

Benchmarks and ambitions

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Elements of determining the EU RES target of 27%

- Strong role of renewables in Europe's future energy mix emphasized already by the „Energy Road Map“ (COM(2011) 885/2): *“Strong growth in renewables is the so-called 'no regrets' option.”*
 - General motivations are security of supply, economic competitiveness and environmental sustainability
 - The European Council adopted a **RES target of 27% by 2030** based on 40% GHG savings and 27% energy efficiency targets
 - Debate on 2030 governance informed by comprehensive impact analysis of all relevant economic drivers caused by renewable energy policy (energy system and macroeconomic impacts)
 - Key arguments for a RES target: Lower financing costs for capital intensive technologies and better coordination between generation and infrastructure planning
- Reducing the costs of EU Energy and Climate targets

First results: Identification and qualitative analysis of target setting

• RES-target on EU-level

EU council agreement
in October 2014:
27% RES target,
binding at EU level

Application level (geographic)	EU target
MS target allocation procedure	not applicable
Application level (sectoral)	GHG target plus RES and EE target
Bindingness of target	Binding at EU level
Target setting flexibility	Fixed at EU level

- Effort shared evenly across all EU energy consumers / citizens?
- Who is held (legally) responsible in case the target is not achieved?
- How are voluntary contributions by MSs incentivised?

Implementing the EU climate and energy framework - 2nd issue paper

• Policy recommendations

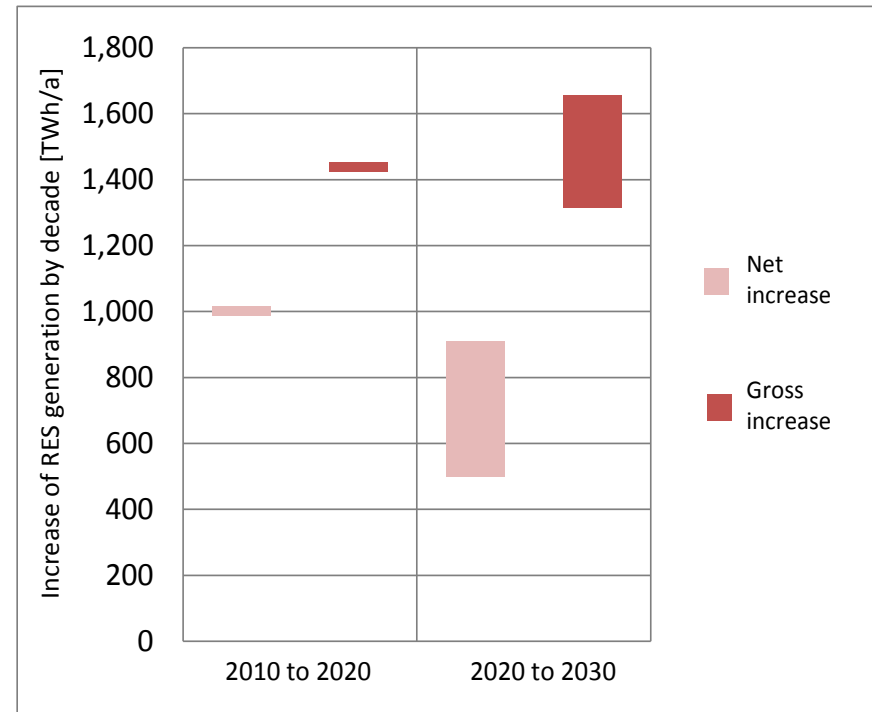
1. Moderate dedicated **support** for renewables is required to reach the 2030 target of 27% renewables.
2. **Benchmarks** of how to break down the EU-wide target to member states should be provided in order to encourage sufficiently ambitious pledges.
3. The concept of an **Energy Union** can be developed further by supporting regional targets for renewables and grid infrastructure.



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The EU RES target: Need for dedicated policies?

