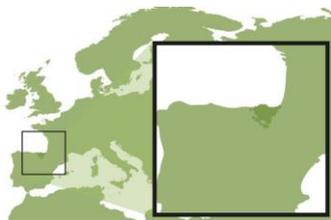




Partner region profile – Basque Country

Energy Transition Platform | May 2016

Socio-economic facts



Basque Country, Spain

Population: 2,173,210 (2014) | **Area:** 7234 km²

Landscape: mountainous region (Pyrenees) and coastal plain (Atlantic Ocean)

GDP: US\$89 billion (2014) | **GDP/capita:** US\$40,950

Economic sectors: 61% services | 29% industry: metal-processing, chemicals, shipbuilding, and refinery

Jurisdictional power: decentralized

Key department: Ministry of Economic Development and Competitiveness

The Basque Country is known for its strong and successful regional transformation¹. Economic development in the 20th century was linked to a strong industrialization in the fields of iron, steel, shipping, electricity and chemicals. However, the economic crisis of the 1970s forced major industries to close and led to high unemployment rates – twice as high as the rates in other European regions. But since the 1990s, the Basque Country is booming again².

Thanks to the diversification of the economy and markets opening up, the GDP of the Basque Country jumped from €8 billion in 1975 to €58 billion in 2005³. This can mainly be attributed to the growth of the service sector, employing 60% of the working population today, the same proportion employed by the industry sector in 1975.

Today, the Basque Country is a strong and powerful region, with 14% unemployment compared to 28% at the national level⁴. Current challenges include the need to drive further innovation to cope with the intensification of global competition, an ageing population and limited migration flux.

¹ OECD Reviews of Regional Innovation: Basque Country

² ibid

³ ibid

⁴ <http://www.democraticunion.eu/2014/05/economic-exception-basque-country/>

Energy system and energy policy

Energy policies in the Basque Country are systematically implemented through ten-year strategies, organized around three pillars: energy efficiency, energy diversification and deployment of renewable energy.

Energy demand decreased from 2008 – with a sectorial consumption still dominated by the industry sector (42%), while services and residential buildings together only account for 20% of the final energy consumption⁵. This energy demand mix is different to other Spanish and European regions.

Renewable energy sources in the Basque Country contributed to 7% of the energy demand in 2014, against 3.9% in 2000. Although the pace of development is slow for wind and biomass power, the production of photovoltaic energy is rising rapidly and the region is focusing on the development of thermal renewable energy.

Energy resources (in ground & production)	No regional fossil fuel resources Regional energy sources only include renewable energy
Energy mix: consumption by sources and sectors	Sources: petroleum (41%); natural gas (27%); electricity (26%); renewable energy (5%); coal (1%) ⁶ Sectors: the industrial sector is the largest energy consumer, followed by power generation and transport.
Renewable energy consumption	7% of energy demand: biomass (68%); biofuels (15%); hydropower (8%); wind power (7%); solar power (2%) 13.7% of energy demand with imported renewables
Imports/exports	66% of power needs are imported
Energy market structure (privatized/monopolized)	Fully opened electricity and gas markets. The transmission network is operated by an independent entity; consumers can switch electricity suppliers

Energy Strategy for the Basque Country 2020

The Energy Strategy was approved by the government in December 2011 and is setting out the objectives for the energy policy from 2011 to 2020. The strategy is interlinked with environmental policies and should ensure a more economically and environmentally sustainable energy system.

⁵ <http://www.regions202020.eu/cms/home/pioneers/euskadi/>

⁶ EVE. Energy Data in the Basque Country: <http://www.eve.eus>



The Energy Strategy is organized around three lines of action:

— *Energy consuming sectors*

e.g. improving competitiveness and sustainability of the industry; reducing oil-dependency in the transport sector; increasing the share of renewable energy in final consumption for buildings and homes.

— *Energy markets and supply*

e.g. promoting the deployment of new renewable power plants; supporting the supply system and competitiveness of natural gas; ensuring supply and high quality of the electricity system.

— *Technological and industrial development*

e.g. consolidating business-generating firms in the energy field; generating new market opportunities and energy investment.

EcoEuskadi 2020

This route map is aimed at fostering the Basque Country's sustainability, while strengthening economic prosperity, social cohesion, equity and the protection of the environment. Also known as the first Strategy for Sustainable Development, it provides a benchmarking tool for the public sector to develop sectoral policies and is the result of a significant citizen participation process. One objective is to reduce the reliance on fossil fuels through energy efficiency and the promotion of renewable energy sources.

