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Renewable in the EU – state of play

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Riga

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About EREF



- Federation of national associations from the EU Member States, working in the sector of energy produced from renewable sources
- Representing more than 50,000 MW of installed power capacity and a growing capacity in other sectors
- Voice of independent producers of energy from renewable sources
- Member of EREC (European Renewable Energy Council)

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What is happening in the EU in relation to RES policy?

2030 Framework for Climate and Energy

Commission's Green paper

Published on 27 March 2013 and the public consultation until 2 July

The 1st part of the paper is a presentation of the current status:

- EU ETS not really working
- RES deployment thanks to the 2020 targets but still some issues
- MS not on track on energy efficiency
- Special focus on the security of supply

The second part present the key issues for the consultation

- Should we have targets for 2030, if yes which one? CO2 only, RES, binding, European or national, sectoral... ?
 - How can we keep a coherence with the different policy instruments?
 - How can we protect the climate and ensure the competitiveness of EU industry?
 - How can we take into consideration the differing capacities of the Member States?



2030 Framework for Climate and Energy

Commission's Green paper

Commission's position

DG ENERGY – Commissioner Oettinger

Oettinger is regularly changing his position. At the press conference presenting the Green paper he stated that binding RES targets are a must-have but did not give indications on the number.

DG CLIMA – Commissioner Hedegaard

Hedegaard is clearly in favor of RES targets. However her priority is to ensure the adoption of a GhG target ahead of the 2015 COP where a global agreement will tried to be reached. As there is less consensus on the RES target than on the GhG target, she might be tempted to push for a GhG target only to get an agreement in time.

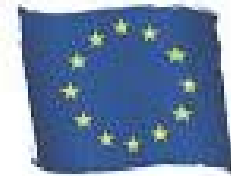
DG Industry, ECOFIN ...

Some other Commissioners are much more skeptical on RES targets as they see the development of RES as the main reason for the energy prices increase.



2030 Framework for Climate and Energy

Commission's Green paper



European Commission



What is the European Commission working on?

- **Green paper on 2030 framework for climate and energy**

Commission expected to make a proposal by December 2013/January 2014

- **Updated scenarios for 2030**

New scenarios: EE/RES/CO2 scenario, a CO2 policy only scenario and a high EE and RES scenario.

The document is currently at inter-service consultation and should be published end of September/October.

- **Analysis of the cost and price drivers**

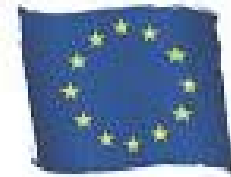
The European Council requested the Commission to prepare a comprehensive analysis of the cost and price drivers in the energy sector.

The analysis should be published in time for the February 2014 European Council.

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2030 Framework for Climate and Energy Commission's Green paper



European Commission



What can be expected from the Commission?

- Legislative proposal, white paper, communication?
- What about the targets?
 - An energy efficiency target will probably not be proposed
 - Commission to adopt a pragmatic position and probably nothing ambitious
 - If proposed, the RES target is expected to be very low (30%?)
 - Option of the CO2 target only or a two step approach
 - What about a gas target?

2030 Framework for Climate and Energy



And in the European Parliament?

The parliament will prepare an own-initiative report, share in ENVI and ITRE.

ITRE	ENVI
Rapporteur ECR: Konrad Szymanski (PL)	Rapporteur EPP: Anne Delvaux (BE)
Shadow S&D: Britta Thomsen (DK)	Shadow S&D: Marita Ulvskog (SE)
Shadow ALDE: Fiona Hall (UK)	Shadow ALDE: Gerben-Jan Gerbrandy (NL)
Shadow Greens: Claude Turmes (LU)	Shadow Greens: Bas Eickhout (NL)
Shadow EPP: Herbert Reul (DE)	Shadow ECR: Martin Callanan (UK)
Shadow EDF: Tadeusz Cymanski (PL)	Shadow EFD: Tadeusz Cymanski (PL)

Timing

Draft report: 7 October 2013

Deadline for amendments: 12 November 2013

Committee votes: 9 January 2014

Plenary votes: 3-6 February 2014

2030 Framework for Climate and Energy

Commission's Green paper

European Parliament's position

In the past, the Parliament has already supported the call for a 45% binding target for RES by 2030.

