by 2030 compared to 1990-levels, a 27 % EU-wide renewable energy target without individual national goals, and continued efforts on energy efficiency (European Commission Directorate-General for Climate Change, date unknown). At the EU Environment Council on the 3rd of March it was agreed to postpone a final Framework agreement until October 2014. The three cases in this study have taken different positions on the shape and form of the Climate Framework. As a member of the 13-country “Green Growth Group”, among others including the EU Nordics, Germany and France, Estonia has voiced support for the EU Commission’s Framework proposal. Latvia and several Eastern European countries request an analysis for how the 2030 Framework might affect single countries and sectors before deciding upon specific targets, while Norway, though lending support to a single emissions-reducing target, did not favor any binding targets for renewable energy or energy efficiency after 2020 (Europaportalen, 2014a, 2014b). At the same time, the European Commission has threatened to launch infringement procedures against Malta, the Netherlands and the United Kingdom for lagging behind the rest of the EU towards 2020 (Times of Malta, 2014).

Hopefully, this study will encourage more research in the field of policy implementation of EU legislation, especially in the field of climate and energy policy. With both global warming, rising energy prices and the risk of supply disruptions due to external events as contemporary challenges, the Commission’s emphasis on reducing EU energy dependency will certainly not lose any relevance in the coming years. If a natural gas supply disruption caused by the Russian-Ukrainian political crisis materializes, many European countries risks facing gas shortages in the coming months (Deutsche Welle, 2014). Together with the upcoming 2015 Paris climate summit, this will probably ensure that renewable energy and climate change will remain high on the agenda for many years.

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Appendix

Appendix I: Overview of conducted interviews and interview respondents:

- Interview 1, Respondent 1 (R1): Baiba Logina, Head of Renewable Energy and Energy Efficiency Division within the Energy Department of the Latvian Ministry of Economics. Personal interview carried out in Riga, 23.01.2014. Duration: 19 minutes.
- Interview 2, Respondent 2 (R2): Juris Ozoliņš, Freelance Consultant at IK Juris Ozolins. Personal interview carried out in Riga, 23.01.2014. Duration: 48: minutes
- Interview 3, Respondent 3 (R3): Reinis Āboltiņš, Researcher at the Center for Public Policy, Providus. Personal interview carried out in Riga, 23.01.2014. Duration: 1 hour, 40 minutes.
- Interview 4, Respondent 4 (R4): Anita Brauna, journalist the Latvian IR-newspaper. Personal interview carried out in Riga, 24.01.2014. Duration: 16 minutes.
- Interview 5, Respondent 5 (R5): Timo Tatar, head of Energy Department of the Estonian Ministry of Economic Affairs and Communications. Personal interview carried out in Tallinn, 28.01.2014. Duration: 31 minutes.
- Interview 6, Respondent 6 (R6): Rein Vaks, Expert in the Energy Department of the Estonian Ministry of Economic Affairs and Communications. Personal interview carried out in Tallinn, 29.01.2014. Duration: 26 minutes.
- Interview 7, Respondent 7 (R7): Anonymous respondent from the Eesti Taastuvenergia Koda/Estonian Renewable Energy Association. Personal interview carried out in Tallinn, 30.01.2014. Duration: 36 minutes.
- Interview 8, Respondent 8 (R8): Anonymous respondent from the Estonian Wind Power Association. Telephone interview carried out in Tallinn, 31.01.2014. Duration: 38 minutes.
- Interview 9, Respondent 9 (R9): Siim Umbleja, executive coordinator for energy at the Estonian Environmental Investment Centre. Personal interview carried out in Tallinn, 31.01.2014. Duration: 43 minutes.

Interview 10, Respondent 10 and 11 (R10 and R11): Anonymous Ministry officials within the administrative staff of the Norwegian Ministry of Petroleum and Energy. Personal interview carried out in Oslo, 11.02.2014. Duration: 45 minutes.

Interview 11, Respondent 12 (R12): Elin Lerum Boasson, researcher at CICERO Center for International Climate and Environmental Research-Oslo. Personal interview carried out in Oslo, 13.02.2014. Duration: 36 minutes.

Interview 12, Respondent 13 (R13): Siri Hall Arnøy, political adviser, renewable energy, Respondent 14 (R14): Marius Gjerset, technology officer, at ZERO. Personal interview carried out in Oslo, 13.02.2014. Duration: 45 minutes.

Interview 13, Respondent 15 (R15): Sirin Engen, adviser at Bellona. Personal interview carried out in Oslo, 13.02.2014. Duration: 30 minutes.

Interview 14, Respondent 16 (R16): Anonymous policy officer in European Commission Directorate-General for Energy. Personal interview carried out in Brussels, 25.02.2014. Duration: 26 minutes.

Interview 15, Respondent 17 (R17): Anonymous policy officer in European Commission Directorate-General for Energy. Personal interview carried out in Brussels, 25.02.2014. Duration: 22 minutes.

Interview 16, Respondent 18 (R18): Anonymous policy officer in European Commission Directorate-General for Energy. Personal interview carried out in Brussels, 25.02.2014. Duration: 24 minutes.

Interview 17, Respondent 19 (R19): Jacopo Moccia, Head of Political Affairs at the Political Affairs division at European Wind Energy Association. Personal interview carried out in Brussels, 27.02.2014. Duration: 50 minutes.

