



Cohesion Policy support for Sustainable Energy

“Financing renewables in the middle of the
economic crisis”

11th Inter-Parliamentary Meeting on Renewable Energy and
Energy Efficiency

Stockholm, 30 September 2011

Maud SKÄRINGER
European Commission
Directorate-General for Regional Policy

2020/2050 Key Challenges

Increasing importance of renewable energy (RES) increases requirements on:

- Capacity and flexibility of electric grids
- Flexibility of power plant fleet
- Availability of large-scale energy storage

Energy Roadmap 2050 – preparation

Priority of Danish Presidency

http://ec.europa.eu/energy/strategies/2011/roadmap_2050_en.htm - see “Energy Roadmap 2050 - State of Play”





January 2011 Communication – Financing renewables growth

- EUR 35 billion capital investment of 2009 needs to double to an annual EUR 70 billion
- National support
 - Feed in tariffs, premiums, obligations, Directive cooperation mechanisms...
 - Instruments are modified, reformed, reviewed every year, sometimes smoothly, sometimes less smoothly...
- EU funds
 - 300 million ETS allowances (~ EUR 4-5 billion) for innovative investments
 - EU Structural, Cohesion, Rural Development plans/funding
 - EIB: EUR 2-3 billion per year for renewable energy
 - R&D/SET plan funding (incl. >EUR 500 million in the EU recovery package)
- Reforms and improved coordination needed

