

The German Renewable Energy Federation's key points on the new 2030 Governance Framework



The 2030 climate and energy package agreed by the European Council in October 2014 sets a binding EU-wide target of at least 27% renewable energy within gross final energy consumption. This target has been widely criticized for reflecting business as usual rather than real ambition. Nevertheless, at least 27% is essential for achieving a reliable, secure and affordable energy supply and sustainable growth in the EU and its Member States, while re-establishing the EU as a leader in renewables and climate protection on a global level.

In the absence of national binding targets, maintaining and, where necessary, creating a clear and reliable framework for the swift deployment of renewable energy must be a core element of the "Energy Union". This is a necessity also in light of several Member States' retrospective policy changes that endanger accomplishment of the 2020 renewable energy targets. To this end, the European Commission needs to set up a precise and robust new governance system for the EU and for each Member State which:

- guarantees investor certainty by providing a clear and timely indication of Member States' contributions to meet the overall European goal
- incites more cooperation and coordination among Member States for the efficient development of renewable energy (and system transformation) in Europe
- ensures achievement of the European renewable energy target of at least 27% by 2030

The resulting renewables development sharing mechanism should be embedded in a post-2020 Renewable Energy Directive to provide a strong legal basis, limit investor risk, and ensure cost-effective implementation of the renewable energy objectives.

Defining national renewable energy contributions

To ensure a smooth transition between the present regime and the 2030 climate and energy framework, energy investments as well as projects that require longer planning horizons need immediate clarity concerning the post-2020 period.

Following the European Council's Conclusions on 24 October 2014, Member States must work collectively to achieve the EU target. This process should be steered by the European Commission, given the binding nature of the target and the Commission's responsibility for the implementation of European legislation. As such, the Commission should propose indicative renewable energy targets and growth trajectories for each Member State that contribute to the accomplishment of the European objective. Here, applying the methodology set out in Directive 2009/28/EC that is based on a flat rate increase and Member States' GDP seems the most reasonable action. Furthermore, Member States should be encouraged to consider a regional approach when defining their national contributions.

Member States are encouraged to aim at higher objectives and to define their national commitments and measures with respect to the growth trajectories in national energy and climate action plans. These plans should be based on full achievement of the binding 2020 targets. For the post-2020 period they should include concrete and credible measures to move toward the 2030 target. In order for the Commission to be able to closely monitor progress and laggards, Member States should submit a bi-annual progress report stating achievement of goals and implemented measures, and, if necessary, initiate corrective action.

After evaluating the action plans in terms of attaining goals and the plausibility of measures for maintaining the trajectory, the European Commission should then develop an EU action plan to illustrate and secure the target achievement for 2030. In case the national action plans do not produce results that add up to the EU targets, the European Commission should, in cooperation with Member States, propose a revised EU action plan to ensure achievement of these goals.

Incentivizing national investments in renewable energy

To reach a 27% or higher share of renewables within the European energy consumption, Member States need to be incentivized to aim at fulfilling appropriate national goals. Member States aiming at

objectives beyond the Commission's proposed growth trajectory, including those making use of cooperation mechanisms, should be eligible for incentives proportionate to their ambition. They could, for example, benefit from increased and facilitated access to structural funds assigned for renewable energy development.

Ensuring the implementation of national contributions

Under the present regime, retrospective changes in national regulatory conditions have led to increased uncertainty for potential investors and have slowed down the growth of renewables in the EU. Furthermore, higher uncertainty has led to higher capital costs and less competition. Experts believe that the aim to have a 20% share of renewable energy coming from renewable sources in the European gross final energy consumption by 2020 cannot be realised without implementing further measures¹.

The European Commission is responsible for the full implementation of the RES Directive, including taking measures against non-compliance. The post-2020 governance system must build on full implementation of the 2020 targets and framework – only this can provide legal certainty and a stable post-2020 investment environment and avoid further disruptions in the development of renewable energy. To this end, the European Commission's role in progress monitoring needs to be reinforced. This includes regular and transparent monitoring, as well as facilitating the use of cooperation mechanisms. In practice, the Commission would have to regularly evaluate national action plans and demand changes in case Member States are not proposing credible policies and are not on track. Moreover, the Commission would be allowed to intervene if Member States fail to implement their proposed measures.

In addition, current exponential growth trajectories for renewable energy should be replaced by more linear ones. This would enable regulatory issues to be identified and corrective action to be taken early enough to keep Member States and the EU well on track in reaching their goals. Moreover, artificially displaced investments associated with meeting the renewable energy target by the end of the decade could be avoided, thereby inducing steady deployment.

Regional cooperation and coordination

An "Energy Union" providing clean, secure and affordable energy for everyone will ultimately only be possible with a functioning internal energy market. While cooperation between Member States in terms of electricity trade and grid operation is already well advanced, regional coordination should also be included in a new governance system for the development of renewable energy.

Significant learning curves mean that renewable energy technologies have, even today, reduced the cost of energy generation. Additional efficiency potentials could be explored through improved regional coordination of renewable energy deployment which would, in turn, further reduce the costs of meeting the European goal faced by individual Member States and increase overall system and supply security.

Hence, the Commission and Member States should actively pursue a regional approach in defining national contributions to meet the European objective. Member States should be incentivized to engage in dialogue with neighbouring countries in order to coordinate their national policy measures and identify the potential of cooperation mechanisms. The latter should be coordinated by the Commission to ensure cost-effective implementation of the EU-wide target.

¹ For further details see the results of the Keep on track! project. Available online at <http://www.keepontrack.eu/>.