

## Meeting the 2030 renewable energy objective thanks to a robust governance system

The 2030 climate and energy package agreed by the European Council in October 2014 sets a binding EU-wide target for renewable energy of at least 27%. Meeting this target will be instrumental in driving down costs and help establish the EU as a global leader in renewables.

In the absence of national binding targets, guarantees need to be put in place regarding the commitments of Member States to renewable energy deployment. To this end, the European Commission should table a proposal for a robust and transparent governance system in 2015.

The following document spells out the proposals of the European Wind Energy Association with a view of:

- Having an early indication of Member State contributions towards the EU-wide renewable energy target;
- Ensuring that any gap between the addition of the national contributions and the binding EU-wide target is bridged;
- Guaranteeing that Member States deliver on their renewable energy contributions.

Ultimately this governance system will need to be implemented through legislation agreed in co-decision thereby ensuring the Member States and European Parliament are adequately involved. This process will ensure a strong legal basis, limit investor risk and therefore ensure a cost-effective implementation of the renewable energy target.

A successful 2030 climate and energy framework will require more than sound governance. This paper is an addition to the general contribution of the European Wind Energy Association on well-functioning electricity markets, adequate infrastructure and structurally sound ETS in the context of the 2030 package.<sup>1</sup>

### Key principles:

- The implementation of the renewable energy target should be underpinned by a robust and transparent governance system;
- The renewable energy component of the national plans for competitive secure and sustainable energy should be developed in a context of regional cooperation;
- If Member States fail to set adequate contributions, trigger mechanisms at EU or regional level should be activated allowing the European Commission to take responsibility for meeting this EU-wide objective;
- The governance system should be proposed in 2015 and enshrined in legislation well in advance of 2020 to give visibility and stability to investors.

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<sup>1</sup> [EWEA position paper 30 May 2014](#)

## I. Renewables investment sharing mechanism

### A. Defining national renewable energy contributions

Given the long-term investment horizon of the energy sector, investors already need visibility on the post-2020 period to ensure a seamless transition between the current regime and the 2030 climate and energy framework.

As stated in the 24 October 2014 European Council conclusions, Member States contribution will be *guided by the need to deliver collectively the EU target*. The binding nature of the EU-wide target points to a necessary coordination by the European Commission which is ultimately responsible for enforcing EU policies.

By December 2015, the European Commission should propose 2030 renewable energy benchmarks for each Member State which, aggregated, meet at least the EU-wide objective. The benchmarks would be based on the methodology used in directive 2009/28/EC - based on a flat rate increase and Member State GDP.

On the basis of the benchmarks, Member States would define the post-2020 renewable energy component of their national plans for competitive, secure and sustainable energy. These self-defined national contributions should be set by December 2017. Member States will then implement frameworks for renewable energy deployment in line with these national plans.

In parallel, the Member States should engage in a dialogue with neighbouring countries to coordinate on key enablers for renewable energy deployment - infrastructure, power system operation, spatial planning and environmental frameworks. This step by step process, supported by the European Commission, will be instrumental in finding cost-optimal solutions rather than a nationally-focussed approach.

Member States that go beyond the Commission's proposed growth path, including through cooperation mechanisms, should receive incentives in proportion to their ambition.

For example, ambitious Member States should benefit from increased and facilitated access to structural funds earmarked for renewable energy and related projects. As part of the next Multi-annual Financial Framework, a co-financing requirement for structural funds reduced to 5% combined with a dedicated EIB finance facility should be agreed. The ambitious Member States would also benefit from facilitated access to funds from the NER400 programme for renewable energy projects.

### B. Trigger mechanisms

If the national contributions were not to add up to the EU wide objective, the Commission should engage with Member States, in particular those with contributions below the level originally suggested, and make proposals to ensure the EU-wide renewable energy target is met:

1. The Commission should broker cooperation mechanisms ensuring a cost-effective implementation of the EU-wide target.
2. If the Member State commitments to cooperation mechanisms are insufficient to cover the gap between the sum of the national contributions and the EU-wide target, the

European Commission should be able to activate a dedicated programme to meet the target from January 2020.

The Member States with national contributions below the benchmarks would contribute to an EU fund promoting the development of renewable energy projects. This could be in the form of a well-designed EU-wide tender system awarding a fixed long term premium to renewable for energy projects.<sup>2</sup>

As additional incentive, the awarded projects could also count on preferential terms for loans (e.g. grace period at the beginning of the loan, longer maturity). National frameworks on siting would apply to these renewable energy projects.

The resulting renewables development sharing mechanism should be enshrined in a post-2020 Renewable Energy Directive to be proposed by the European Commission in January 2017 at the latest. The legislation should also cover the oversight role of the European Commission towards the implementation of the national contributions.

## **II. Ensuring the implementation of national contributions**

### **A. A more efficient oversight for the European Commission**

Under the current framework, the development of renewables has been disrupted by the difficulty for the European Commission to intervene when Member States made counter-productive changes to their regulatory or market framework. Reinforcing the role of the Commission is essential to ensuring the legal certainty and stability of regulatory frameworks which will continue to be critical in the post-2020 period.

As under the *European Semester*, the Commission should be able to make official policy recommendations on national renewable energy policies and related areas including infrastructure and power system management. These recommendations should be made at a minimum every two years. The Member States would need to inform the Commission of any regulatory changes regarding the key enablers for renewables deployment.

If a Member State were to ignore a policy recommendation six months after it has been issued, the Commission would release a policy warning. If six months thereafter this policy warning were not to be followed with effect, the Commission would be able to refer the case to the European Court of Justice.

To ensure timely action by the Commission, the national renewable energy growth trajectories would no longer be exponential. A more linear trajectory will avoid artificially displacing investments associated with meeting the renewable energy target to the end of the decade. Ultimately, this means that regulatory issues are identified and tackled sooner, thereby improving the likelihood of objectives being met.

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<sup>2</sup> In line with the principles of the 2014-2020 Environmental and Energy aid guidelines

## Indicative timeline

December 2015	European Commission tables governance proposal including renewable energy benchmarks
January 2017	European Commission tables post-2020 Renewable Energy Directive
December 2017	Member States submit national renewable energy contributions towards the binding EU 2030 renewable energy target
Dec 2017 - Dec 2019	Member States engage with neighbouring countries on key enablers for renewable energy deployment  European Commission brokers cooperation mechanisms on behalf of less ambitious Member States if necessary
January 2019	Post-2020 Renewable Energy Directive is adopted
January 2020	Trigger mechanism is potentially activated