

**Climate Alliance Position Paper for the Consultation on the
Renewable Energy Directive
25 February 2016**

The energy transition is in motion and the existing policy framework has enabled Europe to accelerate it. Many EU member states have experimented with different energy policies with various results. The Energy Union and concurrent review of key EU legislation are a unique opportunity to guide and strengthen this transition, learn from what has worked, adapt the regulatory context to new challenges and barriers, and help the EU reaching its goal of becoming the world's number 1 in renewables. In order to achieve the promises of the Paris Agreement, the EU needs to work towards an energy system which is able to integrate increasing amounts of renewable energy and in the long term based on close to 100% RES.

Local authorities are leading the way and taking responsibility to contribute to this 100% renewable energy future. The 1.700 members of Climate Alliance strive for energy autonomy and are aiming for a renewable energy share of 40% by 2030. . The signatories of the Covenant of Mayors initiative have committed to reduce their greenhouse gas emissions on average by almost 30% by 2020. The Covenant of Mayors for Climate and Energy will extend this target to a 40% CO2 emission reduction by 2030.

On their territories, these local authorities make sure that energy is saved and remaining needs are covered by renewable sources, by planning for and investing in renewable energy, and motivating and supporting their citizens to do the same. Local ownership of renewable energy projects is paramount to the social acceptance of energy transition. It creates local value and makes sure money spent on energy is kept at home instead of flowing outside European borders. In addition, it reduces import and resource dependency and boosts the resilience of the European energy system.

With an improved legislative framework, a decentralised energy system based on 100% renewables can be created faster and to the benefit of European citizens.

**Climate Alliance –
Klima-Bündnis –
Alianza del Clima e.V.**

Brussels Office

Rue d'Arlon 63-76
1040 Brussels
Belgium

Tel. +32 (0)2 400 10 61

brussels@climatealliance.org
www.climatealliance.org



1. Provide an ambitious and reliable framework

One of the success factors of the current Renewable Energy Directive is the connection with the EU Energy and Climate framework and the national binding targets for renewable energy. They have helped create a stable framework which investors, especially smaller ones like individual citizens, cooperatives and local authorities have been able to massively invest in the energy transition. The famous example from Germany, where more than 50% of renewable energy is installed by individuals, cooperatives and local authorities, shows how instrumental feed-in tariffs have been.

The famous example of the Spanish “sun tax” and retroactive changes to the support scheme have illustrated the detrimental effects of such measures.

Local example: Barcelona Provincial Council (ES)

The Province, which supports its municipalities in designing and implementing Sustainable Energy Action Plans under the Covenant of Mayors, has been promoting the installation of renewable energy for self-consumption in the municipalities for a couple of years. However, since under the reformed legislative context, payback times for investments have doubled from 4-5 to 8-9 years, investments are far less attractive and the number of additional installed capacities is decreasing. Albert Vendrell Roca, officer from the Province of Barcelona, explains: “For us this new legislation means another barrier to implement renewable energy in our municipalities.”

This is why Climate Alliance suggests reforming EU legislation in a way that creates a stable framework for all investors:

- Raise the EU target for Renewable Energy consumption to 40% by 2030 and break it down into national targets
- Design the legal framework in a way which allows the European Commission to intervene if member states make retroactive changes to support mechanisms which are counterproductive to the goals of the directive

2. Remove barriers to self-generation of renewable electricity

The goals of the Energy Union, with its aim to put “citizens at its core”, can only be achieved when these citizens can fully take part in the energy market, individually, in collective schemes or via their local authority. They have been numerous to show that their support is crucial to the creation of an energy system which is based on renewables, and many more are eager to participate.

At the moment, these initiatives are often made more difficult or more expensive through national regulation. Municipal or cooperative energy schemes face barriers like impeded grid access, unjustified charges and a lack of remuneration for the contribution they provide to make Europe’s energy system more resilient one which benefits a large number of people.



Local example: City of Hasselt (BE)

As part of its Sustainable Energy Action Plan, the city wants to supply a historical heritage site, the Herkenrode Abbey, with hydroelectricity from a watermill located on the site, but ca 800 metres away from the main buildings. The Abbey houses a museum, cafeteria, a book shop and offices, with a yearly energy consumption of ca 140.000 kWh, while the watermill could supply about 120.000 kWh. Since the municipality does not have an energy supply license, it needs to sell the electricity to the grid for EUR 0.03/kWh, and buy it off the supplier for EUR 0,25/kWh a kilometre from the site. This makes the use of the water wheel for the site's energy consumption very costly and unprofitable. The alternative would be to pull a cable from the mill house to the buildings in the centre and deliver electricity directly, which is more profitable but quite absurd.

