

Statistical transfers and other cooperation instruments in promoting RES in the EU

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Cooperative Mechanisms

According to the 2009 Renewable Energy Directive (2009/28/EC), Art 6, 7 & 8:

- Member States can cooperate in order to jointly achieve their 2020 national binding renewable energy targets.
- Member State can ask another Member State to produce renewable energy for them by funding such installations and getting ‘green statistics’ in return.
- Member States can choose among three flavours:
 - Statistical transfers
 - Joint projects (between EU Member States, with third countries)
 - Joint support schemes

Statistical transfers

Main characteristics:

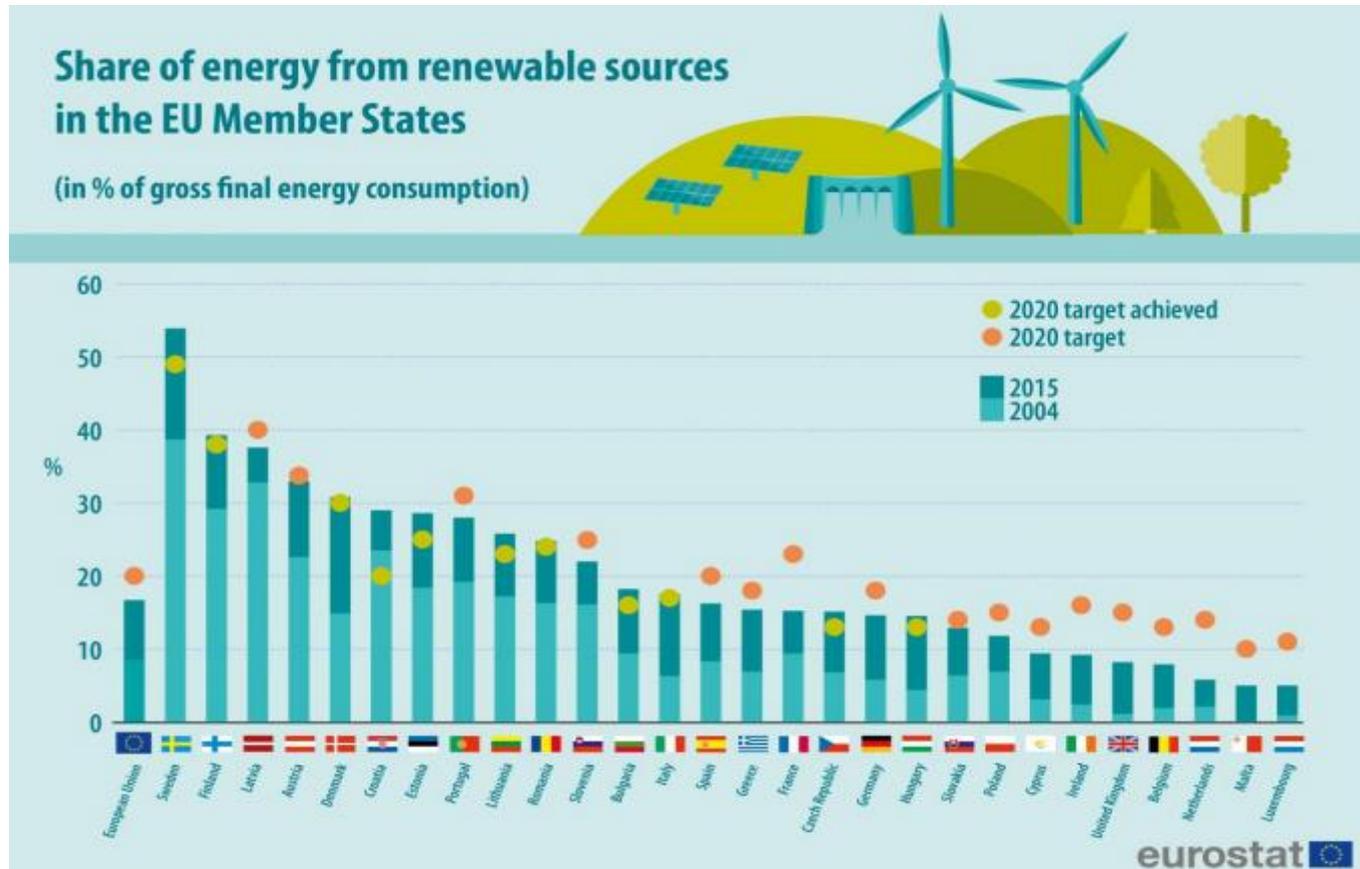
- Transactions take place between governments, so no private sector participation is foreseen for this instrument.
- RES transfer 'ex post' meaning that only actual savings relative to interim or 2020 targets could be sold to other countries.
- Duration of the transaction and price depends on the agreement of the parties.
- Agreement could be ad-hoc based to fill a short-term gap in a specific year, or on a longer term basis
- No physical transfer of electricity is required with this mechanism.
- Could be any form of RES transfer, electricity or heat.

