

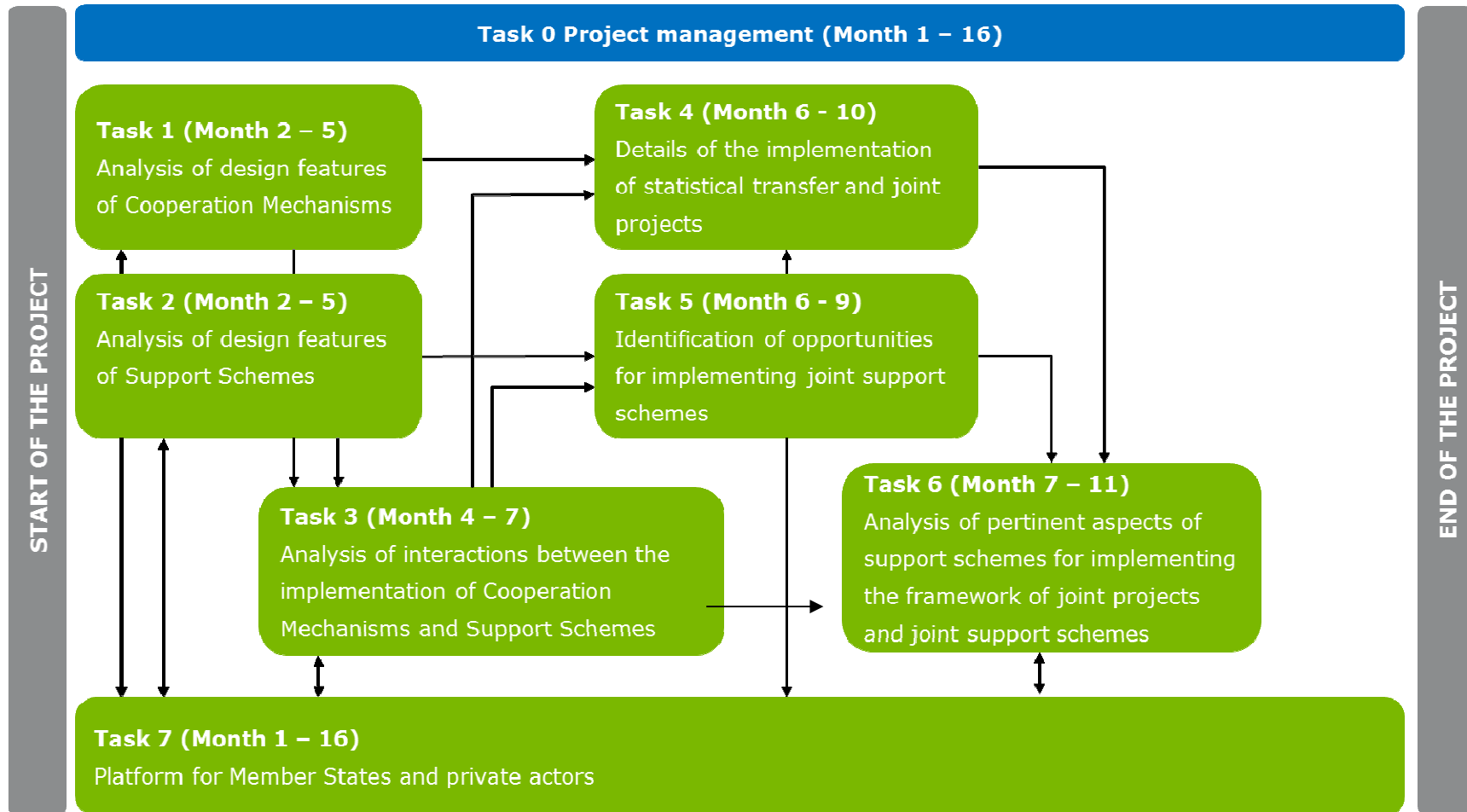
Cooperation between EU Member States under the Renewable Energy Directive and interaction with support schemes

