

THE RES FRAMEWORK AS OUTLINED IN
THE EC PROPOSAL FOR A NEW
RENEWABLE ENERGY DIRECTIVE AND
FOR A GOVERNANCE REGULATION

A SHORT ASSESSMENT BY
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- EC proposal
- Draft EP report

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NATIONAL TARGETS REPLACED BY PLEDGE PROCESS

- Governance mechanism to
 - “meet the objectives and targets of the Energy Union”
- Art. 4 National objectives, targets and contributions for each of the five dimensions of the Energy Union:
 - at least 27% renewable energy in 2030 [...] with “a linear trajectory”
- Article 5: Pledges need to reflect:
 - (i) equitable distribution of deployment across the EU;
 - (ii) economic potential;
 - (iii) geographical and natural constraints,
 - (iv) the level of power interconnection.
 - “MS shall collectively ensure that the sum of their contributions add up to the target”

NATIONAL TARGETS REPLACED BY PLEDGE PROCESS

- EC proposal not ambitious at first sight, but follows council conclusions
- Linear trajectory more ambitious than current minimum trajectories
- Ensuring sufficient collective level of ambition based on pledging process might be challenging
- Pledge principles good starting point to implement benchmarks

NECPS COVER ALL 5 DIMENSIONS

- Articles 3, 7-9, Annex I: Integrated national energy and climate plans
- Part I: National policies and measures
 - main existing (implemented and adopted) and planned policies and measures
- Part II: Analytical basis
 - current situation for each of the five dimensions
 - impacts on the development of the energy system [...] at least until 2040 [...] under the planned policies and measures including a comparison with the projections based on existing (implemented and adopted) policies and measures
 - interactions between existing and planned policies and measures within a policy dimension, and of different dimensions until 2030

NECPS COVER ALL 5 DIMENSIONS

- Plans are key element to ensure EU target achievement in the absence of national binding targets (and related infringement procedures)
- Plans are likely to become very extensive (covering five dimensions and interactions) or superficial
- (Too) strong analytical capabilities (incl access to complex modelling) required by MS

ENSURING EU TARGET ACHIEVEMENT: WHAT IF...?

- Article 27: what if?
 - If plans are insufficient EC „shall take measures at Union level” to ensure EU target achievement
 - If plans are not implemented properly EC „shall issue recommendations“
 - If Union is „at risk of not meeting the objectives of the Energy Union” EC “may issue recommendations” and “shall, as appropriate, take measures at Union level in addition to the recommendations”
 - If EC “concludes that the linear Union trajectory is not collectively met, Member States shall ensure by the year 2024 that any emerging gap is covered by additional measures, such as:
 - adjusting the share of renewable energy in the heating and cooling sector
 - adjusting the share of renewable energy in the transport sector
 - making a financial contribution to a financing platform set up at Union level, contributing to renewable energy projects and managed directly or indirectly by the Commission
 - other measures to increase deployment of renewable energy”
 - 2020-targets used as baseline. If not met by 2021: payment to fund required

ENSURING EU TARGET ACHIEVEMENT: WHAT IF...?

Strengths of Art. 27

- Potential “EU measures” incentivize contributions by MS to EU target
- MS “shall” ensure that any gap is filled is strong wording
- Concept of gap-filling requires national benchmarks
- 2020 targets saved by defining them as minimum RES share

Challenges in Art. 27

- Relation between EU measures and MS measures not entirely clear – no automatic trigger mechanism in case of lacking progress
- Data availability will be challenging (in 2024 data is available from 2022)
- Functioning of financing platform not clear (many follow-up challenges, e.g. how to implement an EC auction for RES)

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DRAFT EP REPORT INCREASES LEVEL OF AMBITION

- EU binding RES target of at least 45%
- MS' binding national targets with binding linear trajectories
- EU binding EE target of at least 40%
- MS binding national EE targets (incl. absolute consumption cap)
- Art 5 (pledge principles) deleted
- Opportunity-based macro-regional partnerships
 - BEMIP, CESEC, CWREM, Euromed, Northern Seas
 - EC to assess the cost of not acting together
 - Renewable energy projects of Energy Union interest (RPEI), eligible for Union financial support

