EREF response to the EC public consultation on Renewable Energy – Financing mechanism for EU-wide projects, June 2020

EREF welcomes the establishment of a new EU financing mechanism for renewable energy, assisting the EU in attaining its energy and climate goals. In order to meet the upcoming 2030 and 2050 targets, a considerable expansion of renewable energy deployment both at EU and national level must take place.

EREF supports the goals and ambitions of the financing mechanism, in particular its "enabling function", and the fact that it is in principle open to all renewable technologies and the possibility for specific grants for small-scale and innovative projects as well as for medium and large-scale ones. The inclusion of the private sector as a source of finance for the projects may prove to be a safe way to invest in renewable energy.

However, this draft leaves certain key questions unanswered, and there is need for further clarification. As several options for renewable energy are moving towards subsidy-free, how will this work in practice? Can only options in need of subsidies be part of this mechanism? What about differences between the Member States? Will Member States delay their participation until it becomes clear they will miss their targets?

Concerning the eligibility and the selection criteria in an EU call under the new mechanism, what should be the minimum (licensing) maturity of a project that will be allowed to participate in the call? Or, should there be other selection criteria, besides the bidding price? Should environmental criteria be set in case of equal bidding prices?

Moreover, there is a need to clarify if and how crucial RES enabler projects, such as storage, grid reinforcement/upgrading/expansion, and interconnection with RES-rich remote regions and islands, fit in this new programme – in our opinion they should definitely be included..

Furthermore, the following considerations should be taken into account:

- The participation of third countries in the mechanism (as possible RES project hosts) should be examined carefully, on a case by case basis. It should, in general, be limited and should only concern third countries respecting the Community energy acquis communautaire, such as, for example, the countries of the Energy Community.
- All Member States should be given the same opportunities, as well as fair and equitable access to this new RES financing tool. In this context, individual Member State parameters that are not controlled by the project promoters should be internalized in the calls, so as to establish a level-playing field for competition among all project promoters.
- It is crucial to ensure that the mechanism is offered under attractive terms and conditions and to secure increased participation. This can be achieved by providing the Member States with

additional incentives, as well as by providing more transparency and more detail regarding all stages of the functioning of the mechanism.

- The Draft Implementing Regulation must include specific provisions to safeguard the viability of the calls for expression of interest and the benefits of all involved parties, namely the contributing Member States, host Member State(s) and project promoters. The successful participation of a minimum number of companies from the host country is highly desirable in all these EU calls, in order to increase acceptance, local value and speedy realization of a winning project.
- There is no reference to renewable energy communities, which represent vital players in the energy transition. In order to achieve equal footing it is crucial that RECs are included in the financing mechanism, and that the necessary financial tools are made available.
- Projects should not be granted simply due to lowest price, but should take into account the reduction of CO_2 and the kWh produced from renewable sources.

Please note these proposals originated from GAREP, one of our members, their views & proposals on the new union renewable energy financing mechanism. You can find this document on EREF's website.