



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

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Opinion

Title

Impact Assessment on: Communication on Financing Low Carbon Technologies (SET-plan)

(draft version of 1 April 2009)

Lead DG

DG TREN, DG ECFIN and DG RTD

1) Impact Assessment Board Opinion

(A) Context

This initiative follows the Commission Strategic Energy Technology Plan (SET), and the Council request to present resource needs and sources, avenues to leverage private investment, enhance co-ordination between funding sources and raise additional funds.

It focuses on research, technological development and demonstration (RDD), and does not address the issue of costs of deployment. Once politically endorsed this initiative will be followed by more specific proposals, underpinned by impact assessments, wherever appropriate.

(B) Positive aspects

The options are compared against a clear set of criteria.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

General recommendation: The IA should discuss the need for prioritisation of technologies to be supported, and the overall impact of the proposed measures on reaching the objectives of the EU Climate change and energy policies. The analysis of funding mechanisms should be made more forward looking and develop more fully the arguments on subsidiarity. The problem definition and the baseline scenario need to take into account policy measures which have already been agreed. A fuller analysis of problems related to co-ordination of current research development and demonstration efforts should be added. The author DGs agreed during the IAB meeting to revise the IA along these comments.

(1) A potential prioritisation of technologies merits further analysis. Given the significant scale of public funding to be mobilised, the Impact Assessment should indicate how prioritisation of technologies should be made, at what stage and how. The IA needs to explain to what extent the prioritisation of technologies contained in the 2007 SET-plan was or will be updated, in order

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to take account of new policy developments, such as the Climate Change and Energy Package (and corresponding pricing of carbon). The IA should also clarify the potential impact of the measures to be proposed on the mix of low carbon technologies modelled in analysis underpinning that package (link between technology and cost curve). Furthermore, the IA should already flag what could be considered as prioritisation criteria (e.g. social benefits other than CO2 reduction, such as benefits from reducing other pollutants, impact on energy dependency, job creation, etc).

(2) The analysis of funding sources and needs should be made more thorough and forward looking. The IA should analyse the drivers of mobilising or stimulating particular types of funding (public or private) in regard to the different technology groups. This analysis should be complemented by an overview of the initiatives planned or underway in the framework of the EU and Member State responses to the economic crisis and should include the potential of market based instruments. The IA should also discuss to what extent technologies belonging to the same group would require different types of funding and clarify on what basis the financing needs were determined and verified. Finally, the implications for the EU budget between now and the end of this Financial Perspective (2013), if any, should be explained.

(3) Several aspects of the problem definition need to be developed further. The IA should analyse in greater depth the shortcomings of current policy co-ordination, the drivers that underlie these failures, and how the situation would evolve without further action (the last element can be presented under the BAU option). In this context, the impact of measures which have already been agreed, such as European Industrial Initiatives, Key Performance Indicators or the European Energy Research Alliance, must be brought more fully into the analysis. The IA should be clearer about the political context of this initiative and explain in more detail the political decisions already taken that would have an impact either on policy objectives or on policy options. For example, the IA needs to explain whether the objective of a doubling of financing relates to the global or to the EU level. The IA should also include a presentation of the process of collecting and verifying the investment needs for each respective technology.

(4) Subsidiarity analysis and the argument for EU action should be strengthened. The IA should explain the scope of EU action for each of the identified technology groups (annex V may serve as a useful starting point) taking into account what is already being implemented at the national level.

(D) Procedure and presentation

The report should not exceed 30-page limit. The executive summary should follow the format set out in the IA guidelines. The minutes of the last IASG meeting should be attached.