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**Council of European  
Energy Regulators**



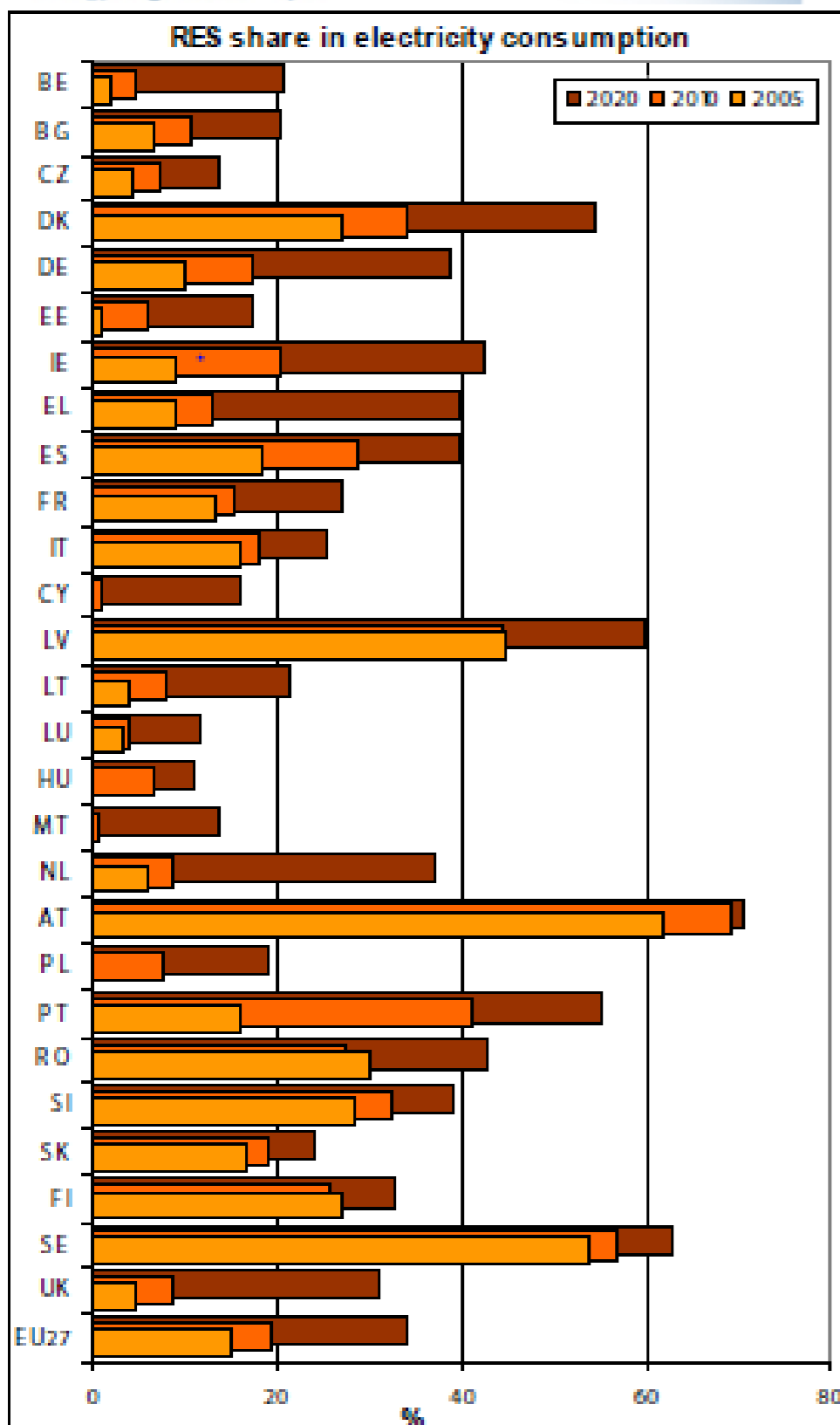
**Renewables and EU policy debate**  
Implications for regulation and regulators

11<sup>th</sup> US-EU Energy Regulators Roundtable

**David Haldearn**  
Boston, 13 May 2014



## Renewable Energy Directive 2009



Source: JRC Technical Assessment of Renewable Energy Action Plan 2011

- The Renewables Directive (April 2009) aims to:
  - ▶ Reduce GHG emissions
  - ▶ Make the EU less dependent on imported energy
  - ▶ Encourage innovation and employment in the renewables sector in the EU
- It requires that 20% of the energy consumed within the EU is renewable by 2020.
- Country-specific targets were set to be challenging but realistic given 2009 generation mixes.

