

Regional Dissemination Workshops

Design and impact of a harmonised policy for renewable electricity in Europe

- Summary of presentations and discussions-

Location and Date: Oxford, September 18th, 2013

Prague, October 2nd, 2013

Strasbourg, November 20th, 2013

Summary of the events

The core objective of these regional workshops was to undertake a critical reflection on the draft final results and recommendations of the beyond2020 project. The critical feedback has been incorporated into the final work within this project, aiming to deliver a set of finely-tailored and practical policy recommendations on the way forward for RES.

At the Prague event, a broad set of stakeholders (EU and national RES policy-makers, decision-makers from the private sector, academics, and (RES) industry) from Central and Eastern Europe had the opportunity to discuss the RES policy agenda for tomorrow – from both a national / regional and a European perspective. Thus, in addition to attendees from the Czech Republic, key stakeholders from neighbouring countries were also invited to attend this regional workshop in order to ensure the regional dissemination character of the event.

At the Oxford event, a broad set of stakeholders (EU and national RES policy-makers, decision-makers from the private sector, academics, and (RES) industry) had the opportunity to discuss the RES policy agenda for tomorrow – from both a national / regional and a European perspective. Thus, in addition to attendees from the UK, key stakeholders from neighbouring countries were also invited to attend this regional workshop in order to ensure the regional dissemination character of the event.

At the Strasbourg event the project team had the possibility to discuss directly with Members of the European Parliament the key main findings of the project and provided recommendations and insights for the current debate on renewable energy policy in Europe and in the Member States. The discussion contributed to the political discussion on RES targets, the interactions with the ETS and prospects for harmonisation at EU level after 2020.

There was general agreement among speakers and the audience that a degree of predictability, clarity and stability was required to create and maintain a climate in which RES-E investments and policy framework would continue and develop. The implications of this insight for the need for ongoing targets, however, were not unanimously agreed. For example, there was spirited discussion around the issue of whether there was a need for an EU-level target for renewables after 2020. Some suggested that significant progress had been made and that time was now needed for renewables to bed into the operation of the market: the fear was that, otherwise, the need for subsidies for the ongoing operation of such RES-E would become institutionalised, thus raising costs and reducing competition. On the other hand, others argued that targets continued to be necessary to drive investment, R&D, innovation and deployment.

"With a suitable mix of three targets for climate protection, renewable and energy efficiency, and respective policy measures, the right balance between competition and risk could be better maintained" said Dr. Mario Ragwitz from the Fraunhofer ISI. He declared that such balance would trigger mass deployment of low-cost options (e.g. through the ETS) while at the same time encouraging the smooth development of less mature technologies, with positive effects on the European innovation capability and competitiveness.



The beyond2020 project at a glance

With Directive 2009/28/EC, the European Parliament and Council have laid the grounds for the policy framework for renewable energies until 2020. The aim of this proposed action is to look more closely beyond 2020 by designing and evaluating feasible pathways of a harmonized European policy framework for supporting an enhanced exploitation of renewable electricity in particular, and RES in general. Strategic objectives are to contribute to the forming of a European vision of a joint future RES policy framework in the mid- to long-term and to provide guidance on improving policy design.

The final outcome will be a finely-tailored policy package, offering a concise representation of key outcomes, a detailed comparison of the pros and cons of each policy pathway and roadmaps for practical implementation. The project will be embedded in an intense and interactive dissemination framework consisting of regional and topical workshops, stakeholder consultation and a final conference.

Further information is available at: www.res-policy-beyond2020.eu.

