

2 février 2012

**Réponse du Cercle de l'Industrie à la Consultation de la Commission européenne sur la  
«*Renewable Energy Strategy* »**

**IDENTIFICATION**

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## ADDENDUM

*Le Cercle de l'Industrie* strongly supports a transition to a low carbon economy and would like to express its commitment to further collaboration with the European Commission on how to define an effective European renewable energy strategy post-2020.

*Le Cercle de l'Industrie* welcomes the public consultation issued by the European Commission on the Renewable Energy Strategy and has answered to the cornerstone questions. Nevertheless, *le Cercle de l'Industrie* regrets the format of the electronic consultation launched by the DG Energy and the wording of some questions which limit the contribution of the stakeholders. Therefore, beyond the questionnaire, *le Cercle de l'Industrie* would like to recall four essential considerations for its members:

- *Le Cercle de l'Industrie* underlines the need for a **consistent** and **stable renewable energy policy framework** and believes that the carbon price signal should be the key driver of the EU renewable energy strategy post-2020. It is important that renewables are developed in a way which is consistent with other EU policies (e.g. the single energy market, climate mitigation through the EU ETS and energy efficiency policy). *Le Cercle de l'Industrie* also believes that there should be a greater emphasis on the cumulative impact of energy policies. This involves breaking down 'silo' thinking and engaging in closer and more regular cooperation with stakeholders.
- *Le Cercle de l'Industrie* urges the Commission to ensure the compatibility of transitional measures towards a low carbon economy with the broader imperative of **European industry's external competitiveness**. Care should be taken that renewable energy support does not cause excessive increase of energy costs (and prices).
- *Cercle de l'Industrie* regards **public acceptance** of new RES projects and necessary investment in grid infrastructures as critical issues for the development of renewables in the EU. Accordingly, *le Cercle de l'Industrie* urges to European commission to promote awareness and information campaigns at all levels and to promote the necessary investments in the infrastructures.
- *Le Cercle de l'Industrie* regrets that this consultation examines energy **sustainability issues** only through the lens of biofuel and biomass. *Le Cercle de l'Industrie* urges the Commission to address about the broader issue of sustainable consumption and production after 2020.

We remain at your disposal to examine in greater details, if necessary, the various points of our joint response.

## A. GENERAL POLICY APPROACH

In light of the results of recent communications on a Roadmap to a low carbon economy and transport white paper as well as the Energy 2050 Roadmap:

**A.1. Is there a role for new targets for renewable energy sources post-2020 assuming that any targets must be consistent with climate mitigation and energy efficiency policies and targets as is currently the case with the 20/20/20 targets in the Europe 2020 strategy? (optional)**

- Yes, a mandatory target at EU level is appropriate
- Yes, an indicative and non-legally binding target at EU level is appropriate
- Yes, sectoral targets (e.g. electricity, transport, heating and cooling) are appropriate
- Yes, a combination of EU and sectoral level targets is appropriate
- No, targets for renewable energy sources are unnecessary

**A.1.1. Please explain the reasons for your answer (such as the scope and contribution from GHG targets/ETS, the need to address other environmental, security of supply or technological development benefits) (optional) (maximum 1500 characters; count: 0)**

*Le Cercle de l'Industrie* strongly supports a transition to a low carbon economy and acknowledges that setting long term horizons is important for helping industries to plan ahead. In an integrated system approach to energy and sustainability, *le Cercle de l'Industrie* considers that renewable energy sources (RES) have a key role to play for a low-carbon energy mix. *Le Cercle de l'Industrie* believes that the carbon price signal should be the key driver of the EU renewable energy strategy post-2020 and that CO<sub>2</sub> emissions reduction should be the overriding objective of the EU 2020 onwards.

**A.2. Are other policy elements necessary to promote renewable energy post-2020, such as: (optional)**

- Enhanced focus on R&D to bring down the costs of renewables technologies
- Facilitation policies (faster and easier permitting, improved access to the grid and further grid investments, availability of more sites for renewables, etc)
- Abolition of support mechanism or subsidies to other energy sources
- Public procurement obligations in support of renewables
- Better financing possibilities
- Continue to ensure sustainability and scalability
- Other (please specify)

**Please specify which other policy elements? (optional) (maximum 1500 characters; count: 0)**

*Le Cercle de l'Industrie* believes that the policy to promote renewable energies should be primarily guided by **cost-efficiency, sustainability and competitiveness** criteria, on the basis of carbon price levels and energy costs signals. Efforts to achieve a low-carbon economy must be pursued in an adequate way in order to minimize disturbances to European external competitiveness. In particular:

(i) There should be a greater emphasis on the **cumulative impact** of energy policies, in particular for energy-intensive industries.

