EFFECTIVE GOVERNANCE FOR THE EU 2030 RENEWABLE ENERGY TARGET

NGO POLICY RECOMMENDATIONS
The European Union (EU) should ensure full implementation of the existing legislative framework established to deliver the EU’s 2020 renewable energy target.

To support the continued success of European renewable energy policy, the EU must establish a governance system to deliver and surpass the EU 2030 renewable energy target based on a Renewable Energy Directive for 2030. Binding national targets have been central to the delivery of renewable energy in the EU up to 2020 and should be the preferred option for delivering the EU 2030 renewable energy target.

A strong, transparent and reliable governance system could ensure the delivery of the EU 2030 renewable energy target in the possible absence of binding national targets in the post-2020 period. Indicative national targets provide guidance to Member States for the national policies they need to put in place in order to meet and beat the EU target for renewable energy.

Defining indicative national targets, with the Commission taking the lead, would ensure that Member States’ individual efforts are set in a fair and transparent way, and that they combine to meet and exceed the EU-wide binding 2030 target. The EU should create a fund under the Multiannual Financial Framework to incentivise Member States that have already met their indicative targets to go further. As a corollary, Member States that do not take the actions or do not want to deploy renewables to deliver their indicative targets would have the flexibility to pay into the fund, up to the level of their indicative target share.

A transparent and participatory renewable energy planning process to engage relevant stakeholders, such as cities, municipalities and citizens at an early stage will be crucial to create investor confidence and public acceptance.

The European Commission should build on the positive aspects of the existing national renewable energy action plan (NREAP) templates without abandoning their necessary detail.

Finally, an issue of significant importance is the need for energy market reforms that pave the way for renewable energy.

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1 Based on original, unpublished research by Ecofys, commissioned by Climate Action Network (CAN) Europe, Greenpeace and WWF.
The EU is committed to cutting greenhouse gas emissions by 80-95 percent by 2050, compared to 1990. To help deliver this goal, energy from renewable sources, which is already delivering 15 percent of Europe’s energy supply, will have to play a predominant role in Europe’s energy system. Investments in renewable energy help to cut EU carbon emissions but also improve European security of supply, reduce the EU’s energy import bill and boost job creation.

The European renewable energy success story has been driven by the EU target to deliver 20 percent of energy from renewables by 2020, the binding national targets into which the collective target was broken down, and other supporting policies. This comprehensive policy framework, enshrined in the 2009 Renewable Energy Directive, has powered Europe’s renewables development, giving households and companies alike the confidence to invest in a renewable future.

This collective investment will continue to reduce the cost of renewables and empower a new generation of proactive consumers. In Germany, citizens, cooperatives, and communities own more than half of the installed renewables capacity. Local communities in search of job creation opportunities are also benefitting from big European investments in renewables.

To ensure continued success, the EU must maintain a strong post-2020 policy framework that will secure current and future investments in renewable energy. This framework should be designed to deliver and surpass the EU’s 2030 renewable energy target. It should also contribute to meeting the EU’s long-term climate objective by, among others, addressing the ongoing market and non-market barriers to the development of renewables in Europe.

This briefing sets out our perspective on the need for a strong and reliable EU 2030 renewable energy governance framework and presents our recommendations.

INTRODUCTION

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DELIVERING THE 2020 RENEWABLE ENERGY TARGET
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The achievement of Europe’s 2020 renewable energy target is a prerequisite for the successful deployment of higher shares of renewable energy in the decade from 2020 to 2030. The latest figures show that Europe is on track to meet its 2020 target with renewables delivering 15 percent of European energy supply in 2013. However, coherent and consistent political commitment and targeted financial support for renewables through national policies must be strengthened if the 2020 target is to be met.

THE ROLE OF RELIABLE NATIONAL COMMITMENTS

Binding national renewable energy targets have been central to the development of renewable energy in the EU. Between 1995 and 2000, when there was no supporting EU regulatory framework, the share of renewable energy in the EU grew by 1.9 percent per year. The introduction of indicative national targets in 2001 had the effect of raising the average annual growth rate to 4.5 percent. However, it wasn’t until the adoption of legally binding national targets in 2009 that renewables growth was significantly boosted: the annual growth rate more than doubled with renewables expanding by 9.3 percent in 2012. Should binding national targets be abandoned in the post-2020 period, the EU should introduce a strong, transparent and reliable governance system in order to ensure the delivery of the EU 2030 renewable energy target. Such indicative targets may have to be made binding during the 2020-2030 period if delivery under the indicative target approach is falling short.