Results and key findings

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Project Overview: Approach



Project Overview: Objectives

Two **objectives**:

- An in-depth analytical and scientific background on Cooperation Mechanisms and best practices related to support schemes
- Practical guidance and assistance for all relevant parties that seek to engage in and implement one or more of the Cooperation Mechanisms

What have we **achieved** by the end of this project:

1. Provided a knowledge base for understanding cooperation mechanisms, support schemes and their interactions
2. Facilitated stakeholders' discussions on the launch of cooperation initiatives in the different regions

Main outputs of the project

- > Update on **Member State interests** in cooperation mechanisms and barriers to their broader implementation
- > Analysis of relevant **design features** of the renewables cooperation mechanisms
- > Show options on how **costs and benefits** of cooperation mechanisms can be measured and allocated
- > Quantitative assessment of the **cost-saving potential** of cooperation mechanisms
- > Analysis of **design features** of support schemes
- > Assessment of methodologies for calculating **LCoE** in tariff level setting processes
- > **Five case studies** that provide concrete models and guidance for applying the mechanisms

Project website

> **5** reports:

- Cooperation between Member States under the RES-Directive
- Design of support schemes
- Interactions between cooperation mechanisms and support schemes with a focus on auctions
- Methodologies for estimating levelised cost of electricity (LCoE)
- Final report (to be published)

All available at <http://res-cooperation.eu/>

> **5** case study papers:

- Joint Projects/Statistical Transfer between Malta and Italy
- Statistical Transfers between Estonia and Luxembourg
- Joint Project: offshore wind park in the North Sea (cooperation between the Netherlands, Belgium, UK, and Luxembourg)
- Joint Projects between the Netherlands and Portugal
- Joint support schemes

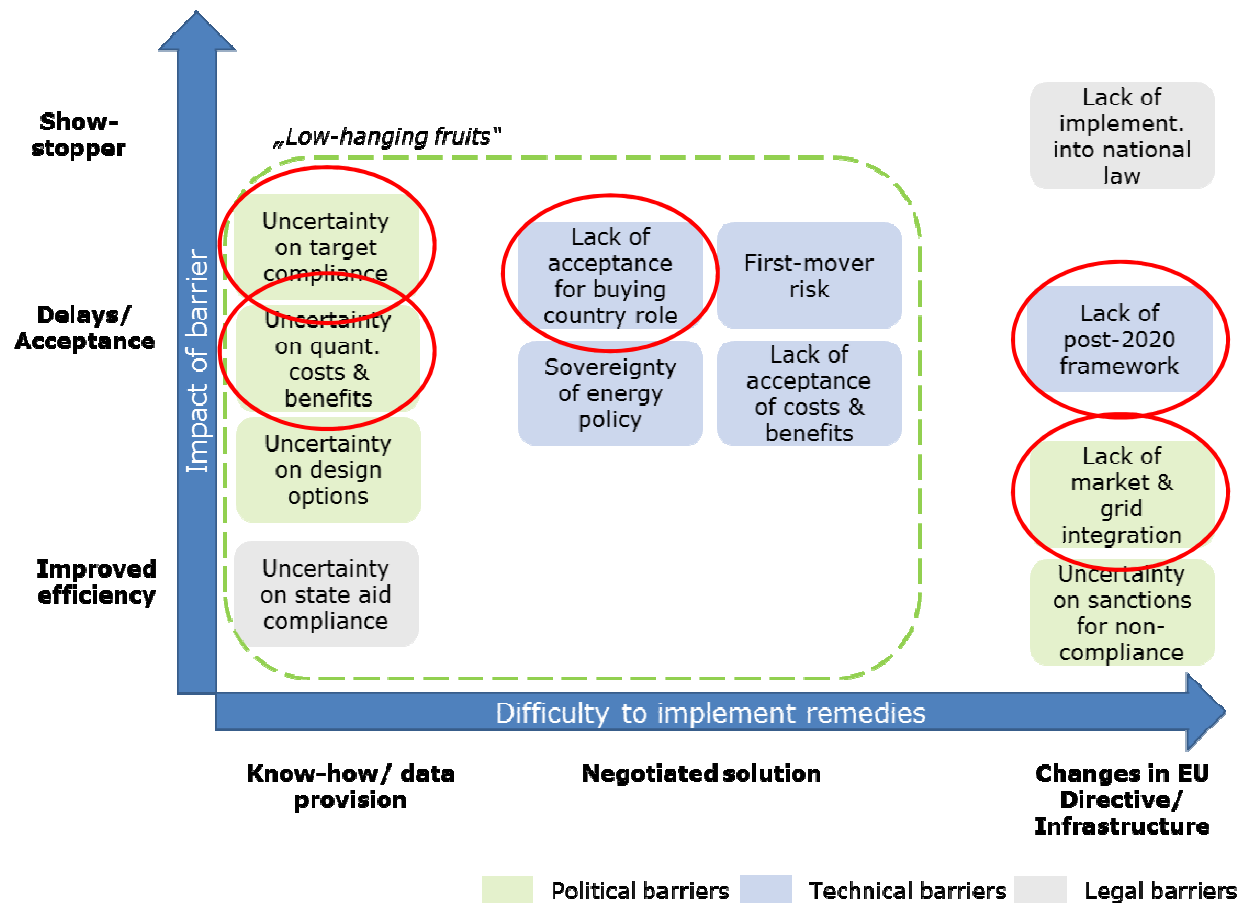
Member State progress and design options of Cooperation Mechanisms

