


Pathways to convergence of EU RES policies towards 2030

Workshop: “Implementing the EU 2030
climate and energy framework:
a closer look at renewables”



What do we mean by EU RES policy convergence?

“The process by which renewable energy policies and related regulations become increasingly similar (or equal) across EU Member States”



RES Policy Convergence in the current political debate

- ❖ State-Aid Guidelines - April 2014
- ❖ Energy Union Communication - February 2015:
 - ❖ *“The European Commission will facilitate cooperation and convergence of national support schemes”.*
 - ❖ Internal Energy Market: *“uncoordinated renewables support schemes”* should be *“more compatible with the internal energy market”*.
 - ❖ Encourages regional approaches



Scope of convergence

Which elements of RES policy can converge?

- ❖ Framework conditions e.g. power market regulations
- ❖ Type of RES policy support instrument
- ❖ RES policy support design elements e.g. supported technologies, installed power thresholds, etc.
- ❖ Level of policy support per technology e.g. methodologies to determine levels of support?

Drivers and Challenges

❖ Drivers for convergence:

- Internal Energy Market
- Optimised allocation of resources
- Increased competition, reduced transaction costs

❖ Challenges:

- Very diverse resource and market conditions across EU Member States
- Diverse national energy policies -> different priorities
- Investor security



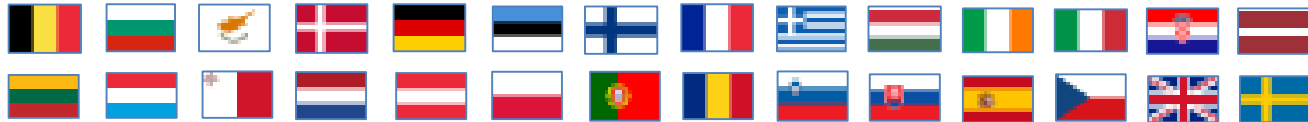
Top-down convergence pathways

European
Institutions



- **Setting up a harmonised EU-wide support scheme**
- **Prescribing specific types of instruments (State aid Guidelines and tendering)**

Member
States



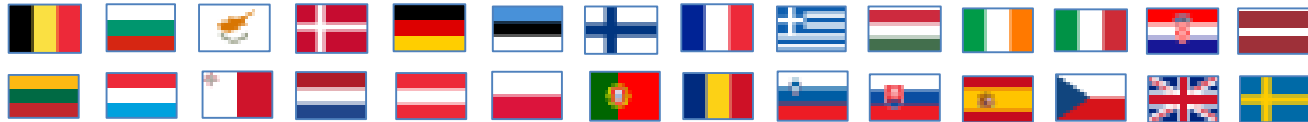
Bottom-up convergence pathways

European
Institutions



- Increased coordination of EU National Policies
- Regional RES support schemes

Member
States



Top down convergence pathways

An EU harmonised RES support scheme

❖ Drivers

- ❖ Internal Energy Market
- ❖ Promotion of least-cost technology options

❖ Challenges

- ❖ Political acceptability to MS
- ❖ No flexibility for MS RES policy design
- ❖ Could potentially lead to windfall profits for developers or no support at all



Top down convergence pathways

Strengthened state-aid guidelines post-2020 e.g.:

- ❖ No Member States opt-out from tendering principle
- ❖ Partial opening of support schemes
- ❖ Technology neutral tenders

❖ Drivers

- ❖ Move towards the internal energy market

❖ Challenges

- ❖ Member State acceptance
- ❖ Adjustment to conditions and energy policies in Member States



Bottom-up convergence pathways

Increased coordination of national support schemes:

- ❖ Alignment of MS on a voluntary basis on certain design elements of support schemes e.g. methodology to calculate the levelised cost of electricity.

❖ Drivers

- ❖ Leaves high flexibility for MS to design RES policy support schemes.
- ❖ Higher political feasibility than top-down approaches.
- ❖ Reduces transaction costs for project developers

❖ Challenges

- ❖ Slow progress towards the completion of the internal market.



Bottom-up convergence pathways

Regional clustering of support schemes:

- ❖ Could take the shape of cross-border joint support schemes (e.g. 3-4 Member States decide to join their support schemes area e.g. Nordic countries).

❖ Drivers

- ❖ Incremental progress towards the completion of the internal energy market.

❖ Challenges

- ❖ Needs a very strong political will from the MS.



Variable to the pathways

Market Design - Harmonisation of framework conditions e.g:

- ❖ Harmonised EU-wide provisions on market regulations e.g. balancing rules etc.



Next steps

- ❖ Definition of the RES Policy convergence pathways
- ❖ January 2016: Qualitative analysis of the pathways
- ❖ July 2016: Quantitative analysis of the pathways
- ❖ August 2016: Deriving Policy Recommendations



Timeline – Political Debate

- ❖ October- December 2015: EC 2030 Governance Communication
- ❖ Q4 2015- Q1 2016: EC Market Design Initiative
- ❖ 2016: EC Legislative proposal on Market Design
- ❖ 2016-2017: EC Renewable Energy Package including new Renewable Energy Directive

Comments or Questions?

