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International Final Conference

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

Location: Résidence Palace – International Press Center, room Polak, 155, rue de la Loi – Blok C, 1040 Brussels, Belgium

Date: October 22th, 2013

Summary of the event

The most important closure event for the beyond*2020* project was the *International Final Conference*, which took place on 22 October 2013 in Brussels, Belgium. This conference attracted the participation of over 100 participants reflecting a broad set of stakeholders from EU institutions, national governments and policy-makers, electricity utilities and energy companies, regulators and producer associations from the RES Industry, as well as foundations, multi-lateral organizations consultants and research institutions, all of them being key target audiences for the discussion and dissemination of the interim findings reached during the project.

The international final conference introduced the current policy views from the EU Commission with respect to the 2030 energy policy framework as well as an overview of the research and developing options until 2020. From the energy utility perspective or investor's perspective results highlighted the challenges to be overcome to attain ambitious renewable energy targets in the short, mid and long term. The central assessment results covered the legal aspects of the proposed pathways, the cost and benefit analysis, the interactions with the electricity markets and the multi-criteria decision analysis. With respect to the multi-criteria assessment selected interacting policy aspects results were presented at the event including policy exemptions for energy intensive industries and policy interactions between GHG and RES policies.

The legal aspects concluded that less far reaching and ambitious EU-level mandatory rules seem likely to be more legally (and politically) feasible especially after the advent of Article 194 TFEU. Furthermore, while articulating the goals and reach of any new EU renewable legislation, care is needed especially with the legal compliance with subsidiarity and proportionality. Soft and minimum harmonisation will leave significant leeway and responsibility to the Member State level, while requiring vigilant monitoring, information-gathering and enforcement by the Commission if necessary. Greater clarity concerning the free movement and state aid law implications for Member State measures would enhance stability and predictability for future renewable projects (investment, deployment, regulatory risks, etc).

With respect to the interaction with the electricity markets, impacts depend mostly on the amount of RES, not as much on their distribution/support system. In this respect market impacts are mitigated by stronger grid expansion and market integration. That means common rules and common assessment and decision at EU level. The higher the market value of RES, the stronger the grid reinforcement; but market value decreases with RE.

Final modeling outcomes have shown that several other RES policy pathways show a similar performance on costs/benefits for the post-2020 period ranging from full to soft/minimum harmonisation, including feed-in premiums/tariffs and quotas with banding as well as keeping strengthened national support but with intensified coordination and cooperation.

The results from the multi-criteria analysis indicate the need for technology neutral quota schemes within full and medium harmonization pathways, as indicated by respondents. Even if they are legally feasibly no preference was indicated. The Reference pathway (no/minimum harmonisation) performs well in effectiveness, dynamic efficiency, equity, environmental and economic effects, socio-political acceptability and legal feasibility. The Reference pathway (minimum harmonisation), FIP (soft harmonisation), and FIT (soft harmonisation) are in the upper preference range for all decision makers and thus offer the most potential for compromise.

For future policy proposals with the objective of deriving exemptions and privileges for EU energy intensive industries, an elaborated set of criteria and indicators are necessary in order to identify those companies affected by energy or climate policy measures in relationship to their international competitiveness position. This should be done not only based on the electricity consumption and intensities of branches and their trade intensities, but should be adjusted and complemented with the activities related to energy efficiency.

The active participation of the European Commission and other stakeholders in the discussion provided a comprehensive overview of the most important current issues at the European level during the event. Expected developments after 2020 on RES-Electricity support mechanisms and policies, 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.

Note that the agenda, presentations and this brief summary of this event are available at the project's web page www.res-policy-beyond2020.eu.

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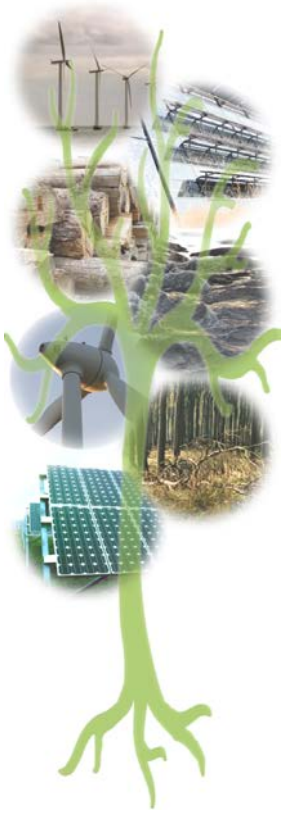

The beyond*2020* project at a glance

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.