- The ambition level of the 2030 target on EU-28 level
 - In terms of the resulting macro-economic impacts the agreed target of 27% is only **moderately ambitious**
 - In terms of overcoming economic and non-economic barriers the ambition level of a 27% target should not be underestimated due to the need for **replacement of RES** plants build before 2010
- ⇒ **Moderate but dedicated support for renewables will be required to reach the 2030 target of 27% renewables**




Net and gross increase of renewable energy generation at EU level by decade (2010-2020 vs. 2020-2030)

The EU RES target: The role of national planning



- What are the requirements for the future RES governance?
 - EU target should be “*fulfilled through Member States contributions guided by the need to deliver collectively the EU target*”
 - All Member States should contribute → their share will be defined in the Integrated National Energy and Climate Plans (INECPs) replacing the targets set in art 3 of Directive 2009/28/EC
 - Increased flexibility for Member States (compared to 2020 framework) no individual but collective target achievement required
 - RES investors will need transparency and reliability to deliver the target → need for transparent and reliable planning framework; enforcement of EU target
 - Reliable national commitments also needed to coordinate investments in grids and generation assets
 - INECPs need to represent a reliable commitment

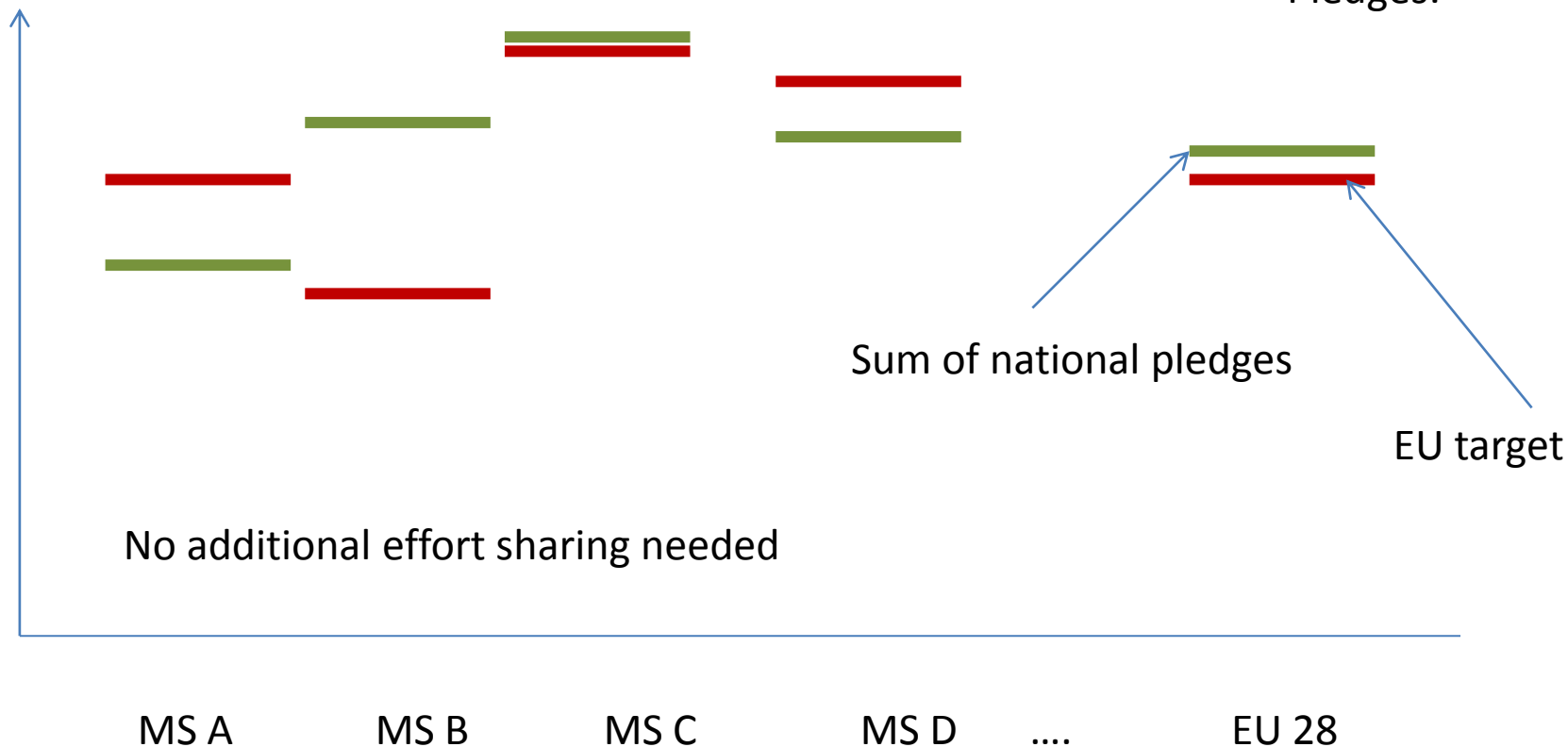
The EU RES target: The role of EC coordination