Regional Dissemination Workshop in Oxford

Design and impact of a harmonised policy for renewable electricity in Europe

(Draft) Final results of the detailed RES policy assessment within the beyond2020 project

Location: The Cube lecture theatre, Faculty of Law, St Cross Road, Oxford, United Kingdom

Date: Wednesday, 18 September 2013 (10:30-16:30 BST)

Agenda:

10:30-11:00	<i>Welcome coffee and registration</i>
11:00-11:20	Welcome and Overview of the beyond2020 project Gustav Resch, EEG
11:20-11:40	RES policy (beyond 2020) from a UK perspective UK policy maker / expert (tbc)
11:40-12:00	Questions and discussion
12:00-12:20	Potential areas of difficulty under EU Law Angus Johnston & Dörte Fouquet, BBH / UOXF
12:20-12:40	Interactions between RES-Policies and Electricity Markets Pedro Linares, Universidad Pontifica Comillas
12:40-13:00	Questions and discussion
13:00-14:00	<i>Lunch Break</i>
14:00-14:20	Final results of the <i>cost-benefit analysis</i> and quantitative assessment of RES policy pathways beyond 2020. (Results WP4), Gustav Resch, EEG
14:20-14:40	Integrated policy assessment and strategic aspects, (draft) final results Simone Steinhilber, Fraunhofer ISI
14:40-15:00	Questions and discussion
15:00-15:20	<i>Coffee Break</i>
15:20-15:40	Interacting policy aspects for RES beyond 2020 Isabelle de Lovinfosse , ECOFYS and Felipe Toro, IREES
15:40-16:00	Conclusions and recommendations on future RES policy design from the beyond2020 project Gustav Resch, EEG
16:00-16:25	Final interactive discussion forum
16:25-16:30	Final wrap-up Gustav Resch, EEG
16:30-Open	<i>Farewell Drinks</i>

Key content / statements of the beyond2020 team and external speakers:

Presentations by Rob Watson (CMS Cameron McKenna) and Claes Hedenström (Vattenfall)

There was general agreement among speakers and the audience that a degree of predictability, clarity and stability was required to create and maintain a climate in which RES-E investments would continue and develop. The implications of this insight for the need for ongoing targets, however, were not unanimously agreed. For example, there was spirited discussion around the issue of whether there was a need for an EU-level target for

renewables after 2020. Some suggested that significant progress had been made and that time was now needed for renewables to bed into the operation of the market: the fear was that, otherwise, the need for subsidies for the ongoing operation of such RES-E would become institutionalised, thus raising costs and reducing competition. On the other hand, others argued that targets continued to be necessary to drive investment, R&D, innovation and deployment.

It was also highlighted in discussion that both the EU and its Member States had to be careful not to damage the fragile trust in RES-E promotion policy: the examples of the UK's abortive attempt retroactively to cut FIT rates for household solar installations and Spain's attempts to avoid the significant costs engendered by its successful (in terms purely of deployment levels) RES-E promotion system were cited. The presence and potential for legal rules – to protect and defend the legitimate interests and expectations of various parties in and under those (national) RES-E schemes – was emphasised, although it was suggested that such successes (as in the UK) can often be slow and under-reported, so that the damage to trust in such systems may be difficult to repair.

Finally, it was stressed that there was a need for definitional clarity when talking about 'renewables' and the scope of the term. For example, in some countries the role of renewables outside the electricity generation sector is crucial (e.g. biomass for heating in the Nordic countries, and transport-related energy generation and consumption), which raises specific questions and demonstrates the need to pay close attention to national specificities. Thus, while broader biofuels policies might suggest one approach, the use of biomass for CHP in some areas might require individual attention, lest significant local cost and logistical difficulties be the result.

Presentations by Angus Johnston & Eva van der Marel (University of Oxford) and Pedro Linares (Universidad Pontificia Comillas)

There was much discussion of the various assumptions made in building the electricity market models used, as well as the way in which the data had been presented.