Basque Public Administration energy sustainability

In September 2015, the Basque Government approved a decree to help develop energy efficiency actions and enhance the use of renewable energy in 800 buildings owned by the Basque Administration, as well as in their vehicle fleets and the public housing stocks.

Energy transition experience

The Basque Country has started the transition from a fossil fuel dominated energy system to one integrating natural gas and more renewable energy sources. The share of renewable energy in the final energy consumption has almost doubled in the last decade (from 3.9% to 7%). The regional target to achieve 14% share of final consumption from renewables by 2020 still contrasts with that of the European Union (20% final energy consumption from renewable energy by 2020).

The Basque Country has ambitious plans to continue the energy transition, mainly because of concerns over energy security and climate change impacts. Challenges remain with the industry and households being highly dependent on natural gas and the transport sector on petroleum products⁷. The state's greenhouse gas (GHG) emissions remain high, although there was a 25% decrease in 2014 compared to 2005. Additionally, the Basque Country does not produce any fossil fuel, and imports 94% of its energy (against an EU average of 53%).

The region is particularly interested in increasing private sector investment and more generally developing innovative financing structures to fund the energy transition. This would also facilitate the strategic deployment of renewables, such as biomass and onshore wind power. The government is also supporting the development of power storage for a better integration of renewables as well as projects covering wave and marine energy⁸.

This shows that the Basque Country has significant potential for switching its fossil fuel based economy to a low carbon one, and is aiming to do so across all government levels to include smaller and more remote localities in the process.

Climate targets:

Reduce GHG emissions by 40% by 2030, and by 80% by 2050

Provide 14% of energy consumption through renewable energy sources by 2020; 40% by 2050.

Climate plan:

[Climate Change Strategy of the Basque Country to 2050](#)

⁷ Transition towards Low-carbon Energy System for the Basque Country, Study of Scenarios for 2050

⁸ Energy Strategy for the Basque Country 2050



Climate policy and instruments

The Basque Country's transition to a low carbon economy was kick-started through the adoption of robust climate change policies. The energy, transport and industry sectors are the main contributors to GHG emissions; however, between 1990 and 2013, emissions from the industry were cut by 45% and those from the energy sector by 15%⁹. The latest climate plan, released in June 2015, increased the region's ambition.

Climate Change Strategy of the Basque Country to 2050

The [Climate Change Strategy](#) from June 2015 aims to foster the transition to a low carbon economy and minimize the effects of climate change. It is complementary to the Energy Strategy in so far as it encompasses both climate change and corresponding energy-related actions. The strategy is in line with EU targets on GHG emissions reduction and renewable energy.

To ensure the success of the strategy, the Basque Country is planning to undertake the following actions: mainstream climate change action in public planning; take coordinated and exemplary action in the administration; support innovation and technology development; ensure all stakeholders are involved; adapt climate change knowledge to decision making.

Environmental Framework Program 2020 of the Basque Country – Road map to a low-carbon economy

This [framework document](#) coordinates actions taken by the government in the environmental field. The objective is two-fold:

- Implementing EU policies and targets in the Basque Country's legislation and action; and
- Harmonizing actions and policies within the different levels of local administration.

The main aims include the transition to a low carbon, innovative and competitive economy, the protection of health through integrated environmental and health policies, the protection of natural capital, and the coherence of environmental policies.

Contact

To find out more, please contact **Anne-Sophie Dörnbrack**, States & Regions Policy Manager (Energy Transition): adoernbrack@theclimategroup.org | +44 (0)20 7960 2977

Sources:

OECD Reviews of Regional Innovation: [Basque Country, Spain 2011](#), OECD Publishing 2011

Transition towards Low-Carbon Energy System for the Basque Country, [Study of Scenarios for 2050](#), Sultan AlShaaibi, 2014

[Energy Transition for the Basque Country 2050](#)

Basque Country, Department of Environment and Regional Planning

Funded by:

STIFTUNG
MERCATOR

Supported by lead government:

Ministerium für Klimaschutz, Umwelt,
Landwirtschaft, Natur- und Verbraucherschutz
des Landes Nordrhein-Westfalen



⁹ Climate Change Strategy of the Basque Country