DRAFT EP REPORT INCREASES LEVEL OF AMBITION

- Level of ambition sharply increased (as expected)
- Challenge not to delete pledging principles and at the same time not get national binding targets
- Macro-regional partnerships good starting point, but top-down definition of regions questionable
- Origin and volumes of Union financial support unclear

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RES-E SUPPORT SCHEMES

- Art. 4 establishes some common rules for RES-E support scheme design
 - MS may apply support schemes
 - avoid unnecessary distortions of electricity markets
 - integrate RES-E in the electricity market
 - open, transparent, competitive, non-discriminatory and cost-effective
- Art 5 requires the partial opening of national support schemes to installations in other MS
 - 2021-2025: at least 10% ; 2026-2030: at least 15% of the newly-supported capacity
 - Cooperation agreement for the cross-border disbursement of funding
 - Assessment of cost-effectiveness by 2025; EC may increase thresholds
- Art 6 forbids retro-active changes to support schemes

RES-E SUPPORT SCHEMES

- No general phase-out of support schemes (as requested by some stakeholders)
- Only few common rules (compared to earlier REDII leaks that established common principles beyond State Aid Guidelines); focus on market integration
- Opening clause forces MS to cooperate and could create new dynamics. Gradual approach more realistic than full European opening; still strong opposition by MS
- Attempt to increase stability of support schemes

ADMINISTRATIVE PROCEDURES AND PERMITTING

- Several provisions try to reduce administrative barriers and increase predictability to investors
 - Art. 15: Publication of long-term schedule (≥ 3 years) for allocation of support
 - Art. 16: Establishment of a one-stop shop for permitting and time-limited permitting procedures (3 years, 1 year for repowering)
 - Art 17: Simple notification procedures for small installations
- Positive, but experience with REDI shows that it is difficult to change local planning regimes

GUARANTEES OF ORIGIN, SELF-CONSUMERS AND ENERGY COMMUNITIES

- Art. 19 redefines GO use: No GOs for supported RES installations; MS need to auction those GOs to the market
 - Questionable; would abandon existing GO models and force Germany to auction GOs
- Art 21 acknowledges the right to self-consume without „disproportionate procedures and charges”
- Art. 22 acknowledges and defines energy communities
 - Vague, but generally positive attitude towards self-consumers and energy communities
 - Energy community definition resembles definition of German EEG (questionable in the light of the recent German experience)

RES HEATING&COOLING AND RES TRANSPORT

- Art. 23: MS „shall endeavor” to increase the share of RES-H&C by at least 1 %-point every year
- Soft provision; obligation has been deleted from earlier drafts
- Art 25: Minimum quota for advanced biofuels or other options (incl. RES-E) in total transport fuels, increasing from 1.5% in 2021 to 6.8% in 2030;
- Art. 26: sustainability criteria

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LEAKED DRAFT OF EP REPORT ON REDII (MAY 2017)

- EU binding target of at least 35% RES in 2030 (not in line with governance draft)
- Binding national targets
- RES transport target of at least 12%
- More detailed design specifications for support scheme, taking up provisions of earlier EC drafts (details on competitive bidding processes; retaining right to use technology-specific schemes, etc.)
- Opening of support schemes: increased to 15-20%; exemptions for countries with low interconnection
- GOs: will be issued to producer if double-compensation is avoided
- No charges or taxes on self-generated electricity and storage systems
- Enabling framework for self-consumption
- Heating obligation of 2 %-points per year

Backup

AMBITIOUS AND COMPLEX TIMELINE

- Timeline & Process
 - 01 Jan 2018: Draft NECPs
 - Recommendations by EC on draft plans
 - 01 Jan 2019: Final NECPs
 - 15 Mar 2021: MS progress report (biennial)
 - 31 Oct 2021: EC assessment of progress (biennial)
 - 01 Jan 2023: Draft update of NECPs
 - 15 Mar 2023: MS progress report
 - 31 Oct 2023: EC assessment of progress
 - 01 Jan 2024: Final Update of NECPs
 - 15 Mar 2025: MS progress report
 - 31 Oct 2025: EC assessment of progress
 - ...

AMBITIOUS AND COMPLEX TIMELINE

- Delivery date for Draft NECPs unrealistic for some MS
- While planning and reporting requirements are partially streamlined, extensive reporting required around '22/'23