

## EFET<sup>1</sup> Response to EC Renewable Energy Strategy Consultation

### A: GENERAL POLICY APPROACH

**A.1. Is there a role for new targets for renewable energy sources post-2020 assuming that any targets must be consistent with climate mitigation and energy efficiency policies and targets as is currently the case with the 20/20/20 targets in the Europe 2020 strategy?**

- Yes, a mandatory target at EU level is appropriate
- Yes, an indicative and non-legally binding target at EU level is appropriate
- Yes, sectoral targets (e.g. electricity, transport, heating and cooling) are appropriate
- Yes, a combination of EU and sectoral level targets is appropriate
- No, targets for renewable energy sources are unnecessary

#### EFET response:

- **Yes, a mandatory target at EU level is appropriate**

However, this must be accompanied by reliance on EU level market-based mechanisms, which facilitate both national and cross-border transfers of instruments evidencing a renewable source. Without EU-wide policy measures, it would be better for renewable targets to be indicative and non-legally binding.

Any EU level renewable target should be set at a level that avoids undermining the EU Emissions Trading Scheme (ETS) as the core policy instrument supporting reductions in greenhouse gas emissions. The EU-wide targeted incremental increase in renewable energy consumption between 2020 and 2030 should be much more modest than the targeted incremental reduction in greenhouse gas emissions [i.e. there should be no repeat or imitation of the simplistic formula 20-20-20].

Policies and legislative measures resulting in a reliable CO<sub>2</sub> price will be crucial, in the event that fossil fuel prices turn out lower than projected in the 2050 Energy Roadmap. The prospect of US energy self-sufficiency by 2030 and the reductions in energy intensity expected in the EU are indeed likely to have a negative impact on fossil fuel prices.

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<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: [www.efet.org](http://www.efet.org).



**A.1.1. Please explain the reasons for your answer (such as the scope and contribution from GHG targets/ETS, the need to address other environmental, security of supply or technological development benefits)**

**EFET response:**

A mandatory target at EU level for 2030, together with the EU ETS and reliance on market-based support mechanisms, would be more in line with the internal market for energy. Alignment is crucial in order to avoid distortions, particularly in the single electricity market at the wholesale level. Furthermore, an EU-wide renewable energies (RES) goal will provide continuing certainty to investors and will stimulate investments in renewable energy projects and related infrastructure. Finally, an EU target complemented by the potential for cross-border transfers of instruments evidencing a renewable source would ensure coherence of renewable energies financial support schemes with the EU ETS and with EU-wide energy efficiency standards.

Sectoral targets would undermine the search function of the market, since not the most efficient renewable solutions overall would be chosen, but only the solutions within the sector.

With a longer term perspective, renewable energy should be fully integrated in a competitive energy market. The policy instrument to achieve the EU-wide renewable target should primarily be the EU ETS. Reliance on a single instrument would improve the chances that CO2 prices would be sufficient in order to trigger investments in renewable energy sources.

**A.2. Are other policy elements necessary to promote renewable energy post-2020, such as:**

- **Enhanced focus on R&D to bring down the costs of renewables technologies**
- **Facilitation policies (faster and easier permitting, improved access to the grid and further grid investments, availability of more sites for renewables, etc)**
- **Abolition of support mechanism or subsidies to other energy sources**
- **Public procurement obligations in support of renewables**
- **Better financing possibilities**
- **Continue to ensure sustainability and scalability**
- **Other (please specify)**

**EFET response:**

- **Other (please specify)**

A mandatory European targets should therefore be supported by market-based European schemes in support of renewable generation (preferably based on existing instruments, such as EU ETS). In addition to this, certain less mature technologies could be the subject of additional support, focused on R&D and aimed at bringing down production costs. Existing national promotion schemes should be phased out, but without affecting existing investments in renewable energies, i.e. no retroactive changes.