(ii) The definition and the implementation of renewable energy strategy for the period 2020-2030 require a closer **cooperation between Member States and also with third countries**.

(iii) Successful growth in RES also depends on all actors' ability to address the essential issue of **public acceptance**. Taking into account the need for flexible back-up generation capacities (required due to the mainly intermittent nature of RES) will also be a critical issue and will require appropriate **investments**.

## **B. FINANCIAL SUPPORT**

Member States at present rely on various forms of national support mechanisms to fulfil their national renewable targets for 2020. This section refers to the further development of support mechanisms post-2020.

**B.1. Do you consider that financial support will continue to be necessary to support renewables post 2020 given their expected greater penetration? (optional)**

Yes  No  For selected technologies/circumstances/markets (please  N/A specify)

**Please specify which technologies/circumstances/markets (optional) (maximum 1500 characters; count: 0)**

Financial support should always reflect political priorities and translate them consistently into concrete actions and results. *Le Cercle de l'Industrie* believes that supportive financial schemes will **continue to be needed after 2020**. The design and intensity of the support schemes may change, for selected technologies, to reflect the **maturity of technology on the market** and to incentivize progressively RES to enter the wholesale market; but support should remain necessary over the medium term, especially for R&D purposes and for the deployment of the new technologies.

**B.2. If renewable energy sources require support post-2020, how do you think this can best be achieved with a view to achieving a cost-effective deployment? (optional)**

- Making support schemes more market-oriented (please specify how)
- Accelerate convergence of national support schemes
- Open up national support schemes to cross-border projects
- Phase out support schemes over time (please specify for which technologies if applicable)

**Please specify how to make support schemes more market-oriented (optional)  
(maximum 1500 characters; count: 0)**

Patchwork of national supporting schemes can be conflicting for some technologies. In order to achieve a level playing field in Europe and to integrate RES into the internal electricity and gas markets, *le Cercle de l'Industrie* supports (i) at first, a coordinated approach between Member States and then, based in the short term among others on existing cooperation mechanism (ii) a progressive convergence of national support schemes for those technologies that will rely on support schemes in 2020. *Le Cercle de l'Industrie* believes that such a European approach mirrors the way investors approach the marketplace and that it will enable RES projects to be built where they would be best suited. *Le Cercle de l'Industrie* stresses that critical success factors are the **stability** and **predictability** of the financial schemes.

**B.3. Do you think it would be useful to develop common approaches as regards Member States' financial support for renewables? (optional)**

- Yes, with benchmark values for support level per technology per Member State
- Yes, with EU-wide benchmark values for support level per technology
- No, support levels should be entirely up to Member States
- N/A

**B.4. Should the structure of financial support be gradually aligned EU-wide? (optional)**

- Yes (please explain how this could be achieved and which support structure you consider most suitable)  No  N/A

**B.5. With regard to questions B.3. and B.4. please specify if you see a difference between the different sectors (electricity, heating and cooling, transport). (optional)  
(maximum 1500 characters; count: 0)**

Considering that each sector has its own starting point and potential, *le Cercle de l'Industrie* supports an **enhanced sectoral approach**, and invites the European commission to constructively interact with stakeholders from the above-mentioned sectors.

**B.6. How do you see the relation between support schemes for renewable energy and the requirements of the internal electricity market for the period after 2020 against the background of a rising share of renewables? (optional)**

- Member States need to be able to continue to operate support schemes on a national level and retain control over who benefits from national schemes
- Member States need to open their support schemes to renewable generation from other Member States
- Member States should open their support schemes to renewable generation from third countries

**B.7. Do national support schemes and differences between such schemes distort competition? (optional)**

- No, support schemes do not have a significant distorting impact on competition
- Yes, all support schemes distort competition to a similar extent
- Yes, some support schemes are more distorting than others (please specify which you consider most distorting)
- N/A

**C. ADMINISTRATIVE PROCEDURES**

Articles 13 and 14 of the Directive lay down rules on administrative procedures, information and training.