RENEWABLE ENERGY GOVERNANCE FOR 2030: ENSURING INVESTOR CONFIDENCE

In October 2014, the European Council agreed a target for renewables to deliver at least 27 percent of Europe’s energy by 2030. The European Parliament supports a higher target of at least 30 percent. For the target, which falls well short of the potential contribution of 45% renewables by 2030, to be reached and exceeded, all Member States will have to contribute. However, no consensus could be found in the European Council over the continuation of binding national targets. In the possible absence of such targets, it is up to the European Commission to propose a coherent, rational and accountable system that maintains investor confidence in renewable energy and ensures that the collective target is met. As underlined in a previous Ecofys report: “A clear political and societal long-term commitment towards renewable energy is required... [to] significantly reduce cost of capital and overall societal cost.” This policy framework should also include new requirements to ensure sustainable use of bioenergy.

To date, the European Commission has been vague about the possible design of a new 2030 governance framework. The Commission has said that the new framework should streamline member state reporting obligations for targets on greenhouse gas emission cuts, energy efficiency and renewable energy. However, it remains unclear how the framework will ensure that Member States adopt the measures needed to ensure that an EU-wide renewable energy target will be reached and exceeded. This uncertainty is already undermining investor confidence in Europe’s renewable energy market.

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INDICATIVE NATIONAL TARGETS

Even without the preferred option of binding national renewable energy targets, it remains possible to build a strong and reliable governance system for renewables on the basis of indicative national targets. It is worth noting that the Renewable Electricity Directive\(^{18}\) did not include binding national targets, introducing instead a legal obligation on Member States to put in place the measures needed to achieve their indicative national target. Infringement proceedings could be launched if Member States failed to do so. The introduction of transparent and strong indicative national targets, backed by a legal obligation to take the measures needed to deliver them, would help to maintain a coherent and stable investment framework for renewable energy in the EU. This framework would be complemented by the expected revision of the Renewable Energy Directive, which should boost renewable energy deployment by addressing matters such as priority grid access, administrative procedures, and support schemes.

FAIR SHARES FOR MEMBER STATES

For the 2020 target, each Member State’s fair contribution to the EU target was set through a clearly defined and commonly agreed methodology. Indicative national targets for the EU 2030 target should be set following a comparable system. Defining the national target, with the Commission taking the lead, would ensure that Member States’ individual efforts are set in a fair and transparent way and that they combine to meet and exceed the EU-wide binding 2030 target. The European Commission should set indicative national renewable energy targets according to a fixed formula such as the flat rate/GDP approach used to set the national renewable energy targets for 2020\(^{19}\). Solidarity with lower income Member States could be increased by strengthening the GDP factor.

OPTIONAL REGIONAL TARGETS

The governance system could offer flexibility to Member States by allowing them to partner with other Member States to combine their national targets into a joint or regional target. In order to increase flexibility for Member States they could also opt for joint targets up front with such cooperation potentially being incentivised by the Commission. This could be the case for Member States which face particular challenges in delivering their national targets, such as Cyprus and Malta. Regional targets would require greater cooperation between Member States on energy policy and power markets, in line with the objective to create an internal energy market, the new Energy Union Strategy and the 2030 package agreed by the European Council.

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\(^{19}\) Commission staff working document, impact assessment SEC(2008) 85 “…sharing on the basis of a flat-rate increase in the share of renewable energy (measured in percentage points) in each Member State weighted by GDP and modulated to take account of earlier development of renewable resources.” http://ec.europa.eu/transparency/regdoc/rep/2/2008/EN/2-2008-85-EN-1-0.Pdf
EU INCENTIVES TO GO BEYOND NATIONAL INDICATIVE TARGETS

The 2030 renewable energy target of at least 27 percent agreed by the European Council and the European Parliament’s support for a target of at least 30 percent are far from ambitious. They are weak not only in terms of the potential contribution of renewables by 2030, but also because they even represent a slowdown of current growth rates.

To ensure Europe exceeds its low 2030 target, EU policy should include incentives to encourage Member States to go beyond their indicative national targets. Such incentives could be provided through existing EU instruments or through new funds or programmes. These incentives should only be available to Member States committed to deploying renewable energy capacity beyond their indicative national target, and should be in proportion to the additional renewable energy they commit to deliver. The funds could be used to finance renewables support schemes or other measures to support renewable energy deployment.