With respect to other facilitation policies, EFET advocates improving the rules on priority access. We agree that renewable energy producers must be assured of access to the grid, in the form of connection and the same rights to dispatch as other generation plants. However, this does not prevent creating incentives for them to contribute to the liquidity of wholesale markets or the management of congestion and imbalances, as is the case for other generation technologies. Renewable energy generators should, therefore, be required to dispatch themselves, to make nominations and to offer terms to the transmission system operator to deviate from the nominated amount. In practice, this would mean that renewable generators would be able to reduce output based on requests from the transmission system operator (TSO) and provided that compensation is paid.

## B: FINANCIAL SUPPORT

### B.1. Do you consider that financial support will continue to be necessary to support renewables post 2020 given their expected greater penetration?

- Yes
- No
- **For selected technologies/circumstances/markets (please specify)**

#### EFET response:

- **For selected technologies/circumstances/markets (please specify)**

The overall goal of renewable energy support should be to incentivise investments, while facilitating cost reductions and cost-efficient deployment of RES technologies. Further cost reduction will help to reduce the need for additional financial support. Encouraging Member States to exploit the most suitable potential sources in each country through an EU-wide support scheme complementing the EU consumption target would help to drive down the total cost of a large-scale switch to renewable sources. Such cost alleviation should, in turn, help national governments to phase out the budgetary burden of RES support schemes sooner.

Depending on the development of power market prices, onshore wind may continue its cost reduction path and may be able to reach grid parity in wind-rich sites. Economies of scale, e.g. by larger project size that allows efficient construction, operation and maintenance, will support this. The same may well apply to solar technologies in advantageous locations as costs continue to decrease. Different biomass technologies also have the potential to become economic at relatively low ETS prices.

A renewable energies support scheme based on trading mechanisms will certainly help to find the most economically efficient solution and thus, will also help to reach sustainable development and implementation of renewable energy technologies. Some immature RES technologies might still need research incentives, but this should be treated separately from deployment.



**B.2. If renewable energy sources require support post-2020, how do you think this can best be achieved with a view to achieving a cost-effective deployment? Please specify how to make support mechanisms more market oriented.**

- Making support schemes more market-oriented (please specify how)
- Accelerate convergence of national support schemes
- Open up national support schemes to cross-border projects
- Phase out support schemes over time (please specify for which technologies if applicable)

**EFET response:**

All of the above measures should be realised. It is crucial for support mechanisms to incentivise lower costs as the 2050 roadmap expects energy costs as a percentage of GDP to increase from 10.5% to 14.6%. Investment has to be delivered efficiently to retain EU citizens support at these levels.

Policies and the respective support schemes should aim to drive RES costs down and fully integrating RES electricity into the wholesale energy market across Europe. This can easily be done, if the most competitive RES technologies are located at the best sites through a European approach, assisted by a unitary quota and a certificate-based system. In order to exploit their flexibility potential, price signals should be introduced also in feed-in-tariff (FIT) systems. Incentives for developers to control costs are eroded by the prospect of guaranteed support levels.

RES producers should also be responsible for selling their power to the market. This implies a transition from FIT to a modular system consisting of market price and a RES add-on. RES producers should also take an active role in ancillary services: complying with balancing rules and bearing full responsibility for deviations from forecast power production, like other generators. This would give RES producers the incentive to make their schedules and forecasts as accurate as possible. Gate-closure should be close to real time (H-1), so that renewable producers can update their positions as more information becomes available.

**B.3. Do you think it would be useful to develop common approaches as regards Member States' financial support for renewables?**

- Yes, with benchmark values for support level per technology per Member State
- Yes, with EU-wide benchmark values for support level per technology
- No, support levels should be entirely up to Member States.

**EFET response:**

- Yes, with EU-wide benchmark values for support level per technology

**B.4. Should the structure of financial support be gradually aligned EU-wide?**

- Yes (please explain how this could be achieved and which support structure you consider most suitable)
- No



**EFET response:**

- **Yes (please explain how this could be achieved and which support structure you consider most suitable)**

Harmonised support schemes are necessary to deliver a level-playing field for investment in renewable energy production, to deploy renewable energies cost-efficiently and to preserve the European internal electricity market. Convergence of support schemes means developing RES in the most efficient way and at the least cost for customers. A support system based on tradable green quotas is the most suitable approach. Furthermore, it is of paramount importance to ensure that RES producers are properly integrated in the market and responsible for selling their own power.

