



REALISE
FORUM Team

**Lessons for Policy
Preliminary Recommendations**

Realise Forum

core idea

Stakeholder positions and perceptions on RES-E support in context of liberalisation and ecologisation EU electricity market

- **To learn about ideas behind the willingness to change support scheme**
- **To learn about similarities and differences in stakeholder's ideas on support of RES-E**
- **Based on this learning, to recommend on next steps in the coordination/harmonization of RES-E support**

Realise Forum

Analytical focus

- Actor centered analysis in context
 - Stakeholder's willingness to change RES-E support system
- Context
 - Electricity market liberalisation
 - Electricity market ecologisation
 - RES-E Support system currently in use

Realise Forum

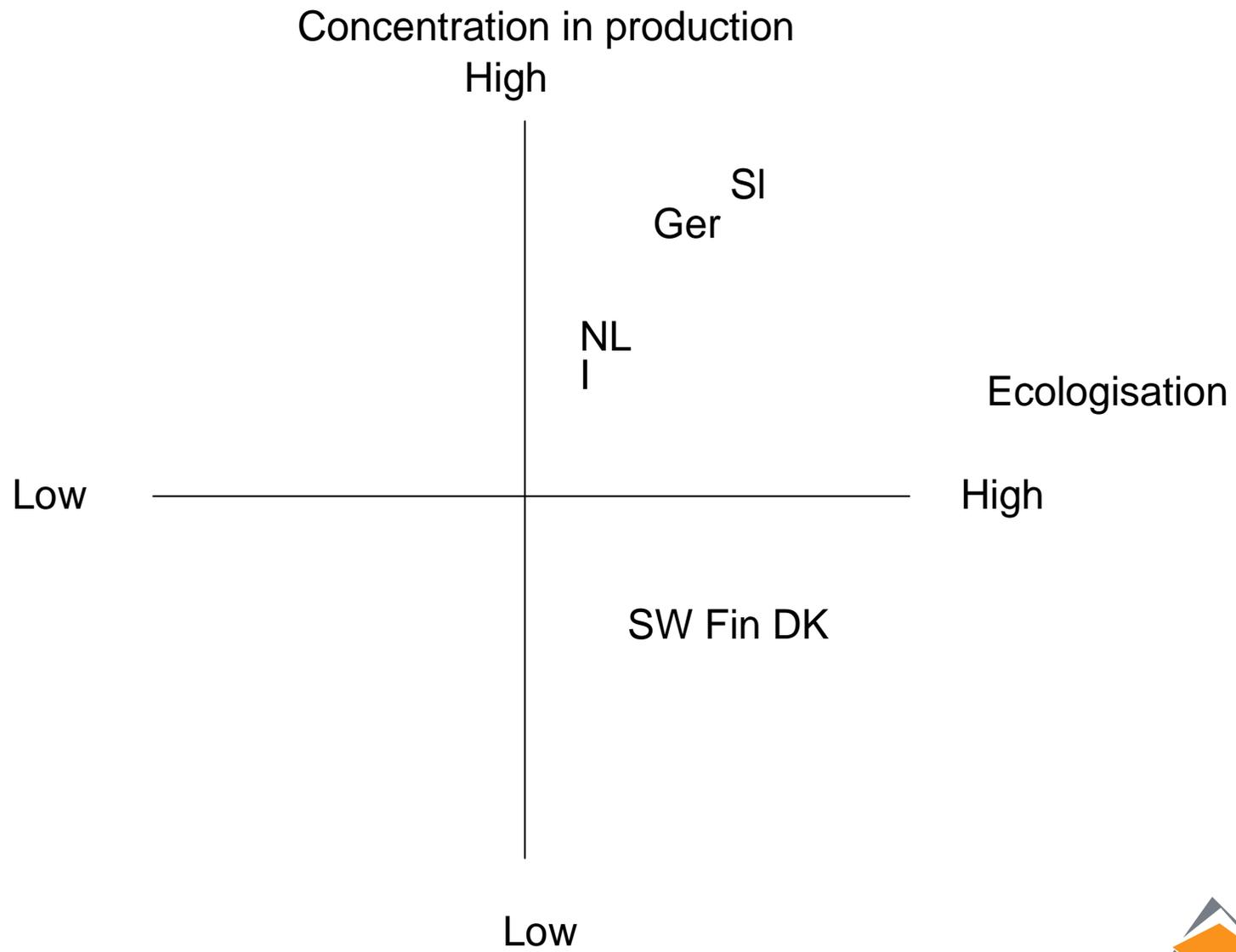
Core conclusion

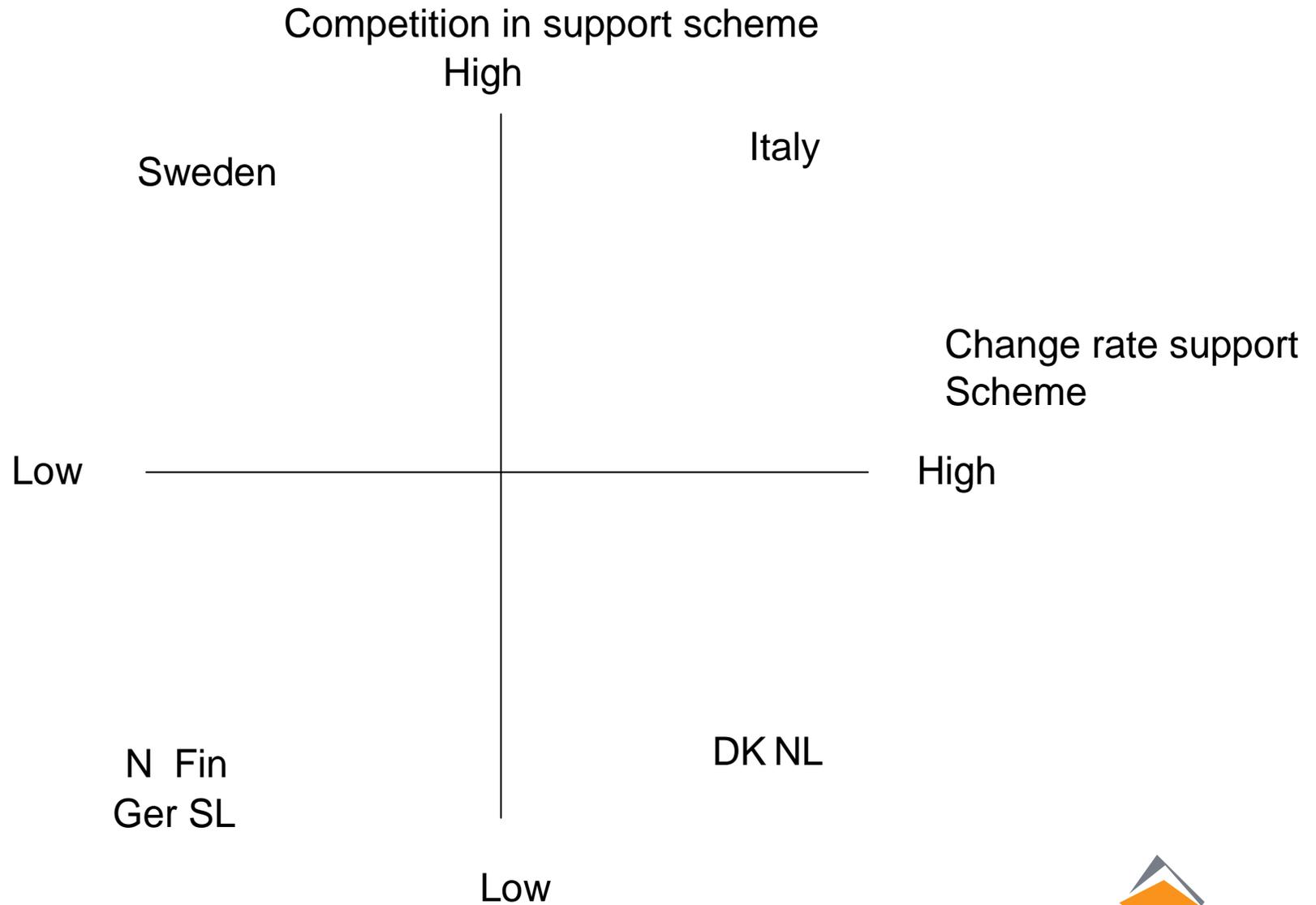
1. **Diverse patterns of state of the art in liberalisation, ecologisation and RES-E support in the EU**
2. **Diverse stakeholder positions and perceptions**
3. **RES-E discourse taking place within multidimensional space (pentagon of complexity)**

