

Heinrich Böll Foundation contribution to the European Commission's public consultation on the Renewable Energy Strategy

The Heinrich Böll Foundation welcomes the European Commission's initiative to launch a public consultation on the renewable energy strategy beyond 2020. The requirement contained in the Directive 2009/28/EC on the promotion of the use of energy from renewable sources to present a post 2020 roadmap only in 2018, has always been insufficient. Such a late date would bear the risk that longer term ambitions for getting to a 100% renewable energy future in Europe cannot be met while investments in nuclear and fossil energy installations will have been locked in. Europe is in the lucky position to have the necessary renewable energy potential to cover its total future energy demand, The Heinrich Böll Foundation supports an ambitious roadmap towards that goal. That goal also serves as a benchmark to our responses below.

Section A: General policy approach

1. *Is there a role for new targets for renewable energy sources post-2020?*

Setting legally binding targets will continue to be key for the successful development of renewable energy sources within the EU. Other countries who have historically relied on voluntary targets, portfolio standards and other soft measures to support renewable have done worse than the EU and find themselves today at a lower level of development of this crucial industry.

The EU's leadership role in the international climate negotiations, as again underlined by the EU's strong performance at the Durban talks, relies on Europe making visible progress along its low carbon development pathway. Quantifiable and measurable goals in the area of renewable energy development – as in others – are an indispensable element of such a strategy.

For sustainable energy policy, it is important to look to the interdependencies of the different sectors (electricity, transport, cooling and heating) and further support the development of storage possibilities. E.g. the switch from fuel driven to electricity driven vehicles has to go hand in hand with increasing the share of renewable energy in power generation. Especially as electricity transport holds great potential as a power storage and will be a tool in balancing renewable electricity by enhancing the demand at night. However, the substitution of fossil or nuclear energy by renewable energies should be pushed on first in the sector where it is most cost-efficient and carbon-effective. To identify the most cost-efficient and carbon-effective sector, a range of factors has to be taken into account: the renewable energy sources as well as grid related factors, capital costs for RE and distances from RE source to consumer. To ensure that sectoral interdependencies are taken into account, binding economy wide targets for the EU could be combined with indicative sectoral targets. This also implies that results might be regionally different.

2. *Are other policy elements necessary to promote renewable energy post-2020?*

Targets and timetables set the policy framework and are a necessary condition to move from a share of 20% Renewable Energy of final energy use in the Europe of 2020 to 100% in 2050.

Other components include increased public and private sector R&D expenditure, the improvement of planning law and permission processes and other policies listed in the consultation document.

The HBF would like to encourage the Commission to publish a ranking of Member States in such issues of promotion policy and enshrine best practices in the Directive where the EU has the legislative power to do so.

More attention than in the past should be given to inform and involve the citizens, and on measures to improve acceptance for the energy revolution in the public.

Section B: Financial support

1. *Do you consider that financial support will continue to be necessary to support renewables post 2020 given their expected greater penetration?*

In the year 2020 the EU will have gone only the first fifth of the road to 100% renewable energy. The longer distance on the road to 100% renewable will still be ahead of us. In view of the EU's objective to reduce greenhouse gas emissions by 80-95% by 2050 it will be necessary to accelerate the speed of switching to renewable energy. Therefore financial support for investments in renewable energy will continue to be necessary beyond 2020. The size of the necessary financial support depends however on the technological progress achieved for renewables on the one hand and on price signals for fossil fuels and nuclear energy set by the ETS or regulatory law (e.g. internalizing the risks and the cost of final storage of nuclear waste and insurance of nuclear power plants in the prizes for nuclear energy) on the other hand.

2. *If renewable energy sources require support post-2020, how do you think this can best be achieved with a view to achieving a cost-effective deployment?*

Incentives to invest in renewable energy systems should mainly be channeled via the tariff system and not via public subsidies. Tariff levels and structures (feed-in tariffs and premium tariffs) should be technology-specific and take the different developments in cost reductions of renewable energy technologies into account. The support system should guarantee planning security for investors while advancing the development of an internal market for renewable electricity. Convergence of national support systems on the basis of feed-in tariffs is therefore the preferred option. A European support system for the producers of renewable electricity (as a premium system) should be considered as a supplementary option. The introduction of tender systems would be a third option.

- 3.
- 4.
5. *How do you see the relation between support schemes for renewable energy and the requirements of the internal electricity market for the period after 2020 against the background of a rising share of renewables?*

National borders are not drawn along the line of an optimal mix of renewable energy sources to provide a safe energy supply generated from renewable sources. Therefore it should at least be ensured that Member States working together on the basis of macro-regional cooperation to establish common infrastructure for the use of renewable energy sources; open their support systems or better have a common support system for the feed-in of power generated in this macro-region. The GHG reductions and RE shares that EU countries target for 2050 cannot be reached

without a stronger integration of the electricity market. Whereas most countries rely exclusively on domestic efforts to reach their RE targets till 2020 many countries underline in their National RE Action Plans the fact that in order to meet 2050 targets stronger cooperation with other countries will be necessary.

6. *Do national support schemes and differences between such schemes distort competition?*

Closed national support systems are an obstacle to the development of an internal market for renewable energy. Existing national support systems therefore should be connected while taking into account security for investors in those countries where high levels of support have helped to develop a viable industry. Such a Europe wide system of interlinked support schemes should take regional (climatic, geographical) differences as well as economic and political starting points in different countries into account. It should stay open and offer interface options to existing and future support systems in the EU's partner countries, particularly in our immediate Eastern and Southern neighbourhood.