Statistical transfers

Possible showstoppers:

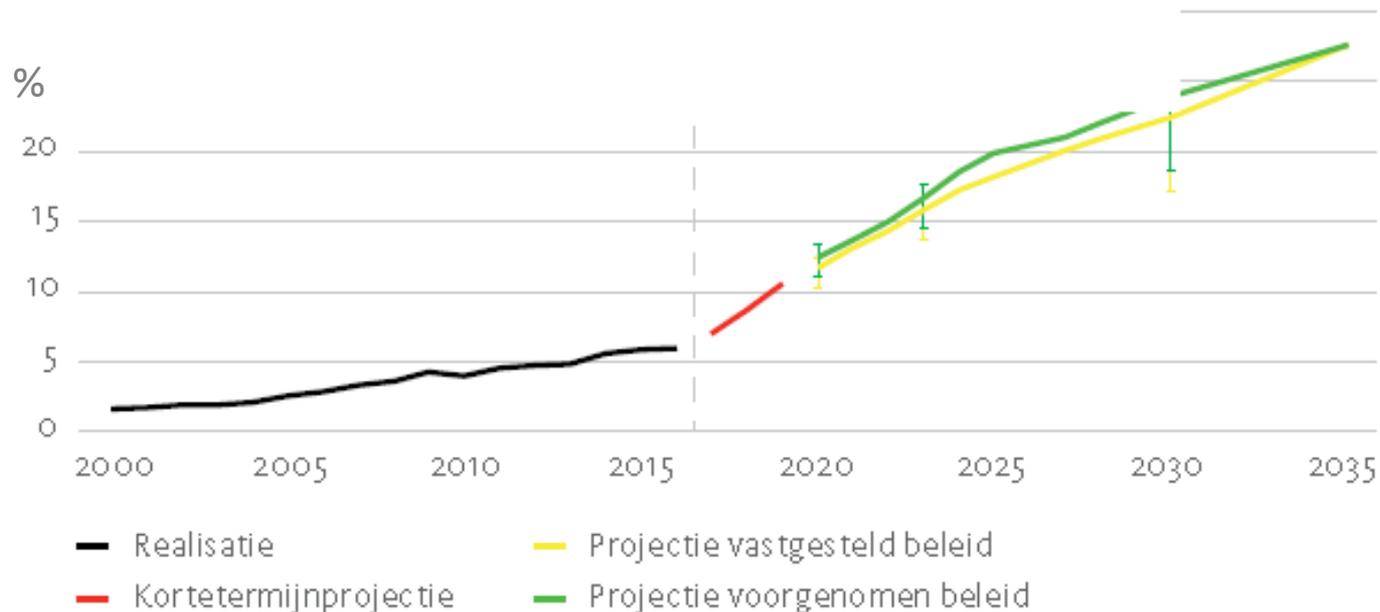
- Intra-governmental agreement needed – ‘devil is in the details’ → slows the process
- Governments have limited experience in trading with this kind of mechanism
- ST market will likely be illiquid at least for first transactions ↔ no clear reference price
- Governments need to defend the use of such instruments with stakeholders (benefits vs costs, what’s in it for us)
- Governments may opt for ‘wait-and-see’ strategy, simply because penalty is not known for missing interim targets/2020 target
- How to address risks, e.g. non-compliance, i.e. if the host country cannot produce the agreed amount of RES, the purchasing country would be in breach of its target

What's the 'current' basis for statistical transfers?



