

Highlights CT1

Governance, target achievement and cooperation

2nd CA-RES IV Plenary Meeting

18th-19th May 2022

Session 1: Regional Cooperation: Implementation Issues

The session dealt with **Member States' experience with cooperation, implementation issues** and the **question how these might be overcome**. It also discussed the current status of the main instruments that have been introduced to facilitate cross-border cooperation and have since come into force.

While the number of realised cooperation projects is still rather low (<10) and cooperation has mostly taken the form of one-off statistical transfers, increasing activity has been observed recently and concrete plans for joint projects and support programs between Member States are gaining momentum. This is also reflected in the growing number of cooperation agreements, memoranda of understanding and letters of intent that are being discussed or have been signed as well as the intensifying discussions on cooperation matters in regional fora, including the North Seas Energy Cooperation (NSEC), the Baltic Energy Market Interconnection Plan (BEMIP), the Central and South Eastern Europe Energy Connectivity (CESEC) or the Pentalateral Forum.

The session started with a presentation by **Research from Fraunhofer Ise** addressing the implementation barriers to cross-border cooperation in the field of renewable energy and ways to overcome them. The experts highlighted the key motivations for Member States for RES cooperations and pointed out the wide range of key enabling factors. They identified key barriers in numerous areas, including political, technical, legal, regulatory, administrative and socio-economic as well as environmental. They detailed the following four selected barriers and identified potential solutions to overcome them:

- Identifying appropriate cooperation partners,
- Quantification and analysis of costs and benefits,
- Sharing of costs and benefits and
- Dealing with the complexity of cooperation and multiple stakeholders' perspectives.

This was followed by a **best practice presentation from Portugal** on implementation issues. This focused on additional cooperation tools that can complement the legal instruments of RED (regional forums). They underlined the importance and benefits of regional cooperation. In addition, some insights were provided on how to overcome the main obstacles.

The European Commission gave an Update on the development on two EU policy instruments, the EU Renewable Energy Financing Mechanism (REFM) and the Connecting Europe Facility- Cross-border Renewable Energy Projects (CEF-RES). The REFM is a tool to implement competitive EU-wide tenders in support of new renewable energy projects. The CEF-RES – an instrument to support RE projects that are launched through a cooperation agreement and have a net socio-economic benefit – includes grants for preparatory studies, for technical studies, and for works.

The European Commission also presented what is to come in 2022, this includes esp.:

- **CEF-RES:** CINEA will implement the call for proposals (Q3 – Q4 of 2022).
- **REFM:** Yearly call on Member States to express interest is over, a few Member States expressed interest; The European Commission is aligning the preferences of contributing and host countries based on the MS interest (and the compromise)

Information will follow on the dedicated webpage: https://energy.ec.europa.eu/topics/renewable-energy/financing/eu-renewable-energy-financing-mechanism_en

Session 2: Two instruments to speed up the development of RE - Acceleration of planning and permitting procedures and PPAs

The second Session of CT 1 focussed on acceleration of planning and permitting procedures and PPAs as instruments to speed up the development of RES. It was divided into two parts: The first part dealt with accelerating permitting and planning processes, while the second part was about power purchase agreements (PPA). Both parts very closely linked to the Session of CT 2.

First part: Planning and permitting procedures

The Session showed, that overly complex and lengthy planning and permitting procedures remain a major barrier for the deployment of renewables and the related grid infrastructure. It is crucial to remove regulatory barriers in the administrative procedures.

In this context, the **European Commission** has presented the following two measures to remove the main barriers in the permitting procedures. Two measures were taken:

- **permitting package** with recommendations, best practices from a KOM guidance and a legislative proposal. The goal is to speed up procedures and reduce complexity
- **Technical Support Instrument (TSI):** It covers a range of reform areas and provides tailored technical expertise to Member States (MS) for design and implementation of reforms. Support is provided upon request and does not require co-financing (for the period 2021-2027, the TSI has a budget of EUR 864 million).

This was followed by an **input presentation from Italy** on their experience with barriers in planning and permitting procedures. It was shown that already the identification of suitable areas for RE projects can be a crucial point. It can also be important that the responsible levels take responsibility for the work to be done here.

This part is a good complement to the CT 2 session where examples of good practice are discussed in depth as a next step.

Second Part: Strengthening of PPAs

In the session, we discussed the barriers that still exist for green PPAs and way how MS and the European Commission can remove these obstacles. With the increasing deployment of renewable energies and, at the same time, higher targets in the context of the Green Deal, the question of additional private investments in RES deployment projects is also coming more into focus. PPAs are one such market-based instrument that is currently evolving in this context. The Session showed that PPA can play an important role in the future.

The European Commission is trying to help overcome existing barriers with guidelines as part of the RePower EU licensing package: The European Commission addressed regulatory issues against this background. There is an expanding market for PPAs, and the COM explained ways to promote cross-border PPAs.

The European Investment Bank (EIB) then presented the results of a recent PPA market study it conducted. This examines the market for cPPA, its potential up to 2030, the barriers and an assessment for potential financial instruments complementing PPAs.

The Session shows, that financial risk, (most importantly counterparty risk and market risk) and regulatory barriers are the most important factors that we need to overcome.

This part was very closely linked to CT 2's session on PPA, which focuses more on seller and buyer perspectives in a second step. The contents are coordinated and interlock with each other.