- The national “pledges” given by EU MSs in INECPs by 1.1.2019 may or may not add up to 27% EU target
 - If they add up to 27% → 
 - If they don't → need for “pledge and review” procedure?
- **Benchmarks** by the EC could facilitate the pledging procedure and guide MSs in objective setting
- **Combining national pledges with** a top-down **benchmark** provide quantitative indication for a potential national contribution
- A **first benchmark** could be based on the logic of the **2020 target allocation** (flat-rate increase + econ. strength + past efforts) + other transparent criteria (interconnections, ...)
- ⇒ **benchmarks of how to break down the EU-wide target might still be needed – eventually to define effort sharing for an EU gap filler**

Effort sharing for a potential gap – benchmarks versus pledges



Option 1: national pledges add up to the EU target

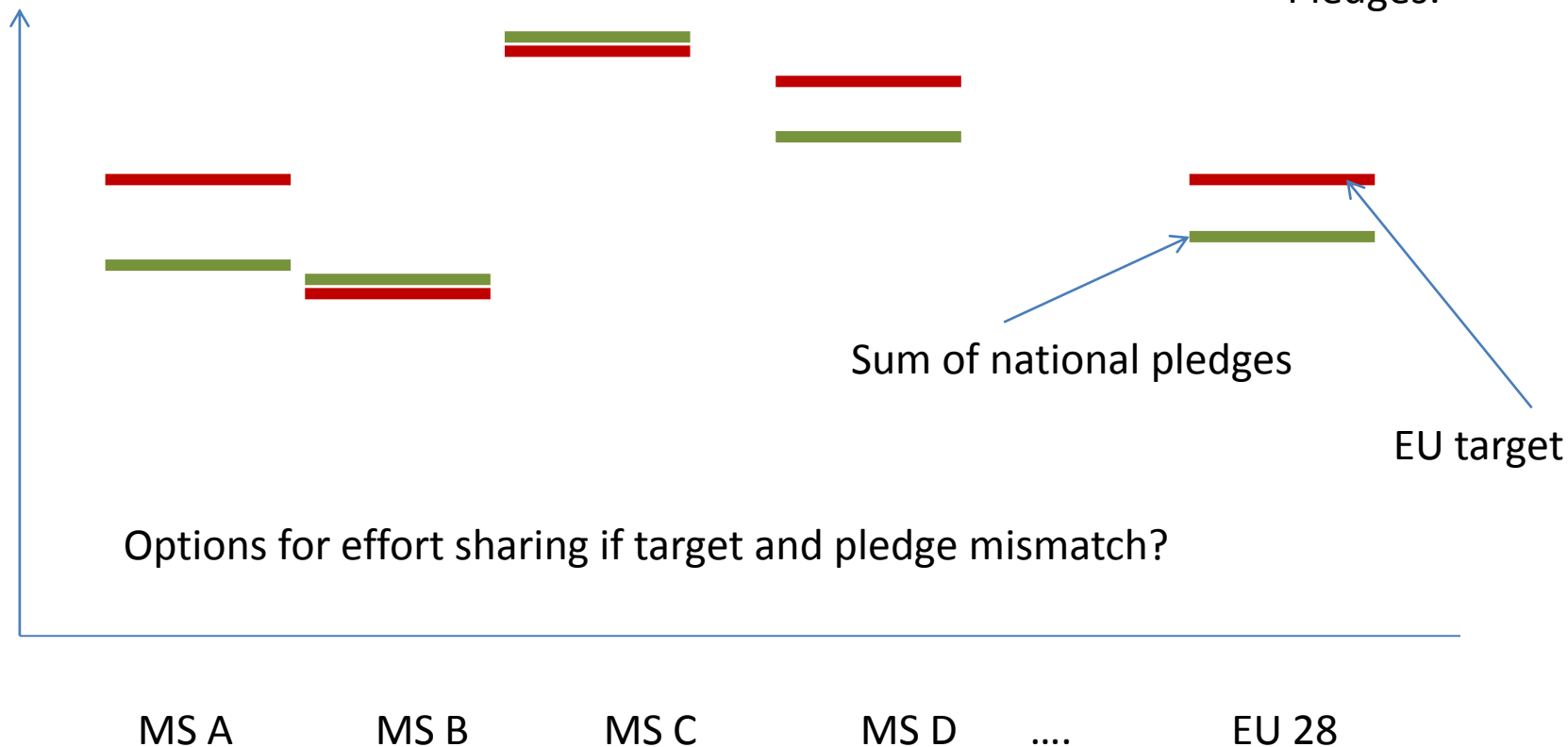
Benchmarks : 
Pledges: 