Concerning the legal presentation, the implications of any future EU-level legislation for domestic RES-E systems was addressed, in particular the relationship between such legislation and the ongoing State aid assessment of national support schemes. Returning to the point relating to stability and certainty, it was suggested that a preference for less intensive and less far-reaching EU-level harmonization legislation clashed with a desire for greater stability and certainty for investors and market actors. This led into a discussion of the Commission's ongoing review of its State aid legislation (block exemption Regulation) and guidelines (especially on environmental support generally, and RES-E support schemes in particular), and its potential implications for the landscape within which any future EU-level renewables legislation would have to function. There was concern that Commission policy adopted in specific RES-E guidelines might achieve harmonization 'by the back door' of preferable or acceptable types of national RES-E support schemes; in the absence of official proposals, it was difficult to comment on such fears in any detail, although it was acknowledged that if such 'back door' harmonization were pursued by the Commission, there might be questions about its competence to do so, especially in light of the shared competence granted by Article 194 TFEU and the roles of the Council and the European Parliament in the exercise of that competence.

Presentations by Gustav Resch (TU Wien / EEG) and Simone Steinhilber (Fraunhofer ISI)

The first discussion point concerned the possible scope for higher RES-E and/or ETS targets, given that the Commission's approach seemed to aim for 80% emissions reductions (expecting the rest to be met by international trading of allowances/permits or equivalents), whereas the Council had stated that there was a need to pursue reductions of 80 to 95%. The fear was that, if the EU did not constantly push towards this higher target, the pressure to achieve such goals would be removed (or at least worryingly reduced). The Beyond 2020

project had taken the Commission's Roadmap to 2050 as its reference point and it was felt that trying to insist on significantly greater reductions might prove unrealistic in the present political climate, although it was acknowledged that the pressure to make reductions needed to be maintained.

It was also suggested that a wider range of the 'co-benefits' of RES-E should be taken into account when assessing the viability and cost-effectiveness of any future EU-level RES-E promotion regime. It was acknowledged that this, among various other possible benefits and effects, would be useful to include in the analysis; at the same time, the difficulty was the ability to acquire accurate and reliable data to make such an assessment in a clear and verifiable fashion.

There was then discussion concerning possible differences in costs (etc) levels between different types of support scheme (e.g. FIP, FIT vs. Quotas, TGCs, etc). Even if one were to reject a simplistic, EU-wide TGC-based system, one could nevertheless envisage a more differentiated approach (e.g. TGC for large-scale generation, and a different tier for R&D in un(der)developed technologies): some USA-based examples might be pursued in this vein. It was acknowledged that, of course, a more complex and differentiated EU system (incorporating national-level variations, etc) could be developed (or indeed maintained). One example of such differentiation could be seen as the approach of banding TGCs in various countries (like the UK) or offering different premium or tariff levels depending upon the RES-E technology being supported.

It was objected that, if the EU were to adopt a requirement that all national systems use a FIT/FIP system, this would remove all competition because the result would be regulated prices (unlike, in theory, TGC-based systems). In reply, it was stressed that price competition was not the only relevant and important type of competition in such activities: development, innovation, deployment, efficient operation (etc) could all be incentivised under a FIT/FIP system, thus creating significant competition over time between various actors up and down the value/distribution chain.

Presentations by Felipe Toro (IREES) and Isabele de Lovinfosse (Ecofys)

In assessing the international competitiveness implications of 'internal' EU RES-E rules for domestic EU business, the methodology of how to assess the various factors involved might perhaps draw some lessons from current EU practice in analogous areas. The presentation mentioned the free allocation procedure under the EU ETS; other possible areas of interest might include the EU's anti-dumping rules, and perhaps even the WTO's rules under the Agreement on Subsidies and Countervailing Measures.

With regard to the interaction between the EU's policies and rules on RES-E and the ETS, it was acknowledged that some co-ordination between the two had been attempted, but that other developments (recession and resulting emissions reductions, e.g.) had not been foreseen when such co-ordination had been pursued. Further, the issue of how to account for such interactions in future was raised, including the need to be careful about how much should be pursued ex ante (i.e. at the design stage or, at least, prior to each round of allocation/auction) and what should be left to ex post adjustments (and how, and by which body). Lessons might be learnt here from work on energy efficiency and dynamic baselines, and more generally any such interactions analysis should also endeavour to cover the impact of energy efficiency developments.

