



Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 170 member organisations from 38 European countries, representing over 1.500 NGOs and more than 47 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

Renewable energy financing mechanism for EU-wide projects

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To stay below 1.5°C, the EU needs to move to climate neutrality and shift towards a 100% renewables based energy system by 2040. The current EU 2030 renewable energy target is not in line with what is needed to stay below 1.5°C. Under the Clean Energy Package, some new instruments have been created to encourage regional cooperation, considered to be an instrument to guarantee an effective attainment of the EU 2030 renewable energy target. CAN Europe considers this mechanism has potential to foster a faster deployment of renewables. However, for a full impact, some improvements are needed:

- The act contains many specifications for the gap filling objective. However, there is not enough focus on how the enabling instrument for deployment of renewables will function. This is for instance illustrated by the fact that the reduction of the cost of capital is integrated in the preamble of the act, but it is not further elaborated.
- Union funds or private contributions can count in addition to the 32% renewables target. However, the act lacks sufficient details on how this would function (separate tenders?). We also notice a lack of details with regards to article 14.3, which highlights the possibility for Member States to make a contribution to “...other projects that will contribute to the enabling framework”. In the case Member States will issue additional payments contributing to the enabling framework, will these then also count in addition to the Union’s 32% renewables target? Also here it is not clear how this will function in practice.
- In order to give stronger support to the enabling framework, more support from the centrally managed Union funds (such as CFF) and instruments (such as InvestEU) for increased development of renewables should be guaranteed. In addition, Member States must make climate action a much bigger priority of future EU regional funds spending, by programming more funds for energy efficiency and renewable energy measures.
- EU policy should in the first place stimulate Member States to prioritize the further elaboration and improvement of national policies that enable increased local renewables deployment, amongst others through a timely transposition of the Clean Energy Package and a robust implementation of ambitious NECPs. Otherwise there is a risk that some Member States will too easily fall back on the gap filling mechanism instead of elaborating/improving the national regulatory framework.
- The Clean Energy Package articulates the importance of energy communities in the energy transition. However, energy communities are undervalued in the act. The preamble

mentions the Commission can, on the basis of the expressed preferences by the host and the contributing Member States, organize specific grant award procedures which aim to support small-scale projects as part of the contribution to the enabling framework. Why can it only be organized as part of the contribution to the enabling framework? Are these projects excluded to contribute to the gap filling?

- We are concerned about the approach to firstly envisage the feasibility of technology neutral grants. Different local renewable energy potentials and different progress of technological readiness and market introduction require tailor-made national support schemes. In addition, we are concerned about the fact that the Commission is taking decisions on the scope of the grant award procedure. National preferences should be respected. In case of divergence between national preferences, the Commission should facilitate an agreement between Member States for mutual benefits. With regards to biomass-specific grant award procedures, there are concerns about giving support to biomass-installations where sustainability considerations are not guaranteed.