

Main advantages, challenges and pertinent issues with regard to opening national support schemes

Final workshop "Cooperation Mechanisms under the RES Directive"

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Starting point: limited opening of national support

- > Opening national support schemes for RES-E installations in other countries gives Member States access to additional low-cost RES potentials
- > A full opening of national support schemes seems hardly acceptable to most Member States; low public acceptance to spend substantial support expenditures on investments in other countries
- > But: Several countries consider a partial opening of their national support schemes (e.g. Germany, Netherlands, UK)
- > Different aims: cost-effectiveness, increased security of supply, replacement of fossil generation, intensifying cooperation



Advantages of opening national support schemes

- > **Cost-effectiveness:** Member States with low/expensive domestic RES potentials can secure their national target achievement and potentially reach national RES targets at lower costs
- > **Competition between domestic and foreign RES-E installations:** Both will be supported under the same support scheme (no competition between schemes)
- > **Limited transaction costs:** Opening an existing support scheme may require less political and administrative effort than setting up a new dedicated support scheme for joint projects



Technical challenges of opening national support schemes

- > **Legal challenge of limited opening of support scheme?**
Limitation of support has been approved by ECJ
- > **How to organise access to support?**
 - Tender/auction
 - First-come-first-served
 - Negotiated (not in line with state aid rules)
- > **How to determine the right support level,** avoiding high producer rents for cheap generation from other countries?
 - Competitive bidding/auction
 - Administrative definition: consider LCOE in host country (more challenging)
- > **Defining non-discriminatory eligibility criteria,** equivalent to domestic requirements



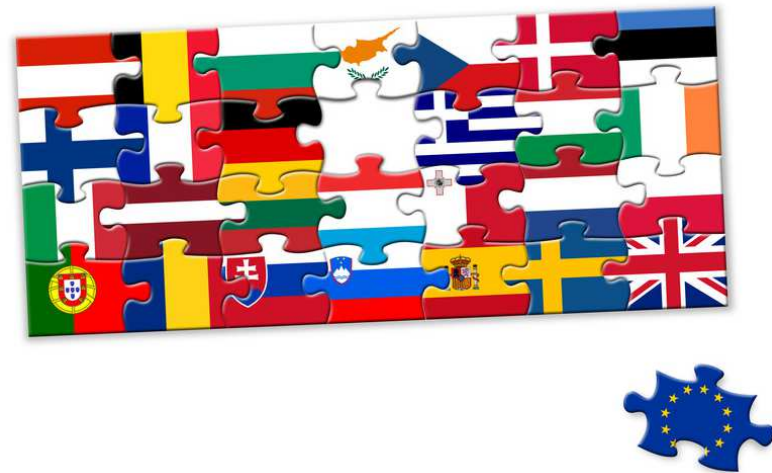
Political challenges of opening national support schemes

- > **Closing cooperation agreement with other country** to count RES-E for national target
- > **Creating public acceptance for opening national support schemes**
 - Demonstrating financial benefit
 - Demonstrating contribution to security of supply and/or physical import (UK: interconnection, DE: “physical” effect)
 - Requiring reciprocal opening (DE)
 - Include RES-E support in broader cooperation and power market integration (SE-NO)
- > **Upscaling?**



Conclusions

- > Limited opening of national support schemes is a viable option for implementing cooperation
- > Can be implemented short-term and allows stepwise upscaling
- > Cost not the only important issue for Member States; physical interconnection and broader cooperation may create public acceptance



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