

Highlights CT1-2

Joint Session

1st CA-RES IV Plenary Meeting

17th -18th November 2021

Session 12: Joint Session CT1/CT2: CEEAG: Reconciling competition and target achievement in times of higher ambition

This session discussed experiences of Member States with supporting renewable energy development through tenders and the challenges for existing systems in light of increasing target ambitions. The session included a presentation of DG COMP on the CEEAG, the Spanish auctions on RES electricity conducted in 2017 and a presentation on auction volumes for target achievement.

State Aid is considered an essential tool in reaching Green Deal goals, although other instruments are also used by the Member States. The main objective of competition rules, however, is to preserve competition and the integrity of the internal market. A proposal for Climate, Energy and Environmental Aid Guidelines (CEEAG) has been made by the Commission and it is planned that the CEEAG enters in force in 2022. The two main buildings blocks of the revision are: a) An enlargement of the scope of the guidelines to cover new areas and technologies that can deliver the Green Deal (b) a flexibilisation of the compatibility rules including the provision of higher aid amounts (100% of funding gap) and new aid instruments (e.g. CCfD). The scope of the proposed Guidelines is extended to all technologies that reduce greenhouse gases, including renewable energy sources, and improve energy efficiency. However, specific renewable schemes continue to be possible. The new guidelines will be more flexible regarding renewable-specific support schemes and technology-specific support schemes and auctions. Also, more generally, the experience gained with tenders in the renewable electricity sector is being brought into new areas.

The General Block Exemption Regulation (GBER), a key tool, is also being revised to facilitate wider and newer exempted possibilities to support renewables and other decarbonisation measures, including renewable hydrogen and storage and recognise the importance of renewable energy communities.

The Spanish experience with RES-e auctions in 2017 was also presented. In these auctions, support was granted by assigning a quota (e.g. 50 MW), not to specific facilities, which allowed project developers to choose the best locations and reduced the price. In addition, no pre-qualification requirements were imposed on the projects. The lack of prequalification requirements was effective, reducing the administrative burdens and accelerating the auction call. Generally, there was a very good response from project developers to the call for tenders. The auctions were oversubscribed and subsidies were reduced to a minimum (zero). The penalty system in place helped ensuring a high overall execution rate (over 70%).

The presentation on auction volumes and target achievement showed that the goal should be to set the auction volume high enough to reach the RES targets but still ensure competitiveness of RES auctions. In addition, other supporting measures are necessary to increase RES supply and ensure competition such as setting reliable long-term targets and auction schedules to give RES project developers sufficient certainty and time to build up a project pipeline and supply chains. Spatial planning that allows for the designation of areas for renewables is also a key element. Moreover, simplifying and speeding up permitting procedures is helpful.

Thereafter, Member States expressed their views on a variety of questions related to exceptions from the tendering requirement (e.g. for small installations and pilot projects), the use of technology-specific or technology-neutral options to support decarbonisation and monitoring RES support.