Finally, there was lively discussion about the logistics of rules which would allow adjustment of the EU ETS. Some advocated a move to a carbon tax, while others acknowledged that, although that might be attractive, this would be politically very difficult at this stage. Others recommended a progressive move of ever more emissions sectors into the traded sector, thus reducing the distortions which might be caused at the edge of the scope of the ETS but where RES-E obligations might still apply. Another issue concerned the design of legal rules to specify the trigger for, and the extent of the power to effect, ex post intervention, which led to a discussion of the recent difficulties in securing European Parliament approval of the amendment to the current EU ETS to allow such ex post interventions by the Commission and the limited scope of the rules finally adopted.

Regional Dissemination Workshop in Prague

Design and impact of a harmonised policy for renewable electricity in Europe

Final results of the detailed RES policy assessment within the beyond2020 project

Location: Grand Hotel Bohemia (Room Boccaccio), Kralodvorska 4, Prague, Czech Republic

Date: Wednesday, 2 October 2013 (10:30-17:30 CET)

Agenda:

10:00-10:30	<i>Welcome coffee and registration</i>
10:30-10:40	Welcome from Czech Technical University (CVUT) in Prague Jaroslav Knapek, CVUT
10:40-11:00	Welcome and Overview of the beyond2020 project Christian Panzer, EEG
11:00-11:15	Questions and discussion
11:15-11:40	Final results of the <i>cost-benefit analysis</i> and quantitative assessment of RES policy pathways beyond 2020 Christian Panzer, EEG
11:40-12:10	Potential areas of difficulty under EU Law Angus Johnston & Jana Nysten BBH / UOXF
12:10-12:40	Questions and discussion
12:40-13:50	<i>Lunch Break</i>
13:50-14:20	Integrated policy assessment and strategic aspects, (draft) final results Simone Steinhilber, Fraunhofer ISI
14:20-14:40	Interacting policy aspects for RES beyond 2020 Corinna Klessmann, ECOFYS and Felipe Toro, IREES
14:40-15:00	Interactions between RES-Policies and Electricity Markets Marian Klobasa, Fraunhofer ISI
15:00-15:20	Questions and discussion
15:20-15:40	<i>Coffee Break</i>
15:40-16:00	RES policy (beyond 2020) in the Czech Republic Martin Laštůvka, Representatives from Energy regulatory office in the Czech Republic
16:00-16:15	RES policy (beyond 2020) in the Czech Republic Pavel Gebauer, Representative from Ministry of industry and trade in the Czech Republic
16:15-16:40	Final interactive discussion
16:40-16:50	Conclusions and recommendations on future RES policy design from the beyond2020 project Christian Panzer, EEG
16:50-17:30	<i>Farewell Coffee</i>

Key content / statements of the **beyond2020 team and external speakers:**

Presentations by Christian Panzer (TU Wien / EEG)

The topic of discussion was the final results of the cost-benefit analysis and quantitative assessment of RES policy pathways beyond 2020. The basic discussion was centred on the level of harmonization that could be applied regarding the fact that a full harmonization level was unlikely to be agreed among the EU Members.

Presentations of Angus Johnston (UOXF) and Jana Nysten (BBH)

Potential areas of difficulty under EU Law: The discussion was as well as in the last presentation with respect to the EU compliance of the different harmonization levels, regarding the agreements. A soft or minimum harmonization level is presented as legally feasible while other higher levels of harmonization would need an exemption from the court. Some comments about progressive harmonization were made, referring to the fact of applying soft harmonization and tendering its way to a medium harmonization level.

Pavel Gebauer (Representative from Ministry of industry and trade in the Czech Republic)

Main topic was the RES policy in the Czech Republic and planned switch of RES support from operational support to the support of low carbon technologies incl. RES. The representative from the Ministry of industry and trade gave insights on the development on renewables, biomass being the main supported type of renewable energy source in Czech Republic. Also a new legislation is to implement for pipelines on low carbon technologies to reduce CO₂, other legislations that were being developed at that moment were for cogeneration technologies. At last the main concern of the Czech agenda is cost efficiency in the industry and reduction of very high impact of RES support on electricity prices (to keep competitiveness of the Czech industry). He also mentioned high potential for energy savings and for the increase of energy efficiency in the Czech Republic.

