

AGENDA

High Level Meeting on Renewable Energy

EU Clean Energy Industrial Competitiveness and Innovation Forum

9 January 2018, 10.00 – 14.00

Berlaymont Building, Rue de la Loi 200, Brussels (Meeting Room: S9)

Time	Topic
10.00-10.15	Welcome <i>Chair: Dominique Ristori, Director-General for Energy</i> <i>Key-note opening speech: Miguel Arias Cañete, European Commissioner for Energy and Climate Action</i>
10.15-10.45	Competitiveness <i>Tour de table</i>
10.45-11.15	Research and Innovation <i>Tour de table</i>
11.15-11.45	Trade <i>Tour de table</i>
11.45-12.00	Conclusions and next steps
12.00-14.00	Network Lunch

Background Note [sent to all participants]

EU CLEAN ENERGY INDUSTRIAL COMPETITIVENESS AND INNOVATION FORUM - THE RENEWABLES SECTION –

1. Introduction

The European Commission, in its 'Clean Energy for All Europeans' proposal¹ has announced its willingness to organise a Clean Energy Industrial Forum to further support the EU industry to take advantage of the growth opportunities arising as part of the energy transition. The Forum will consist of three separate sections: Renewables, Batteries, and Construction.

The proposal for the Renewables section of the Forum is to create a high-level Forum under chairmanship of the European Commissioner Miguel Arias Cañete with CEOs/leaders from the renewable energy industry, including Small and Medium Enterprises, and other relevant actors.

This Background Note follows up on interviews as well as an informal meeting held with Brussels based renewable energy associations, and provides the input for the first High-level meeting on 9th January between CEOs/industry leaders and the Commission.

2. Objective

The proposed objective of the Renewables section of the Clean Energy Industrial Forum is to strengthen the industrial basis and the EU value chain for renewable energy technologies, including issues of system integration of renewables. Similarities and differences, strengths and weaknesses across the Member States in sustainable competitiveness should be taken into account to build a complementary strategy across sectors and across the value chain between Member States. At the same time, the Forum should identify key sectors and segments of the value chain where EU industries should be competitive at global scale to gain new market shares.

The Forum will aim to:

- Identify global trends that may affect EU's position as global leader in renewables;
- Cater for synergies across renewable energy technologies, sectors, and the existing industrial activities on renewables within Member States in an integrated approach;
- Outline industry and policy initiatives to address common gaps and needs across technology sectors to improve the technologies' competitiveness, such as access to risk finance for innovation or specific regulatory issues.

¹ <https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/clean-energy-all-europeans>

3. Forum organisation and outcomes

The Forum brings together representation at the highest level for all the segments of the value chain that are vital to building a healthy and strong industrial competitiveness strategy. This includes: energy resources, manufacturing equipment of renewable energy technologies, material producers, technology producers, project developers, installation, operation and maintenance, infrastructure providers, consumers as well as end of life². Furthermore, the Forum has representation from supporting industry and the finance sector.

The High-level meeting will consist of around 20 CEOs/leaders. The high-level meeting will be opened by Commissioner Arias Cañete and would ensure the work is delivered to:

- Support EU's objective to become a global leader in renewables;
- Strengthen the industrial basis for renewables technologies in the EU and create visibility for EU industry as a major economic player;
- Coordinate and align existing & new industry led- initiatives;
- Track EU competitiveness through Key Performance Indicators, recognising global market opportunities;
- Identify immediate needs and promising areas in terms of research and innovation;
- Highlight barriers and opportunities related to trade and global markets;
- Discuss and prepare recommendations for upcoming policy decisions.

The Forum is expected to identify current industry trends and key enabling policies and assess whether these are contributing to EU renewable energy competitiveness in their current format. New industry initiative and policy recommendations are expected to be developed through a constructive dialogue between industrial actors who need to build a competitive strategy and policy makers.

The Forum will organise two high-level meetings per year, to ensure an ongoing dialogue between the European Commission and relevant stakeholders. Each meeting will focus on specific themes associated with the developments in the EU policy and regulatory framework.

Following the High-Level Meeting on the 9th January, a public event with all three sections of the EU Clean Energy Industrial and Innovation Forum will be organised during the EU Industry Days on 22-23 February 2018. This Forum will also serve as a spring board to assert EU industrial leadership in low carbon energy technologies to be show-cased in the 9th Clean Energy Ministerial and the 3rd Mission Innovation meetings in Malmö/Copenhagen in the week of 22-25 May 2018.

The longer term objective of the Forum is to prepare an action agenda to strengthen the industrial basis and support EU competitiveness of the renewables industry.

² See for example, Jacques Delors Institute: Innovation to drive the clean energy transition

4. Taskforce to support high-level meeting

To prepare the groundwork for the High Level Meetings, a task force consisting of renewable energy associations, the Commission, and other interested parties was set up.

The aim of the taskforce is to:

- Prepare background notes for high-level event;
- Prepare joint statements for high-level event;
- Identify and develop key performance indicators (KPIs) to measure competitiveness of EU industry;
- Create a repository of KPIs and support a mapping of the competitiveness of the value chains of renewable energy technologies;
- Collect relevant energy initiatives.