**C.1. Which of the following issues relating to administrative procedures, information and training do you consider acting as a serious impediment to further growth of renewables following Member States' implementation of the provisions of the Directive? (optional)**

- Length and complexity of administrative procedures relating to authorisation/certification/licensing
- Lack of commonly agreed technical specifications
- Lack of information on support schemes or other
- Lack of credible and certified training and qualification
- Other (please specify)

### **C.1.1. Please provide explanations and specific examples where available (optional)**

*Le Cercle de l'Industrie* encourages Member States to develop **efficient and streamlined decision-making processes** to help more renewable energy projects to get off the grounds and in shorter time. According to *le Cercle de l'Industrie*, the most serious impediments to further growth of renewables the Commission should focus on are the followings:

- (i) **Length and complexity** of administrative procedures relating to authorisation/certification/licensing;
- (ii) **Social acceptance barriers** related to other stakeholders involved in the process (such as the “not in my backyard” attitude);
- (iii) **Lack of a common understanding** of regulations between the large number of parties (e.g. NGOs, operators) and authorities (local, regional) involved;
- (iv) **Lack of visibility and legal framework uncertainties** (such as retroactive changes).

### **C.2. Which policy response to the problems identified above do you consider appropriate? (optional)**

- The approach of the current Directive to lay down a general framework for Member State action is fine
- Strengthen rules to intrude more directly into Member States procedures in terms of roles of different actors (e.g. one-stop-shop), maximum time-frame or other
- Push for more standardisation and harmonisation on EU level or mutual recognition
- Other (please specify)
- N/A

## **D. GRID INTEGRATION OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES**

Article 16 of the Directive lays down a number of binding rules related to network development, access and operation in order to ensure that electricity from renewable energy sources may access the electricity network freely.

### **D.1. Do you consider that any of the following national rules and framework conditions will still create obstacles to renewable energy production after 2020? (optional)**

- Grid connection rules
- Cost-sharing rules
- Balancing rules
- Curtailment regime
- None of the above

**D.1.1. Please specify which obstacles and the nature and degree of them for each (optional) (maximum 1500 characters; count: 0)**

N/A

**D.2. Which renewables-specific grid related rules do you consider necessary and proportionate in a post-2020 perspective? (optional)**

- Obligation for network operator to develop network
- Priority or guaranteed access
- Priority dispatch and obligation on TSO to counteract curtailment
- None of the above
- Other (please specify)

**D.2.1. Please explain why (optional) (maximum 1500 characters; count: 0)**

N/A

**D.3. With regard to system integration of wind and solar power, what measures do you consider most important to increase the flexibility reserve of the system: (optional)**

- Increase flexible back-up capacity (capacity payments ...)
- Increase availability of demand response (smart grids ...)
- Accelerate infrastructure development and interconnection
- Market-based measures: better use of interconnectors (implicit auctions), trading closer to real time
- Increased availability of storage
- Enable renewable generators to offer balancing services to TSOs
- Other (please specify)

## **E. MARKET INTEGRATION**

Current national support schemes expose renewable energies to market signals to various degrees. In many cases, these support schemes nevertheless result in parallel "systems" for conventional and for renewable generation which are largely unresponsive to each other. The following questions ask in which way this could be addressed in a post-2020 perspective where renewables will represent a significant share of the market.

**E.1. In which of the following ways could renewable energy be made responsive to market signals? (optional)**

- Price risk - producers of renewable energy should be obliged to sell their production on the market and aid be granted exclusively as a) premiums or b) investment aid
- Price risk – producers of renewable energy should operate without any aid
- Producers of renewable energy should bear greater responsibility for system costs
- Balancing risk – producers of renewable energy should bear balancing responsibility towards TSOs (if so, please specify how: responsibility on individual operator or centrally organised, same balancing rules for all operators or specific rules for variable generation?)
- Producers of renewable energy should continue to be treated separately (no exposure to conventional market)

**E.2. How can it be ensured that market arrangements reward flexibility?**

**(optional)**

- Dedicated arrangements to reward availability of generation capacity
- Favourable regulatory treatment of storage operators
- Develop demand response to market signals (please specify, e.g. smart grids, smart meters, demand aggregation, interruptible demand)
- Current market arrangements are sufficient to reward flexibility

**E.3. In how far do you think today's market design needs to be adapted to provide an appropriate framework for renewables (optional)**

- The current wholesale market model based on short-run marginal cost pricing is appropriate
- The current wholesale market model based on short-run marginal cost pricing would have to be supplemented by instruments incentivising investment in generation capacities with a high capex/opex ratio (please specify which)
- Wholesale markets would have to move to reflecting full costs
- Electricity markets should evolve into energy services markets, earning revenues from more than just electricity
- N/A

## F. RENEWABLES IN HEATING AND COOLING

The challenges for renewable energy in the heating and cooling market are sometimes considered to be different in that its use is in many cases already cost-competitive but impeded by other barriers. Many of the barriers should be addressed when the Directive is implemented.