Diversification

On context:

- **Liberalisation: more and less concentrated electricity markets plus variety of institutional practices**
- **Ecologisation: relatively fast and relatively slow moving countries**
- **RES-E support: Diversified European landscape.**
(Come back to that later)



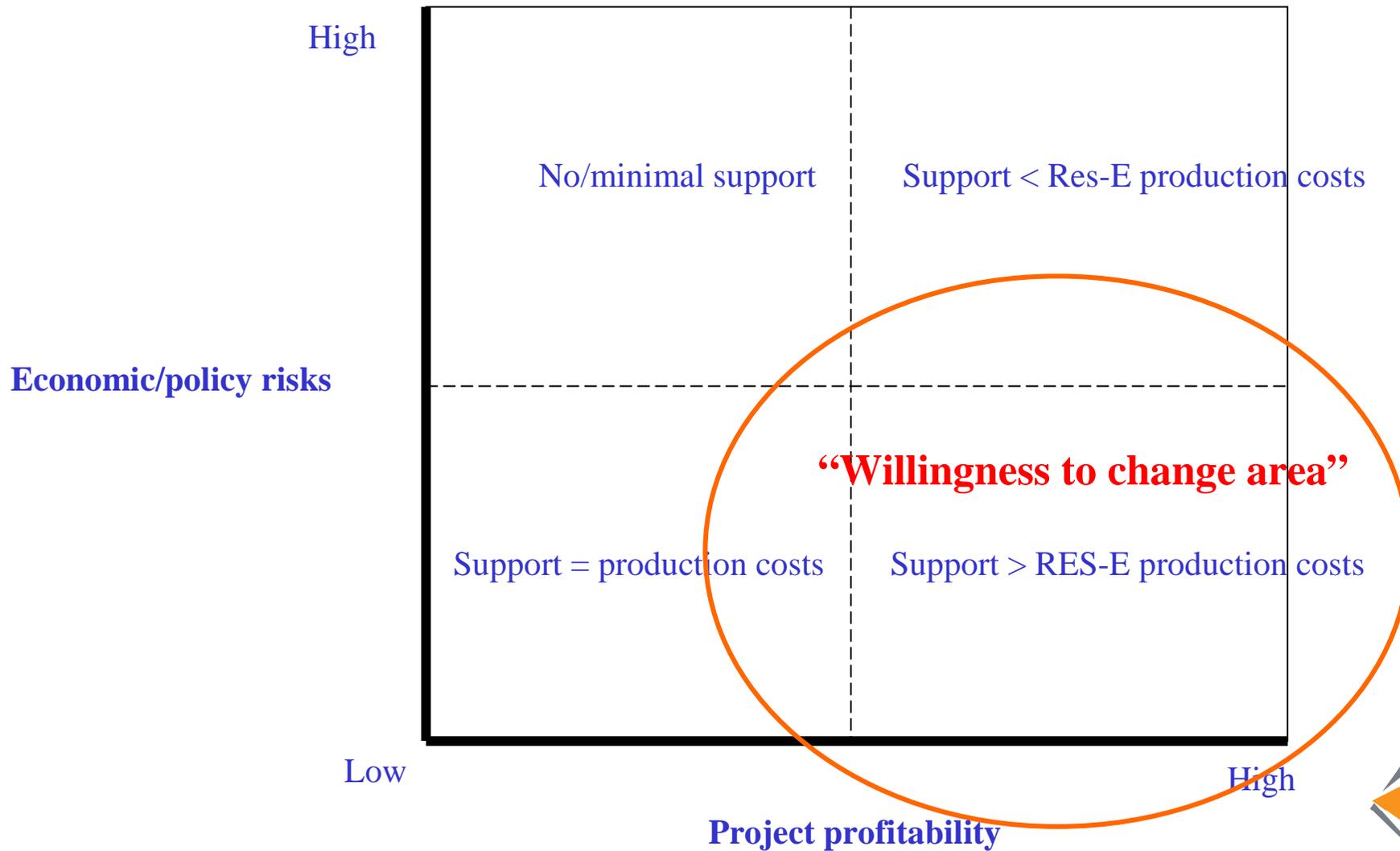


Diversities

Stakeholders:

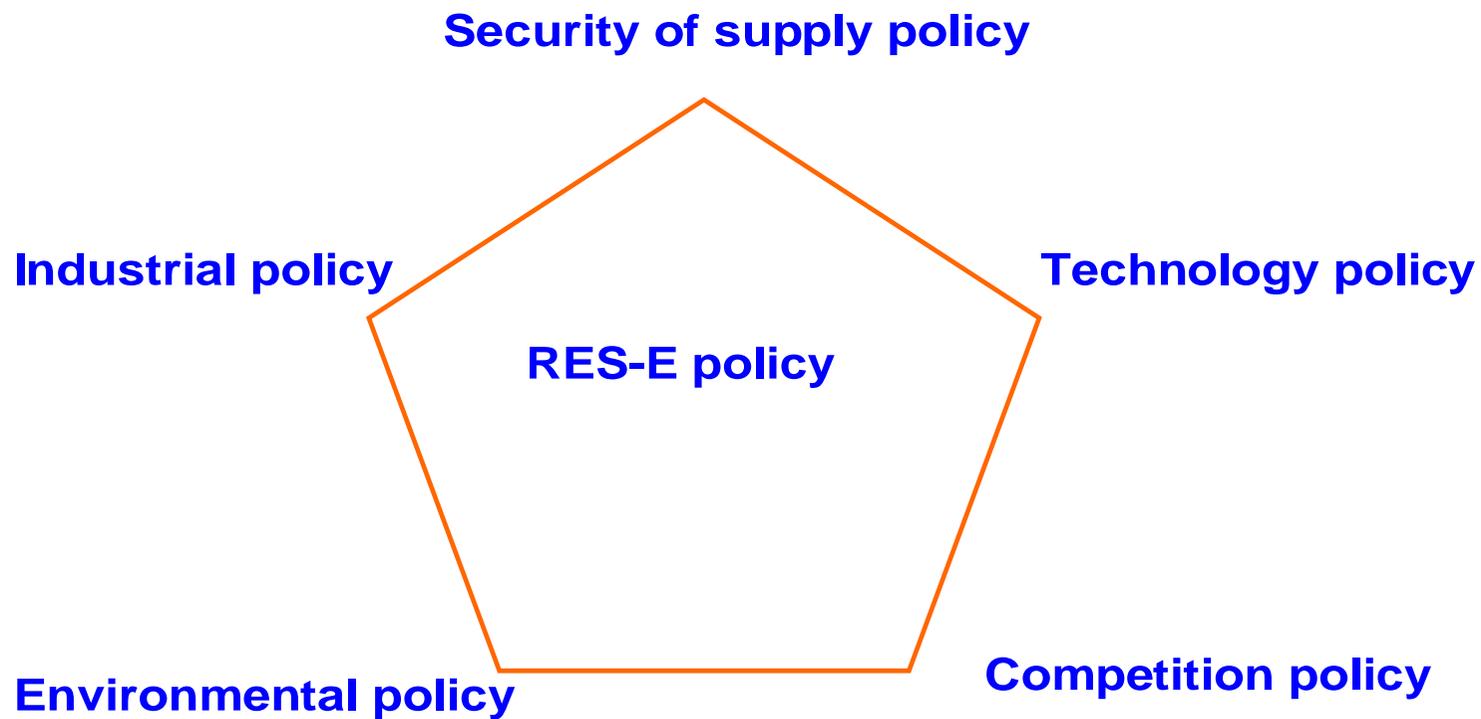
- Dissatisfaction with the state of competition in the home market
- In general acceptance (but not complete satisfaction) with RES-E support system currently in use in the home market
- Perceived compatibility of feed-in and certificate trading system with liberalised electricity market
- Willingness to change current support system only for the benefit of reduction (investment/production) risks **Next slide**