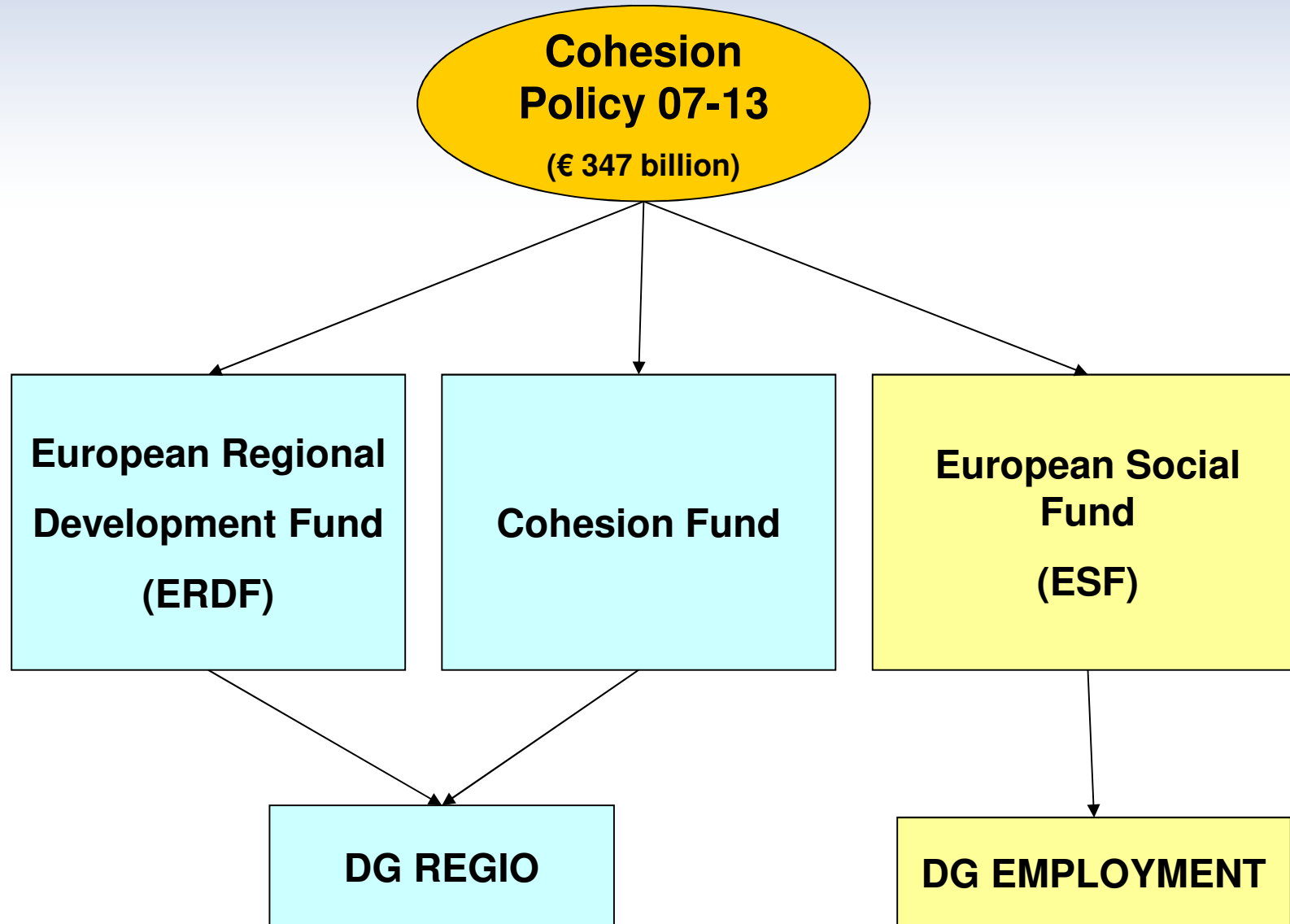


January 2011 Communication – Possible follow-up actions

- Facilitation of the development of cooperation mechanisms both between Member States and with third countries.
- The review of European Structural Funds and Cohesion Fund in the context of the EU Budget Review.
- Continued work with financial institutions to improve European support for private investment in renewable energy projects.
- Expanded use of innovative financial instruments as a device for achieving greater private sector leverage for European policy priorities and maximising the EU value added of financing in the energy sector.
- Preparation of guidelines for more harmonised reform of national renewable energy support schemes.
- Promotion of reforms in the southern Mediterranean.




