


**Pathways to reach the EU
renewables targets 2030 -
Will they lead towards
convergence of RES policies?**



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towards2030-dialogue**



Convergence has always been a goal of EU RES policy making

- ❖ Intense debate on harmonization of RES policy before adoption of the REDI in 2009, then shift towards voluntary cooperation mechanisms
- ❖ 2013: EU guidance on support scheme design and cooperation mechanisms, no top-down measures
- ❖ 2014 EU State Aid Guidelines: strong harmonization of RES-E support scheme design (market based/competitive bidding, direct marketing)
- ❖ **What type of convergence can be expected from the winter package?**



Is there a need for RES policy convergence in the EU?

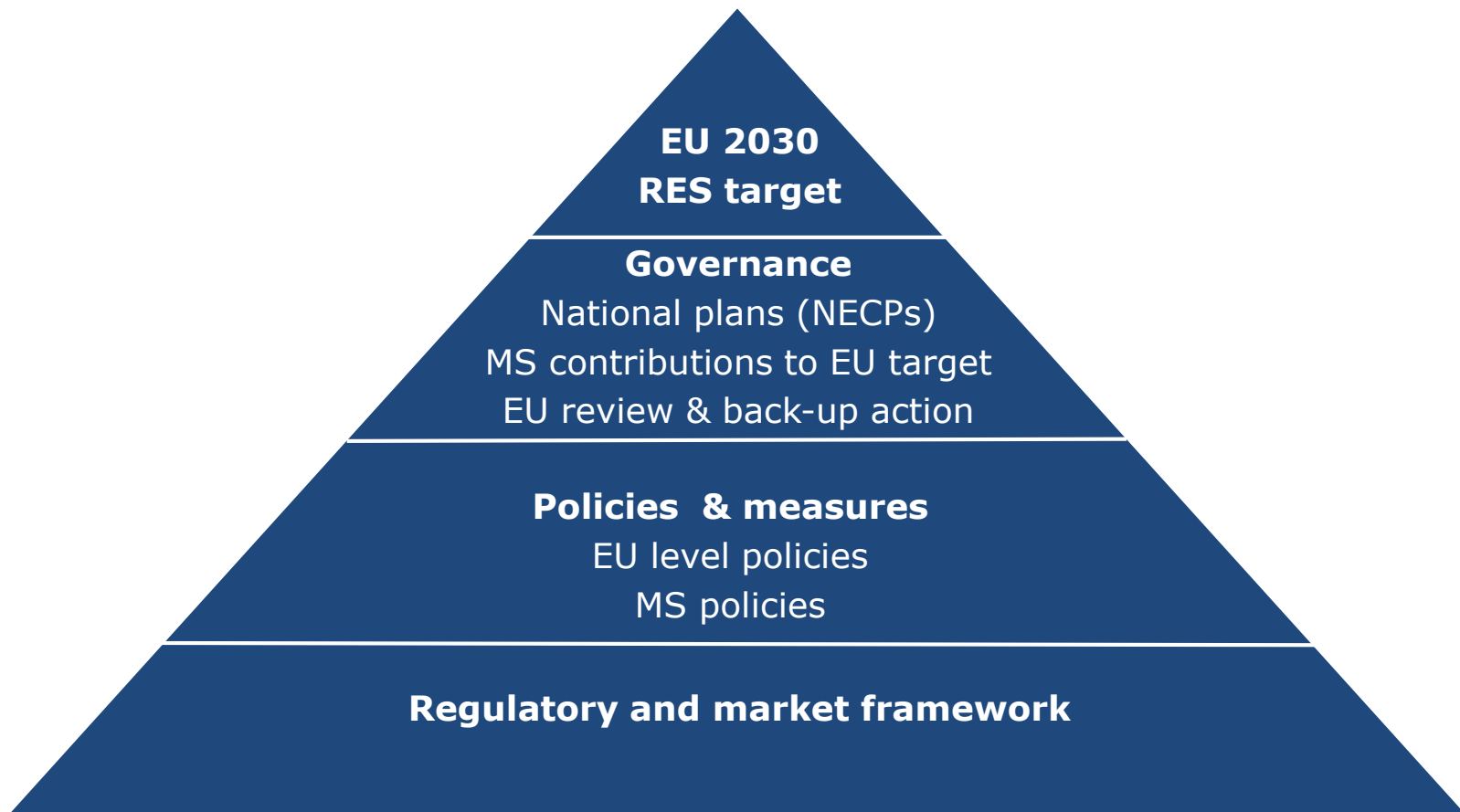
❖ Benefits of convergence:

- Internal Energy Market
- Optimised allocation of resources (especially RES-E)
- Increased competition, reduced transaction costs

❖ Challenges for convergence:

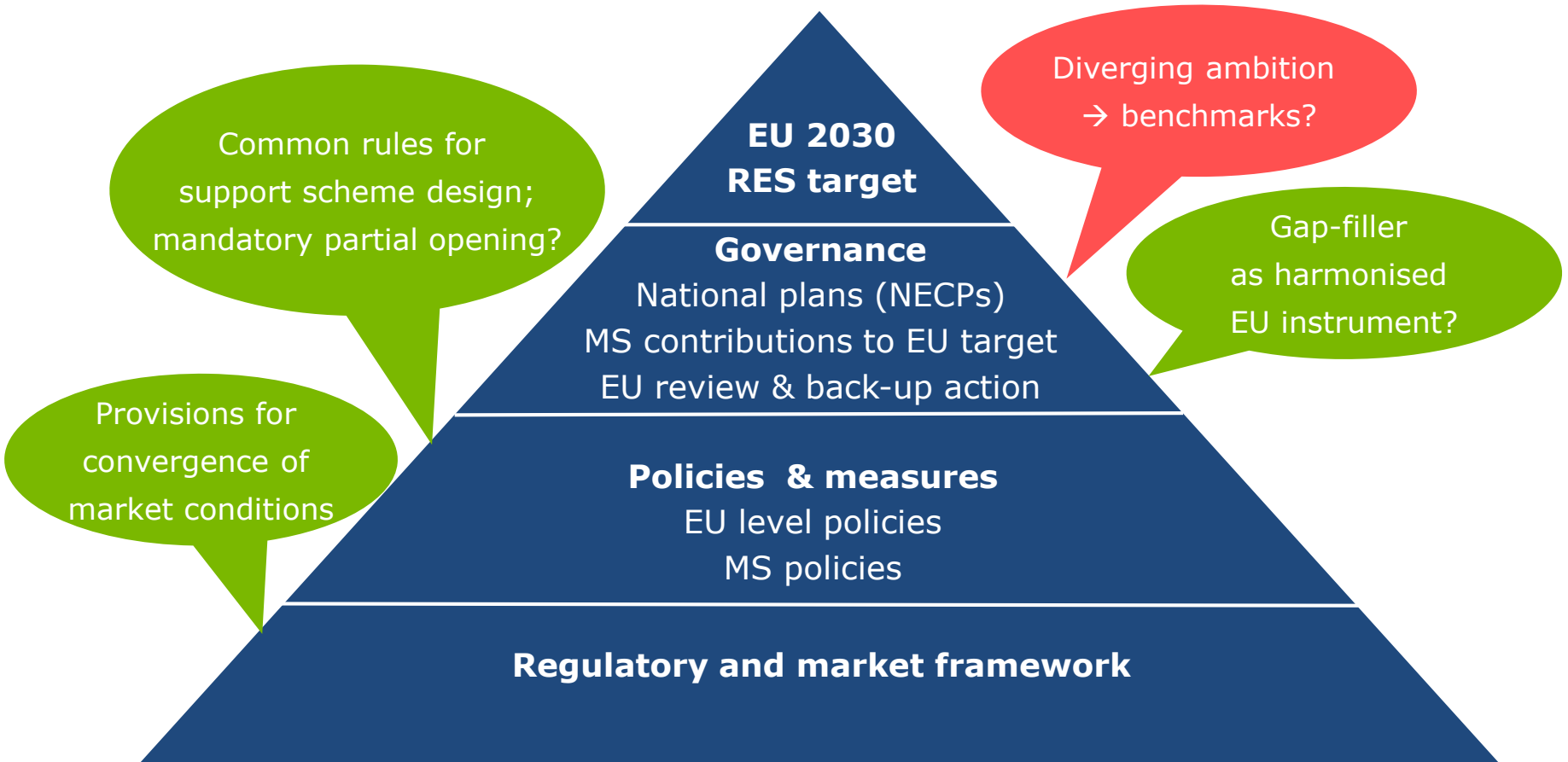
- Diverse regulatory and market conditions across EU Member States
- Different national priorities (reflected in energy policies and energy mix)
- Managing distributional effects (public acceptance)