A new EU fund should be established to ensure reaching the binding EU-wide 2030 renewable energy target, as endorsed by all Member States. It should be set up under the next Multiannual Financial Framework starting in 2020, and should support the financing of renewable energy projects and joint projects between Member States using the cooperation mechanisms. As a corollary, Member States which do not take the actions or do not want to deploy renewables to deliver their indicative targets would have the flexibility to pay into the fund, up to the level of their indicative target share. These contributions should be ring-fenced and made available to over-achieving Member States. The European Commission would be able to start infringement proceedings in the event that a Member State does not pay into the fund in accordance with the rules agreed.

PLANNING, REPORTING AND MONITORING TO ENSURE TARGET DELIVERY

Member States’ efforts to develop their renewable energy sector require coherent policies and plans, which will strongly influence investors’ decisions. The experience of the 2009 Renewable Energy Directive shows that Member States have in general been quite committed to the NREAPs process. All Member States have submitted NREAPs. The quality and completeness of NREAPs varied but was generally acceptable; only a few Member States provided minimalistic, incomplete NREAPs.

The European Commission proposed in its 2030 climate and energy communication that Member States submit “national plans for competitive, secure and sustainable energy” which will streamline the current reporting on energy efficiency, renewable energy and climate change. The national plans should include “an indication of the amount of renewable energy the Member State intends to attain in 2030, as well as infrastructure plans, support schemes and roll out of smart grids”.

The new planning and reporting system should continue to allow policy makers and stakeholders to monitor the progress of Member States and adopt early measures and policies to ensure the fulfilment of the EU 2030 renewable target.

Therefore, the planning process to deliver renewable energy, in particular for infrastructure and the impact on the environment and society, should be designed to enable the participation of stakeholder groups in the decision making process.

The standardisation of NREAP reports has helped to increase transparency of renewable energy policies across Europe. The European Commission should improve this process further by providing a detailed...
template for NREAPS under the 2030 climate and energy framework. This should be enshrined in the 2030 renewable energy directive. 2030 NREAPs should include the following elements:

- Bi-annual projected renewable energy progress up to 2030
- Projected breakdown of the renewable energy share by sector (electricity, heating and cooling and transport)
- Projected contribution of each renewable energy technology up to 2030
- The expected role and impact of existing and planned support schemes and other measures
- Planned measures to improve administrative procedures
- Planned measures to remove grid-related barriers to renewable energy deployment
- Regional cooperation: planned use of cooperation mechanisms
- Significantly strengthened sustainability measures on biomass

In addition, the new planning and reporting system should continue to allow policy makers and stakeholders to monitor the progress of Member States and adopt early measures and policies to ensure the fulfilment of the EU 2030 renewable target.

Streamlined reporting requirements, as proposed by the Commission, could provide an opportunity to highlight the synergies between the three climate and energy targets, such as the benefits of renewable energy generation as a key measure to reduce greenhouse gas emissions. Furthermore, streamlined reporting could enhance acceptance and transparency of the renewable energy sector in Member States.
CONCLUSIONS

For the EU to achieve and exceed the 2030 renewable energy target, it must establish a reliable, strong and transparent governance system. This briefing has shown that even without the preferred option of binding national renewable energy targets, the EU can deliver such a governance system. The introduction of indicative national targets, backed by a legal obligation to take the measures needed to deliver such indicative targets, would help to maintain a coherent and stable investment framework for renewable energy in the EU. Infringement proceedings should be launched on the basis of Member States failing to take the action required.

Flexibility could be offered to Member States by allowing them to combine national targets into joint or regional targets. In order to increase flexibility for Member States, they could also opt for joint targets upfront with such cooperation potentially being incentivised by an EU mechanism. This could be the case for Member States which face particular challenges in delivering their national targets, such as Cyprus and Malta. An EU fund the Multiannual Financial Framework, created on the basis that Member States deliver their fair share first, could incentivise some Member States to go beyond their target.

The planning process of renewable energy expansion during the next decade will significantly influence investor confidence and public acceptance of renewable energy policies. A transparent and participatory process is recommended to draw in relevant stakeholders, such as cities, municipalities, and citizens at an early stage. The NREAPs have delivered a strong level of detail and enhanced transparency which make it possible to track progress on renewable energy deployment and integration in Member States. Finally, an issue of significant importance is the need for energy market reforms that pave the way for greater shares of renewable energy.
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