Cohesion Policy 2007-2013

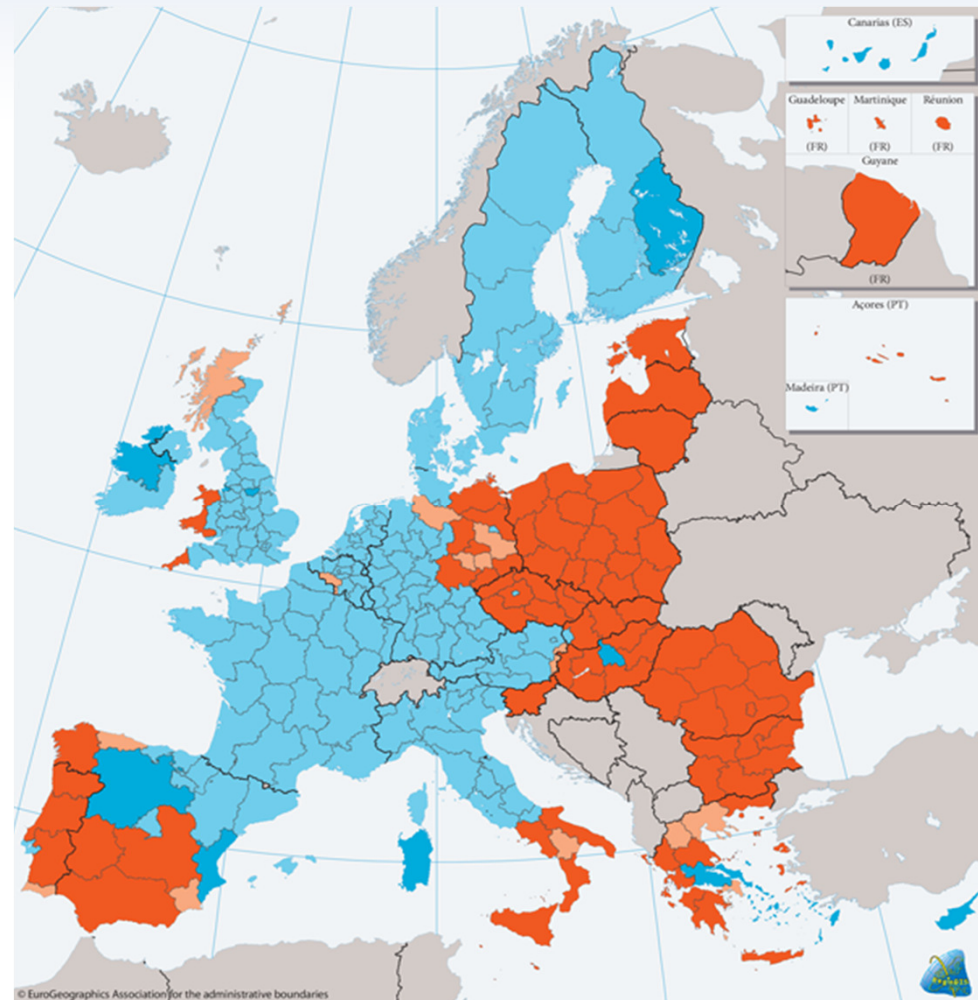




Cohesion Policy 2007-2013

 **Convergence** objective:
regions with GDP per capita under 75% of the EU average. 81.5% of the funds are spent on this objective.

 Regional **competitiveness** and employment objective.





