



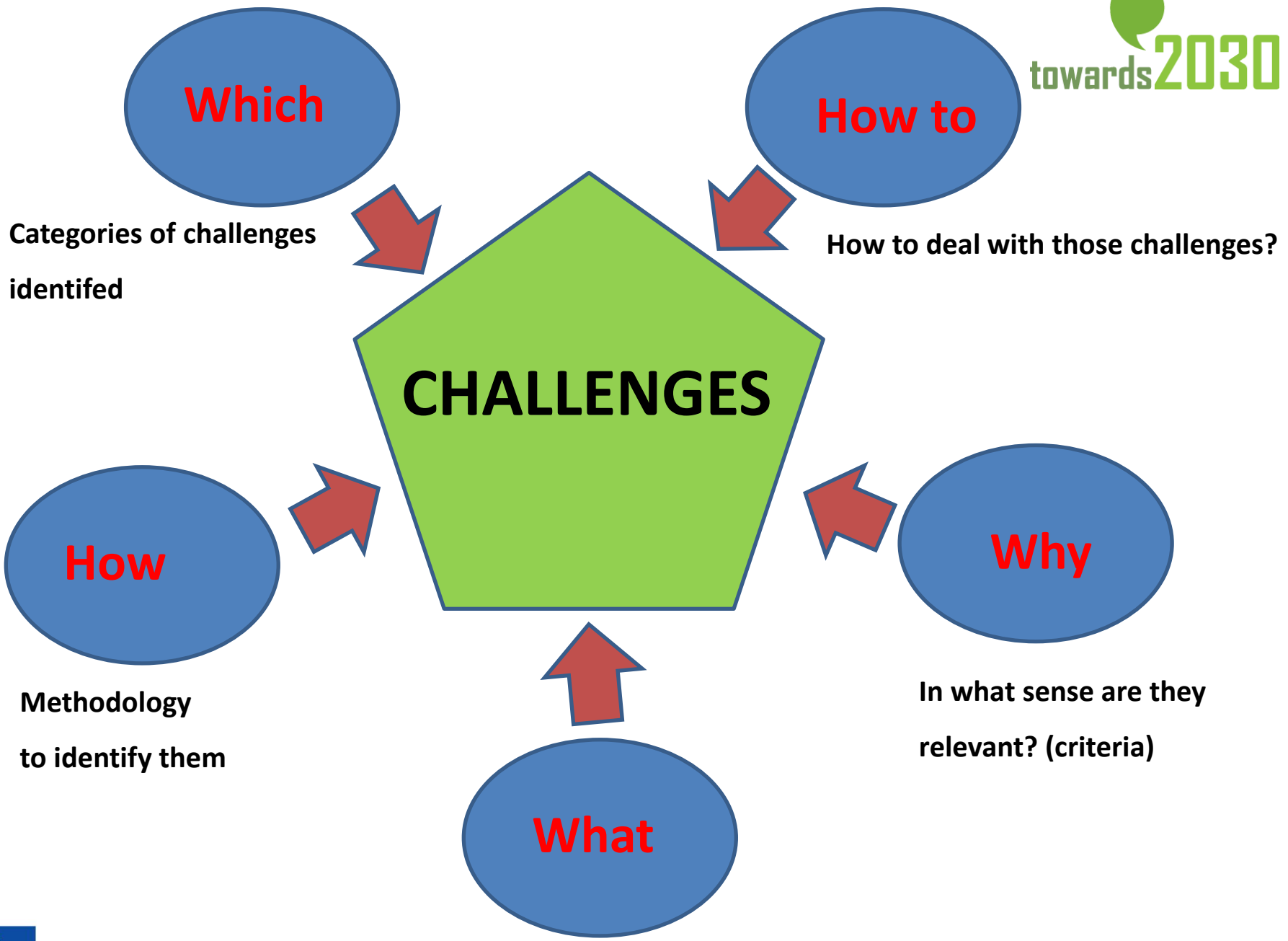
## Overview of Policy Challenges on the Road to 2030

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Workshop: “Renewable energy policy in the  
EU towards 2030: Challenges and pathways  
for convergence”





# In what sense are they relevant?

- ❖ How to support RES-E deployment successfully in a 2030 horizon.
  - ❖ Ensuring compliance with RES-E targets...
  - ❖ ...at the lowest possible system costs...
  - ❖ ...and the lowest possible policy support costs
  - ❖ ...encouraging innovation.
  - ❖ ...ensuring the social acceptance and political feasibility of RES-E support.



