



The revision of the Renewables Directive for the period after 2020

*Emerging Views**

Business Europe Industrial Affairs Committee
Brussels, 28 June 2016

* The content of this presentation represents the informal, working-level views of DG Energy services and is not binding as regards to the final proposals on the revision of the Renewables Directive or other related initiatives.

The revised RES Directive – some key challenges

**Addressing the high
financing costs for
RES across the EU**

**Ensuring regulatory
stability and
enhancing regional
coordination (incl.
on support
schemes)**

**Fostering
innovation**

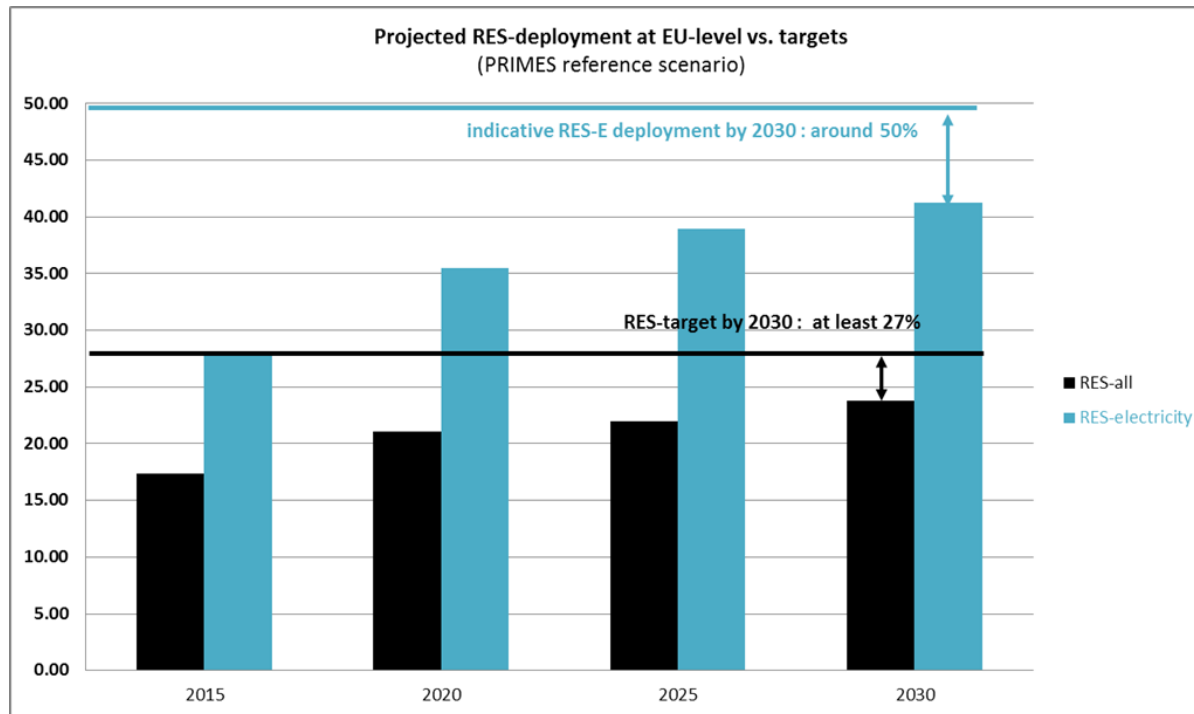
**Reducing
administrative
barriers**

**Enabling cost
effective self-
consumption**

**Untapping the high
RES potential in
H&C and transport**

**Achieving the at least 27 % EU level binding renewables
target cost effectively and contributing to the EU political
priority of becoming world number 1 in renewables**

A strong renewables deployment in electricity

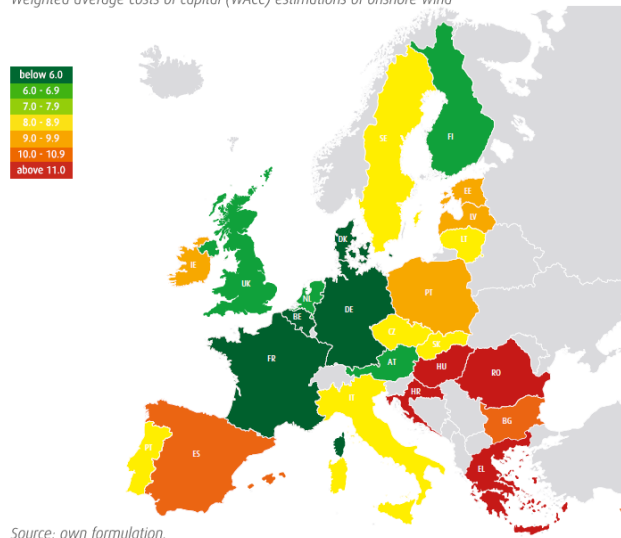


**Achieving the at least 27 % EU level binding renewables will lead to
around 50 % renewables deployment in the electricity sector by
2030**

