

Irish Wind Energy Association,
Sycamore House,
Millennium Park,
Osberstown, Naas,
Co. Kildare.

Strategic Energy Policy Division,
DCCAE,
29-31 Adelaide Road,
Dublin, D02 X285.

By email energyconsultation@dccae.gov.ie

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Response to the Consultation the Clean Energy Package

Dear Sir/Madam,

IWEA welcomes the opportunity to respond to the consultation the clean energy package.

Wind energy will be key in delivering a decarbonised power sector by 2050. Today wind energy can meet 10.4% of the EU's electricity demand. And in 2030 it can meet 23.9% of the EU's electricity demand, making wind the largest contributor to the 2030 EU renewable energy target.

A reliable European renewable energy strategy is needed to create a business case for wind energy beyond 2020. IWEA welcomes the spirit of the European Commission's proposals for a new Governance Regulation and a recast Renewable Energy Directive. But it considers that Member States and the European Parliament should raise ambition towards a collective EU renewables target of at least 35% to make full use of the economic potential the energy transition offers.

The post-2020 EU energy legislation must act as a spine for a higher collective 2030 renewables target and position the EU as a global leader in renewables. To that end, IWEA would make the following specific amendments to the Governance Regulation and the recast Renewable Energy Directive as follows:

- A binding EU-wide renewables target of at least 35% by 2030;

With a modest 27% renewable energy target in final energy demand by 2030, the EU is postponing decisive actions to the post-2030 period. The 2030 Climate and Energy Framework needs to reflect the latest market realities, be data-driven, more ambitious and coherent to reinforce the momentum on cost reductions and support Europe's renewables industry. The proposed target level is out of touch with the state of the technology. The modelling underpinning the 2030 Climate and Energy framework and the Clean Energy Package do not reflect the considerable cost reductions in wind energy technologies.

The proposed target level also fails to respond to the ambitious deployment level in non-EU markets driven by the Paris climate agreement. IWEA believes it is appropriate to be more ambitious for 2030 and move the target to at least 35%. When increased to at least 35%, the EU can tap into wind energy's ability to deliver the full economic potential of the energy transition to European citizens and businesses. In addition to an increased renewables target, a revised EU ETS system should provide the flexibility to balance demand and supply in the carbon market. An enhanced Market Stability Reserve

needs to correct the supply of allowances in times of low demand caused by the accelerated transition to clean energy

- National renewable energy benchmarks providing a fair and transparent delivery of the 2030 target; Clear measures incentivising ambitious national 2030 renewable energy policies from the onset;

Investors need visibility on the post-2020 market volumes today to ensure the cost-effective achievement of the 2030 target. A straightforward and robust investment sharing mechanism is necessary if investors are to rely on EU renewables policies. The mechanism should outline transparent and fair national responses to the collective renewables target that Member States have set upon themselves. To that end, the recast Renewable Energy Directive should outline national benchmarks for each Member State, which aggregated, amount to the collective binding target. The benchmarks should be based on Member States' GDP and renewable energy potentials as proposed in the Renewable Energy Directive Impact Assessment. Taking into consideration the indicative benchmarks, Member States will set their self-defined national contributions to the 2030 target in the finalised 2030 national energy and climate plans by 1 January 2019. Ireland has benefited from clear targets and policy certainty to deliver increased deployment of renewables. Renewables deployment in Member States between 2021-2030 must follow a linear trajectory. This must prevent a backloading of national renewable energy efforts to the last years of the next decade and an uncertain wind project pipeline. The exclusion of any downward revision of the national renewable energy contributions during the 2023-2024 review of national plans will be an opportunity for the EU-28 to outperform the collective 2030 target. To ensure the transparent delivery of national renewable energy contributions, the post-2020 Directive should clarify the methodology for calculating the contribution of the heating and cooling sector to the renewables share in gross final energy consumption (%).

The national energy and climate plans (NECPs) should therefore be finalised by 1 January 2019 and revised as early as 2024.

IWEA welcomes the standardised and binding draft template for national plans which allows for comparability and enforceability of Member States' contributions to the 2030 target. Overall, the industry considers appropriate the level of detail in the draft template, in particular the references made to repowering, the electrification of transport and concrete timeframes for market coupling. IWEA specifically welcomes provisions where Member States should submit their first 2030 national plans by 1 January 2019 (Article 13) and Member States should update, if necessary, their national plans by 1 January 2024 (Article 13).

IWEA recommends improvements to the draft template for national plans incorporating the 3-year renewables support schedule set in Article 15(3) of the recast Renewable Energy Directive and Member States should outline policies to increase the flexibility of their energy systems in national plans.

By agreeing a 2030 binding target for renewable energy at EU level in October 2014, the European Council gave a clear mandate to the European Commission to ensure target delivery. IWEA believes Ireland should support strong oversight by the Commission of progress towards the 2030 target. IWEA believes that the monitoring powers of the European Commission outlined in Articles 9(3) and 28 of the Governance Regulation are insufficient to guarantee a smooth delivery of the 2030 target. The proposed non-binding recommendations of the European Commission on national plans do not provide any legal certainty to investors that potential harmful national policies will be addressed in

time to deliver on the EU binding energy objectives. A mandatory intervention of the European Commission at every reporting cycle will be able to pre-empt the activation of the gap-filling measures. IWEA therefore recommends that Ireland support the European Commission's recommendations on national plans become binding for the areas with 2030 binding headline targets (Articles 9 & 28).