5. Proposed themes for first high-level meeting

Competitiveness of the EU renewables industry

The renewable energy industry in the EU faces two important challenges. First, in the rapidly developing global market for renewables, the share of European investments in the development of renewable energy technologies in Europe has diminished from 45% to 18% of global renewable energy investment between 2011 and 2016³. At the same time, the international market for renewables is developing rapidly. The EU market for renewable power is expected to grow by 510 GW of new renewable energy capacity up to 2030, whilst the global market for renewables is expected to be between 5000-6000 GW. Similar developments can be found in renewables' deployment in heating and cooling and the transport sector. Second, EU's global leadership in key energy technologies is facing increasing competition from other regions seeing a decline of the global market share of EU companies.

Proposed questions to the high-level meeting:

- ***Which parts of the value chain for the renewable energy industry in Europe hold the best potential for untapped investment in Europe?***
- ***What are the two most important cross-cutting actions that should be taken to sustain global leadership of the EU's renewable energy industry?***

³ BNEF/UNEP-centre/Frankfurter School, 2017

Research and innovation

EU's global leadership in key energy technologies is facing increasing competition from other regions. For example, the global market share of EU manufacturing companies of solar PV modules and wind turbines continues to decline even though in other parts of the value chain the EU continues to lead. At the same time, ocean energy, concentrated solar power plants and biogas installations around the world continue to rely on European technologies, but require a strong European market to retain their leadership within the EU. Whilst advanced manufacturing capacity is a necessary condition to ensure that the EU continues to innovate in energy- and manufacturing technologies, it is also becoming evident that with lowering technology costs the share of added value and associated job opportunities is shifting to the downstream sectors. Simultaneously, upstream R&D, inventions and patents as well as breakthrough technologies and new business models are key elements all along the value chain to gain new market shares.

In 2015, European companies are estimated to hold 30% of all renewable energy patents, although the share has declined in the past years⁴. The EU's Horizon 2020 dedicates over €10 billion in clean energy funding to research and innovation during the period 2014-2020, of which an estimated €3 billion for renewables. Industries, the research community, the Member States and the Commission have also worked and continue building synergies in the framework of the Strategic Energy Technology (SET) Plan. This work aims to adopt cost and performance targets per technology to be reached between 2020 and 2030⁵.

In this context, it is important to mention that the European Commission is currently chairing, in cooperation with the Nordic EU Member States, the Clean Energy Ministerial and the Mission Innovation which aims to double State-directed clean energy research and development investment in the period from 2015 to 2021. The Commission is also in the preparatory phase for the development of the ninth research framework programme (FP9), as the successor of the current Horizon 2020 Programme for Research and Innovation.

Proposed questions to the high-level meeting:

- *Where should EU research and innovation policies or actions focus to leverage and support industry to ensure the highest industrial strategy and competitiveness benefits? Are any new approaches needed?*
- *Are there any specific recommendations from the industry for research and innovation cooperation priorities with non-EU countries?*

⁴ JRC report "Research, Innovation and Competitiveness in the Energy Union

⁵ These actions were further detailed by various SET Plan European Technology and Innovation Platforms (ETIPs). Implementation plans to reach those targets have now been developed.

Trade

Since 2011, the global market for renewables has rapidly expanded beyond EU borders with currently 174 countries with renewable energy targets. EU trade flows in the energy sector have increased over time. In 2015, the sum of import and export was more than two times higher than it was in 2000, with an average increase of 7% each year. This is particularly due to the growing relationship with China and other countries in western Asia and northern Africa. These trade links complement the already established partnerships with the United States and other countries, mainly Russia and Switzerland.

Based on the available data, the value of EU exports exceeded the value of imports, indicating a positive trade balance for most renewable energy technologies. On the other side, in the solar PV sector - where the EU imports modules, but exports manufacturing equipment and inverters - the EU has a negative trade balance⁶. The EU exports in the energy sector to destination countries differed over time. Between 2000 and 2015, exports to countries in North America have seen a decrease of 32%, in particular a reduction from 29% to 19% in the United States. In contrast, in the same period, the share of European exports to western Asia and northern Africa increased by 35%.

In addition to issues affecting trade in goods, the question also arises of possible issues faced by EU companies when tendering for renewable energy contracts or projects worldwide. For example, subsidized financial support to third-country competitors by their respective States (either directly via extremely favourable loans or indirectly via more opaque financial support measures) puts EU companies in an unfavourable competitive position for specific contracts, with clear impact on time on their global market share.

In this context, the European Commission is in a continuous process to update existing or develop new trading agreements that – in many cases – can include specific stipulations for energy technologies. Furthermore, the European Commission has established energy policy dialogues with non-EU countries to exchange information on policies to support renewable energy markets.

Proposed questions for high-level meeting:

- ***What are the key markets that the EU renewables industry should pursue to ensure global leadership?***
- ***What are the key barriers - including finance – to compete on international markets, and how can the EU further facilitate trade and access to markets beyond EU borders?***

⁶ EU Energy technology trade, 2017: JRC