The key challenge is to develop a system that is sufficiently open and flexible while at the same time ensuring investment security. On the "hardware" side we have to make sure that our support schemes do not lead to lock-in situations.

Section D: Grid integration of electricity from renewable energy sources

2. *Which renewables-specific grid related rules do you consider necessary and proportionate in a post-2020 perspective?*

The obligation for network operators to develop network plans is indispensable. However the construction and mandate of ENTSO-E should be reviewed and the benchmark for the development of the network plans should be to pave the way to a 100% renewable energy system.

Priority access will remain an indispensable incentive to invest in renewable energy and should stay in place beyond 2020. However it could be considered that after achieving a threshold in the share of renewables in electricity generation the priority access is given to big suppliers only for a share of their production.

In any case priority or guaranteed access to the grid should stay a privilege for electricity generated from renewables only.

3. *With regard to system integration of wind and solar power, what measures do you consider most important to increase the flexibility reserve of the system?*

Acceleration of infrastructure development and interconnections will reduce the need for back-up and storage capacity. Therefore high priority should be given to them. This must be accompanied by a strategy to increase acceptance for the necessary infrastructure, particularly by including the public into decision making at the moment of strategic planning even before concrete projects are being implemented. Benefit sharing schemes for local stakeholders can increase the level of public acceptance and could be made mandatory on a Europe wide scale. European law has to be reviewed in order to enable benefit sharing and public ownership of RE infrastructure.

More attention in research and infrastructure development should be given to demand side management.

Acceleration of the infrastructure needed in the EU to go the way to 100% renewables should have high priority in the EU funding programmes of the next multiannual financial framework.

Section E: Market integration

1. *In which of the following ways could renewable energy be made responsive to market signals?*

The 20% share of renewable energy in final energy consumption by the year 2020 is still a small share in view of the agreed need to reduce greenhouse gas emissions by 80 – 95% by 2050. That's why in the decade after 2020 the EU is facing the challenge to accelerate the use of renewable energy source. Switching the support systems to premiums or investment aid only or even to put the burden of balancing risks to the producers of renewable energy would be contradictory to this need. However, support systems should continue to be coupled to the development of the market prices for renewable energy technologies.

Section I: Regional and international dimensions

1. *Do you consider current rules for cooperation between Member States sufficient to fulfill their purpose, i.e. realisation of cost-efficient renewable potential in the EU?*

It was important that the provisions for cooperation between the Member States were introduced in the Directive. However, the cooperation conditions set by the Directive are too bureaucratic, although the objective to avoid mere paper trading should be retained. In the review process the experience gained so far should be taken into account to make physical trade of green power between Member States more attractive with the goal to develop the use of Europe's huge potential of renewable energy faster than foreseen in the Directive. As mentioned, however, many countries plan (and need) to take greater advantage of cooperation post-2020. This is too late considering the benefits greater cooperation would hold today.

2. *Do you think the EU should further facilitate cooperation with third countries when it comes to the development of the potential for renewable energy?*

Trade with third countries in the field of renewable energy - instead of trade in fossil fuels and nuclear power - is an important element in transforming economies into sustainable economies worldwide. ..

Therefore the EU should further promote the cooperation with third countries and their deployment of their renewable energy sources in a sustainable way for their own use as well as for trading.

However, for transforming the EU's energy system to a 100% renewable energy system enhancing of the cooperation between Member States is most urgent.

The approach of promoting the cooperation between Member States of so- called macro-regions seems to have a lot of potential which is currently tipped only.

3. *Should investments in electricity networks in some Member States (i.e. Spain, Greece, Italy) be prioritized for this purpose?*

Promoting investments in a trans-european grid should be a high priority in the EU funding programmes of the next multiannual financial framework of the EU. The relative disadvantages which Member States at the periphery of the EU have in a single market due to geography compared to Member States in the centre should be taken into account in the funding decisions.

4. *Which measures do you consider appropriate and necessary in order to foster cooperation with third countries in this area?*

Cooperation should preferably be based on agreements between the EU and third countries.

5. *In its Communication on security of supply and energy cooperation – "The EU Energy Policy: Engaging with Partners beyond our Borders"⁷, the European Commission proposes to promote cooperation on renewable energy projects with the Southern Mediterranean countries and to gradually build a renewed EU-Mediterranean energy partnership focus on electricity and renewable energy. How do you consider this should relate with the EU internal renewables policy? What should be the priorities?*

The EU-Mediterranean Solar Plan should have a high priority on the agenda of the Union for the Mediterranean. That is in the interest of all parties involved. However it should be underlined that for the transformation of the EU's energy system towards a carbon neutral energy system based on renewable energy sources the realisation of the EU-Mediterranean Solar Plan is not a necessary condition.

6. *The possibility to explore regional cooperation and a coordinated, more strategic approach to grid connection for the rapidly growing volume of offshore wind generation in the North Sea is currently being explored in the framework of the North Sea Countries Offshore Grid Initiative (NSCOGI). Do you think such cooperation should be further fostered? What benefits do you think could arise from it? Do you consider that this experience could be generalised and applied elsewhere?*

The North Sea Countries Offshore Grid Initiative is an important building block on the road to a 100% renewable energy system of the EU. The Baltic Sea Strategy is another one. This Strategy should be clearly targeted to enhancing the use of renewable energy sources.

Fostering macro-regional cooperation is a very promising approach to make better use of Europe's vast potential for renewable energy.

The instrument of Enhanced Cooperation could provide a good governance structure for such an approach.