In order to support and work toward a common and harmonised EU RES market, the European Commission and responsible bodies could develop standards or best practice requirements for each type of support scheme existing within Europe. *The Guidelines on State Aid for Environmental Protection* would be an ideal vehicle for this. However there should be no retroactive changes, as investments have already been made, and the expected levels and methods of support should be maintained.

Cross-border projects and a related trade in Guarantees of Origins can be a very efficient way of reaching the RES targets. Pilot projects to develop such mechanisms should be initiated as soon as possible.

**B.5. With regard to questions 3. and 4. please specify if you see a difference between the different sectors (electricity, heating and cooling, transport).**

**EFET response:**

In order to allocate the financial resources in an efficient manner, it is crucial to enlarge the market to all RES applications and to avoid focussing on sectoral solutions. To deploy RES across the EU in the most cost-efficient way, a cross-sector fulfilment of targets is needed. For example, RES-heat solutions in one country might be a cheaper substitute to the use of RES-electricity, which is preferred in another country.

Likewise, most scenarios anticipate wider use of electricity in both the heat and the transport sectors. Using different targets and policy instruments is likely to create perverse incentives and arbitrage opportunities that will make RES policy less efficient.

The EU ETS is an excellent example, how market instruments can be designed in order to look for an economy-wide solution.

**B.6. How do you see the relation between support schemes for renewable energy and the requirements of the internal electricity market for the period after 2020 against the background of a rising share of renewables?**

- **Member States need to be able to continue to operate support schemes on a national level and retain control over who benefits from national schemes.**



- Member States need to open their support schemes to renewable generation from other Member States (if so, please explain how this could be achieved, e.g. through convergence of national schemes, compensation mechanisms or other)
- Member States should open their support schemes to renewable generation from third countries (as above, please explain how this could be achieved)

EFET response:

- Member States need to open their support schemes to renewable generation from other Member States (if so, please explain how this could be achieved, e.g. through convergence of national schemes, compensation mechanisms or other)
- Member States should open their support schemes to renewable generation from third countries (as above, please explain how this could be achieved)

A convergence of support schemes could be achieved by a higher level of coordination between national systems in terms of design of support mechanisms, e.g. through improved guidelines for Member States. This would allow RES to be traded across borders and separated from physical power.

As long as Member States have their own support schemes, it should be possible for those with low geographical resources to contribute to the European target by financially supporting RES development in other countries through the use of cooperation mechanisms. At the same time, in a harmonised European system with tradable quotas for RES there will be no need for compensation as all energy suppliers will be subject to the same requirements regarding the RES-share in their portfolios.

Harmonisation is a precondition for developing new technologies in a real internal market. In particular, offshore wind, with its ability to deliver from its production site into several countries, would develop in a sustainable manner through a harmonised approach. Non-harmonised solutions will lead to 'cherry picking'.

Similarly, including third countries will provide further opportunities to deploy RES in a more efficient way. Cross-border competition is an indispensable element to realising third-country projects, which will promote further growth and optimise cost-efficiency.

**B.7. Do national support schemes and differences between such schemes distort competition?**

- No, support schemes do not have a significant distorting impact on competition
- Yes, all support schemes distort competition to a similar extent
- Yes, some support schemes are more distorting than others (please specify which you consider most distorting)

EFET response:

- Yes, some support schemes are more distorting than others (please specify which you consider most distorting)

Most existing support schemes have explicit or implicit trade barriers which distort



competition. The direct effect on competition depends on the design of the support scheme, e.g. arrangements for grid access or dispatch. Generally, feed in tariffs are more distorting because they exclude RES-E from the power market and therefore, limit liquidity and competition in power markets. Priority dispatch arrangements worsen this effect as they constrain transmission companies in making available cross-border interconnection capacity.

At present, we see various structures, e.g. in funding schemes for financial support systems, ranging from tax-funded systems to tax relieves and to levies on fossil fuels or power. Inevitably, such varieties will create distortions, impede competition between renewable energies and between producers, and create barriers for cross-border trade and competition. In general, this will make it difficult to continue to promote renewable energies by means of financial support schemes in the long run.