However, discussions are more difficult at the moment as the ITRE committee rejected such an amendment in March. The same discussion will take place again in plenary on 21 May.

The Parliament is in general in favor of a 2030 targets (but unclear if binding and if ambitious).



2030 Framework for Climate and Energy



And in the Council?

- An informal Energy Council will take place on 20 September
- The European Council (heads of States) will discuss it in March 2014

So far the following positions are known:



Single CO2 target	RES target	Nothing
UK	France (but 2 step approach)	Poland
Finland		Cyprus
Czech Republic (only if global agreement)	Denmark (CO2 40% RES 30%)	
Romania (only if global agreement)	Lithuania	
	Austria	
	Portugal (if more cooperation)	
	Estonia	

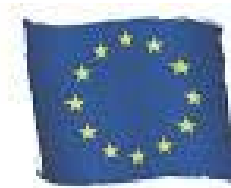


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Renewable Energy Policy

Commission's guidance and guidelines



European Commission



The Commission is preparing the following guidelines to be published at the end of September (probably after the German elections)

- Guidance on support scheme reform
- Guidelines on use of cooperation mechanisms
- Guidance on capacity mechanisms
- Guidelines on State aids on Environment (see later)

Revision of the Environmental State Aids guidelines



The guidelines are soft law, therefore the European Parliament and MS are not involved in the revision (although as an established procedure since the last 3 guidelines rounds, the COM is consulting the MS).



However, they will be factually binding as every National support system designed as a State aid mechanism will have to comply with the guidelines to be approved by the Commission, if they want to benefit from smooth authorization procedure.

→ It would not apply to the German FiT system as long as it is not deemed state aid



Revision of the Environmental State Aids guidelines



Timing for the revision

- ✓ Commission launched a public consultation in April 2013 .
- ✓ EREF replied to the consultation

- The Commission will publish a draft of the guidelines and launch a 8 weeks public consultation period at the end of September.
- The final guidelines should be published and enter into force in early 2014.
- All support schemes designed as State aids should comply by 2015, including the already authorized schemes.

Revision of the Environmental State Aids guidelines



A worrying draft leaked from the Commission

In the leaked draft, DG Competition proposes that to be authorized, operating aids for RES should be:

- granted by technology neutral bidding process, with the budget being limited by a certain cap
- paid in form Feed-In Premiums (FiP)
- be fully open to projects from outside the respective Member State, unless it is “duly justified”

The alternative would be a green certificate mechanism without minimum price and for a maximum of 10 years.

No other RES support scheme would be included in the guidelines.

The draft Guidelines also foresees provisions for State aid to nuclear power and capacity mechanisms.

Revision of the Environmental State Aids guidelines



Potential consequences

Would such guidelines be adopted, we could fear that:

- It is the end of the Feed-In Tariff support: serious threat for small scale RES projects.
- MS will be forced to cooperate (while according to the RES Directive the use of cooperation mechanisms is entirely voluntary).
- End of support for less mature technologies

To date, it seems, there are no support schemes used by the Member States which would correspond to the first alternative.

The second alternative, i.e. the green certificates without guaranteed minimum price, does not provide any investment security and thus increase risk premium.

Revision of the Environmental State Aids guidelines



Actions to be undertaken:

- EREC will meet with some Permanent Representations, DG Energy and DG Competition
- As Member States are consulted by the Commission, it is important for national associations to contact their governments
- EREF will prepare a reply to the public consultation
- EREF to ask key MS (France, Germany, Denmark?) to send a letter to the Commission
- Threat the Commission to take legal actions with the ECJ based on violation of European law and retroactivity.