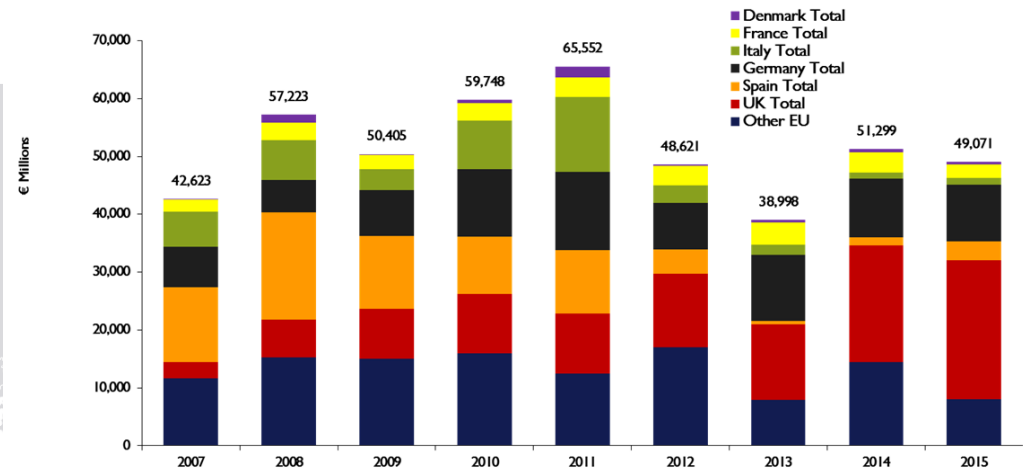
The renewables financing challenge

EU RENEWABLE PROJECT INVESTMENT BY COUNTRY- NEW BUILD, M&A, REFINANCING (2007-2015)

FIGURE 4:
Weighted average costs of capital (WACC) estimations of onshore wind



Source: own formulation.



Source: Bloomberg / New Energy Finance

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The cost of capital for RES investments remains high and substantially diverging across the EU while RES investments mostly go to a limited number of MS

However, meeting the 2030 targets cost effectively would require an important level of investment more evenly spread across the EU

The public consultation

Period of consultation:

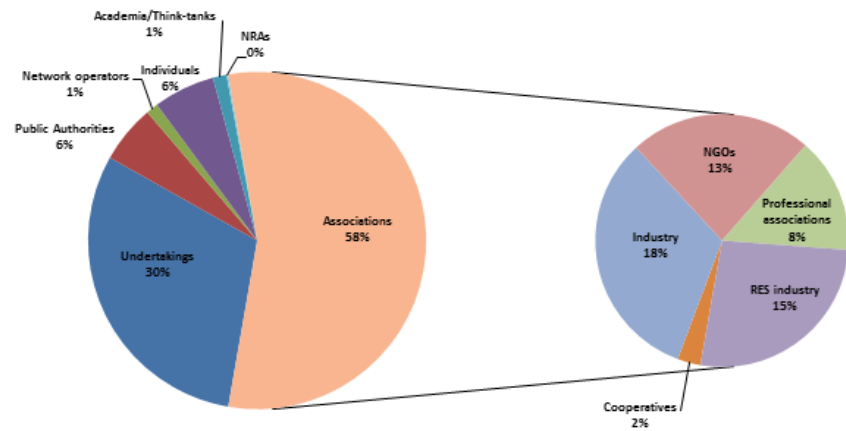
- 18/11/15 to 10/02/16

Respondents:

- 614 replies
- 19 Governments

Design of consultation:

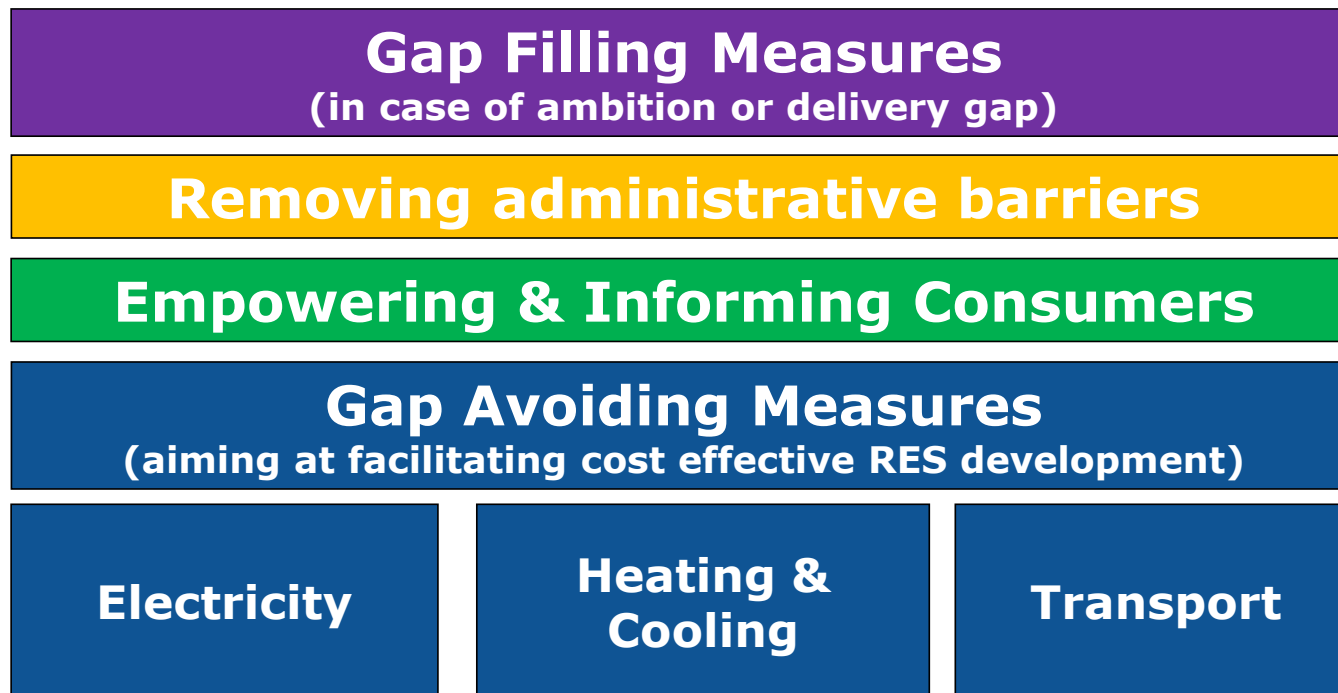
- 5 sections (*general framework, empowering consumers, decarbonising heating and cooling, market design and barriers, RE in transport*)
- Multiple choice questions with free-text element
- Not included: bioenergy sustainability (separate public consultation)



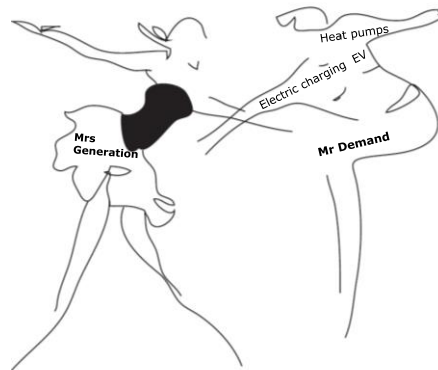
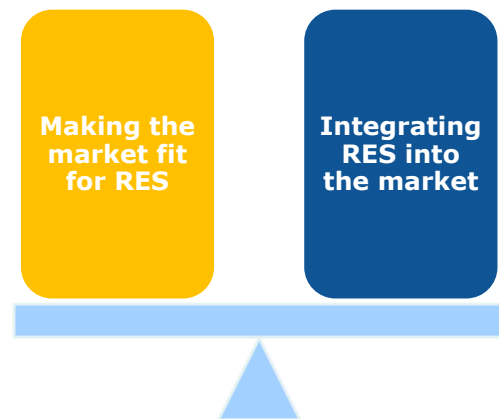
Main findings of the public consultation

- **Robust and predictable EU legal framework** considered key to achieving 2030 target
- Importance of defining **complementary measures to achieve the 27 % target** (both preventive and corrective)
- Relevance of developing a **market fit for renewables**
- More **harmonised rules on support schemes** important to provide visibility/certainty. Different views on what is the best geographical scope but general **push for more regionalisation**
- Different views on the **exposure of renewables to market conditions** (e.g. priority dispatch and balancing responsibilities)
- Strong support for additional **EU action for empowering consumers, enabling self-consumption** and defining clearer principles on **network tariffs**
- Need to remove **barriers hampering deployment of renewable H&C**
- **Incorporation obligations** supported as a way to increase renewables use in transport

The revision of the Renewables Directive in a nutshell



Ensuring a holistic approach across policy areas



The **new market design** will be the foundation of the 2030 framework (short term markets, flexibility) and ensure RES generators can earn a high fraction of their revenues via the market



With the **governance initiative** underpinning the process across the 5 Energy Union dimensions

But also Energy Efficiency, Energy Performance of Buildings, Risk preparedness, the ETS and non-ETS proposals...

Some options under consideration



Thank you for your attention!