- > The main motivation of potential **buying Member States** is target achievement (more than cost-effectiveness) → most proactive are countries with expected target deficits.
- > Only few Member States pursue the implementation of Cooperation Mechanisms actively, but many say they will consider using statistical transfers or joint projects in the future.
- > Potential **selling Member States** are mainly interested in (partly) covering the costs of their excess RES production.

Main conclusions

Cooperation mechanisms

Barriers to the use of Cooperation Mechanisms are of political, technical and legal nature, but can be adequately addressed.



Main conclusions

Support schemes

Understanding the design of RES support policies is essential for entering RES cooperation

- > Elements to consider when designing or adapting (all types of) support schemes include:
 - Detailed knowledge of generation costs is required for designing support schemes
 - Cost control is increasingly important for price-driven support schemes
 - Implementation of clear and fair burden sharing rules
 - Implement a stronger technology-differentiation in case of steep cost-resource curves
 - Long term commitment / early communication of changes

Main conclusions

Interactions between Cooperation Mechanisms and support schemes

Cooperation Mechanisms are capable of increasing the efficiency of RES support

- > Principal effect of Cooperation Mechanisms on national support schemes:
 - Increase in cost-efficiency of the off-taking Member State's support scheme
 - Decrease in cost-efficiency of the host country's support scheme (on the medium term)

- > Effects on the different support schemes:
 - Administratively defined FIT/FIPs: higher-cost technologies might have to be deployed and respective tariffs have to be established
 - Quota: RES quota need to be increased in case the cooperation uses the host country's quota system
 - Existing auction scheme of the host-country is used for cooperation, the cooperation will have an effect on the level of competition induced by the auction: the relation of the market size to the auctioned RES volume changes.

Main conclusions

Cooperation Mechanisms – case studies

Cooperation Mechanisms can very well reflect countries' preferences

- > Cooperation mechanisms can serve different interests such as cost-savings or technology cooperation.
- > Cooperation mechanisms are able to reflect Member States' preferences.

Ways forward

- > Interests (and sometimes barriers) are diverse and manifold, they can be successfully addressed, thereby increasing the efficiency of target achievement and contributing to a greater convergence of national support schemes in Europe
- > How the actual Cooperation Mechanisms are implemented in detail remains to be seen, but several Member States are making serious steps forward
- > Further implementation will give rise to numerous questions such as specific aspects of calculating costs and benefits, of allocating them adequately and of implementing the cooperation in detail, for instance, regarding administrative issues

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