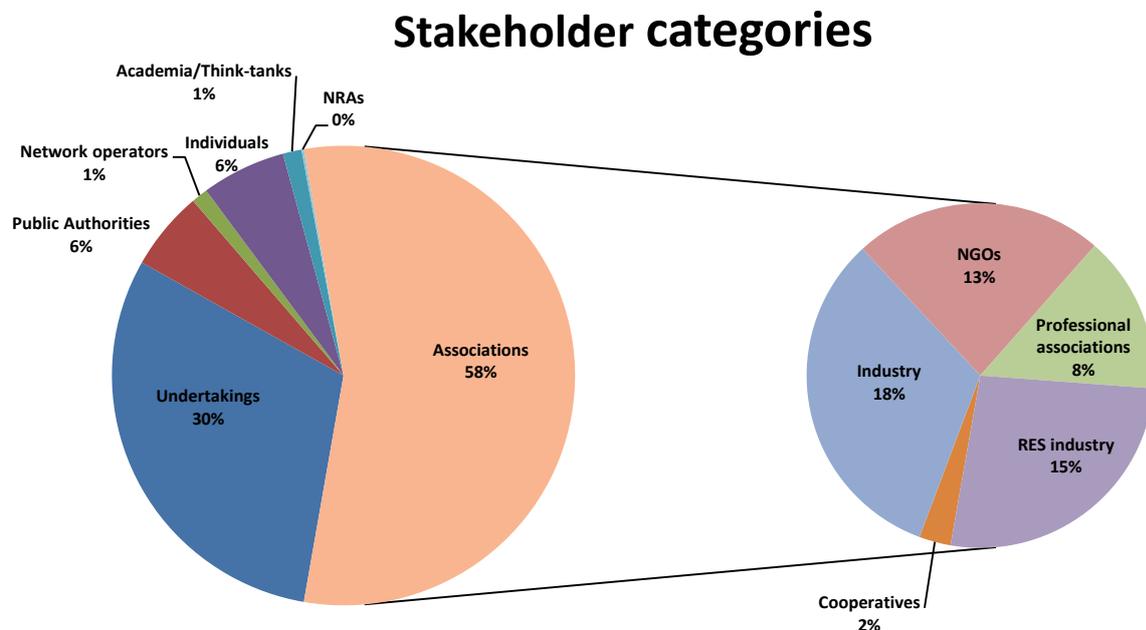


Public consultation on the Renewable Energy Directive for the period after 2020

Analysis of stakeholder views

This public consultation was launched on 18 November 2015 and remained open until 10 February 2016. The Commission received in total 614 replies. 340 replies were sent by national and EU-wide associations, accounting for 58% of the replies. Out of these, 110 came from industry associations (18% of total replies) and 90 were submitted by the renewable energy industry (15%). Moreover, there were 186 replies directly from undertakings (30%). A total of 19 national governments and 22 regional or local authorities also participated in this consultation. It is worth to note the significant participation by individual citizens, energy cooperatives and NGOs.



The detailed assessment of the replies confirms broad consensus amongst respondents on a number of the elements put forward in the public consultation, including *inter alia* the need for a stable and predictable EU legal framework for renewables, the importance of defining complementary measures in the new directive to ensure the achievement of the at least 27 % binding target and the relevance of developing a market fit for renewables. However, stakeholders are divided on other issues, such as on the geographical scope of support schemes and the exposure of renewables to market conditions (e.g. priority dispatch and balancing responsibilities).

1. General framework for renewable energy policies

Ensuring stability, transparency and predictability for investors

Respondents from all stakeholder categories stress the need for a robust legal framework that can replace key features of the current Renewable Energy Directive, such as national binding targets which were considered crucial to achieve the 2020 objectives. Likewise, 73% of respondents consider that the current directive has been successful in helping to achieve the EU energy and climate objectives. Nevertheless, more than 90%¹ of respondents believe that the renewable energy potential at local level is still underexploited.

When defining the future legislative framework for the period after 2020, several topics stand out as important for stakeholders, most notably:

- Strategic planning of renewable energy at national level required by the EU, which 95% of respondents from across all stakeholder categories consider as important/very important to improve investor confidence.
- Member States consulting on, and adopting, renewable energy strategies that serve as the agreed reference for national renewable energy policies and projects (93% of respondents consider it as important/very important).
- Yet, this measure should be completed by strong guidance from the EC (78% of respondents qualify it as important or very important) and rely on the best practices identified within the Renewable Energy Directive (for 87% of respondents).

Stakeholders stress that retroactive changes to support schemes should be prevented. Other elements are identified as important to improve the stability of investments; these include the removal of administrative barriers, further market integration and a reinforced investment protection regime going beyond the Energy Charter Treaty. Several respondents also insist on the necessity to ensure a quick implementation of the 2030 Renewables Directive, well ahead of 2021, in order to give timely policy signals and an outlook to investors.