Interview 18, Respondent 20 (R20): Bjørn Ståle Haavik, Energy Counsellor at the Mission of Norway to the EU. Personal interview carried out in Brussels, 27.02.2014. Duration: 33 minutes.

Appendix II: Interview guide:

Introduction:

- Perhaps we could start our conversation with a bit of information about your background.
- Could you tell me a bit about your role in the implementation process of energy-related legislation in your country? / Could you tell me a bit about your organization/job, its role in the [country's] energy sector and its work?
- (*For NGO's only*): How has [organization] worked towards the [country's] government and related to Directive 2009/28EC? (hereafter known as the RES-Directive)

Energy policy situation:

- How would you describe the situation in your country today regarding the development of renewable energy and the implementation of Directive 2009/28/EC (hereafter known as the RES-Directive)?

- In the renewable energy progress report that was published in March 2013 by the European Commission, your country is listed among those that succeeded/failed to reach the 1st interim target in 2011. In your opinion, do you feel this report gives an accurate description of your country's performance towards the national 2020 goals? Why/why not?
- Could you tell me about how you see [country's] prospects of meeting the 2020 goals in the RES-Directive by 2020?

Important factors:

- What do you think are the most important factors that have contributed to [country's] current performance towards the 2020 renewable goals, and the success/failure of [country] to reach the interim targets in 2011?
- Regarding the pace in the development of renewable energy in transport fuel in [country], according to the European Commission, this share stood at [national figure] of total transport fuel in 2011. By 2020 this is to have risen to 10 %. How do you see the [country's] prospects of reaching this target, and what are the means and tools the country plans to use in achieving them?

Influential players:

- I am now going to ask you about the role of so-called "veto players" in the policy implementation process. Are there any prominent political parties, interest groups, regional authorities or corporations in [country] that are opposing the RES-Directive, or aspects of it?
- Do any of these actors possess a veto power over legislation or implementation, of any form?
- Has the implementation process at any point been affected by the role of veto players in [country]?
- If yes, how many instances do you know of where veto players have utilized their power to affect the implementation process?

Domestic politics:

- Has the implementation of the RES-Directive resulted in any significant economic costs for [country]? For example with regard to the support schemes for development of renewable energy, energy prices, effects on [country's] companies etc.
- How is the Directive and development of renewable energy perceived among [country's] politicians and parties?

- How is the image of the Directive and EU renewable energy policy among the [country's] population in general? Is it a salient issue, or is this a policy area which receives less public attention?
- Do you think the majority of the population supports or opposes the RES-Directive and the EU 2020 goals?
- In your view, has there been any conflict between the national norms and perception of sovereignty related to the energy policy sphere, and the legislation stemming from the RES-Directive?
- *(For Estonia only):* Based on the Estonian NREAP, I understand that it has been a debate in your country of whether to introduce a CO2 tax on transport fuel has in Estonia, due to the limited availability of public transport and in rural areas. At the same time, it has been recommended by many experts as a way to affect a country's driving habit and as a way to decrease the quantity of fuels in transport. How do you think the environmental requirements in transport fuel are being perceived in the Estonian population?

Capacity and functioning of administration:

- Regarding the role of [country's] administration in the implementation process: How would you characterize the performance of the administration so far when it comes to the implementation of the REN-Directive?
- How would you characterize the administration's access to resources and personnel, to make the implementation process work as foreseen in your country's National Renewable Energy Action Plan?
- In some smaller EU Member States, the administrative capacities are sometimes stretched because of the limited size of the administration. To your knowledge, has administrative overload been a problem in [country]?
- Has the implementation of the RES-Directive resulted in any particular change in administrative procedures, administrative costs and the way the administration is organized?
- To your knowledge, have there been any factors affecting the ability of the administration to implement, monitor and enforce the RES-Directive? If so, could you name any of these factors?
- How many ministries are involved in the implementation of the RES-Directive? How would you characterize the coordination between these?

Formulation of EU legislation:

- When concerning the policy formulations laid out in the RES-Directive, how would you characterize the degree of autonomy available to [country's] politicians and the administration in the implementation process?
- In your opinion, does the Directive allow a certain degree of leeway for Member States in the implementation process?
- Has it occurred that your country has interpreted parts of the Directive's content differently than the European Commission/EFTA Surveillance Agency, and been informed of this?
- In 2011, the European Commission amended the methodology for counting renewable energy from sustainable biomass. Has this in any way affected [country's] share of renewable energy from biomass?

Concluding the interview, and the road onwards:

- The European Commission is currently working on developing new, binding targets towards 2030. Could you tell me about the level of support among [country's] politicians at this moment when it comes to negotiating new renewable targets?
- Is there anything more that you would like to tell me about the RES-Directive in your country and [country's] energy policy in general, that our conversation has not covered so far?

Questions asked to the EU Commission only (in addition to most of the questions above):

- How has the EU Member States, and [country] in particular, reacted to the RES-Directive?
- Have you noticed any differences between the Member States regarding the implementation process of the RES-Directive?
- Which aspects of this work have been good, and which ones could have been improved?
- Has it occurred that [country] or other EU Member States have interpreted parts of the Directive's content differently than the European Commission, and been informed of this?
- If yes, why do you think some EU countries understand the Directive in a different way than others?