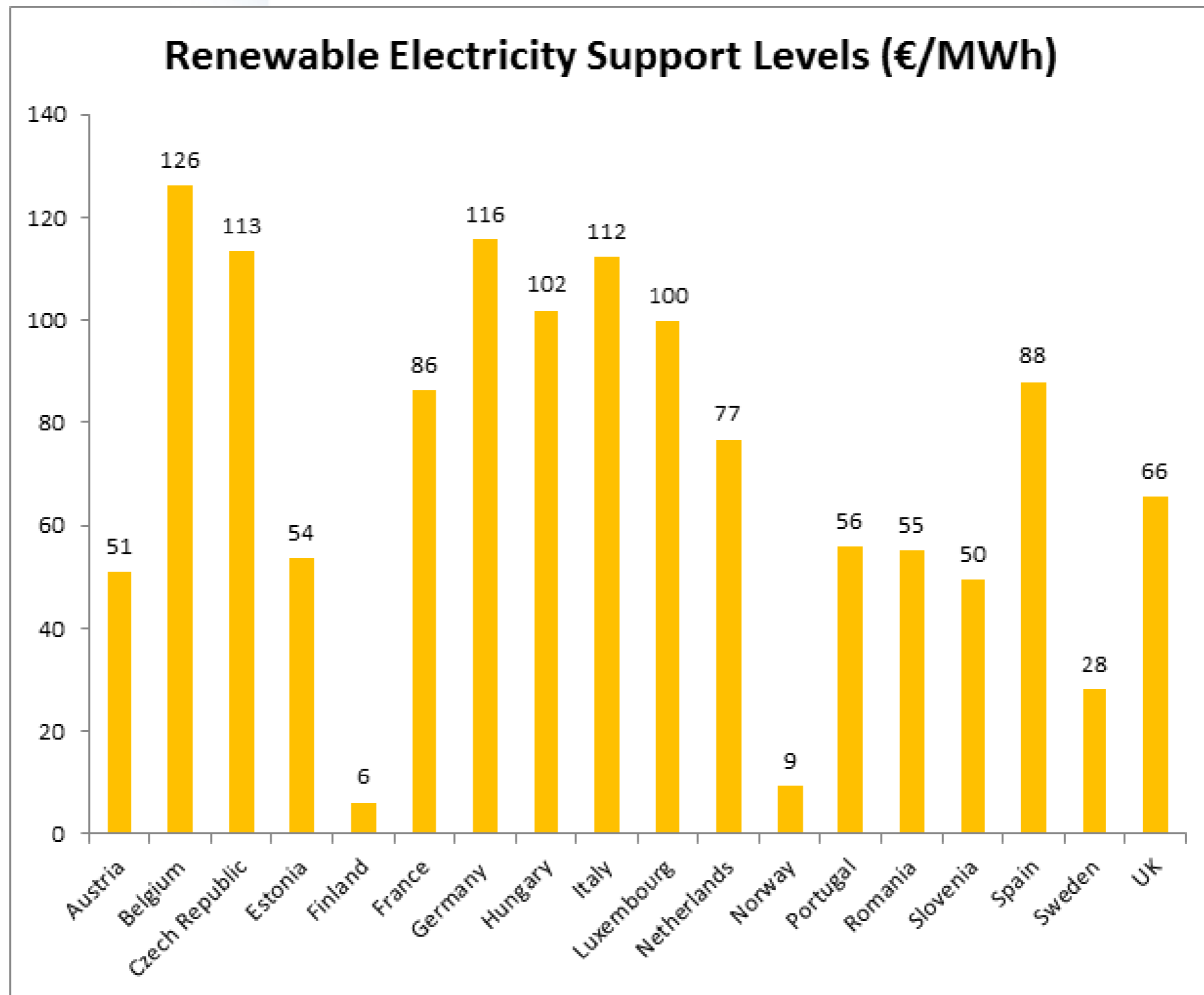


# Renewable Energy Support

- Renewable Energy support schemes help the EU reach the 2020 target cost-effectively.
- In 2010, RES-supported electricity accounted for 9% of electricity consumption across Europe.
- Support levels varied between MS from 6.12 to 126.12 €/MWh (2010) with an average of **72 €/MWh**.
- The cost of the support is recovered through:
  - ▶ General taxes;
  - ▶ Non-tax levies;
  - ▶ Pass down to end users; and
  - ▶ Pass into wholesale electricity price.



# RES support scheme variations and scope for harmonisation



Source: CEER RES Survey 2012



## 2030 framework for climate and energy from 2020-2030

40%  
Greenhouse  
gas target

27%  
Renewable  
energy target

Market  
stability  
reserve  
EU ETS reform

2014 review of  
EED  
Energy efficiency  
target

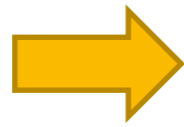
Regulation?

Source: Green Alliance, 2012



## 2030 framework: regulatory implications

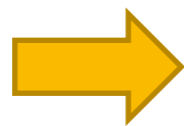
European Parliament  
(Feb)



Proposed more ambitious targets: 40% GHG, 30% RES, 40% EE (all binding at MS level).



European Council  
(March)



Further consideration in June, final decision no later than October 2014



UN Climate Summit  
(Sept)



Target agreement of framework  
(end 2014)



Paris COP  
(2015)

- Framework increases regulatory certainty.
- Lack of national and sectoral (e.g. transport, heat) targets does not.
- Commission will be seeking regulatory input into EED review in 2014.



# Role of regulators

**Market  
arrangements for  
RES integration**

**Independent  
market  
regulation**

**Scheme  
administration**

**Environmental  
assessments**

**Consumer  
protection**

**Consumer  
empowerment**



# The Policy Balance Continues to Change







# Issues for regulators

## Changing energy policy goals leads to uncertainty:

- ❖ Competitiveness remains important, but uncertainty on sustainability and SoS raises costs
- ❖ Managing uncertainty in the interests of consumers is increasingly important

## Independent regulation is under stress:

- ❖ Intervention by national governments and at European level may risk effective competition
- ❖ Many governments see independent regulators as obstacles rather than allies

## Markets are changing:

- ❖ Demand side is developing
- ❖ Markets are integrating as a result of the 3rd package measures



# Thanks for your attention!

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