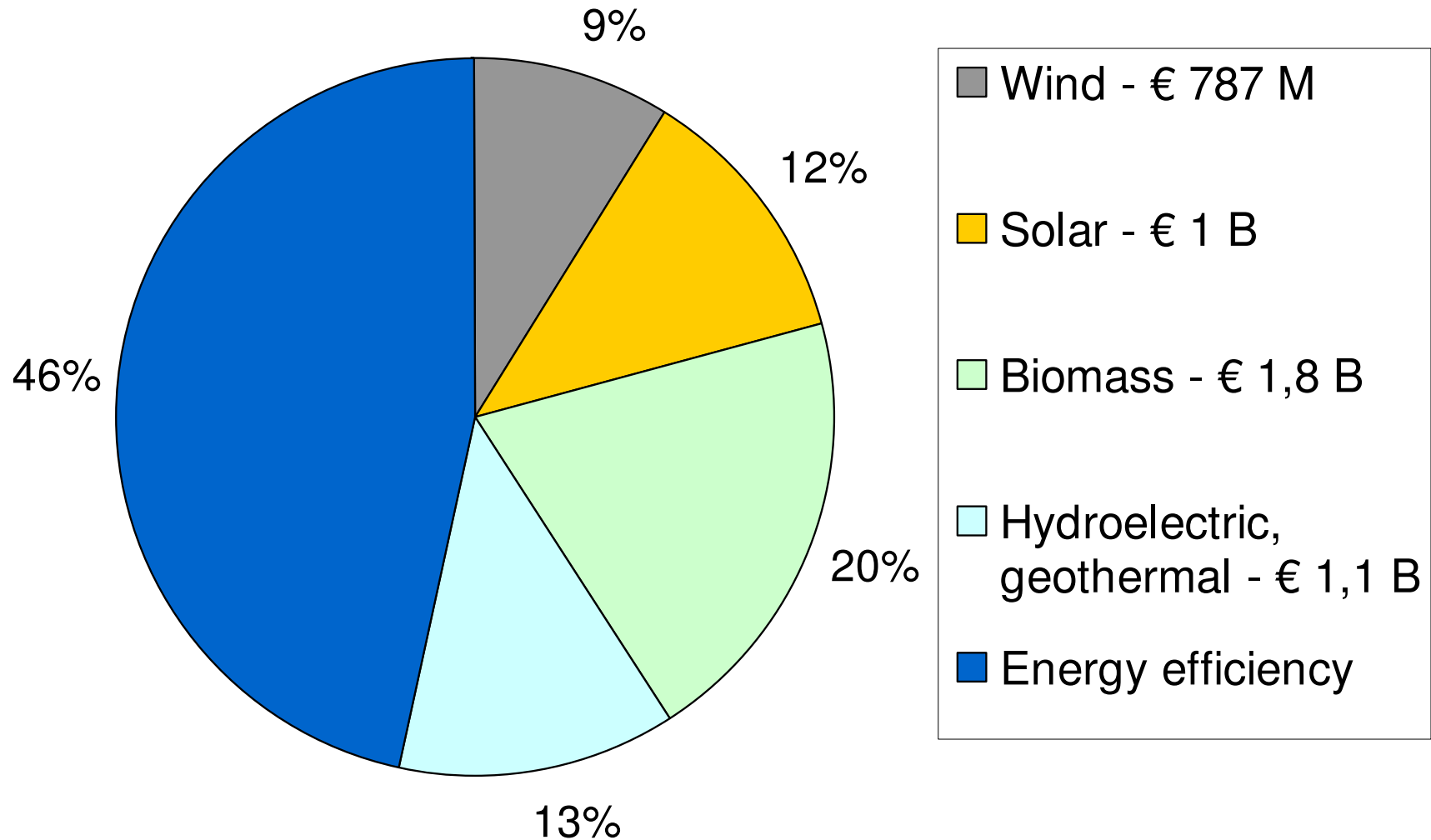
Regulations & Guidelines

- ERDF Regulation:
 - “...the improvement of energy efficiency and the development of **renewable energies**”
 - “stimulating energy efficiency and **renewable energy** production and the development of efficient energy management systems”
- Community Strategic Guidelines 2007-2013:
 - “Supporting the development and use of **renewable and alternative technologies (such as wind, solar, biomass), including for heating and cooling**, which can give the EU a leading edge and thus strengthen its competitive position.”



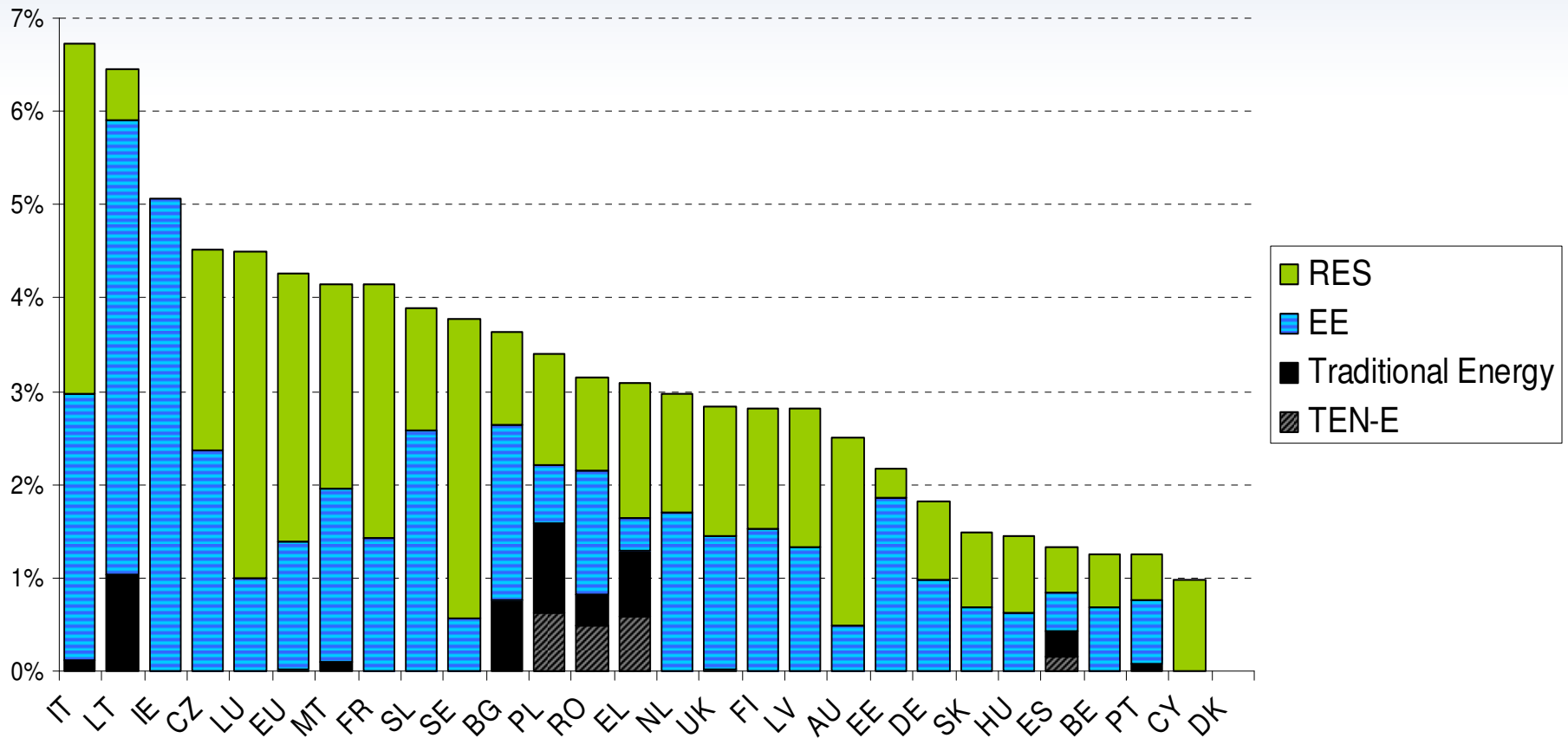
Cohesion Policy for Sustainable Energy 2007-2013