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Final Agenda:

9:00-9:30	Registration
9:30-9:40	Welcome and Overview of the beyond*2020* project Gustav Resch, EEG
9:40-9:55	Welcome by the EACI William Gillett, EACI
9:55-10:20	Europe's RES strategy for 2030 Øyvind Vessia European Commission, DG ENER
10:20-10:40	European RES policy beyond 2020 from an energy company/utility perspective, Bugra Borasoy, EnBW
10:40-11:00	Discussion
11:00-11:20	Coffee Break
11:20-11:40	Policy criteria and possible policy pathways for harmonization Christian Panzer, EEG
11:40-11:55	Policy design considerations for burden sharing agreements and future exemp-tions of EU energy intensive industries, Felipe Toro, IREES
11:55-12:10	Interactions between GHG and Renewable Energy Policies Corinna Klessmann, ECOFYS
12:10-12:35	Legal aspects - potential areas of difficulty under EU Law Jana Nysten & Angus Johnston, BBH / UOXF
12:35-12:55	Discussion
12:55-14:10	Lunch Break
14:10-14:40	Interactions between RES-Policies and Electricity Markets Pedro Linares, Comillas & Marian Klobasa, Fraunhofer ISI & Georgios Papaefthymiou, Ecofys
14:40-15:10	Cost-benefit analysis, results of the quantitative assessment of RES policy path-ways beyond 2020, Gustav Resch, EEG
15:10-15:35	Integrated policy assessment and strategic aspects, draft final results Simone Steinhilber/ Mario Ragwitz, Fraunhofer ISI
15:35-15:55	Discussion
15:55-16:15	Coffee break
16:15-17:15	Roundtable: RES policy beyond 2020 – aims, needs, next steps? Moderator: Mario Ragwitz Panel members: Raffaele Piria (former SEFEP), Josche Muth (EREC), Paolo Frankl (IEA), Susanne Nies (Eurelectric – t.b.c.)
17:15-17:30	Final Discussion and wrap-up Gustav Resch, EEG

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Key content / statements of the beyond2020 team and external speakers at the final conference (22 October 2013):

Welcome and Overview of the beyond2020 project
Gustav Resch, EEG

The core objective of the project was to look more closely beyond 2020 by designing and evaluating feasible pathways of a harmonised European policy framework to support RES in general as well as RES-E in particular. Another aim of beyond2020 was the forming of a European vision of a joint future RES policy framework in the mid- to long term. That means beyond2020 aims to provide the analytical knowledge base for the design, evaluation and implementation of policy proposals for a harmonisation of RES support in Europe.

Europe's RES strategy for 2030
(Øyvind Vessia European Commission, DG ENER)

The main question of the presentation was the policy design of the future in mid-term view. The presentation discussed the European RES strategies for the year 2030. The general tone reflected that business as usual is not an option for the renewable energy policy post 2020. Essential questions for the future must be cleared already today including:

- Is a defined Decarbonisation without renewable energy targets post-2020 possible?
- Can coordinated support and national renewable energy targets post-2020 be helpful?
- Will harmonisation of measures and EU renewable energy targets be requested?

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

From the energy utility perspective or investor's perspective results highlighted the challenges to be overcome to attain ambitious renewable energy targets in the short, mid and long term. Among the challenges identified were: Legal certainty to be provided by EU and national governments, further progress in functioning EU internal market required, incentives for infrastructural measures (grid and storage), and efficient and transparent permission procedures, regional and technological differentiation of RE subsidies is a measure to support technologies and regions. Energy utilities play vital role in realization of RE goals.

Policy criteria and possible policy pathways for harmonization
Christian Panzer, EEG

Major results achieved were presented at the event corresponding to the policy assessment criteria and the resulting possible pathways with a differentiated degree of harmonization until 2030. The different pathways assessed in the project included a range of harmonisation degrees and use of the different policy design instruments. The decisions and assumptions on the design elements were done at EU level as well as Member State levels.