Regarding national energy and climate plans, more than 80 % of respondents support the different tentative elements suggested to be included in the plans. This includes *inter alia* renewable energy trajectories and policies up to 2050, specific technology relevant trajectories for renewable energy up to 2030 and measures to be taken for increasing flexibility of the energy system and for achieving market coupling and integration.

Complementary measures to achieve the at least 27 % binding EU renewable target

Having a robust legal framework enshrined in the Renewables Directive is considered key to achieving the at least 27% EU renewable energy target by 2030. The majority of respondents favour preventive measures to avoid a gap in target achievement, but also see a need for implementing corrective actions if this happens to be the case. Some stakeholders, such as Energy Regulators, highlight the need to ensure consistency of any complementary measures with national support schemes.

There is wide consensus amongst stakeholders around measures such as EU-level support to research, innovation and industrialisation of innovative renewable energy technologies (for 91 % of

¹ Amongst those who have an opinion on the question itself

respondents²) and for EU-level financial support to renewable energy, such as, for instance, a guarantee fund to support renewable projects (80 % of respondents are in favour).

Enhanced EU level regulatory measures are also supported by 72 % of respondents. Member States' respondents further believe that sharing best practices, information and updated guidelines would be useful to improve chances of target achievement.

Respondents' support for other complementary measures is also high, reaching 67 % for EU-level requirements on market players to include a certain share of renewable energy, and 49 % for EU-level incentives such as an EU-wide or regional auction of renewable energy capacities.

Furthermore, all stakeholders touch on the need for enhanced infrastructure investments and highlight the importance of smart grids and storage systems.

Support schemes

Regarding support schemes, there is a wide variety of opinions across the stakeholder community. The preferred option by stakeholders (34 %) is a gradual alignment of national support schemes through common EU rules, but there is some willingness (17 %) to move further and consider a progressive opening of national support schemes to energy producers in other Member States under some conditions such as, for instance, obligation of physical delivery of the electricity, or having a bilateral cooperation agreement in place. The reasons given to sustain this position generally lie on the fact that the natural conditions of the location in terms of abundance of the resource (wind or sun) are only one element to be looked at to minimize the cost of deployment of renewable energy (e.g. grid issues, market development). As for Member States, those generally believe that cross-border participation to support schemes should be on a voluntarily basis. Overall, the development of a concrete framework for cross border participation is generally welcomed.

Moving towards even further integration by introducing a EU-wide level support scheme, or a regional support scheme, is supported by 24 % and 12 % of the respondents respectively, while keeping national level support schemes that are only open to national renewable energy producers is the preferred option for 13 % of the respondents. Several respondents highlight some possible risks and political sensitivities associated with schemes entailing further integration, as those could imply citizens in one Member State having to contribute to renewables' development in another Member State.

Respondents largely consider that support mechanisms should encourage greater market responsiveness, resulting in gradually decreasing support levels as technologies become mature. The need for more harmonised rules on support schemes at EU level is also considered key by some respondents in order to provide investors with more visibility and certainty and facilitate a cost – effective achievement of the 2030 target. Several respondents regard regional cooperation and consultation as a useful method to reduce differences and facilitate convergence amongst national support schemes.

2. Empowering consumers

² Amongst those who have an opinion on the question itself

Self-consumption

There is a strong support for additional EU action for empowering energy consumers and local authorities. The vast majority of replies (84%) support stronger EU rules guaranteeing that consumers have the possibility to produce and store their own renewable heat and electricity and participate in all relevant energy markets in a non-discriminatory and simple way, including through aggregators. Many respondents support increasing short-term market exposure for self-consumption systems, by valuing surplus electricity injected into the grid at the wholesale market price. However, a number of renewables' generators highlight that market-based support schemes are still needed for small-scale self-consumption systems during the transition towards a reformed market design. Several respondents support facilitated access to finance for local initiatives on renewable energy.

Moreover, the majority supports the introduction of clearer principles for ensuring that network tariffs support the transition to a more prosumer-centric system. While TSOs, DSOs and some Member States support a strong capacity-related element in tariffs as it is considered more cost-reflective, cooperatives believe that volumetric tariffs are, instead, needed.

Information disclosure to consumers

An easily understandable Guarantees of Origin (GO) system is considered an important factor to drive market demand for renewable energy by enabling consumer choice. A large consensus between respondents exists on the fact that the GO system is a key tool of disclosure of energy sources to consumers and, with few exceptions, that it should be strengthened. In addition, there is wide support for the extension of GOs to all energy generation types (including information on carbon intensity) and its full operation across-borders. Some opposing views between stakeholders exist as regards whether full disclosure should be mandatory or voluntary, and several stakeholders raise the problem of excessive administrative burden.