Effort sharing for a potential gap – benchmarks versus pledges

Option 2: national pledges do not add up to the EU target

Benchmarks : 
Pledges: 



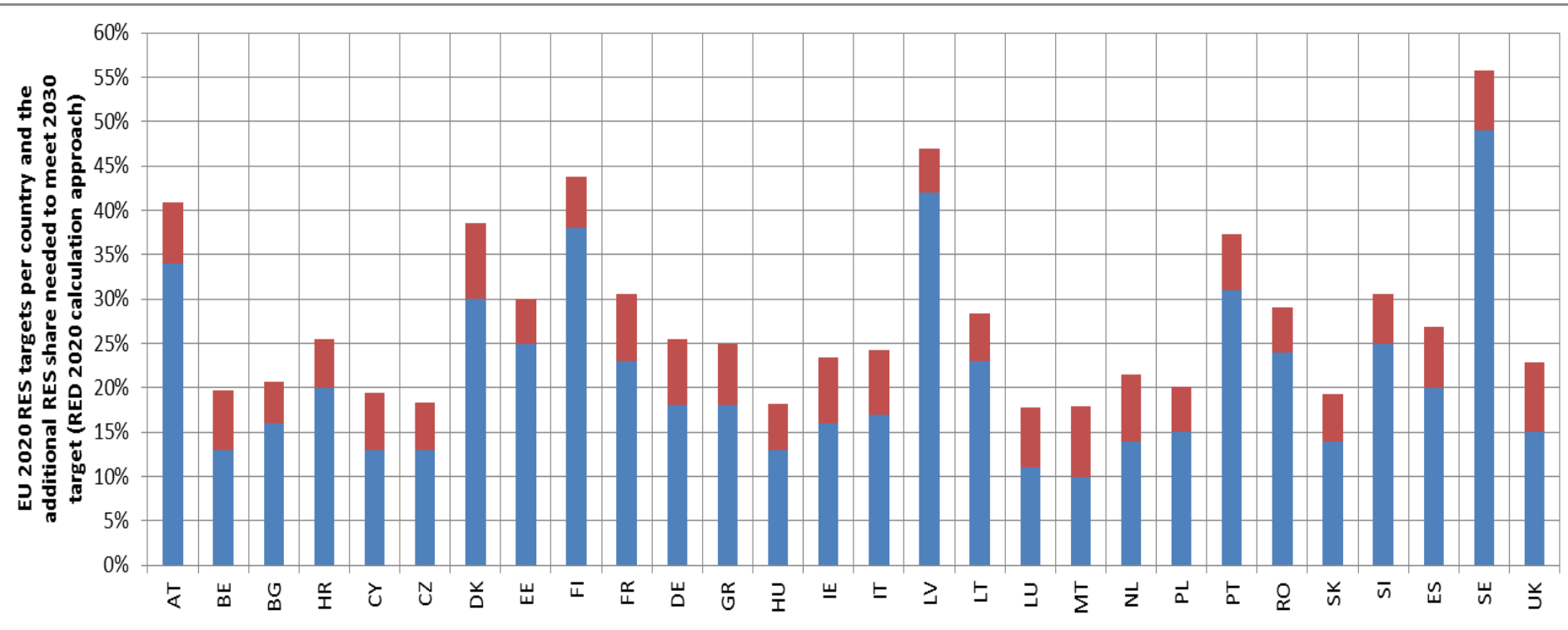
Options to break down the EU wide target

- 2020 allocation method
- Pure flat-rate approach
- GDP-based approach (default)
- GDP-based approach (modified)
- Potentials-based approach



The EU RES target: Need for EC guidance on national contributions?

- How to break down the EU wide target?
 - Base case is the 2020 allocation method



How to fill a potential gap between target and pledges?

- Requirements for the provision of incentives to MSs to contribute to collective fulfillment of EU target:
 - Minimize pledging gap by enabling conditions and proper pledging incentives
 - Minimize compliance gap by enabling conditions and proper compliance incentives
 - Take the fear of “paying twice” into account in designing the way to finance the gap filler
- MS contributions to the gap-filler need to account for ambitious pledges in order to minimize pledging gap
- The commitment level of the pledges needs to be sufficiently high in order to minimize compliance gap

Let's make the European Union the world
leader in renewable energy!

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