Biofuels ILUC legislative proposal

Co-decision procedure



Commission published its proposal in October 2012, calling for:

- Greenhouse gas emission savings to be increased to 60% for new plants, for existing plants 35% until 2017, after that 50%
- First generation biofuels limited to 5% of the 10% RES transport target. The other 5% (2nd and 3rd generation biofuels) to be counted four times
→ Accordingly, transport target is reduced to 6.25% renewables
- ILUC factors are NOT considered in the emission savings, but need to be reported
- After 2020, no more support for 1st generation biofuels

Biofuels ILUC legislative proposal

Co-decision procedure



Position of the European Parliament

The European Parliament seems to favor a higher cap on first-generation biofuels, thus allowing more of them to meet the 10% renewables in transport target:



- ITRE committee wanted to raise it from 5% proposed by the Commission to 6.5%, with 2.5% to come from advanced second generation biofuels
- ENVI committee suggests that the cap on first-generation biofuels should be raised from 5% to 5.5%, with two separate sub-targets within the 10%:
 - Minimum quota of 2% for advanced second generation biofuels
 - Minimum 2 % should come from electricity in transport



The plenary vote took place on 10 September 2013. The results remain to be analyzed.

Biofuels ILUC legislative proposal

Co-decision procedure



Council's position

Discussions are still ongoing but due to major differences of opinion, a agreement could be postponed to 2014.



The main point of disagreement is the 5% cap for 1st generation biofuels. While many MS see it as negative sign for the industry that would detriments past investments and damages investor confidence for the future.



Debates will continue in the Council.

Legislative proposal on sustainability criteria for solid and gaseous biomass



The RES Directive establish sustainability criteria for biofuels and bioliquids, but not for biomass

Growing number of MS are adopting their own criteria:

→ COM fears that it could conflict and impact negatively the internal market and perception of biomass



COM therefore decided to propose EU sustainability criteria for solid and gaseous biomass

The legislative proposal is still being prepared by the Commission but could include:

- A 60% threshold of minimum GhG savings compared to fossil fuels
- A definition of an harmonised GhG accounting methodology
- Requirements that forestry biomass is sourced only from sustainably managed forests



The criteria would apply only for large installations above 1MW capacity

EU ETS back-loading approved by the European Parliament



The Commission's proposed to temporarily delay the sale of 900 million CO2 allowance.



After a rejection of the proposal at a plenary vote in April, on 3 July 2013 MEPs voted in favour of a new negotiated proposal.

The compromise is weaker than the initial text but it is still a positive result.

In addition to the back-loading, the Commission is also working on long term structural measures to repair the ETS system.



The Commission had already proposed 6 measures and they will continue working on it in the framework of the 2030 climate and energy package.

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Horizon 2020 - EU Research and Innovation Framework



Horizon 2020 programme: Institutional agreement end of June

It is the major EU framework for Research and Innovation projects running from 2014 to 2020 with an overall budget of 68 Billion Euro.

The Horizon 2020 program will substitute and combine all current EU funding.

An amount of 5.244 Billion Euro will go to non-nuclear energy technology which is 7,7% of the overall budget.

RES along with end-use efficiency and technologies to integrate RES into the grid are supposed to get at least 85% of that share, leaving the rest to new CCS technology and fossil fuel based electricity generation.

Taking into account that the Commission already adjusted their former position from 7.2 %to the now finalised agreement it can be seen as a positive development for RES in general.

Shale gas: Commission to address environmental concerns by the end of 2013



Commission has no plans to impose a ban on hydraulic fracturing.

However, the Commission will lay out rules to address environmental concerns by the end of 2013.



Member States are still divided on the issue. Poland sees fracking as an alternative to the dependency from Russian gas; France has announced a ban on fracking due to the related health and environmental risks.



The European Commission could address the compatibility problems of fracking with EU water quality legislations.

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Thank you for your attention!