€ 9.3 billion for EE & RES





Allocations to Energy Sector as % of total allocations per MS 2007-2013



Source: Infoview 2009



Energy Efficiency and Renewable Energy in the “Recovery Package”



- Amendment to ERDF regulation (May 2009)
- Up to 4% of the national ERDF allocation can go to **energy efficiency and renewable energy in housing**
- Member States define eligible categories of existing housing, to support social cohesion
- Further regulatory amendment to facilitate the use of innovative financial instruments in this area (June 2010)

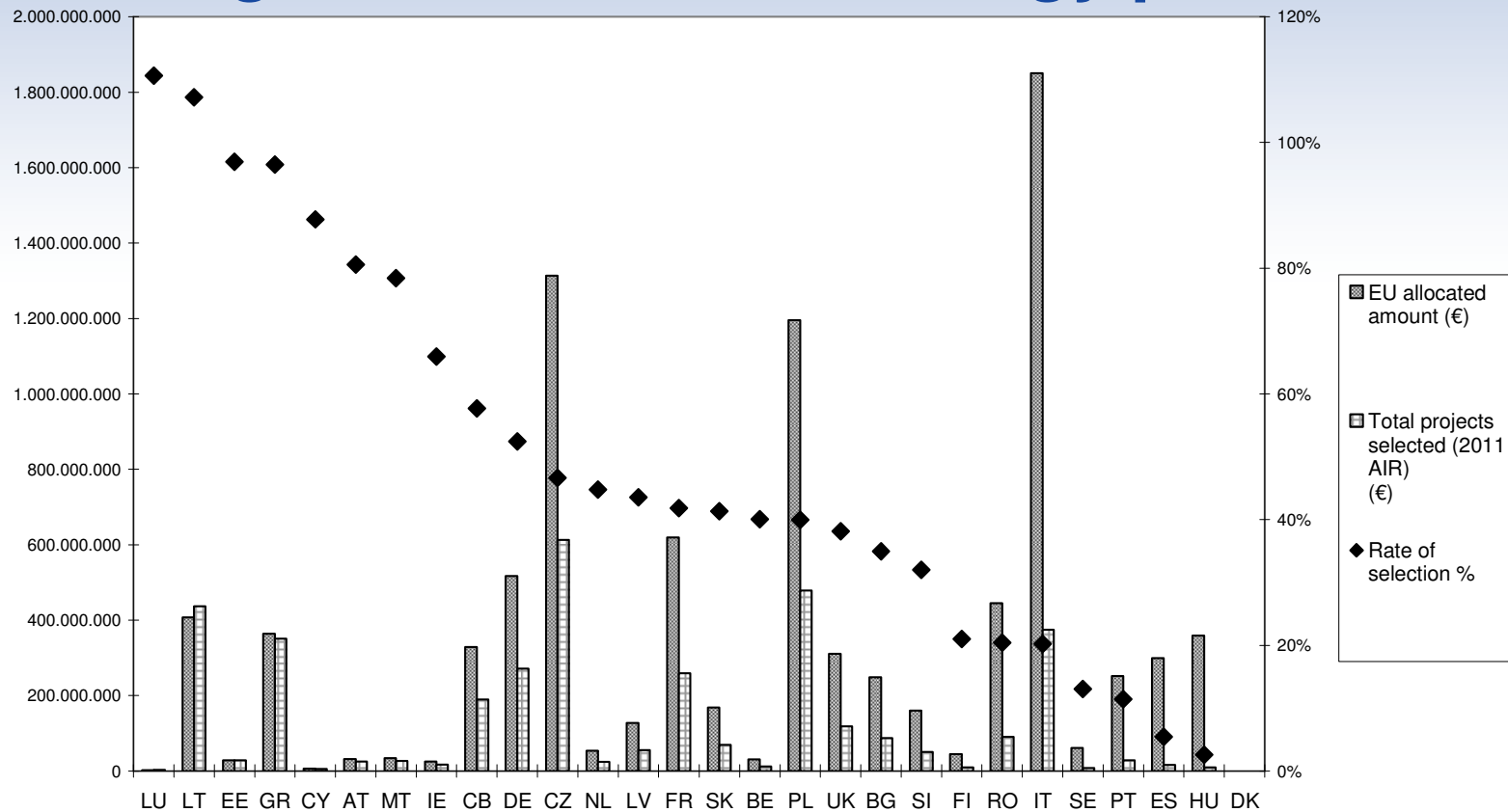


Why focus on Sustainable Energy in Buildings?

- Building sector, a win-win-win opportunity:
 - **Regional Development / Social Cohesion / Energy Savings**
 - creating new and sustainable jobs;
 - building local and regional capacities;
 - creating local opportunities for R&D and innovation;
 - lowering energy consumption and improving security of energy supply;
 - reducing energy costs and alleviating energy poverty;
 - improving the quality of residential / public / commercial buildings,
 - reducing greenhouse gas emissions and improving the local environment.



Progress Sustainable Energy priorities



- RES and EE: € 9.3 billion planned
- Average project selection rate for RES and EE taken together: 38% by end 2010 (overall cohesion policy average 52%)
- RES showing slower implementation (26%), in particular biomass



What kind of projects?

- **Research and Technological Development**
e.g. DK, DE, AT
- **Pilot projects and innovation**
e.g. LU, NL, PT
- **Cluster development**
e.g. DE, FR, AT, PL, FI
- **Use of renewables by SMEs**
e.g. DE, IT, AT, PL, SK
- **Heating, cooling and cogeneration**
e.g. BE, EE, ES, CY, LV, LT, HU, MT, SI
- **Awareness raising**
e.g. BE, CY
- **Electricity generation**
e.g. BE, IT, LU, PL, RO, SK, FI, SE



Communication (2011)17 'Regional Policy supporting sustainable growth in Europe 2020'

**Enhancing Regional Policy
delivery of Sustainable Growth
in EU regions**

Invest more

Invest better

**Low-
Carbon
Economy**

**Ecosystem
services**

**Eco-
innovation**

**Mainstream
Sustainable
Develop-
ment
principles
in project
cycle**

**Climate
resilience
and
resource
efficiency**

**Better
Governance**



Invest more in the Low-Carbon Economy

- Further investments in energy efficiency (building sector) and renewables, according to the local energy potential



“Achieving the EU target of 20% of renewables in final energy consumption in 2020 could provide additional jobs, many of them close to where these investments are made.”