# Subset of challenges we focus on

A first, basic classification of challenges:

- ❖ Challenges related to RES-E policy design (choice of RES-E instrument and RES-E design element).
- ❖ Challenges related to electricity markets. An inventory of key challenges related to electricity markets and RES integration.
- ❖ Challenges related to external developments.



# Subset of challenges we focus on (definition)

- ❖ RES-E policy challenges:
  - ❖ directly and indirectly related to factors which affect RES-E deployment in a 2030 timeframe in the EU.
  - ❖ the challenges can be influenced by RES-E policy.



# Methodology to identify them

## Step 1

Identification of relevant literature

## Step 2

Identification of challenges from the literature

## Step 3

Classification according to categories

## Step 4

Feedback from stakeholders



# Challenges identified

- ❖ Categories:
  - ❖ Technological.
  - ❖ Macroeconomic.
  - ❖ Administrative.
  - ❖ Social acceptance.
  - ❖ Policy design.



# Challenges identified

## ❖ Technological

- ❖ *Adapting support levels to trends in technology costs.*
- ❖ *Appropriate combination of R&D support and deployment support for less mature RETs.*
- ❖ *Adapting to the uncertain evolution of factors affecting the competitiveness of RETs: resource potentials, fossil fuel prices and costs of competing technologies.*





# Challenges identified

- ❖ **Macroeconomic.**
  - ❖ *Providing support under strict fiscal conditions.*
  - ❖ *Difficulties in access to credit.*



# Challenges identified

- ❖ Administrative.
  - ❖ *Improving and reducing the duration of the administrative procedures.*
- ❖ Social acceptance.
  - ❖ *Mitigating the NIMBY of RES-E projects.*
  - ❖ *Addressing social rejection to high or escalating support costs.*



# Challenges identified

## ❖ Policy design

- ❖ *Institutional adaptation to the implementation of market-based instruments.*
- ❖ *How to design auctions to lead to effective and cost-effective deployment of RES-E.*
- ❖ *Target setting.*
- ❖ *The impact of the merit order effect on the competitiveness of RETs*
- ❖ *Balancing stability and flexibility in RES-E support.*
- ❖ *Policy interactions.*



# How to deal with those challenges?

- ❖ What policy options can address those challenges?
- ❖ Technologically-related challenges
  - ❖ Limit investors' and policy-makers' risks:
    - ❖ Tenders, sliding premiums and premiums with cap-and-floor prices
  - ❖ How to combine R&D and deployment support
    - ❖ technology assessments conducted by independent parties.



# How to deal with those challenges?

- ❖ Macroeconomic-related challenges
  - ❖ Economic and financial downturns.
    - ❖ continue to finance support through the electricity bill.
  - ❖ Access to credit.
    - ❖ Soft loans and government-backed loans.



# How to deal with those challenges?



- ❖ Challenges related to policy design.
  - ❖ balance trade-offs.
    - ❖ Role of design elements.
  - ❖ How to facilitate the convergence of support schemes across Europe.



# How to deal with those challenges?

- ❖ Administrative-related challenges
  - ❖ Improving and reducing the duration of the administrative procedures
- ❖ Social-acceptability.
  - ❖ Avoiding geographical concentration of projects
  - ❖ Facilitating public participation in RES strategies
  - ❖ Cost-containment measures
  - ❖ Information on the benefits from RES
- ❖ Combinations of measures.