Lubos Vrbata (Representative from Energy Regulatory Office in the Czech Republic)

The main topic was the presentation of present figures on RES power generation and RES financial support and presentations of major currently discussed ideas for changes in RES support scheme. ERO representative highlighted the total value of financial RES support (for power generation) on the level 1777 mil. EUR (expected value for 2013). FIT and green bonuses introduced into the support scheme created good incentives for the investors which resulted in rapid growth of RES power generation. But the way of RES support (support of all RES types without to the link to economic effectiveness) has led to the quickly growing power prices both for households and the industry. The other imperfections of the support scheme between 2006 and 2012 were lack of financial limits for support and the absence of other stopping mechanisms. He presented major ideas for RES support after the year 2015 – orientation to the most effective domestic sources (e.g. biomass), creation of motivation to use RES preferably for own consumption or for consumption on the regional level and also motivation to increase efficiency of already running projects). He also highlighted possible switch from operational support to the investment support (in relation to effectiveness of carbon emissions savings).

Parliamentary Breakfast in Strasbourg

Design and impact of a harmonised policy for renewable electricity in Europe

Final results of the detailed RES policy assessment within the beyond2020 project

Location: European Parliament, Strasbourg

Date: Wednesday, 20 November 2013 (8:00-9:00)

Agenda:

8:00-8:15	Welcome by Claude Turmes, MEP
8:15-8:20	The beyond2020 project at a glance Gustav Resch & Mario Ragwitz, TU Wien / EEG & Fraunhofer ISI
8:20-8:30	Legal aspects - potential areas of difficulty under EU Law Emmanuelle Raoult, BBH
8:30-8:40	Cost-benefit analysis, key results of the quantitative assessment of RES policy pathways beyond 2020; Gustav Resch, TU Wien / EEG
8:40-8:50	Integrated policy assessment and strategic aspects Simone Steinhilber, Fraunhofer ISI
8:50-9:00	Discussion

Key content / statements of the beyond2020 team:

Modelling results from the TU Vienna consortium indicated that if the ETS were the only instrument applied, this would result in a renewables share of only about 26 percent in 2030, compared to 31.2 percent in the other analyzed scenarios. However, renewables drive down wholesale electricity prices through the so-called merit order effect on the electricity and CO₂ markets. A lower renewables share would save on support costs for renewables, but would also see higher wholesale electricity and CO₂ prices, thus resulting in roughly the same financial burden to electricity consumers. "We can have more renewables at the same cost but for doing so a clear commitment is needed, and a binding 2030 renewables target is a forward-looking first step in this direction" said Dr. Gustav Resch from the Energy Economics Group at TU Vienna.

Additionally, Fraunhofer ISI has calculated a 41 percent cost-effective end-use energy savings potential for 2030. This result was based on a detailed bottom-up assessment of the energy savings potential in individual sectors by Fraunhofer ISI: industry (21 percent), residential (61 percent), tertiary (38 percent) and transport (41 percent). Realizing this potential would result in €240bn net savings per year in 2030 on energy bills for householders and industry in Europe. Thus, a reasonable 2030 target for energy efficiency appears highly beneficial and would help the consumers further to lower their energy costs.

"With a suitable mix of three targets for climate protection, renewable and energy efficiency, and respective policy measures, the right balance between competition and risk can be better maintained" said Dr. Mario



Co-funded by the Intelligent Energy Europe
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Ragwitz from the Fraunhofer ISI. This would trigger mass deployment of low-cost options (e.g. through the ETS) while at the same time encouraging the smooth development of less mature technologies, with positive effects on the European innovation capability and competitiveness.