Source: Eurostat newsrelease, 43/2017 – 14 March 2017

A closer look at the RES progress in NL



Source: Nationale Energieverkenning 2017, p. 82

Statistical transfers

How could it work:

- Determine the amount & timing of RES credits to be transferred
 - Technology specific? Ad-hoc or longer term?
- Possible types of contracts*:
 - Ex-post agreement, e.g. last minute adjustment to achieve target
 - Ex-ante agreement: purchase in advance of production
 - Option contracts: right but not obligation to buy
- Price formation depends on
 - costs, benefits → conduct cost benefit analysis, identify a price corridor
 - distribution of risks which have to be negotiated and defined in agreement
- Implement necessary legislation and institutional arrangements (procedures for transfer and notification)

* see also the (North-Europe) Council for Cooperative Markets of the RES Directive (2018)

Statistical transfers

Actions and interest:

- First indication of interest presented in Member States forecast documents (in accordance with Art. 4(3) of 2009 RES Directive)
- Luxembourg proactive from beginning, needs to cooperate to achieve target, states that statistical transfers easier to implement, has had talks with several MS, notes that countries have difficulties to accurately predict surplus.
- Luxembourg and Lithuania signed MoU in 2011.
- Estonia first to reach its national target, already in 2011. Has surplus for statistical transfers and has adjusted legislation to accommodate for this.
- Bulgaria, Romania, Lithuania also indicate surplus for statistical transfer.
- Swedish is “open to dialogue” with other countries to arrange statistical transfer.
- Ireland-UK had attempt to look into possible cooperation, but failed. Ireland’s energy department admits willingness to consider use of statistical transfers.

Dynamics shaping cross-border RES cooperation

Top-down approach

- Energy Union
- Focuses mostly on cooperation at national level
- Cross-border trade, enhanced interconnections
- State Aid approval of RES support schemes
- New EU directives/regulation proposal, e.g.

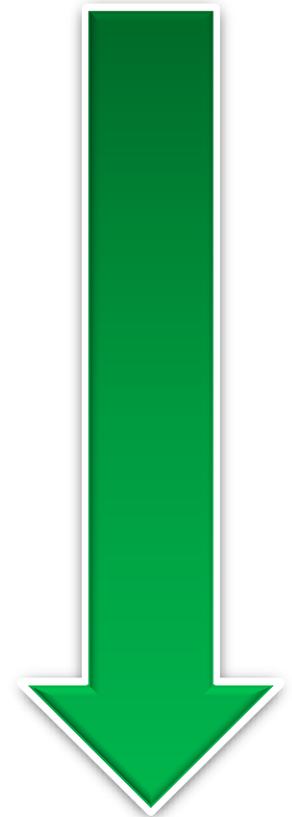
REDII proposal

Art. 5 - partial and gradual opening of support schemes to cross-border participation

Governance regulation proposal

Art. 11 - consultation of National Energy and Climate Plans, identification of opportunities for regional cooperation

Art. 27 - Sets up financing platform for renewable energy projects

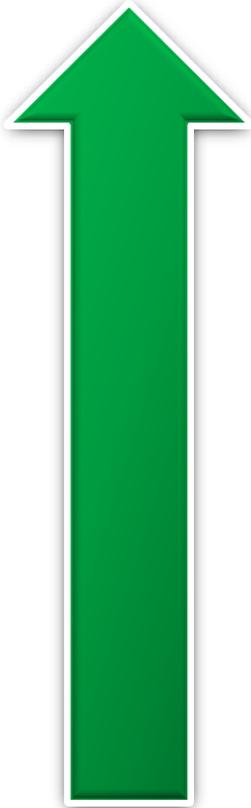


Dynamics shaping cross-border RES cooperation

State Aid Decisions on cross-border opening of support schemes, examples Germany and Denmark

- Volumes
 - DK: 20 MW PV auction - 2.4 MW opened to DE
 - DE: 50 MW PV auction - fully opened to DK
- Three important conditions apply for pilot cooperation
 - An agreement under international law
 - Reciprocity
 - Physical transfer
- Other conditions
 - Location specific aspects apply
 - Planning and construction rules, taxes and levies, site restrictions, grid connection and curtailment rules etc.
- On German side
 - Federal Cabinet adopted the Cross-Border Renewable Energy Ordinance (1 June 2016).
 - From 2017, 5% of new RES-E capacity to be installed each year will be opened up to installations in other MS.

New push for renewables cooperation



- Regional cross-borders action allows participation of non-state actors
- Bridge gap between national RES policies and European approach
- Higher political legitimacy and fitted solutions for local conditions
- Revenues more likely to stay within the region

Bottom-up approach ↔ sub-national RES cooperation

Take away messages

- Statistical transfers is a national government prerogative
- Concept of “regional cooperation” becoming more important for realising the Energy Union
- but still poorly and partially defined
- There is a need to unveil its different forms, e.g. sub-regional and local level cooperation
- New EU directives and regulation will open new doors to regional RES cooperation, also at sub-regional and local level ...
- ... but the right regulations need to be in place
- Local and regional authorities must get engaged in development of national energy and climate plans

Thanks for your attention!
Any questions?

