



## *A first summary of* Conclusions and recommendations

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**Industry (RECS/Vattenfall) perspective\***

*\*Summary of a talk by  
Claes Hedenström, Vattenfall*

- ▶ Previous discussions on RES support schemes have been too “simplistic”
- ▶ The variety of dedicated support for RES in the electricity sector creates some important interactions and problems today, and care should be taken in future...
- ▶ RES are part of the solution (to combat climate change) but for the 2030 timeframe a “climate only” target appears more useful from a subjective viewpoint
- ▶ Growth limitations (for RES deployment) are an important element in dedicated RES support (as e.g. done in a quota system)
- ▶ For less advanced technologies research & development should deserve key attention (e.g. also through market-based support)



## Legal perspective

- ▶ Less far-reaching / ambitious EU-level mandatory rules seem likely to be more legally (and politically) feasible (especially after the advent of Article 194 TFEU).
- ▶ Care will need to be taken in articulating the goals and reach of any EU renewables legislation, to ensure (legal) compliance with subsidiarity and proportionality.
- ▶ Soft or Minimum Harmonization will leave significant leeway, *and responsibility*, to the Member State level, while requiring vigilant monitoring, information-gathering and (if necessary) enforcement by the Commission.
- ▶ Greater clarity concerning the free movement and State aid law implications for Member State measures would enhance stability and predictability for future renewables projects (investment, deployment, regulatory risk, etc).



## Electricity market / Grid-aspects

- ▶ Impacts depend mostly on the amount of RES, not as much on their distribution/support system
- ▶ Market impacts are mitigated by a stronger grid expansion and market integration
- ▶ The higher the market value of RES, the stronger the grid reinforcement ... but market value decreases with increasing RES deployment

### Some Caveats and Limitations

- *We do not assume a joint optimization of the system:*
  - *Only the impact of RES expansion*
  - *And assuming that the system does not react to this (grid, conventional)*
- *The network study does simulate grid expansion, but at a lower detail*
- *Some results are regional and difficult to extrapolate*



**Cost-benefit analysis (Green-X modelling)**

- ▶ A strategy and clear commitment to RES beyond 2020 is of need (if RES shall deliver what is expected)
- ▶ (For any sort of transition phase to a more harmonised RES policy framework) Cooperation & coordination among Member States is beneficial and required to tackle current problems in RES markets
- ▶ A harmonisation of RES support based on simplistic policy options offering uniform support e.g. via a uniform RES certificate trading (as single driver for RES deployment) cannot be recommended - for the 2020 and the 2030 perspective.
- ▶ First insights on final outcomes have shown that several RES policy pathways appear useful for the post-2020 period ... ranging from full to soft/minimum harmonisation and involving a variety of instruments.



## Integrated policy assessment and strategic aspects ... incorporating stakeholder views

- ▶ Greatest potential for compromise for a variety of stakeholders: Pathway 7b (moderate cooperation), closely followed by pathway 7a (increased coordination).
- ▶ They seem to be acceptable to a variety of stakeholders, as well as legally and politically feasible.
- ▶ A likely policy outcome could be a mixture of EU-prescribed minimum design standards (top-town) and stronger voluntary cooperation and coordination between groups of Member States (bottom-up).
- ▶ Stakeholders stress that support scheme stability, reliability and transparency are extremely important!





## Interacting policy aspects related to **burden sharing agreements and future exemptions of EU energy intensive industries**

- Key conclusions: If the objective is to provide privileges based on international competitiveness arguments to EU energy intensive industries, only few indicators can identify the companies and branches which international competitiveness is considerably affected by higher electricity prices – these include trade intensity and electricity intensity (costs and demand)



## Interacting policy aspects: Interactions between EU GHG and Renewable Energy Policies

- Key conclusions: In order to avoid negative interactions between RES-E and ETS policies, **targets and support schemes have to be coordinated** (*following a dynamic approach?*)

*Interested in further details?*

*“Interactions between EU GHG and Renewable Energy Policies –  
how can they be coordinated?”*

A joint report by CSIC and Ecofys within the beyond2020 project  
... to be published shortly on [www.res-policy-beyond2020.eu](http://www.res-policy-beyond2020.eu)





# Thanks for your attention and your proactive contribution!

Forthcoming **beyond2020** (Design and impact of a harmonised policy for renewable electricity in Europe) events:

◀ **2 October 2013, Prague:** Regional dissemination workshop

◀ **22 October 2013, Brussels:** Final conference

Further information / registration:

[www.res-policy-beyond2020.eu](http://www.res-policy-beyond2020.eu)

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