## **C: ADMINISTRATIVE PROCEDURES**

**C.1. Which of the following issues relating to administrative procedures, information and training do you consider acting as a serious impediment to further growth of renewables following Member States' implementation of the provisions of the Directive? Please provide explanations and specific examples where available.**

- Length and complexity of administrative procedures relating to authorisation/certification/licensing
- Lack of commonly agreed technical specifications
- Lack of information on support schemes or other
- Lack of credible and certified training and qualification
- Other

**EFET response:**

- Length and complexity of administrative procedures relating to authorisation/certification/licensing
- Lack of commonly agreed technical specifications
- Lack of credible and certified training and qualification

In general, the trading business would benefit if the same rules are applicable EU-wide, e.g. to implement trading in certain countries sometimes needs extra licenses. But this is a general problem, which is not confined only to existing and/or future RES trading.

**C.2. Which policy response to the problems identified above do you consider appropriate? Please specify what would be in your view a workable solution to eliminate barriers.**

- The approach of the current Directive to lay down a general framework for Member State action is fine
- Strengthen rules to intrude more directly into Member States procedures in terms of



roles of different actors (e.g. one-stop-shop), maximum time-frame or other

- Push for more standardisation and harmonisation on EU level or mutual Recognition
- Other (please specify)

EFET response:

- Push for more standardisation and harmonisation on EU level or mutual Recognition

## D: GRID INTEGRATION OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES

D.1. Do you consider that any of the following national rules and framework conditions will still create obstacles to renewable energy production after 2020? If so please specify which obstacles and the nature and degree of them for each of the following:

- Grid connection rules
- Cost-sharing rules
- Balancing rules
- Curtailment regime
- None of the above

EFET response:

- Balancing rules

To integrate renewable electricity in the grid, especially with a high share in the total electricity mix, it is essential that renewable producers have the same responsibilities as other market participants with respect to grid stability. In order to keep the grid stable and to pave the way for an increasing share of renewable energies in the electricity mix beyond 2020, RES-E producers must follow the existing balancing regimes.

This requires system operators to allow all market participants to trade until gate closure at H-1. This will permit RES producers, particularly wind and solar producers, to revise nominations, and to trade out emerging imbalances, as new information becomes available.

D.2. Which renewables-specific grid related rules do you consider necessary and proportionate in a post-2020 perspective? (please explain why)

- Obligation for network operator to develop network
- Priority or guaranteed access
- Priority dispatch and obligation on TSO to counteract curtailment
- Other (please specify).
- None of the above

EFET response:



- **None of the above**

As renewable power generation facilities become a more and more substantial part of the generation market and effectively rely on increasingly mature technology, grid-related rules should be applied to all generation sources in a non-discriminatory way. Otherwise, the wholesale market will face increasing levels of distortion. In our point of view renewable energy should be integrated in the wholesale market and compete with conventional energy in the long run. The obligation on network operators to develop the network and to provide access should be guaranteed for all generation.

**D.3. With regard to system integration of wind and solar power, what measures do you consider most important to increase the flexibility reserve of the system:**

- **Increase flexible back-up capacity (capacity payments ...)**
- **Increase availability of demand response (smart grids ...)**
- **Accelerate infrastructure development and interconnection**
- **Market-based measures: better use of interconnectors (implicit auctions), trading closer to real time**
- **Increased availability of storage**
- **Enable renewable generators to offer balancing services to TSOs**
- **Other (please specify)**

**EFET response:**

- **Increase availability of demand response (smart grids ...)**
- **Market-based measures: better use of interconnectors (implicit auctions), trading closer to real time**
- **Enable renewable generators to offer balancing services to TSOs**

An energy-only market (enhanced by a reserve capacity market) assures a match between supply and demand, even with higher shares of renewable energy. Wholesale energy prices are then the primary incentive for investments. Capacity mechanisms should be considered on a case-by-case basis only as a transitory measure, rather than a long-term feature of the European electricity market design. A widespread adoption of such mechanisms risks interfering with the EU target model, which emphasises the role of cross-border exchange of electricity. RES itself may offer some flexibility by integrating it into the wholesale market. Flexible conventional generation and storage possibilities will be incentivised by the following improvements:

- Removal of explicit and implicit caps and floors on prices in wholesale spot and balancing markets;
- Shifting intraday gate closure to H-1 in all Member States and facilitating access to intraday markets, especially on a cross-border basis;
- Extending real-time metering and incentivising demand response: increasing the proportion of demand subject to real-time metering should be a strategic objective for the EU.

