A Speech
by the
President of Iceland
Ólafur Ragnar Grímsson
at the
Renewable Energy Trophy Award Ceremony
Florence, Italy
23 August 2006

Distinguished ministers,
Ambassadors,
Scientists, delegates,
Ladies and Gentlemen

It is a great pleasure for me to present here today a new award which symbolizes a profound vision of the future, an award which is dedicated to a more sustainable world and inspired by the conviction that we can reform and change our societies in a responsible way.

I applaud the two great scientists and visionaries, Professor Ralph Sims from New Zealand and Professor Thorstein Sigfússon from Iceland, who initiated the World Renewable Energy Trophy and consequently headed the committee which determined the winner, evaluating countries on the basis of the yardstick of their use of renewable sources of energy. The trophy bears the name of Ali Sayigh, in recognition of his important contribution to the dialogue, discussions and research into renewable energy.

It is symbolic that the idea for the creation of this important award should come from New Zealand and Iceland, as these two countries, blessed with great geothermal resources, have vied with each other in the progress towards a more comprehensive use of renewable energy.

I often remind visitors to my country who marvel at the clean air and the impressive use of renewable energy resources which is now on display in Iceland, that in the middle of the 20th century we were so dependant on coal that our capital city, Reykjavík, was usually covered in

smoke from the coal fires. The coal depot took up the largest part of the harbour area and coal ships from Europe were the most frequent visitors.

In less than fifty years we have completely transformed our energy usage, making Iceland the country with the highest percentage of renewables in its energy basket, now totalling more than 70%, and furthermore 100% of our electricity comes from renewables.

Geothermal energy, which to begin with was harnessed mainly in Reykjavík, but was later adopted by other municipalities all over the country, has now totally displaced coal in the heating of our houses.

In the production of electricity, 80% of our energy comes from hydropower stations and 20% from geothermal steam turbines. The percentage derived from the geothermal resource will increase significantly in the coming years, as we are now building a geothermal electricity plant primarily intended to provide power to an aluminium smelter which will be the first such smelter in the world to receive most of its electricity from geothermal resources.

There is however one area in the Icelandic energy portfolio that remains to be conquered; the imports of oil and gasoline for road transport, the fishing fleet and aviation.

We therefore some years ago embarked on an important project dedicated to making our own fuel by electrolysing water and utilizing the hydrogen for powering our transport sector. In cooperation with Shell Hydrogen, Daimler Chrysler and Norsk Hydro, we founded the Icelandic New Energy company and now we have some hydrogen buses running as a part of the Reykjavík transport system; the first hydrogen fuelling station in the world was opened in Reykjavík three years ago. If the early promise of this international project based in Iceland on the use of hydrogen is fulfilled, it could enable our country to enjoy the possibility of becoming completely independent of hydrocarbon fuel in the future.

I mention this here today because as we all know the world is in a great need of making renewables serve as a far higher proportion of global energy usage. Fortunately, all forecasts point towards a considerable increase in renewables throughout the 21st century. However, given the easy access to hydrocarbons and fossil resources, renewables still remain very expensive for most nations. But the governments which put renewable energy high on the energy agenda soon realize that they will be saving on other costs which accompany the use of fossil energy resources because disruption of weather-patterns, damage to health, pollution and many other costs are associated with the use of hydrocarbons.

In the light of the important energy tasks facing all governments of the world and the priorities emphasized by my nation, it is for me both a privilege and an honour to present here today for the first time the Renewable Energy Trophy. It is awarded to the country which has shown the highest percentage increase in renewable energy use in the two years preceding your congress.

This winner country currently has a very high dependence on imported oil, not just for transport fuels but also for oil-fired electricity generation. So a move towards the greater use of local renewable energy resources was seen to be strategic by its House of Representatives for both economic and security of supply reasons.

In this regard a new Law on the Promotion and Utilisation of Renewable Energy Sources and Energy Conservation was passed in 2003. It created a small levy on electricity consumers which, together with government grants, has been used to promote and support investments in renewable energy projects.

The government endeavoured to align its policies with that of the European Union and an Action Plan for the promotion of renewable energy was drawn up. It set a target to double its total share from renewable energy and also to increase its electricity generation from renewable energy sources from almost zero to 6% by 2010.

In 2004 a new guaranteed price scheme for electricity generation was introduced and capital grants and subsidies were offered up to 70 million Euros.

A new law to encourage the uptake of biofuels for transport and to support the use of flexible fuel vehicles using bioethanol was passed just over a year ago.

Solar water heating has been in place for some years and was the main contributor to the nation's 1.8% of total primary energy from renewable energy as registered in 2002.

Nowadays approximately 92% of the buildings, including 53% of the hotels, have solar water heaters installed. In addition several new wind, geothermal and bioenergy projects have been developed.

Overall this strategy has increased the total share of renewable energy to 7.4% - an impressive increase of 5.6% in just 2 years.

Other nations also with impressive increases of their renewable energy include Albania, Brazil, Kyrgystan, Panama and Paraguay.

However, tonight it is most fitting that we honour the endeavours of a small island nation in being the recipient of the 2006 World Renewable Energy Trophy.

Ladies and gentlemen, the winner is: CYPRUS.

Cyprus has shown the world how it is possible to increase in a dramatic way the role of renewables and thus move away from the tremendous costs of hydrocarbons, costs incurred not only by our respective countries but by all of humankind.

Two years from now we will learn who will be the next winner. It could indeed be Cyprus again if it continues on its remarkable path, but it could also be another country that makes outstanding progress.

We congratulate and applaud Cyprus and express our profound gratitude for the leadership it has provided.