Relevant elements of the EU 2030 RES architecture



Where could the new RES framework lead to further policy convergence?

towards **2030**



Systematic assessment of convergence pathways within Towards2030



- ❖ We identified and described pathways towards European convergence
 - Building on analysis of harmonisation pathways in the “beyond2020” project
 - Focus on RES-E convergence pathways in the policy debate
- ❖ Qualitative assessment of pathways
- ❖ Quantitative assessment (TU Vienna)



Top-down convergence pathways

Common EU
RES Policy Design



1. Introducing a harmonised support scheme
2. Applying the philosophy of market-based support to its full extent (stringent State Aid Guidelines)
3. EU adoption of common design principles or features for Member States RES support

National
RES Policy Design



Assessment of top-down convergence pathways

- ❖ Political and practical feasibility of implementing one harmonised EU support scheme appears low (approval by Council and Parliament; financing challenge); more realistic: obligation on MS and/or EU scheme complementary to MS (e.g. gap filler/avoider)
- ❖ Stringent enforcement of market principals (market based support, technology neutral, fully opened) would lead to same spatial RES distribution as fully harmonised EU quota
 - ❖ Benefits: Least cost technology deployment, strong convergence
 - ❖ Challenges: „hot spots“, windfall profits and low public/political acceptability
- ❖ Common design principles can ensure convergence of support scheme design without questioning national support schemes as such

Bottom-up convergence pathways

Common EU
RES Policy Design



4. Strengthened coordination of
national RES support schemes

5. Voluntary regionalisation of RES
support schemes

National
RES Policy Design



Assessment of bottom-up convergence pathways

- ❖ Building on ongoing process (mutual learning on policy design; some steps towards regional cooperation)
- ❖ Benefits: adapted to local circumstances, potentially higher public/political acceptance in the MS than top-down harmonisation
- ❖ Challenges: Slow progress towards convergence; no driver behind the process



A different type of convergence pathway....

Common EU
Policy Design



6. Phase-out of dedicated RES support
(ETS only)

National
RES Policy Design



This pathway cannot ensure 2030 RES target achievement!

Assessment of phase-out pathway

- ❖ Strong convergence in the sense of „ETS only“
- ❖ Green-X: projected carbon prices (PRIMES) would not lead to achievement of 2030 RES target
- ❖ Phase-out of support would lead to high uncertainty and risk premiums for RES sector (carbon and electricity market revenue risks)
- ❖ See separate paper (Janero et al. 2016) on drivers and barriers for phase-out of support



Conclusions

- ❖ The draft 2030 RES framework allows for a divergence of national RES contributions but leads to further convergence of RES policy measures
- ❖ Likely that top-down and bottom-up convergence will happen in parallel
- ❖ Top-down measures speed up convergence process but challenge public acceptability



Questions?

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