

International Mid-Term Conference

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

**Location: Bedford Hotel & Congress centre,
135-137, rue du Midi, 1000 Brussels, Belgium**

Date: October 10th, 2012

Summary of the event

A major key event for the beyond2020 project was the *International Mid-Term Conference*, which took place on 10 October 2012 in Brussels, Belgium. The event was organized by IREES, and supported by all project partners within the dissemination framework, and presented deep analysis and interactive discussion around the *design and impact of a harmonised policy for renewable electricity in Europe*.

This international conference attracted the participation of over 70 different stakeholders from EU institutions, national governments and policy-makers, energy companies, producers associations from the RES Industry, as well as consultants and research institutions, all of them being key target audiences to discuss and disseminate the interim findings reached during the first half of the project.

Major results presented at the event correspond to the identified pathways for harmonisation of RES support beyond 2020. These include a first pre-assessment of various harmonization concepts from a techno-economic and conceptual point of view, discussing their policy practicability, complemented by an analysis of RES policy options from the legal perspective on potential areas of difficulty under EU Law. Furthermore, as presented and discussed at the conference, the ongoing assessment of proposed RES policy pathways within beyond2020 is multi-faceted and considers a comprehensive cost-benefit analysis of policy options as well as the interactions between RES-policies and electricity markets, examining several interacting aspects in grid-related issues, technologies and electricity prices. The forthcoming integrated policy assessment will incorporate stakeholder views and positions gained through interviews, questionnaires and discussions, as well as strategic aspects, highlighting practical aspects, challenges and major issues to be taken into account, if harmonisation and convergence are to be taken to the next step.

The active participation of the European Commission in the event provided a comprehensive overview of the most important current issues at the European level. Expected developments after 2020 on RES-Electricity support mechanisms and policies, and the implications and possibilities of harmonisation, as well as other ways of convergence, also including a stronger interaction between climate policies and renewable energy policies, were presented and intensively discussed. It emerged

that it was still premature to identify preferred options for beyond 2020. Thus, the importance of the beyond 2020 project to analysing the effect of a broad set of policy options and in providing concrete recommendations and inputs for policy makers and other stakeholders was confirmed.

The event concluded with a roundtable discussion, taking into account various stakeholder views from policy-makers, energy producers, producer associations and other consultants and research institutes in the field, providing views and findings from other topically related parallel IEE activities (e.g. RES4LESS).

The discussion emphasized the importance of the electricity market structure and possible reforms to increase the RES-Electricity base. It was suggested that the participation and future diffusion of RES technologies, as well as the bottom-up (harmonisation) aspect of future diffusion, would contribute to overcoming barriers to market entry, especially in low-risk projects. It was noted that current support schemes in place have already achieved some progress in renewables penetration, but room for improvements and better coordination and cooperation is apparent: that could also be achieved partly within the analysed harmonisation pathways. It was noted that not all externalities are taken into account for current generation plants and the benefits of RES-E should further be supported with greater transparency for current schemes and guarantees to avoid over-compensation. The upcoming communications from the European Commission are expected to shed light on relevant issues, tackling the interaction between RES policies and: the development of the ETS; guidelines; technologies; and electricity markets. Thus, beyond2020 aims to continue to provide timely contributions to the current debates.



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.

Final Agenda:

9:00-9:40	Registration
9:40-9:55	Welcome and Overview of the beyond2020 project Gustav Resch, EEG
9:55-10:10	Welcome by the EACI William GILLETT, EACI
10:10-10:35	Europe's RES Strategy beyond 2020 Tom Howes, European Commission, DG ENER
10:35-11:00	Policy criteria and possible policy pathways for harmonization Pablo del Rio, CSIC
11:00-11:15	Discussion
11:15-11:35	Coffee Break
11:35-12:00	Potential areas of difficulty under EU Law Jana Nysten & Angus Johnston, BBH / UOXF
12:00-12:20	Assessment of harmonization concepts and their practicability - first results, Corinna Klessmann, ECOFYS
12:20-12:35	European RES policy beyond 2020 from an energy company/utility perspective, Bugra Borasoy, EnBW
12:35-12:50	Discussion
12:50-14:05	Lunch Break
14:05-14:25	Cost-benefit analysis, initial results of the quantitative assessment of RES policy pathways beyond 2020, Gustav Resch, EEG
14:25-14:50	Interactions between RES-Policies and Electricity Markets Carlos Batlle, Comillas & Marian Klobasa, Fraunhofer ISI
14:50-15:20	Integrated policy assessment and strategic aspects, initial results Simone Steinhilber, Mario Ragwitz, Fraunhofer ISI
15:20-15:40	Discussion
15:40-16:00	Coffee break
16:00-17:00	Roundtable: RES policy beyond 2020 – aims, needs, next steps? Moderator: Mario Ragwitz Panel members: Tom Howes (EC/DG ENER), Josche Muth (EREC), Francesco Dalla Longa (ECN), Verena Holzer (E.ON), Susanne Langsdorf (Ecologic/Heinrich Böll- Stiftung)
17:00-17:15	Final Discussion and wrap-up Gustav Resch, EEG