Deputy Mayor Joost Venken comments: "The underlying problem is the way the costs of the grid are allocated. Nowadays it is adjusted to a centralized production and a one-directional distribution system. But the future is decentralised production and flexibility: households and companies will alternately supply and consume. Energy and grid tariffs need to reflect this: Instead of distribution costs based on consumption, a cost fixed on the used capacity of the grid is preferable."

In order to tap the full potential of self-generation of renewable energy, Climate Alliance advises the European Commission to guarantee the right to self-produce and self-consume in the revised renewable energy directive:

- Make self-generation and consumption for prosumers" legally possible everywhere in Europe, by enshrining a right to self-generate and self-consume in the directive.
- Ensure obligatory and priority grid access and dispatch for municipal and community renewable energy projects
- Provide guidelines on distribution grid tariffs which enable the energy transition. This guidance should explore how to fairly distribute the grid costs for all the participants in the energy market, based on the actual costs of the development and maintenance of the grid and take into account and reflect the benefits of self-consumption and self-generation.
- Simplify administrative procedures for self-generation and consumption through community energy projects, such as simple notification procedures for smaller systems (similar to the framework in Portugal introduced by Decree Law 153/2014) and simplified authorization procedures for medium-size systems.
- In addition, the market design initiative should ensure a fair remuneration for excess electricity which is fed into the grid by prosumers
- The tendering procedures foreseen in the state aid guidelines should be reconsidered for municipal and community energy projects.

Climate Alliance also supports the definition of "prosumers" as: *"Active energy consumers, such as individuals, non-commercial organisations, local authorities and small enterprises that participate in the energy market by producing renewable energy either individually or collectively through organisations, such as cooperatives or associations. The participation in the energy market may also*



consist of contributing to energy efficiency and/or energy system management and grid integration of fluctuating renewable energy sources through demand side flexibility (through implicit or explicit demand response). Prosumers contribute to reaching the full potential of renewable energy generation.”

3. Cooperate with local authorities in national energy policy decision-making and implementation

Local authorities all over Europe demonstrate that a clear vision for the future, a well-designed and realistic action plan and appropriate funding make a renewable energy system possible.

Local example: Saerbeck (DE)- Energy self-sufficient through effective planning and citizen involvement

The German town of Saerbeck already reached its goal of energy self-sufficiency based on renewable energy sources in 2014. The municipality and its 7.000 citizens managed to mobilise on their own, especially via a cooperative, the amount of EUR 70 million for only one of a series of projects laid out in the local integrated climate and energy plan. If a town like Saerbeck can reach energy self-sufficiency within 5 years thanks to massive citizen mobilisation, why shouldn't the EU be able to step up its ambition and strive for the same goal?

Local authorities are closely connected to RES initiatives on the ground and thanks to their sustainable energy action plans analyse in detail where and how energy is used and produced on their territory.

Member states' authorities should make use of this precious information in order to design meaningful national action plans. A sample of 122 monitoring reports submitted by signatories of the Covenant of Mayors shows that these cities have already achieved a 14% share of renewables in their overall final energy consumption (by 2012-2013)¹, thanks to the use of indigenous renewable energy resources. Most common actions target building integration of Photovoltaics, use of renewables for space heating and hot water purposes in buildings, and use of renewables for district heating/Combined Heat and Power. Close to 70%² of these actions were initiated by local authorities themselves (and not upon national-level initiative), which shows the potential for complementarity between bottom-up and national/top-down renewable energy policies.

Local authorities are thus key actors in delivering national and EU targets, and they need to operate in a framework which supports them in their work. Their policy making should be further integrated with that of other levels of governance, providing legal, technical and financial support.

¹ JRC, 2016, "Covenant of Mayors: Monitoring indicators – Progress report of monitoring phase as of September 2015", JRC Science and Policy Reports. [forthcoming]

² Covenant of Mayors Office, 2016, Benchmarks of Excellence database.

Reaching national and EU targets will be facilitated by closer cooperation with local and regional authorities.

This is why Climate Alliance suggests that member states should be required to include in the national renewable energy and climate plans information on

- the complementarity between local energy and climate plans, such as the Sustainable Energy Action Plans developed in the frame of the Covenant of Mayors and the National climate and Energy Plans, namely
 - how national policies are supporting development and implementation of local plans and how local policies are being integrated in the national plans.
 - how bottom-up implementation in terms of decentralised renewable energy production contributes to the national target
- Moreover, it is important that NREAPs take into consideration the mapping and matching of available indigenous renewable energy production with local energy demand, so that the most suitable energy carriers are used in function of the energy services they are to provide (i.e. heating, cooling, motion, etc.). Energy supply should be based on decentralisation and proximity, where production occurs close to consumption.