RES-E investment context



Source: Dinica 2003

Complexity RES-E discourse



Next steps?

- **EU Commission's Coordinated Approach:**
 - Cooperation between countries
 - Feed-in and certificate alliances
 - Optimisation of impact of national support schemes
 - Stability and reduction of investment risk
 - Reduction of administrative barriers
 - Addressing grid issues
 - Encouraging technological diversity
 - Ensuring compatibility with the internal electricity market
- **Instrumental “What if” approach**
 - Technical adjustments support instruments based on ex ante impact analyses
- **Realise Forum's Learning approach**

State of the Art RES-E support EU

Europeanisation			
	Feed in System	Quota system	Voluntary Green Markets
Pan EU integration	Open European feed in system with equal access for all	Open European quota system with equal access for all	One European green market
Cross national/ regional Markets	Regional feed in	Regional quota system <i>Nordic initiative</i>	Regional green market <i>Voluntary Green Market</i>
National similarisation	Closed national feed in systems with similar rules/tariffs <i>Feed in</i>	Closed national quota systems with similar rules/tariffs <i>Stand GO</i>	National green markets with similar rules
National Differentiation	Closed national feed in systems with different rules/tariffs	Closed national quota systems with different rules/tariffs <i>Quota</i>	National green markets with different rules <i>Labeling</i>

Realise Forum guideline assumptions

1. **Europeanisation of RES-E support in context electricity market integration as reference point (red arrow)**
2. **Co-existence current support systems**
 - Feed in
 - Quota
 - Voluntary market
3. **Next steps common effort: “Tailor made” guidelines**
 - EU Commission
 - Member State
 - Stakeholder groups