3. Decarbonising the heating and cooling sector

There is an overwhelming consensus about the need to remove barriers hampering the deployment of renewable heating and cooling. A high number of respondents, including Member States and renewable energy industry regard the absence of a functioning heat market as an important barrier. Listing the barriers and measures in order of their importance, the vast majority of respondents quote the lack of energy strategies and planning at the national and local levels (for 84% of stakeholders), the lack of targeted financial resources and financing instruments (for 80% of stakeholders) and the lack of electricity market design supporting demand response as very important, or important, barriers hampering the deployment of renewable heating and cooling in the EU. Amongst the measures and means of overcoming these barriers, enhancing decentralised energy and self-consumption and thermal storage in buildings and district systems are quoted by 78% of respondents (consider it important/very important), mandatory minimum use of renewable energy in nearly zero-energy buildings by 67% of respondents (consider this important/very important) and a renewable heating and cooling obligation by 61% of respondents (consider this is important/very important). Various stakeholders mention the need for a better alignment of the national measures to implement relevant European directives (i.e. the Energy Efficiency Directive, the Energy Performance of Buildings Directive and the Renewable Energy Directive).

4. Adapting market design and removing barriers

Building a market fit for renewables

There is general consensus about the need to evolve towards a market fit for renewables along the lines outlined in the new Energy Market Design Consultative Communication. Most stakeholders support the cross-border integration of short-term markets as a key tool to facilitate renewable energy generators to trade their imbalances. A high number of respondents³ consider either important or very important to have a fully harmonised gate closure time for intraday markets across the EU (82%), lower thresholds for bid sizes (80 %), shorter trading intervals (77%) or regulatory measures to enable thermal and electrical storage (77%).

In addition, stakeholders identify as crucial to ensure the liquidity in these markets and guarantee the absence of price caps/exposure to market prices. Several stakeholders also highlight the necessity of equally addressing storage markets and demand side response.

Finally, the ETS improvement is a major priority for most of the stakeholders to further drive investments in renewable energy.

Balancing responsibilities, grid connexion and priority dispatch

Stakeholder views diverge with respect to the degree of exposure of renewable energy generation to market conditions.

As regards balancing responsibilities of generators, stakeholders reveal different positions: while 59 % of respondents consider that, in principle, everyone should have full balancing responsibilities, the remaining 41 % state that exemptions are still needed. In the view of the latter, exemptions should remain in place until the maturity of short-term markets can guarantee that renewable energy producers are not being discriminated. An important number of stakeholders also emphasize that small-scale renewable energy installations and early demonstration projects should not be subject to balancing responsibilities.

Stronger EU rules to remove grid regulation and infrastructure barriers are considered instrumental for renewable energy deployment. A high number of respondents⁴ consider it either important or very important to have stronger EU rules regarding the treatment of curtailment, including compensation rules (77%), transparent and foreseeable grid development (87%) and predictable and transparent connection procedures (89%), which are identified as even more important than strengthening rules on obligation/priority of connection for renewables.

As regards priority dispatch, 54 % of respondents consider that merit order dispatch is sufficient, while 46 % consider that some exemptions for renewables are still necessary given that markets are not mature. Key stakeholders such as Energy Regulators stress the need to keep priority access for RES especially in case of network congestions while agreeing that dispatching on the basis of merit order is sufficient.

Administrative barriers

³ Amongst those who have an opinion on the question itself

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Simplifying administrative permitting procedures are perceived as an untapped potential for reducing costs of renewable energy technology roll-out. Stakeholders identified the creation of a one stop shop (i.e. a national single permitting authority) at national level as a centrepiece of simplified administrative procedures (for 79% of stakeholders). Harmonising permitting procedures appears to be less of a priority for stakeholders even if still important. Amongst stakeholders, there is strong consensus that permitting procedures should be managed at national level.

As regards EU action on renewable energy training and certification, mutual recognition of certifications between Member States has been identified as the key priority by a majority of stakeholders (83%).

Public acceptance of renewables

The necessity of tabling measures to improve public acceptance of renewables was addressed by key stakeholders. Half of the respondents mention the importance of involving citizens and local communities in the development of renewable energy projects, also through awareness campaigns and public dialogue emphasising the contribution of renewables to achieving climate goals, energy security, and local growth. Involving the general public through investments and co-ownership (e.g. cooperatives) is also widely mentioned as a driver to increase public acceptance alongside decreasing costs of renewable energy technology.

5. Increase the renewable energy use in the transport sector

According to many respondents, the main barrier to increasing renewable energy in transport is the lack of a stable policy framework for after 2020, the long debate about biofuels, and the high price of electric vehicles. In order to promote the consumption of sustainable renewable fuels in the EU transport sector and increasing the uptake of electric vehicles, 80% of respondents consider increased incorporation obligations to be effective or very effective.

Further, a large majority regards a higher degree of harmonisation of the support mechanisms, or an obligation at EU level to be effective or very effective (81% and 75% of respondents, respectively). Targeted financial support for the deployment of innovative low-carbon technologies was considered to be effective, or very effective, for 77% of respondents.

Finally, the great majority of stakeholders (87%) show strong support to facilitating access to alternative fuel infrastructure, such as electric-vehicle charging points.