### F.1. What do you consider to be the main barriers against a stronger uptake of renewable energy in the heating and cooling market beyond 2020? (optional)

- Costs/lack of financial support
- Building regulations etc.
- Lack of awareness
- Lack of suitable information
- Lack of public support
- Lack of capacity (installers, other)
- Other (please specify)

**Please specify which other barriers (optional) (maximum 1500 characters; count: 0)**

*Le Cercle de l'Industrie* would like to stress two others major barriers for the greater uptake of renewable energy in the heating and cooling (REHC) technologies:

(i) The **disperse nature** of the heating and cooling market. REHC technologies are often not taken into account in municipal planning. *Le Cercle de l'Industrie* encourages the Commission to promote a 'whole system' approach to heating and cooling systems (district or even cities approach); on top of current regulations such as Building Regulations which provide specific measures for products and technologies.

(ii) The **'split incentives' problem** is another major market failure undermining a stronger uptake of REHC market. Split incentive problems arise when the economic benefits of energy conservation do not accrue to the person who is trying to conserve. In the heating and cooling market, it describes the situation where investors (owner) cannot reap the benefits of energy efficiency improvements, since the burden of energy/utility costs relies on the leaseholder.

### F.2. What pathways do you consider to be the most promising for further increasing the share of renewable energy in heating and cooling beyond 2020? (optional)

- Biomass
- Geothermal
- Solar thermal
- Electrification together with higher share of renewables in electricity production
- Other (please specify)

**Please specify which other pathways (optional) (maximum 1500 characters; count: 0)**

Other promising pathways include, according to *le Cercle de l'Industrie*, renewable energy recovered from:

- the biogenic part of waste, either through direct incineration, through biogas recovery from landfill or from waste mechanical-biological treatment plants,
- the use of waste derived fuels,
- the organic part of wastewater treated in wastewater treatment plants through biomethane recovery,
- biogas or biomethane, either through injection into gas distribution networks or through heat and electricity recovered in gas fired combined heat and power plants.

**F.3. How do you see the interaction of promoting further use of renewable energy in heating and cooling and enhancing energy efficiency in this sector? (optional) (maximum 1500 characters; count: 0)**

N/A

## **G. RENEWABLES IN TRANSPORT**

Transport is almost entirely dependent on oil consumption. There is a growing recognition that major efforts are needed to reduce GHG emissions and fossil fuel dependency in this sector. The Directive requires that 10% of transport fuel should come from renewable energy sources but more efforts to reduce oil dependency and GHG emissions are needed post-2020.

**G.1. What do you consider to be the main barriers against a stronger uptake of renewable energy in transport? (optional)**

- Costs
- Pace of technology development
- Lack of standards
- Lack of infrastructure
- Lack of awareness
- Lack of suitable information
- Limits of availability of sustainably produced biofuels
- Other (please specify)

**G.2. What sectors of transport do you consider to be the most promising for further increasing the share of renewable energy? (optional)**

- Road for passengers
- Road for goods
- Rail
- Water
- Air

**G.2.1. Please explain your answer (optional) (maximum 1500 characters; count: 0)**

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N/A

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**H. SUSTAINABILITY**

Currently biofuels have to comply with sustainability criteria in order to benefit from support or to be counted towards renewable energy targets. This is in order to avoid negative side effects from an increasing use of biofuels. In addition, the Commission is currently considering introducing additional requirements related to indirect land use change and criteria for solid and gaseous biomass for energy.

**H.1. Do you think that additional sustainability criteria are necessary in the post 2020 period? (optional)**

- No, the existing criteria are already burdensome to implement
- No, the existing binding sustainability criteria are sufficient
- Yes, sustainability criteria should apply to both all biomass and fossil fuels
- Yes, additional criteria should be introduced to promote only the best performing biomass (please specify which)

**H.1.1. Please explain (optional) (maximum 1500 characters; count: 0)**

*Le Cercle de l'Industrie* underlines the need for a stable framework and for clear criteria and thus calls for an EU-wide harmonized sustainability criteria scheme, applying to all biomass and fossil fuels (indigenous and imported). These criteria should take into account environment and sustainable issues (such as. indirect land use change issues), reflect a more pragmatic and realistic approach and be implemented worldwide (both for ethics and European competitiveness concerns).

## I. REGIONAL AND INTERNATIONAL DIMENSIONS

The cooperation mechanisms of the current Directive offer a framework for cooperation between Member States and with third countries. A number of initiatives are currently under consideration for putting regional coordination in practice, both within the EU as well as with neighbouring regions.