Commission

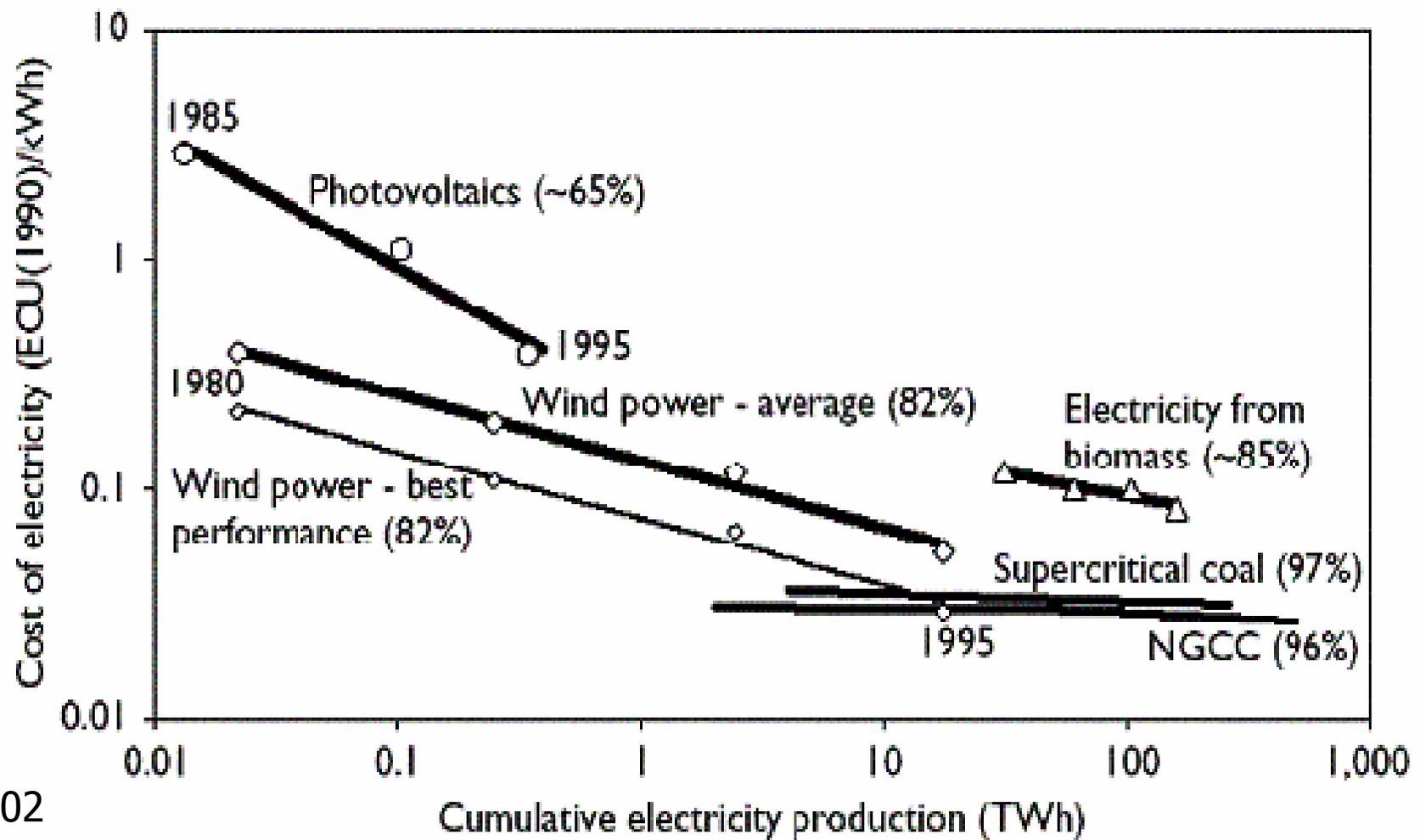
1. **Co-existence of current support systems is no barrier but point of departure for a coordinated approach**
2. **Co-existence of current support systems represents the ideal ground for learning about RES-E support**
3. **Initiate more actively feed in and quota “discourses” and coordination between Member States**
4. **Learn from experiences in voluntary green market to strengthen coordination between feed in and quota systems in EU**
5. **Consider the introduction of a (minimal) set of common rules for disclosure, redemption and labeling based on standardised GO**
6. **Set of common rules could bring current differentiated national support one step up towards Europeanisation**