- Use new possibilities for innovative financial instruments, such as JESSICA instrument
- Decarbonisation of transport: Invest in clean urban transport





Commission Proposal for Multiannual Financial Framework 2014-2020 – Proposed Budget for Cohesion Policy

	Billion EUR (2011 prices)
Cohesion Fund*	68.7
Less developed regions (Convergence)	162.6
Transition regions	39.0
More developed regions (Competitiveness)	53.1
Territorial cooperation	11.7
Extra allocation for outermost and sparsely populated regions	0.9
TOTAL	336.0
<i>Connecting Europe facility for transport, energy and ICT</i>	<i>40.0</i>
TOTAL	376.0

* Cohesion Fund will ringfence 10 billion EUR for the new Connecting Europe Facility



Aspects to consider

- Alignment of cohesion policy with Europe 2020, including headline targets on EE, RES and GHG emission reduction
- MFF proposals:
 - Minimum 20% earmarking of funds in developed and transition regions
 - Cohesion Fund also available for investment in energy where this has environmental benefits
- Stronger focus on financial instruments
- Funds under shared management with MS and regions, funding priorities decided jointly
- Thematic objectives will be contained in regulations, further guidance on focus areas for investment in the Common Strategic Framework



PROJECT EXAMPLES



Wind – Bremerhaven, DE

- Economy based on shipbuilding and commercial fishing in strong downturn end of 1990's
- Selection of 'offshore wind energy' as new development: clear and integrated industrial strategy and clustering of competencies
- Strong existing synergies between 'shipyard' & 'offshore wind' sectors
- Now Bremerhaven is a major hub of offshore wind in DE: 4 major manufactures, already 1,000 jobs created





Wind – Bremerhaven, DE

- Expansion of the “Fraunhofer Institute for Wind Energy and Energy System Technology”, IWES
- Develop new fields of excellence and make the Fraunhofer IWES even more attractive for existing and future companies in the wind energy sector
- Development of innovative measurement technology and of systems which embrace the technical reliability and availability of wind energy facilities and offshore wind farms
- A future new test bed for the power trains of wind energy facilities
- ERDF contribution 2007-2013 period: € 4.5 M





Solar – Castilla la Mancha, ES

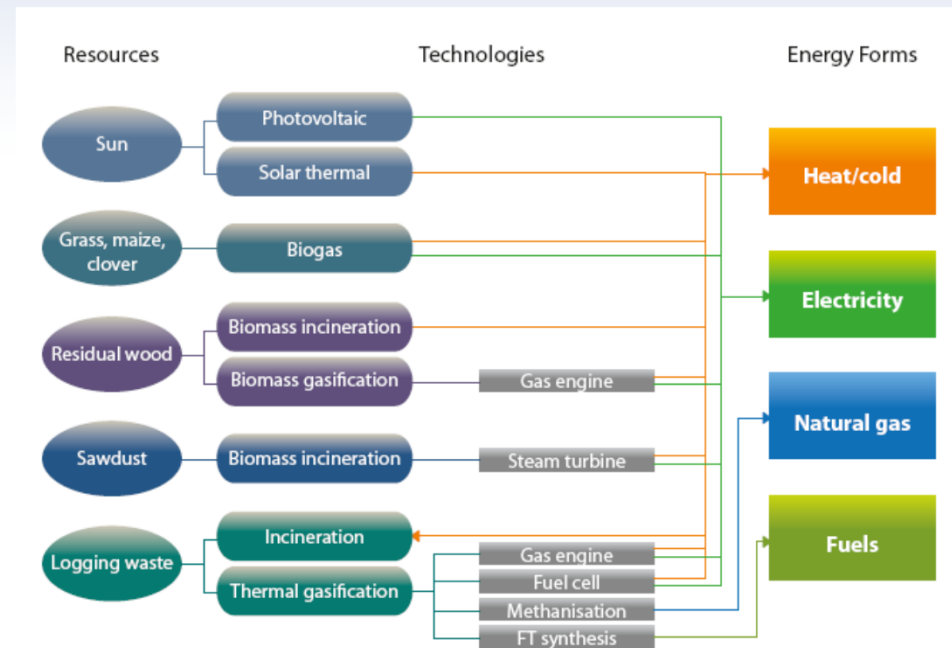


Source: Inforegio

- The Institute for Concentration Photovoltaic Systems, ISFOC, is helping to bring this technology to market, encouraging businesses and universities to get on board.
- ISFOC has been financed through regional, national and European grants, as well as through contracts with private businesses.
- Also generating funds by connecting CPV plants to the grid for electricity and selling it to public utilities.
- ERDF contribution 2007-2013 period: € 5.6 M

