Current challenges and opportunities for renewable energy on the European internal energy market

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The European Parliament adopted by 465 votes to 177, with 46 abstentions, a resolution on the current challenges and opportunities for renewable energy in the European internal energy market in response to the Commission communication entitled ‘Renewable Energy: a major player in the European energy market’.

Getting the benefit of renewables: Parliament adds that **targets and milestones should be set for the period to 2050** in order to ensure that RES have a credible future in the EU. It recalls that all scenarios presented by the Commission in its Energy Roadmap 2050 assume a share of at least 30% RES in the EU’ s energy mix in 2030 and suggests that the EU should endeavour to achieve an even higher share. The Commission is called upon to propose a **mandatory** EU-wide RES target for 2030.

Emphasising that **safe, secure, affordable and sustainable energy provision** is indispensable for the competitiveness of European industry and the economy, Members highlight that the share of RES in electricity, heating and cooling and transport needs to be increased in a manner that is cost-efficient, taking into account the benefits and full costs of RES, including system costs, while safeguarding supply security.

The resolution notes that the Member States, within the framework provided by the EU Renewable Energy Directive 2009/28/EC, are currently acting independently in promoting RES within **national administrative frameworks that differ widely**, and that this is exacerbating their uneven development. A functioning internal market could contribute to compensating RES variability and the uneven distribution of natural assets.

Convinced that most areas can make contributions to the deployment of RES, Parliament stresses the need to incentivise investment in RES where they have the greatest potential, in order to ensure efficient use of public funding. It calls on the Commission to explore with the European Investment Bank and national institutions possibilities for **innovative financial instruments** to finance renewable energy projects, while carbon markets should do their part in incentivising investments in RES projects.

Renewable energy on the European internal energy market: Members note that the internal market in gas and electricity is to be completed by 2014 and will be crucial for RES integration to serve as a cost-effective means to balance variable electricity production. The Commission is called upon to **tackle inappropriate market concentration** where it hinders competition (including the referral of Member States to the Court of Justice). Member States are called upon to continue with the full implementation of the internal energy market legislation and the development of interconnections, as well as the elimination of energy islands and bottlenecks. Members support the Commission's view that **competition needs to extend to renewables, when they become mature and economically viable**.

Infrastructure requirements: the resolution insists on:

- the **modernisation of the energy grid and the urgence to develop infrastructure development** for the success of the single market: the implementation of the energy infrastructure package is crucial in this respect, in particular for speeding up the construction of new infrastructure with cross-border impact;
- **the increasing need for a stable policy framework** to provide economic guarantees concerning the availability of these reserves as well as for system and balancing services, Member reject the concept of competition for subsidies between energy sources and call for an energy market design tailored to the **Union's long-term energy and climate policy objectives**, which makes it possible to integrate RES technologies into the internal energy market;
- **the advantages of decentralised renewable energy supply** close to consumption centres, Members point out that the Commission should facilitate the development of adequate modelling tools to define the optimal mix of distant, large scale generation plants and distribution level installations;
- **the insufficient network capacity and storage facilities**: this situation can add to uncoordinated cross-border energy flows (loop flows) and could cause serious emergencies in other Member States. In this regard, Members call on the Member States to press ahead as quickly as possible with the development of transmission and distribution systems and to encourage greater cooperation between transmission system operators;
- **the potential of smart grids, demand side management tools and energy storage solutions**, both to facilitate the best possible integration of RES-E and to even out grid fluctuations.

Empowering consumers: stressing the need for further action to increase the social acceptance of renewable energy sources, Members state that an effective action to this end would be to establish a **holistic approach to the producer/consumer** – or 'prosumer' – who would be able to manage the process of energy generation. Parliament notes that a prerequisite for efficient local consumption and production of energy, from a prosumer and distribution-grid perspective, is the roll-out of **smart meters and more generally of smart grids.**

Members stress that energy should be **affordable for all** and that industry's ability to compete must not be affected. They ask the Member States to take the necessary measures to ensure that **low income customers are effectively protected**, while raising public awareness of the potential of energy saving and energy efficiency measures.

International cooperation and trade: Members underline the role domestic renewable energy sources play in terms of **security of supply** and re-establishing a positive trade balance with oil and gas exporter countries. They stress that these should play a larger role in achieving the EU's energy security.

Emphasising that the unlawful distortion of competition on the market is unacceptable and that the best conditions for the growth of RES are offered by free and open global markets, the resolution calls on the Commission to:

- bring ongoing proceedings on unfair practices to a conclusion as quickly as possible;
- not to create any new obstacles to trade in finished products or components used in renewable energy technologies;
- take action to remedy obstacles to trade, to safeguard fair competition, to help EU companies to access non-EU-markets and to tackle alleged trade distortions, including with regard to illegal state aid;
- actively monitor the use of unjustified non-tariff barriers (NTBs), subsidies and dumping measures by the EU's trade partners in this area;
- investigate the possibilities for the initiation of an Environmental Technology Free Trade Agreement, which would establish tariff-free trade in environmental technology products.

Parliament underlines the need for closer cooperation on energy policy, including in the field of renewable energy, with the EU's neighbouring countries, and the need to exploit the trading potential of renewables more effectively.

Innovation, R&D and industrial policy: Members stress that only innovation, based on R&D, can secure Europe's leading position in renewable energy technology markets. They stress private investors' need for certainty and call on the Commission to foster an **industrial strategy for energy technologies**, including, in particular, renewable energy technologies.

A European framework for the promotion of renewable energy: Members welcome the Commission's declared intention to draw up **guidelines on good practice** and the reform of national support arrangements. The Commission is called upon to produce the guidelines as soon as possible to ensure that the different national schemes do not distort competition or create barriers to trade and investment within the EU, in order to encourage predictability and cost-effectiveness and avoid excessive subsidies.

Lastly, Parliament regards it as essential, in view of the multiplicity of support arrangements in place in the Member States, to move the debate about greater convergence and a suitable **European system of support for post-2020 forward**.