In relation to the ambition in the Renewable directives IWEA would make a number of recommendations.

- Member States design tenders according to different technology profiles;

Detailed provisions on national indicative benchmarks and a clear trigger mechanism in the Governance Regulation should serve to incentivise early efforts from Member States. Article 3(4) of the recast Renewable Energy Directive should outline additional gap-avoiding measures envisaged by the European institutions as well as a list of the EU funds which would support renewables in the post-2020 period. The article should provide conditionality for EU funds to be directed to those Member States that strive to outperform their renewable energy benchmarks.

The design of support schemes, currently dealt with under the State aid guidelines, leads to regulatory uncertainty for investors. The Renewable Energy Directive should clarify and outline general principles on the design of support mechanisms beyond 2020. It should also establish the right hierarchy between European normative documents. Dealing with the general design principles for support schemes would offer a longer-term predictability to investors. As a supporting document to the implementation of the Directive, the State aid guidelines for the post-2020 period should not create new rules but be fully aligned with the revised sectorial legislation.

IWEA supports support mechanisms based on renewable energy technology characteristics (e.g. cost, size, risk profile, project lead time) and national market considerations. The proper design of auctions is of crucial importance in attracting investments in wind energy beyond 2020. IWEA welcomes the proposed 3-year schedule for public support, set out in Article 15(3) and believes it should be incorporated in Article 4 of the Directive and the template for national plans in the Governance Regulation. The long-term visibility on planned renewable energy support will be crucial for investors to plan ahead projects pipelines, steer innovation and job creation. It should be duly reflected in the template of national energy and climate plans.

- Streamlining administrative and consent procedures

IWEA welcomes the provisions supporting greater simplification of administrative and permitting procedures for renewable energy projects. In particular, the industry expects that the establishment of a single administrative contact point per Member State will diminish the administrative burden for wind developers, will expedite the application process and will ensure a better coordination between multiple authorities in the case of onshore wind. The industry supports the proposed 3-year deadline for permitting as long as it also covers potential legal appeals to wind energy projects. Failure to address legal challenges will signify that the lead times for granting a permit to wind energy projects.

The industry fully supports the emphasis given by the Directive to corporate power purchase agreements (PPAs). Removing administrative barriers for PPAs on national level will allow corporate consumers to contract renewable electricity at competitive prices.

- Repowering

WindEurope estimate that 76 GW of the EU's onshore and offshore wind energy capacity will come to the end of their operational life between 2020 and 2030. These decommissioned wind energy assets will not count for the delivery of the 2030 target. Similar concerns will exist in Ireland. There are currently long delays in planning which could delay the ability of existing developers to repower existing wind farms.

The repowering of wind assets in the post-2020 period presents a clear opportunity for modernising the wind fleet with the newest technology available. Repowered projects optimise energy output with comparatively less land use while preserving local job creating and revenues for municipalities. A proactive approach to repowering will help make the EU an example for successful management of the energy transition. Member States should ensure that repowering projects are provided with a clear path-to-market and a regulatory framework that puts them on a par with new projects.

The provisions included in the proposal will help remove unnecessary barriers. The one year deadline for granting permits to repowered projects in Article 16 alongside the outlined simple notification procedure in Article 17 must remain intact. They guarantee that in the post-2020 period, Member States will be able to harness higher share of wind energy at the best wind sites to the benefit of European consumers. IWEA particularly welcomes the simple notification procedure and the 1-year permit granting deadline for repowered plants (Article 15(5) & 16).

- Renewable energy producers retain control of Guarantees of Origin;

IWEA welcomes the proposed full disclosure of all renewable energy generated in Europe (with and without support) through the improved system of Guarantees of origin (GOs) in Article 19. However, the wind industry disagrees with the current provision that will not allow renewable energy producers that received financial support to retain their GOs. Giving those GOs to the government for centralised auctions would break the link between the renewable energy production of an installation and a client that is interested in that specific production. This means that many active renewable market players will not be able to continue with their "asset-to-client" strategies, losing the value that GOs provide to renewable energy producers. IWEA therefore calls for a deletion of the respective provision in Article 19(2). All renewable energy producers should receive a GO for every kWh generated, under the condition that only those GOs associated to electricity that has not received any financial support would be marketable. This is specifically an issue in Ireland with the large percentage of data centres and FDI investors.

- Decarbonisation across sectors is further enabled.

IWEA would refer to the lack of strategic vision in the Winter Package with regard to the potential of renewable electricity in the transport and heating and cooling sectors. The proposed suppliers' obligation fails to recognise the increasing role of electric and fuel cell vehicles, hydrogen solutions and their potential in helping the EU long-term decarbonisation objectives. IWEA believes Ireland should recognise the potential contribution of electric vehicles to the decarbonisation of the transport sector by increasing the suppliers' obligation to 10%. The way renewable electricity counts towards the transport sector target, i.e. depending on the renewable energy share in the power sector, is inaccurate and will not incentivise producers to invest and/or use renewable electricity. Suppliers should be allowed to provide 100% renewable electricity should they wish to do so. They could

purchase the electricity directly from renewable energy producers and use the GOs to demonstrate the origin of the electricity to their customers and to count towards their renewables obligation.

IWEA thanks the department for the work on the clean energy package and would encourage further dialogue with industry as the package evolves in the EU institutions.

Yours sincerely,

Gary Healy
Chief Executive Officer, IWEA.

Telephone (045) 899341
Email gary@iwea.com

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