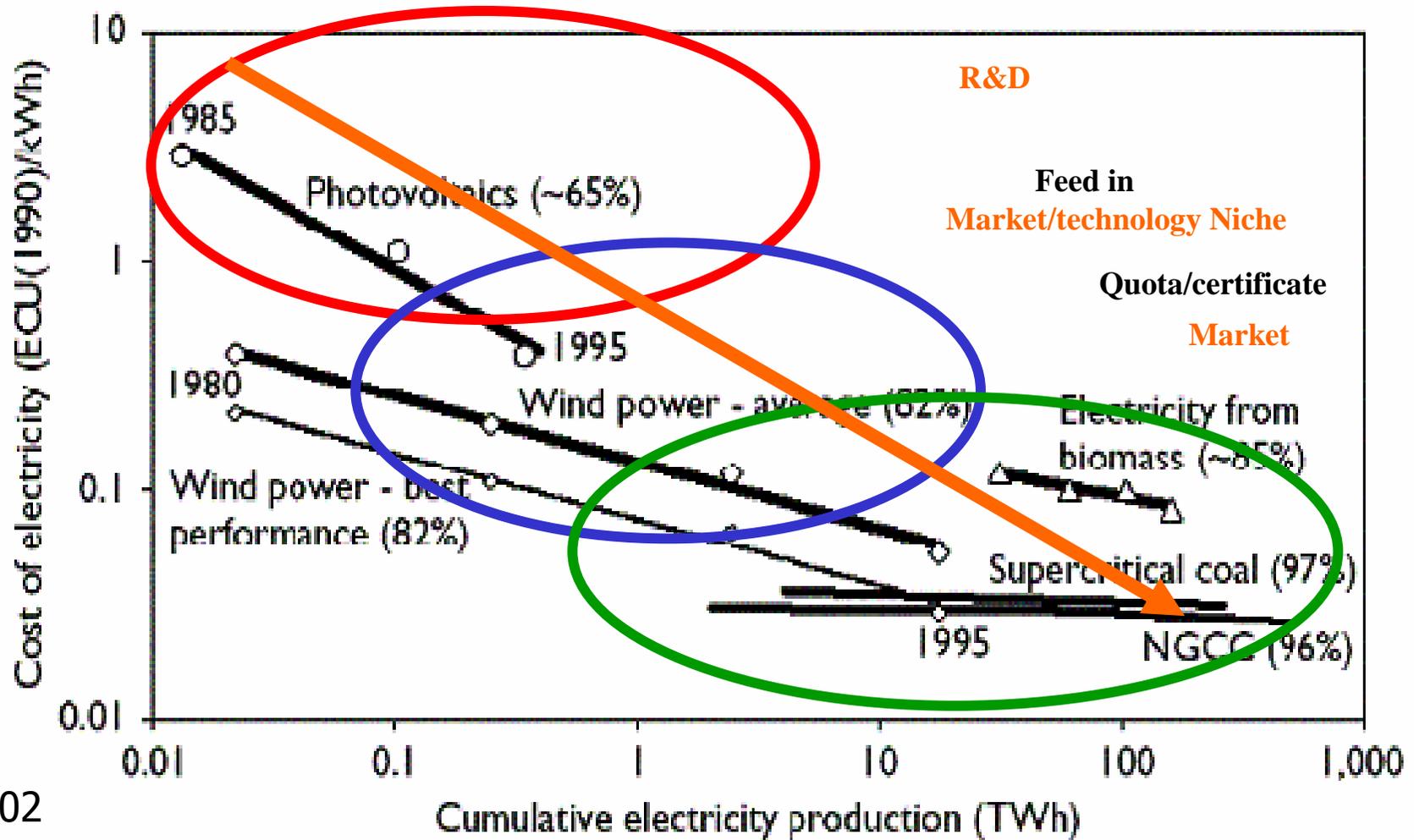
EU Commission

7. Enforce the link between GO and national RES-E support scheme
8. Explore the impact of the complementarity of support systems in a dynamic perspective See next slide
9. Explore the complementarity of RES-E support systems by Member State collaboration
10. Acknowledge that strengthening of competition in the internal electricity market is considered a necessary condition for next steps in coordination RES-E support

