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**EREF**

European Renewable Energies Federation



# Existing and forthcoming EU energy policies

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## The EU Energy Union

- Ambition: **“to make the EU the world number one in renewable energies”**
- Goal: **“a resilient Energy Union with an ambitious climate policy at its core** is to give EU consumers - households and businesses - secure, sustainable, competitive and affordable energy. Achieving this goal will require a **fundamental transformation of Europe's energy system.”**
- **“The year of 2016 will be the year of delivery of the EU Energy Union.”**



## A fundamental transformation of Europe's energy system

- Renewable energy and energy efficiency as centre piece for a new stable, secure, affordable and democratic EU energy system
- Promotion of all renewable energy sources and technologies
- Decentralised energy system with multitude of independent power producers, paired with large scale RES provider
  - Prosumers and self-consumption
  - Empowerment of consumers (households, cooperatives, SMEs)



## Vision/position:

### Prerequisites for an energy system transformation

1. Dedicated long-term commitment to 2050 EU goal and international commitments
2. Clear and **reliable governance framework** for RE deployment (investment security and confidence)
3. **New energy market design with RE and EE as centerpiece** which creates a vibrant home market with clear growth perspectives
4. **Financing structure and tools**
  - Access to cheap capital throughout the EU
  - Public-private partnerships
  - Funding schemes for small and medium-sized RE projects (“Think Small” approach)



## Main EU agenda topics



- ▶ Revised Renewable Energy Directive
- ▶ 2030 Governance scheme



- ▶ Energy market design (including self-consumption and capacity markets and mechanisms)
- ▶ Heating and Cooling Strategy



- ▶ Revised Energy Efficiency Directive
- ▶ Energy Performance in Buildings Directive

## EU Energy Union: timeline

	EU Energy Union draft Directives
Oct 2016	EC publication of draft Directives EE and EBP
Until end of Oct 2016	DG Ener finalizes revised RED
Nov 2016	Inter-consultation service on revised RED
7 Dec 2016	Vice-President Šefčovič: State of the Energy Union
7 Dec 2016	Publication of draft RED, Energy Market Design Initiative and 2030 Governance
After that	Co-decision process



## Crucial points for a cost-effective energy transformation I

- **More ambitious renewable energy and energy efficiency targets for 2030**
- **Gap filler, gap avoider** - the dilemma with missing national binding RE targets
- **Strong, enforceable governance framework**
  - Draft Council conclusion (autumn 2015): "...Member States may decide, if appropriate, to update or review their National Plan in light of changes in national circumstances;"
  - Retrospective changes? Investment security?



## Crucial points for a cost-effective energy transformation II



- **Continued national RE remuneration schemes and**
- **Priority access and priority dispatch for renewables**
  - Over- capacity from nuclear, gas and coal power stations and capacity markets
  - No full internalization of externalities
  - No functioning ETS
  - Continued subsidies for nuclear and fossils
  - Failed capacity markets designed to be rescue aid undisguised for a long term (see UK mechanism for 15 years approved by EC before setting now stronger criteria for capacity markets in EMD)
- **Priority access and priority dispatch for renewables to avoid “natural merit order effect”**





## Crucial points for a cost-effective energy transformation III

- **Auctions and tenders (including cross-border)**
  - De facto cap for renewable energy development
  - High danger of exclusion of small producers and citizens
  - Perpetuation of dominance of large players
  
- **No technology neutral auctions**
  - Lower technology diversification by predominantly encouraging technologies characterised by low generation costs, and neglecting support for more innovative technologies
  - Limited development possibilities for less mature technologies and thus can limit the variety of market participants



## Crucial points for a cost-effective energy transformation IV

- **No retrospective and retroactive measures against existing renewable energy projects** – no green light for operational programmes for countries who still use retroactive changes
- **No capacity markets and mechanisms**
  - Perpetuation of inflexible, conventional power production
  - Incumbents preferred
- **Structured phase out plans for nuclear, coal and gas capacity** in the various Member States as progressive task needed; use of dedicated structural fund regulations – a societal tasks similar to industry structural change e.g. in shipbuilding in the past
- **Stop of subsidies for nuclear, gas and coal sectors**

# EREF

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## Thank you for your attention!

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