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Policy design considerations for burden sharing agreements and future exemptions of EU energy intensive industries

Felipe Toro, IREES

For future policy proposals with the objective of deriving exemptions and privileges for EU energy - intensive industries, an elaborated set of criteria and indicators are necessary in order to identify those companies affected by energy or climate policy measures in relationship to their international competitiveness position. However, more in - depth analysis and interaction is needed, in particular with the impact which this concern with the position of EU energy - intensive industries is likely to have upon other emerging policies such as the Energy Efficiency Directive.

Interactions between GHG and Renewable Energy Policies

Corinna Klessmann, ECOFYS

In the current debate about a European climate and energy policy framework for 2030, some critics argue that the coexistence of separate EU targets and policies for renewable energy, energy efficiency and greenhouse gas emissions reduction is undesirable and even counter-productive, and should therefore be discontinued after 2020.

Within beyond2020, the conclusion was drawn that the coexistence of GHG and RES policies and targets is clearly justified. Well-coordinated targets and policies will be capable of reaching both the GHG emissions reduction target and the RES deployment targets in an effective and efficient manner.

Legal aspects - potential areas of difficulty under EU Law

Jana Nysten & Angus Johnston, BBH / UOXF

The legal aspects concluded that less far reaching and ambitious EU-level mandatory rules seem likely to be more legally (and politically) feasible especially after the advent of Article 194 TFEU. Furthermore, while articulating the goals and reach of any new EU renewable legislation, care is needed especially with the legal compliance with subsidiarity and proportionality. Soft and minimum harmonisation will leave significant leeway and responsibility to the Member State level, while requiring vigilant monitoring, information-gathering and enforcement by the Commission if necessary. Greater clarity concerning the free movement and state aid law implications for Member State measures would enhance stability and predictability for future renewable projects (investment, deployment, regulatory risks, etc).

Interactions between RES-Policies and Electricity Markets

Pedro Linares, Comillas & Marian Klobasa, Fraunhofer ISI & Georgios Papaefthymiou, Ecofys

Impacts depend mostly on the amount of RES, not as much on their distribution/support system. So market impacts are mitigated by a stronger grid expansion and market integration. That means common rules and common assessment/decision. The higher the market value of RES, the stronger the grid reinforcement; but market value decreases with RE. Increasing the penetration of RES in Europe will affect the operation of electricity markets and grids across Europe. It will also require some elements of market design and network operation to be addressed, in order to make this increased penetration easier for the system. Given a certain amount of RES penetration, impacts do not depend much on the policy instrument chosen (although this will of course have an influence on the amount of RES), but rather on the total outcome of RES deployed and the availability of the grid infrastructure.

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Cost-benefit analysis, results of the quantitative assessment of RES policy pathways beyond 2020

Gustav Resch, EEG

A comprehensive cost-benefit analysis of policy options included the interactions between RES-policies and electricity markets, examining several interacting aspects in grid-related issues, technologies and electricity prices. In this respect the RES directive (Directive 2009/28/EC) lays the ground for the RES policy framework until 2020 but a strategy and clear commitment to, with dedicated support for RES beyond 2020 is of need (if RES shall deliver what is expected).

Final modeling outcomes have shown that several other RES policy pathways show a similar performance on costs/benefits for the post-2020 period ranging from full to soft/minimum harmonisation, including feed-in premiums/tariffs and quotas with banding as well as keeping strengthened national support.The results of the model-based policy assessment indicate that cooperation and coordination among Member States (e.g. through a prescription of minimum design criteria) appear beneficial and, indeed, are required to tackle current problems in RES markets.A harmonization of RES support based on simplistic policy options offering uniform support e.g. via a uniform RES certificate trading is not recommended until 2030.

Integrated policy assessment and strategic aspects, draft final results

Simone Steinhilber/ Mario Ragwitz, Fraunhofer ISI

The results from the multi-criteria analysis highlight the impacts of technology neutral quota schemes within full and medium harmonization pathways, as indicated by respondents. Even if they are legally feasibly no preference was indicated. The Reference pathway (no/minimum harmonisation) performs well in effectiveness, dynamic efficiency, equity, environmental and economic effects, socio-political acceptability and legal feasibility. The Reference pathway (minimum harmonisation), FIP (soft harmonisation), and FIT (soft harmonisation) were in the upper preference range for all decision makers and thus offer the most potential for compromise.