



**Deriving a future European Policy for Renewable Electricity**

Website: [www.futures-e.org](http://www.futures-e.org)

**Harmonisation and Coordination of European RES-E support mechanisms**

20 June 2007, Brussels

**Conference summary**

EACI / DG TREN aim for the conference was to gather feedback from Member States and stakeholders on their position regarding harmonisation or coordination of renewable electricity policy across the European Union.

***Aim to establish a common definition of harmonisation / coordination.***

Remembering that harmonisation is a tool not an aim in itself, the *futures-e* consortium has defined three possible levels of harmonisation of renewable electricity policy, plus a potential parallel option for technology specific harmonisation (see figure below). These definitions were opened up to debate. Among the participants the view was shared that these different levels of harmonisation need to be distinguished. A first potential logical candidate for technology specific policy harmonisation was proposed as offshore wind.

type of scheme applied	TGC Tradable Green Certificates	FIT Fixed Feed-in Tariff	FIP Premium Feed-in Tariff	Tender	technology-specific harmonisation
<div style="text-align: center;"> <p>Increasing degree of harmonisation</p> </div>	<b>"Central co-ordination"</b> (harmonised, binding framework conditions, minimum design criteria → independent of the type of support)				<b>1 technology</b> . . . . . .
	TGC	FIT	FIP	Tender	
	<b>"convergence"</b> (one support system, national design)				
	TGC	FIT	FIP	Tender	<b>all technologies</b>
	<b>"full harmonisation"</b> (one support system, same design in all MS)				

***Full harmonisation could be based on either a feed-in or quota system design.***

The three possible levels of harmonisation are imaginable for all currently existing support schemes. Full EU harmonisation for example could be based on either a feed-in tariff or quota system design. A model for an EU-wide feed-in tariff was proposed and discussed. It was proposed that there could be an EU and a national component to the tariff level, so it would not necessarily mean identical tariff levels over Europe. The methodology for calculating the tariff level would be harmonised rather than the level itself.

***Would principles of subsidiarity and conferral allow for full harmonisation?***

How far could the Commission go to prescribe RES-E policy? Could the Commission intervene if Member States are able to reach their RES-E target through their own actions? Results from Green-X modelling from the *futures-e* consortium estimate that up to two thirds of efficiency gains can be made from optimisation of national RES-E policies alone, as described below.

***The internal market needs central coordination rather than full harmonisation, and is not ready yet for the latter.***

Common opinion is to start with level 1 of harmonisation - central coordination. The internal electricity market does not automatically call for full harmonisation, but for harmonisation of framework conditions. Maybe full harmonisation is desirable in the long term to achieve maximum efficiency gains, but in the short term there are certain preconditions which should be fulfilled before steps towards full harmonisation are taken. The benefits of linking RES-E markets can only be fully felt when conventional power markets are fully linked.

***There is no urgency for full harmonisation.***

The feeling among the large majority of participants was that there is no urgency to move towards full harmonisation. There would be the danger of hampering current progress by damaging investor certainty with delays and negotiations over the perfect system. Other barriers and the lack of a fully liberalised EU electricity market mean that theoretical perfect market systems are unrealistic in the short term.

***Parallels between RES-E policy and EU ETS are not generally applicable.***

The EU ETS and the drive to further harmonise coming phases of the scheme is often mentioned as being a suitable parallel for harmonisation of RES-E policy across the EU, however the comparison is not truly valid because in the EU ETS the benefits of CO<sub>2</sub> reduction are the same for all Member States, which is not the case for RES deployment, and short term CO<sub>2</sub> reductions can largely build on mature technologies whereas RES deployment mostly involves new technologies.

***Important to first implement best practice in RES-E policy design...***

If Member States take into account lessons learned so far to improve current RES-E policy mechanisms, efficiency would be increased and the EU would move much closer to a harmonised system.

***... and remove barriers to RES-E implementation.***

Grid and administrative barriers are a reality at the moment and need to be tackled. There is a need to remove such barriers to achieve any sort of significant deployment of new RES-E capacity.

***Best practice guidelines therefore include:***

1. Removal of non-financial barriers. i.e. administrative barriers (planning / bureaucracy), technical barrier (grid connection / extension);
2. New support schemes should target just new RES-E capacity;
3. Guarantee, but strictly limit the duration of financial support;
4. Include the full basket of available RES-E options;
5. Make support technology-specific; and
6. Set incentives to take account of and accelerate future cost reductions.

***The worlds of the feed-in and quota systems are converging on these basic principles.***

Member States are already sharing experiences and implementing the best aspects of each policy to some extent. This is facilitated for example through the International Feed-In Cooperation. A quota group similar in nature to the International Feed-In Cooperation could be set up to share experiences and best practice.

***Commission action is desirable.***

Participants suggested Commission action in several areas:

- Improve working of the internal (conventional) power market;
- Level 1 harmonisation ("central coordination");
- Increase transparency of RES-E support (already achieved on efficiency and effectiveness indicators);
- Promote best practice (admin procedures, one stop authorisation);
- Develop guidelines for assessment of renewables potential.