Market design must be based on competitive elements. Prices should be driven by supply/demand fundamentals that signal the need for demand response, generation



optimisation, and investment in storages. This need not mean more volatile prices for end users, if appropriate tariff structures which can be hedged in wholesale markets are chosen.

## E: MARKET INTEGRATION

**E.1. In which of the following ways could renewable energy be made responsive to market signals?**

- Price risk - producers of renewable energy should be obliged to sell their production on the market and aid be granted exclusively as a) premiums or b) investment aid
- Price risk – producers of renewable energy should operate without any aid
- Producers of renewable energy should bear greater responsibility for system costs.
- Balancing risk – producers of renewable energy should bear balancing responsibility towards TSOs (if so, please specify how: responsibility on individual operator or centrally organised, same balancing rules for all operators or specific rules for variable generation?)
- Producers of renewable energy should continue to be treated separately (no exposure to conventional market)

**EFET response:**

- **Price risk - producers of renewable energy should be obliged to sell their production on the market and aid be granted exclusively as a) premiums or b) investment aid**
- **Price risk – producers of renewable energy should operate without any aid**
- **Balancing risk – producers of renewable energy should bear balancing responsibility towards TSOs (if so, please specify how: responsibility on individual operator or centrally organised, same balancing rules for all operators or specific rules for variable generation?)**

In order to make renewable production more responsive to market signals, it is essential that renewable production faces market mechanisms so that their operations are steered by the spot market prices. To give RES incentives to contribute to system stability, they also need the signals from the balancing market. This means that RES support mechanisms should be redesigned to be based on 'market price + premium' mechanisms or investment aid. Such an approach should be embodied in future Directives or in the Guidelines for State Aid for Environmental protection.

In the long term, no additional renewable subsidies should be needed (perhaps there is a phase where the EU ETS prices will provide some additional incentive for renewable plants), since renewable technologies are becoming more mature and hence, more competitive.

None of this would add to the costs of promoting renewable energy. Under FIT schemes, these risks are simply transferred to system operators and ultimately to customers.

Balancing concepts for RES should be left to the market and not be allocated in a mandatory way to one specific party. The market itself will establish solutions in which capacity might be



bundled by a market party and offered as a balancing service.

## **E.2. How can it be ensured that market arrangements reward flexibility?**

- **Dedicated arrangements to reward availability of generation capacity**
- **Favourable regulatory treatment of storage operators**
- **Develop demand response to market signals (please specify, e.g. smart grids, smart meters, demand aggregation, interruptible demand)**
- **Current market arrangements are sufficient to reward flexibility**

### **EFET response:**

- **Develop demand response to market signals (please specify, e.g. smart grids, smart meters, demand aggregation, interruptible demand)**

Competitive markets deliver the most efficient solutions. The market itself will establish solutions in which capacity might be bundled by a market party and offered to TSOs as a balancing service. Demand Response requires solutions within a competitive framework.

Current arrangements in some Member States are not sufficient. Encouraging flexibility requires price signals in spot markets that reflect the supply-demand situation. Therefore, Member States must remove explicit and implicit caps and floors on prices in wholesale spot and balancing markets. Increasing the scope of SMART metering will also help this process.

Introducing mechanisms to reward availability will dampen price signals and impede this process, also in order to make existing generation more flexible. See EFET position paper: <http://efet.org/GetFile.aspx?File=5791>.

With respect to network issues, grid tariffs which correctly reflect the constraints on the distribution system are needed to allow suppliers/ESCOs to develop offers reflecting better this cost in customer's products and services. The tariffs would relate to the actual/predicted grid usage at given time periods or dynamically. Direct contracts between DSOs and households are not attractive due to complexity and inconvenience for customers to have an interface with both the distribution and the retail company. The interaction between DSOs and customers must be facilitated through a market mechanism, i.e. unbundled retail supply businesses.