Biomass, solar and wind – Burgenland, AT

- Regional development and innovation strategy in RES over more than 15 years
- Initial situation: economic downturn, depopulation, unemployment
- Objective to re-develop the region based on local characteristics and assets
- Reach energy self-sufficiency
- Generate regional growth, employment and tax revenues





Biomass, solar and wind – Burgenland, AT

- Strategic use of Cohesion Policy funding in biomass, solar and wind energy as well as into related research and training
- Great success in terms of jobs, regional development and energy security

RENEWABLE ENERGY SOURCES, BURGENLAND (1995-99, 2000-06)

Aid programme	Number of projects	Eligible costs	Amounts in €	
			EU	National
Objective 1 1995-99 (ERDF)	4	15 735 299	2 865 890	4 412 469
Objective 1 2000-06 (ERDF)	15	95 900 644	17 741 507	9 607 864
Additionality 2000-06 (ERDF)	20	43 214 981	0	11 861 321
INTERREG IIA	10	674 439	222 164	241 937
INTERREG IIIA	4	922 646	461 323	276 879
LEADER+	10	1 954 736	892 045	250 292
Objective 1 2000-06 (EAGGF)	190	21 994 684	6 339 824	2 113 274
Total	253	180 397 429	28 522 753	28 764 038

Extensive case study available at:

http://ec.europa.eu/regional_policy/newsroom/pdf/200912_burgenland.pdf



Hydrogen – Piemonte, IT

- HySy Lab brings together research centres, universities and small businesses to develop hydrogen-based projects.
- In the Environment Park, home to HySy Lab, 23 companies have worked on 18 pilot projects.
- Achievements include an ultra-light, hydrogen-powered aircraft; low-cost, lightweight metallic bipolar plates for hydrogen fuel cells, and a low pressure hydrogen storage aluminium tank.
- ERDF2006-2008: € 1.7 M





MORE INFORMATION



Cohesion Policy – More information

Cohesion Policy Project Examples:

http://ec.europa.eu/regional_policy/projects/stories/index_en.cfm

Policy Learning Database:

http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/studies_en.cfm?nmenu=5

Regions for Economic Change Conference May 2010 Energy efficiency workshop (2A):

http://ec.europa.eu/regional_policy/conferences/sustainable-growth/programme_en.cfm?nmenu=4

Expert Evaluation Network reports on RES and EE in housing:

http://ec.europa.eu/regional_policy/information/evaluations/index_en.cfm#1

List of Cohesion Policy funds Managing Authorities:

http://ec.europa.eu/regional_policy/manage/authority/authority_en.cfm

Practical Guide to EU funding opportunities for Research and Innovation:

http://cordis.europa.eu/eu-funding-guide/home_en.html

RES – More information

- Transparency platform (key texts, Commission documents):
http://ec.europa.eu/energy/renewables/transparency_platform/transparency_platform_en.htm
- Summary of NREAPs: www.ecn.nl/units/ps/themes/renewable-energy/projects/nreap/
- Concerted action: <http://www.ca-res.eu/>
- REPAP (industry roadmaps & evaluation of NREAPs): <http://www.repap2020.eu/>
- RESHAPING (support schemes, coop. mechs: <http://www.reshaping-res-policy.eu/>
- RESforLESS (just starting)
- Guarantees of origin: <http://www.e-track-project.org/project.php>
- Grid management & development: DG ENER study (contact “eclaron”)
- Developing the offshore grid: <http://www.offshoregrid.eu/>
- Removal of non cost barriers study & RES financing study:
http://ec.europa.eu/energy/renewables/studies/renewables_en.htm
- Removing barriers to wind integration: <http://www.trade-wind.eu/>
- Maritime spatial planning reform: <http://www.seaenergy2020.eu/links/>
- Addressing PV barriers: <http://www.pvlegal.eu>
- Planning and financing to improve public acceptance: <http://www.reshare.nu/en/reshare/home>
- Installer certification regimes: <http://www.qualicert-project.eu/>