**I.1. Do you consider current rules for cooperation between Member States sufficient to fulfil their purpose, i.e. realisation of cost-efficient renewable potential in the EU? (optional)**

Yes  No (please specify how they should be amended or which elements added)  N/A

**Please specify how they should be amended or which elements added**

**(optional) (maximum 1500 characters; count: 0)**

The role of the operators (which is not explained under the RES Directive rules for cooperation between Member States) should be clarified.

**I.2. Do you think the EU should further facilitate cooperation with third countries when it comes to the development of the potential for renewable energy? (optional)**

No, the EU should first focus on developing its own renewable potential  
 Yes, cooperation with third countries should be further promoted (please specify how and with whom, i.e. only neighbouring countries or more widely)  
 N/A

**I.3. Should investments in electricity networks in some Member States (i.e. Spain, Greece, Italy) be prioritized for this purpose? (optional)**

Yes (explain in which way and to which degree)  No (explain why)  N/A

**Please specify how and with whom, i.e. only neighbouring countries or more widely (optional) (maximum 1500 characters; count: 0)**

Investments in networks should be favoured in all EU countries where the implementation of RES proves to be the **most competitive**.

**I.4. Which measures do you consider appropriate and necessary in order to foster cooperation with third countries in this area? (optional)**

- Bilateral agreements between Member States and third countries
- Agreements between the EU and third countries
- Other measures (please specify)
- N/A

**I.5. In its Communication on security of supply and energy cooperation – "The EU Energy Policy: Engaging with Partners beyond our Borders", the European Commission proposes to promote cooperation on renewable energy projects with the Southern Mediterranean countries and to gradually build a renewed EU-Mediterranean energy partnership focus on electricity and renewable energy. How do you consider this should relate with the EU internal renewables policy? What should be the priorities? (optional) (maximum 1500 characters; count: 0)**

N/A

**I.6. The possibility to explore regional cooperation and a coordinated, more strategic approach to grid connection for the rapidly growing volume of offshore wind generation in the North Sea is currently being explored in the framework of the North Sea Countries Offshore Grid Initiative (NSCOGI). Do you think such cooperation should be further fostered? What benefits do you think could arise from it? Do you consider that this experience could be generalised and applied elsewhere? (optional) (maximum 1500 characters; count: 0)**

N/A

## J. TECHNOLOGY DEVELOPMENT

The SET plan presents the strategic framework to accelerate the development and deployment of cost-effective low carbon technologies in the perspective until 2020. For a limited number of technologies industrial initiatives were set up according to two criteria, their large-scale availability by 2020 and the willingness of industry to engage in public private partnerships.

**J.1. For a first set of renewable technologies, namely wind, solar, bio-energy, the SET Plan aims at a cost-competitive market roll out of renewable energy by 2020. It also aims at enabling integration of renewable energy into the electricity grid and smart cities and communities. In your view, what would be the remaining key challenges of these technologies to be addressed by research and innovation in view of the 2050 objectives? (optional)**

- Technology performance and cost-competitiveness
- System integration
- Industrial manufacturing and supply chain
- Other (please specify)

**Please specify which other key challenges**

**(optional) (maximum 1500 characters; count: 0)**

*Le Cercle de l'Industrie* believes that renewable technologies development is also confronted with societal challenges, such as such as **education** and **public acceptance**, which will need to be addressed. Accordingly, *le Cercle de l'Industrie* underlines the importance of further developing strong training programs and university research in order to adapt education to breakthrough technologies.

**J.2. Which additional measures and/or instruments should be developed to address these technologies and their remaining challenges and to ensure that the EU innovation fabric is geared to supporting the significant deployment up to 2050? (optional) (maximum 1500 characters; count: 0)**

The EU should now deliver on the commitment to implement the Strategic Energy Technology (SET) Plan, and the 2014-20 **EU Budget** must provide adequate support for this. Additionally, *le Cercle de l'Industrie* considers that coordination of EU and Member States investments and support programmes would create synergies and yield mutually beneficial results.

**J.3. In your point of view, which technologies other than those covered by the current industrial initiatives should be given priority in the post-2020 perspective? Please justify with reference to the criteria mentioned above, i.e. large-scale availability and willingness of industry to engage in public private partnerships?**

N/A

**J.4. How successful do you consider the existing measures have been and which have been the main drawbacks? (optional)**

- Very successful, no drawbacks
- Successful but some drawbacks (please specify which)
- Not successful
- N/A

**J.5. Do you consider that assistance in technology development should be linked to a certain result to be achieved by a certain deadline?**

**(optional) (maximum 1500 characters; count: 0)**

N/A