## **E.3. In how far do you think today's market design needs to be adapted to provide an appropriate framework for renewable**

- **The current wholesale market model based on short-run marginal cost pricing is appropriate**
- **The current wholesale market model based on short-run marginal cost pricing would have to be supplemented by instruments incentivising investment in generation capacities with a high capex/opex ratio (please specify which)**
- **Wholesale markets would have to move to reflecting full costs**
- **Electricity markets should evolve into energy services markets, earning revenues from more than just electricity**



**EFET response:**

- **Wholesale markets would have to move to reflecting full costs**

Energy markets should allow for prices that reflect the supply-demand balance at any particular point in time. Generators must be able to reflect fixed costs and opportunity costs in prices offered to wholesale markets (as is already the case in successful electricity markets). Pure SRMC bidding is not appropriate in any market, whether they have a large share of renewables or not.

As already discussed, capacity mechanisms should be considered on a case-by-case basis only as a transitory measure, rather than being contemplated as a long-term feature of the European electricity market design. Energy-only markets function if market prices can signal energy scarcity without restrictions and regulatory interventions, by avoiding price caps. In any case, security of supply needs to be evaluated from a European, not national perspective to avoid consumers paying for more capacity than needed.

Energy service products will evolve naturally via retail competition where markets are allowed to function correctly.

**F: RENEWABLES IN HEATING AND COOLING**

**F.1. What do you consider to be the main barriers against a stronger uptake of renewable energy in the heating and cooling market beyond 2020?**

- **Costs/lack of financial support**
- **Building regulations etc.**
- **Lack of awareness**
- **Lack of suitable information**
- **Lack of public support**
- **Lack of capacity (installers, other)**
- **Other (please specify)**

**EFET response:**

N/A

**F.2. What pathways do you consider to be the most promising for further increasing the share of renewable energy in heating and cooling beyond 2020?**

- **Biomass**
- **Geothermal**
- **Solar thermal**
- **Electrification together with higher share of renewables in electricity production**
- **Other (please specify)**

**EFET response:**



N/A

**F.3. How do you see the interaction of promoting further use of renewable energy in heating and cooling and enhancing energy efficiency in this sector?**

**EFET response:**

N/A

## **G: RENEWABLES IN TRANSPORT**

**G.1. What do you consider to be the main barriers against a stronger uptake of renewable energy in transport?**

- Costs
- Pace of technology development
- Lack of standards
- Lack of infrastructure
- Lack of awareness
- Lack of suitable information
- Limits of availability of sustainably produced biofuels
- Other (please specify)

**EFET response:**

N/A

**G.2. What sectors of transport do you consider to be the most promising for further increasing the share of renewable energy?**

- Road for passengers
  - Road for goods
  - Rail
  - Water
  - Air
- Please explain your answer.*

**EFET response:**

N/A

## **H: SUSTAINABILITY**

**H.1. Do you think that additional sustainability criteria are necessary in the post 2020**



period?

- No, the existing criteria are already burdensome to implement
  - No, the existing binding sustainability criteria are sufficient
  - Yes, sustainability criteria should apply to both all biomass and fossil fuels
  - Yes, additional criteria should be introduced to promote only the best performing biomass (please specify which)
- Please explain*

EFET response:

N/A

## I: REGIONAL AND INTERNATIONAL DIMENSIONS

**I.1. Do you consider current rules for cooperation *between Member States* sufficient to fulfil their purpose, i.e. realisation of cost-efficient renewable potential in the EU?**

- Yes.
- No. (Please specify how they should be amended or which elements added)

EFET response:

**No. (Please specify how they should be amended or which elements added)**

Cooperation mechanisms are a first step. They must be accompanied by arrangements for the mutual recognition of transfers of internationally compatible (even if nationally issued) renewable production certificates and to set up a secure registry system.

A next step could be harmonising and later merging of existing national schemes for the issuance and redemption of renewable energy-related certificates, whether based on voluntary underwriting and purchase of GoOs, or on obligatory certificated supply quotas.

