

Regulators count up the high cost of renewable supports in Europe

- **RES support schemes a significant cost to electricity consumers**
- **Cost of RES support differs across countries and technology**

CEER's¹ Status Review of Renewables Support Schemes² published today highlights the coverage and cost of support schemes for renewable energy sources (RES) across Europe. It shows that the weighted average subsidy paid to renewable generators, on top of the wholesale price, was circa €110/MWh in 2015. This is largely unchanged from the level paid in 2014.

As reported last year, RES subsidies are a significant and rising part of electricity consumer bills in Europe, having risen from about 6% of average bills in 2012 to 13% in 2015³. On the other hand, it should be noted that RES can also bring consumer price benefits by reducing wholesale prices.

Covering 28 countries, the CEER report includes country data on the amount of RES support, the type of support instrument and the support expenditure by technology.

CEER President, Lord Mogg stated:

"Of course renewables bring various benefits, but the subsidies are also a significant cost to consumers. RES must become cost-efficient and be brought into the competitive wholesale market. RES support schemes, where needed, should be market based and market responsive. Balance responsibility should apply to all renewable generation. Beyond certain exceptions such as for innovative RES, priority dispatch must be phased out."

Support scheme types across Europe

Today's CEER report shows a wide variation in support scheme costs across Europe, the main ones (in 21 countries) being feed-in tariffs (FITs), followed by Green Certificates (in 7 countries).

While renewables bring many benefits, regulators point out that RES support schemes, where needed, should be designed efficiently to help minimise their costs. CEER has called for Member States to move away from guaranteed FITs to more market based schemes⁴. But today's report confirms that feed-in premiums (FIPs), where RES producers get a premium in addition to the market-price, are not common place - existing in only 6 countries. Encouragingly, however, more FIP schemes are planned.

Furthermore, in 14 out of 28 countries, RES producers have no balancing responsibilities (and hence do not have the same market responsibilities/opportunities as other market participants).⁵

The amount and cost of RES support differs across countries and technology

The proportion of gross electricity produced receiving RES support differs widely across countries, ranging from 1% in Norway to 62% in Denmark in 2014, with an average across countries of 16% in 2014. Photovoltaics, hydro, and bioenergy⁶ are most widely supported.

CEER finds wide differences across technologies and across countries in unit support levels (direct cost per MWh of supported electricity).⁷ The cost of RES support is financed either through taxes or non-tax levies such as the consumer's bill.

Regulators will be publishing soon a series of Regulatory White Papers, including on RES, related to the Clean Energy proposals.

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Ends (see Notes for Editors)

Notes for Editors:

1. The Council of European Energy Regulatory (CEER) is the voice of Europe's national energy regulators. Its members and observers are the independent statutory bodies responsible for energy regulation at national level. Visit www.ceer.eu.
2. The CEER Status Review of Renewable Support Schemes in Europe contains data for 2014-2015. It finds that the main support schemes in Europe are feed-in tariffs (FITs), feed-in premiums (FIPs) and Green Certificates (GCs), and investment grants.
3. See the [ACER/CEER Annual Report on the Results of Monitoring the Internal Electricity and Gas Markets in 2015 Retail Markets](#) (published in November 2016).
4. A 2016 "[CEER report on key support elements of RES in Europe: moving towards market integration](#)" provided recommendations on how Member States can adapt their RES support schemes to enable greater cost efficiency and deeper market integration. CEER is a strong advocate that where subsidies are still appropriate, RES producers should not be shielded from short-term market signals, and the allocation of support should, where meaningful, be competitive (e.g. an auction).
5. In 14 countries, the RES producer has no balancing responsibilities whereas in a further 9 countries all RES producers are balancing responsible in the same way as any other plant i.e. a full level playing field is achieved. This can be explained by the nature of support scheme with certificate schemes (e.g. in Poland, Norway, Romania and Sweden) or FIPs (e.g. in Finland and the Netherlands) creating a level playing field between RES and conventional generators. The report indicates that balancing responsibility can be borne by RES producers with installations of less than 500 kW.
6. For 2015, the weighted average support across 26 countries of €110,22 €/MWh, largely unchanged from the 2014 figure (€110,43). Furthermore, there was a wide range in costs per country, from a minimum of €16,20 (in Norway) to €183,82 (in the Czech Republic).
7. Bioenergy comprises biogas and solid biomass.

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