Climate Alliance supports the idea of one-stop shops to be established in every Member State to streamline administrative procedures, especially for small and medium-sized projects by local actors. They should also be used to provide prosumers with information, support and guidance on setting up and financing renewable energy projects.

Local authorities have long-standing experience providing citizens with trusted information on sustainable energy, such as the [climate agency of the city of Essen](#), which provides advice for its citizens and offers different city-sponsored possibilities to get involved in renewable energy projects.

Hence, Climate Alliance suggests developing one stop shops for local renewable energy projects in close collaboration with local and regional authorities. They could then be delegated to local and regional energy agencies.

4. Financial support for capacity building and wide-scale roll out of local renewable energy projects

While an enabling market design and a stable policy framework are paramount to supporting local investments in renewable energy projects, local authorities are in need of further support to build capacities and plan and implement investments. Covenant of Mayors signatories in their monitoring templates indicate limited financial resources as the most important barrier to the implementation of their SEAPs, along with high cost and immaturity of technologies.³

Further financial support is thus required for the capacity building of local authorities, but also more “hard” investments. Their renewable energy projects which are parts of SEAPs are

³ Based on a sample of 126 submitted monitoring templates, 2016, Covenant of Mayors Office.



integrated in long-term urban plans with a concrete local commitment that bundle different sustainable energy projects to make 'the package' easier to finance. These should get faster access to financing and support schemes instead of outdated energy infrastructure projects that are not in line with the EU 2030 and 2050 climate and energy goals.

Financing schemes and support for capacity building which should be further elaborated and highlighted are:

- The decentralisation and blending of European funding (EIB and ESIF financial instruments) : e.g. the framework programme with a local commercial bank such as Belfius in Belgium, which can directly invest in very small projects in the sectors of PV, Solar Water Heating, Wind, Biomass, Geothermal, district heating and cooling, etc.
- The vehicles to make local use of the ESIF: more efforts are necessary to collaborate with Managing Authorities of countries with ITI and CLLD included in their Operational Programs. These can become very important tools for local authorities but more awareness-raising is necessary.
- European project Development Assistance, such as the EE22 call in H2020 (now under energy efficiency and could be explicitly expanded to RES projects) and the JASPERS facility.
- In Horizon2020, it remains important to stress that besides innovation and technological improvement, the 'soft measures' of deploying wide-scale RES projects and facilitating further market take-up is of utmost importance. The few current 'Coordination and Support Actions' (e.g. EE-09-2016-2017: Engaging and activating public authorities) should therefore be increased in the work programme for 2018-2019 and extended to support for renewable energy projects,
- The fact that there is no current successor to programmes like Intelligent Energy Europe, aimed at civil society involvement and the support of "soft measures", is a worrying trend that should be corrected in future financial framework developments. This programme has been considered as "an important 'glue' to help embed the Covenant of Mayors and improve its implementation". IEE has been "instrumental in developing and testing innovative approaches to SEAP development as well as networking and support structures that all aim to support the Covenant of Mayors process".⁴

European citizens, communities and local authorities are ready to make the EU number one in renewables, create local jobs and value and find new ways of cooperating at the local level, making the Energy Union a reality. Now it is up to the European and national levels to draw the appropriate conclusions from present experiences and support this development in its policy-making, keeping in mind the goals of the Paris Agreement. Climate Alliance is looking forward to actively contribute to this process.

⁴ EC, 2015, "Evaluation of Intelligent Energy Europe Support for Sustainable Energy Communities".
http://www.managenergy.net/lib/documents/1440/original_stc-EASME_IEE_SEC_Evaluation_Executive_Summary_Final.pdf?pk_campaign=energy-NL-Jan2016

CONTACT DETAILS:

Pirita Lindholm – Director Climate Alliance Brussels
p.lindholm@climatealliance.org

Lea Kleinenkuhnen – Policy Officer
l.kleinenkuhnen@climatealliance.org

Elise Steyaert – Policy Officer
e.steyaert@climatealliance.org

ABOUT Climate Alliance

For more than 25 years, Climate Alliance member municipalities have been acting in partnership with indigenous rainforest peoples for the benefit of the global climate. With over 1,700 members spread across 26 European countries, Climate Alliance is the world's largest city network dedicated to climate action and the only one to set tangible targets: each member city, town and district has committed itself to reducing greenhouse gas emissions by 10 percent every 5 years. Recognising the impact our lifestyles can have on the world's most vulnerable people and places, Climate Alliance pairs local action with global responsibility. The network fosters cooperation with indigenous peoples, runs awareness raising campaigns and develops tools for climate action planning. It provides ample opportunity for participation and exchange while representing member interests at the national, European and international levels.