Key content / statements of the beyond2020 team:

Policy criteria and possible policy pathways for harmonization (Pablo del Rio, CSIC)

The aim is to provide a definition and elaboration of policy criteria and feasible policy pathways. Seven assessment criteria are elaborated: Effectiveness, cost-effectiveness, dynamic efficiency, environmental and economic effects, socio-political - and legal feasibility. A matrix of policy pathways including pathway components (policy instruments and framework conditions) and degrees of harmonization is provided and discussed with the audience.

Potential areas of difficulty under EU Law (Jana Nysten & Angus Johnston, BBH & UOXF)

The objective is to assess the legal feasibility of different harmonization approaches. One challenging question concerns the legal basis for EU-level action in the energy field. Article 194 TFEU was introduced as a result of the Treaty of Lisbon and, as a new provision with rather vague wording, its precise implications are not yet

completely clear. In particular, the caveat in the second sentence of Article 194(2) clearly introduces some limits upon the EU's competence. However, it might be interpreted as introducing an area of exclusive Member State competence (and thus no EU competence) on such matters (although this is considered unlikely); or it might amount to a requirement of unanimous voting in the Council on any such EU measure (perhaps the easiest practical solution); or it could operate as a form of Treaty-level derogation for a Member State from any EU measures adopted under Article 194.

Assessment of harmonization concepts and their practicability - first results (Corinna Klessmann, Ecofys)

The debate on harmonization is contextualized into the wider integration process of the EU and pros and cons of harmonization of RES-E support schemes are discussed. As a conclusion an interplay between coordination, cooperation (bottom-up, between member states) and selective harmonization (top-down, e.g. minimum design criteria, EU-opt out or advanced cooperation) is determined to be the most functional and feasible pathway to support policy convergence and subsequent market integration, while taking into account a wide variety of differences between member states at the same time.

European RES policy beyond 2020 from an energy company/utility perspective (Bugra Borasoy, EnBW)

Mobilization of investors is crucial to achieve European goals in the deployment of renewable energies. Important requirements for attracting investors are legal certainty and a sound legal protection. Furthermore, public acceptance and engaging citizens in the decision making process is crucial, as well as transparency and efficiency in the approval process. Incentives for infrastructural measures, such as grid extensions and storage facilities, are required to provide energy security and grid stability. Regional and technological differentiation of support is a measure to mitigate both regional and technological concentration of RE installations.

Cost-benefit analysis, initial results of the quantitative assessment of RES policy pathways beyond 2020 (Gustav Resch, EEG)

The RES Directive (Directive 2009/28/EC) lays the ground for the RES policy framework until 2020, but a strategy and clear commitment to RES beyond 2020 is needed (if RES is to deliver what is expected). The initial results of the policy assessment indicate that cooperation and coordination among Member States appears beneficial and, indeed, is required to tackle current problems in RES markets. Thus, both policy options would also appear to be fruitful for the period beyond 2020. By contrast, "simplistic approaches" to RES policy harmonization (e.g. via a uniform RES certificate trading) cannot be recommended in either the short or the long term.

Interactions between RES-Policies and Electricity Markets (Carlos Batlle & Marian Klobasa, Comillas & Fraunhofer ISI)

The objective of this first stage of WP5 has been to review existing studies of the interactions between RES-E and electricity markets, grid policies and regulatory designs, in order to inform the assessment of the impacts of different RES-E policy pathways. The deep analysis of the literature as well as the work developed by the team shows that regulatory design will be crucial for both the future deployment of RES-E as well as for the overall efficiency of wholesale markets and grids. Additionally, the first electricity price projections from the Power ACE model show a long term increase of the average market prices mainly due to the assumed increase of CO2 prices and possible capacity shortages.

Integrated policy assessment and strategic aspects, initial results (Simone Steinhilber, Fraunhofer ISI)

A multi criteria analysis will be carried out to provide a ranking of policy pathways depending on how highly each alternative scores in each criterion, weighted by the decision makers. The PROMETHEE method will be used for this analysis. Weighting vectors of various decision makers are needed as an input to the model. To obtain an impression of the spread of opinions, participants were asked to fill in a criteria weighting questionnaire.