

The Austrian Federal Economic Chamber, Wiedner Hauptstraße 63, 1045 Vienna, Austria, is registered with the number 10405322962-08 in the Transparency Register of the European Parliament and the European Commission.



Feedback on the draft implementing regulation

Renewable energy - financing mechanism for EU-wide projects

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The Austrian Federal Economic Chamber is the legal representative of the entire Austrian business community and represents all Austrian companies - some 517,000 businesses drawn from the areas of Crafts and Trade, Industry, Commerce, Banking and Insurance, Information and Consultancy, Tourism and Leisure, Transportation and Communication. 99,6% of our members are SME with less than ten employees.

The Austrian Federal Economic Chamber (WKÖ) welcomes the proposed financing mechanism of the European Union (EU) to promote the use of renewable energy. Enormous efforts will be necessary to achieve the European climate and energy targets. The financing mechanism of the Union is a further necessary step in this direction.

A European renewable energy investment fund - in which the Member States (MS) can voluntarily choose to participate - has the great advantage that renewables are developed in the best locations in Europe, where the conditions are right and where green electricity can be produced at the most favourable cost. This is particularly interesting to regions with high solar radiation or outstanding wind power potential. MS, whose ecologically, technically, economically, and social feasible potentials have been exhausted have the opportunity to achieve their national targets, thereby contributing to the EU target and avoiding penalties.

Payments must remain voluntary (Art 4)

- When designing a European funding mechanism, it is essential that payments by MS remain voluntary. In this context, it must be taken into account that the voluntary contributions are not per se passed on to the national market participants. They can be generated from the budget or by redeployment of already existing sources of funding.
- The financing mechanism should be covered by payments from MS, the Union or private parties. We welcome the fact that projects shall also be financed from Union funds and that the EU itself is able to credit these percentage points to meet the European targets. In order to reach climate neutrality, enormous amounts of renewables will be required, MS alone will neither be able to provide them, nor will they be able to pay for them.
- Contributions from private parties must also remain exclusively voluntary. There must be no obligation.

Commitments by host Member States shall be linked to the development of grid infrastructure (Art 7)

- In order to safeguard the security of supply when further expanding volatile energy sources and to avoid “stranded investments” as well as distortions in the EU internal market, the transformation of energy conversion must be accompanied by investments in the expansion, regulation and coordination of pipeline and storage infrastructures in line with demand.
- Generated energy must be available for the consumer. This means that new projects should be coordinated with the existing pipeline infrastructure and networks should be expanded sufficiently. This is the only way newly generated renewable electricity can be transported efficiently and reliably to consumer centres. This must be considered in connection with the allocation from the Union's financing mechanism. Therefore, this criterion must be respected in Art 7.

Cost-efficiency must be the focus in the procedure for granting subsidies (Section II)

- We welcome both the EU-wide approach and the market-based allocation of funds according to the best bidder principle and see this as a contribution to the realisation of the EU internal market. To ensure that the expansion of renewable energies is driven forward in a cost-efficient manner, the awarded contract must be solely based on the lowest price. This is helpful to the acceptance of the European population. In order to maintain this efficiency, the procedures should be designed in the least bureaucratic way possible.
- We would also like to point out that the contract award must focus on the entire energy system. The selection of the most efficient energy production sites must be complemented by a technical and economic analysis. Aspects such as the distance to energy consumers, transmission/storage capacities as well as their needs-based adaptation as well as transport losses must be taken into account.
- Linked to the growing importance of sector coupling and integration, we call for the financing mechanism to be used also for investments in renewable or climate-friendly gases. This is particularly relevant with a view to transforming and maintaining the highest possible security of supply and competitiveness. In addition to the electricity, heating/cooling and transport sectors, the area of renewable or climate-friendly gases in Art 15 (3) must therefore be taken into account.
- The European Commission is empowered to decide on how the financial support is granted. Those MS participating in the financing mechanism - as host or contributing MS - must have a say on how the tender and the financial support are implemented in detail (Art 16).
- For Austria as a country with significant quantities of hydropower, it is especially necessary to set the implementation periods (Art 22) for the individual projects - as planned - in a technology-specific and realistic manner.

No double funding - coordinated support necessary (Chapter III)

- Projects may be financed by a combination of funding from the mechanism and from other European, national, public or private programmes or instruments, as long as they comply with state aid rules (Art 23). Under no circumstances may the same costs be financed more than once from the Union budget. The sum of repayable and non-repayable financial support may not exceed the total cost of the project.

Fair and individual statistical allocation of percentage points - no general allocation key (Chapter IV)

- WKÖ welcomes the fact that projects can also be financed from European Union funds and that the EU itself is thus allowed to credit these percentage points to meet targets. We also demand such a mechanism for the European emission reduction target, as a third pillar alongside emissions trading and burden sharing (Art 25).

- We are in favour of the idea that MS should not only be statistically allocated contributions from voluntarily financed public grants, but also contributions from private funds (Art 25).
- We consider the general investment allocation key of 80:20 as well as the possibility for the European Commission to adjust this key unilaterally as problematic. The subsidised renewable energy projects are to be allocated on a pro rata basis to the state that provides the corresponding financial resources (Art 26).
- The relevant cooperation agreements for crediting the produced green energy must ensure that the allocation of green electricity quotas is happening as simple as possible and within the framework of existing reporting obligations, e.g. the governance structure. There must be no additional administrative effort (Art 26).

Questions to

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