Learning curves



Complementarity of support systems



EU Commission

12. To stimulate market incentives: New targets for RES-E increase after 2010 should also act as a guidance for corporate RES-E investment strategies (technology forcing rules)
13. RES-E increase could benefit from an obligatory procurement of renewable based electricity for the EU administration
14. RES-E increase could benefit from strengthening technology networks (science, technology, business, civic society) at the EU level

Member States

1. **Stabilise national investment context by setting clear tariffs and time periods**
2. **Coordination of RES-E support would benefit by:**
 - **joining the feed in or quota discourse**
 - **redesigning the national support system according to recommendations to the Commission (see next slide)**
 - **Implementing the standardised GO**
 - **making the standardised GO basis for disclosure, redemption and labeling in the home market**

Green-X final report



Feed-in tariff

- Use technology specific tariffs
- Apply a stepped feed-in tariff scheme (where appropriate)
- Considering dynamics! Tariffs should decrease over time when optimal time path for their implementation is reached



Quota obligation

- Ensure reciprocity of TGCs (mutually approval)
- Set correct penalty (higher than marginal production costs)
- Ensure a sufficient market size (try to form an international trading system)
- Give higher additional support for less matured technologies (if appropriate)

Member States

3. Take more strongly a European perspective in technology and industrial policy
4. **The increase of renewable based electricity will benefit from:**
 - Active mitigation of technical and non-technical barriers in the home market
 - Obligatory procurement of renewable based electricity for the entire governmental bureaucracy
 - Strengthening the technology networks in a European perspective
 - **Incentives to stimulate the consumption of renewable based electricity**
 - **Early participation of stakeholders in projects**

Member States

5. The Member State is involved in the voluntary green market
 - make the standardised GO a basis for the regulation of the voluntary green home market
6. The Member State is not involved in the voluntary green market
 - Stimulate domestic market parties to join the voluntary green market and make the standardised GO a basis for the regulation of the voluntary home green market

Energy companies

1. **Develop business strategies for a carbon restrictive economy**
2. **Join and support the voluntary green market in the EU**
3. **Develop a corporate strategy for the greening of the electricity supply**
4. **Produce, offer and label renewable based electricity as much as possible under the standardised rules of the GO**

Grid management

1. Standardise access conditions for renewable based electricity
2. **Solve technical problems of grid connections**
3. Implement grid codes taking into account minimum technical standards for intermittent RES-E technologies like wind power (i.e. aggregation of production forecast requirements)

Issuing body

1. **Commit to the standardised GO and use it for disclosure and redemption**

Producers of RES-E technology

1. Intensify R&D cooperation for the benefit of efficiency
2. Intensify cooperation with technology users to speed up technological learning (curves)

Consumer associations

1. **Push the standardisation of labeling of renewable based electricity in the EU**
2. **Start consumers' campaigns for the increase of renewable based electricity**

NGOs

1. **Initiate a pan European NGO dialogue on RES-E production siting in the EU**
2. **The dialogue could suggest areas in the EU suitable for RES-E production and areas not suitable for RES-E production on the basis of nature conservation, environmental and sustainable development considerations**
3. **Propose and support best practice in development of RES-E projects**



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Coming soon

**Final report/book
With details**

Thank you for your attention



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Outline final report/book

- Chapter 1 Introduction/state of the art
Arentsen/Di Nucci
- Chapter 2 RES-E support in Europe
Reiche Bechberger, Mez
- Chapter 3 The analytical perspective
Arentsen
- Chapter 4 The regional Market: Scandinavia
Midttun
- Chapter 5 The consistent supporter: Germany
Di Nucci, Mez, Reiche
- Chapter 6 The super mover Italy: From feed-in to certificate and back
Casale

Outline final report/book

- Chapter 6 The Mover The Netherlands: from certificate to feed-in
Arentsen
- Chapter 7 The Newcomer: Slovenia
Klemenc /Tomsic
- Chapter 8 Comparative country analysis
Arentsen
- Chapter 9 Policy recommendations
Arentsen/Midttun