**I.2. Do you think the EU should further facilitate cooperation with third countries when it comes to the development of the potential for renewable energy?**

- No, the EU should first focus on developing its own renewable potential
- Yes, cooperation with third countries should be further promoted (please specify how and with whom, i.e. only neighbouring countries or more widely)

EFET response:

- **Yes, cooperation with third countries should be further promoted (please specify how and with whom, i.e. only neighbouring countries or more widely)**

Cooperation should focus on geographical potential and the resulting efficiency gains. Hence, it is natural that neighbouring countries should be included in the development of



renewable energy where there is massive potential.

**I.3. Should investments in electricity networks in some Member States (i.e. Spain, Greece, Italy) be prioritized for this purpose?**

- Yes (explain in which way and to which degree)
- No (explain why)

**EFET response:**

- No, but investments shall be considered in future planning of grid extension.

**I.4. Which measures do you consider appropriate and necessary in order to foster cooperation with third countries in this area?**

- Bilateral agreements between Member States and third countries
- Agreements between the EU and third countries
- Other measures (please specify)

**EFET response:**

- Bilateral agreements between Member States and third countries
- Agreements between the EU and third countries

**I.5. In its Communication on security of supply and energy cooperation – "The EU Energy Policy: Engaging with Partners beyond our Borders"<sup>7</sup>, the European Commission proposes to promote cooperation on renewable energy projects with the Southern Mediterranean countries and to gradually build a renewed EU-Mediterranean energy partnership focus on electricity and renewable energy. How do you consider this should relate with the EU internal renewables policy? What should be the priorities?**

**EFET response:**

Renewable energy imports should be allowed to contribute to the fulfilment of the EU targets.

**I.6. The possibility to explore regional cooperation and a coordinated, more strategic approach to grid connection for the rapidly growing volume of offshore wind generation in the North Sea is currently being explored in the framework of the North Sea Countries Offshore Grid Initiative (NSCOGI). Do you think such cooperation should be further fostered? What benefits do you think could arise from it? Do you consider that this experience could be generalised and applied elsewhere?**



**EFET response:**

The NSCOGI is an interesting and promising initiative, but it should also include investors. The main benefit would be a more efficient offshore grid extension (e.g. to neighbouring country when grid connection is shorter that way).

**J: TECHNOLOGY DEVELOPMENT**

**J.1. For a first set of renewable technologies, namely wind, solar, bio-energy, the SET Plan aims at a cost-competitive market roll out of renewable energy by 2020. It also aims at enabling integration of renewable energy into the electricity grid and smart cities and communities. In your view, what would be the remaining key challenges of these technologies to be addressed by research and innovation in view of the 2050 objectives?**

- Technology performance and cost-competitiveness
- System integration
- Industrial manufacturing and supply chain
- Other (please specify)

**EFET response:**

N/A

**J.2. Which additional measures and/or instruments should be developed to address these technologies and their remaining challenges and to ensure that the EU innovation fabric is geared to supporting the significant deployment up to 2050?**

**EFET response:**

N/A

**J.3. In your point of view, which technologies other than those covered by the current industrial initiatives should be given priority in the post-2020 perspective? Please justify with reference to the criteria mentioned above, i.e. large-scale availability and willingness of industry to engage in public private partnerships?**

**EFET response:**

N/A

**J.4. How successful do you consider the existing measures have been and which have been the main drawbacks? Explain why.**

- Very successful, no drawbacks
- Successful but some drawbacks (please specify which)



<ul style="list-style-type: none"><li>- Not successful</li><li>- Successful but some drawbacks (please specify which)</li></ul>
<p><b>EFET response:</b> N/A</p>
<p><b>J. 5. Do you consider that assistance in technology development should be linked to a certain result to be achieved by a certain deadline?</b></p>
<p><b>EFET response:</b></p> <p>To make the further development of RES sustainable, it is key that non-mature technologies are promoted and not rolled-out to the market before they are competitive or close to competitiveness. Many subsidy schemes in various European countries, however, are a mix of development and deployment. Hence, a clearer distinction between research and roll-out should be made.</p>