

AGENDA

High Level Meeting on Renewable Energy

Clean Energy Industrial Forum

18 March 2019, 10.00 – 12.30

Berlaymont Building Room Walter Hallstein, Rue de la Loi 200, Brussels

Time	Topic
10.00-10.15	Welcome <i>Chair: Dominique Ristori, Director-General for Energy</i> <i>Key-note speech: Miguel Arias Cañete, European Commissioner for Energy and Climate Action</i>
10.15-11.15	Recommendations on competitiveness, research and innovation, and trade <i>Tour de table</i>
11.15-12.15	Discussion on financing <i>Tour de table</i>
12.15-12.30	Conclusions and next steps

Background Note

CLEAN ENERGY INDUSTRIAL FORUM - THE RENEWABLES SECTION –

1. Introduction

The European Commission has set up a Clean Energy Industrial Forum to further support the EU industry to take advantage of the growth opportunities arising as part of the energy transition. The Forum consists of three separate sections: Renewables, Batteries, and Construction.

Commissioner Miguel Arias Cañete is responsible for the renewables discussion, and has established a High-Level Forum with European renewable energy industry leaders to discuss how to improve their industrial competitiveness. This Forum is supported by a Task Force, which includes representatives from all renewable energy associations and the relevant Commission services.

The objective of the Forum is to strengthen the industrial basis in Europe in support to clean energy transition and consolidate the EU value chain for renewable energy technologies, including issues of system integration of renewables, with clear considerations for complementary strategy across sectors and across the value chain between Member States. The Forum should formulate recommendations and identify new actions and initiatives for key sectors and segments of the value chain where EU industries should be competitive at global scale to gain new market shares.

On 9 January 2018, Commissioner Arias Cañete chaired the first meeting of the Clean Energy Industrial Forum on Renewables. The Forum brought together 25 CEOs and industry leaders at the highest level of all the segments of the value chain for all renewable energy technologies, and operating across the different EU Member States. Furthermore, the Forum included representation from supporting industry and the finance sector.

At the first high-level meeting, the selected CEOs and industry leaders discussed focused on three topics:

- What is the status and how to track the industrial competitiveness of the European renewable energy industry?
- What research and innovation activities are needed to improve its competitiveness?
- What trade policies can be used to support the international competitiveness of the European renewable energy industry?

Based on the discussions during the Forum meeting, the associated Task Force developed a set of proposals and policy recommendations to be endorsed by the 2nd meeting of the Clean Energy Industrial Forum on Renewables.

Furthermore, the Task Force proposed to start a new discussion on the topic of finance, and to address and discuss the critical financing topics related to the investment practices within the renewable energy industry. More precisely, it will address the topic of financing barriers with particular focus on cross-border, international and innovative projects.

2. Expected outcomes

The discussions will be oriented to support the following objectives:

- Support for EU's objective to become a global leader in renewables;
- Strengthen the industrial basis for renewables technologies in the EU and create visibility for EU industry as a major economic player;
- Coordinate and align existing & new industry led- initiatives.

The expected outcomes for the 2nd high-level meeting are the following:

- Track EU competitiveness through Key Performance Indicators, recognising global market opportunities;
- Endorse recommendations for priorities in research and innovation;
- Endorse recommendations to remove barriers related to trade and global markets;
- Discuss and prepare recommendations for upcoming policy decisions on financing.

3. Recommendations on tracking competitiveness, research and innovation, and trade

Following the input from the High-level Meeting of the Clean Energy Industrial Forum on Renewables on the 9th January 2018, the Task Force has prepared the following list of concrete proposals and policy recommendations.

3.1 Tracking competitiveness of European renewable energy industry

Key Performance Indicators (in a simple matrix for example) are essential to ensure that policies match the developments in the EU-owned renewable energy industry, and provide solid input for future policy recommendation. The following indicators have been proposed, which will be broken down per sector and renewable energy technology :

Areas	Indicators
Competitiveness of renewables vs non-renewables	<ul style="list-style-type: none"> • Levelised cost of energy (based on JRC low carbon energy observatory) • Energy costs in third countries
Competitiveness of renewables vs EU economy	<ul style="list-style-type: none"> • Number of jobs for EU renewable energy sector (Employment volume) • Amount of new jobs/year in the renewable energy sector (Employment dynamic) • Average age of employees in the renewable energy sector (Contribution to youth employment) • Gross Value Added growth rate/ year (GVA growth) • € generated / MWh (GVA intensity) • Amount and turnover of companies active in the renewable energy sector (Volume of EU renewable industry) • Amount of <u>new</u> companies active in the renewable energy sector / year (Dynamism of EU renewable industry)
Competitiveness of renewables globally	<ul style="list-style-type: none"> • EU share of global trade, • EU share of global manufacturing, engineering and design • EU share of additional RES capacity installed/ year compared to global level, • EU share of renewable energy produced/ year compared to global level • Ranking and Change of Ranking of Companies in each sector against global competition. (Development of global impact)

3.2 Research and innovation

Research and Innovation is critical in enhancing the competitiveness of the EU's renewables industry. Clear R&I priorities – and specific funding for renewables and enabling technologies for renewables integration - are needed to complement the efforts of European industries in developing innovative and competitive clean energy technologies.

Areas	Actions
Priorities for European leadership	Support the development of both incremental and breakthrough technological solutions and innovations, and recognise 'key enabling technologies' for the energy transition, including: <ul style="list-style-type: none"> • Digitalisation • Integration of different energy systems and networks • Leveraging flexibility, including through short, medium and long term storage • Advanced energy management services and technologies • Innovative renewable business models
Leveraging private investments	<ul style="list-style-type: none"> • Attract third party investors for European energy companies • Complete sustainable financing taxonomy • Leverage public investments in innovative technologies, including through green procurement criteria
Streamlining instruments	<ul style="list-style-type: none"> • Allow funding through a combination of R&D instruments, • Target critical markets, such as cities, local authorities, islands, rural areas, and industrial consumers

3.3 Trade

Energy demand in third and emerging countries is growing fast, opening new opportunities for experienced European renewable companies to scale up their investments and export their industrial know-how. An agile Industrial Policy Strategy towards third-countries is needed, considering the market specificities of each technology and segment.

Areas	Actions
Support international trade of products and services	<ul style="list-style-type: none"> • Remove trade barriers, apply European standards, and support standardisation for the commodity markets • Protect intellectual property rights for specialised products and services • Strengthen cooperation with regional local actors in third countries
International finance	<ul style="list-style-type: none"> • Explore greater use of first loss instruments backed by European financial institutions, including the EIB and export credit agencies • Use blending and financing mechanisms to underwrite power purchase agreements in third countries • Increase trust funds, such as EU-Africa infrastructure trust fund
Global promotion of best practices	<ul style="list-style-type: none"> • Strengthen bilateral cooperation and MoUs with third countries • Use development partnerships to generate concrete industrial opportunities

4. Discussion on financing

The European Union has now agreed on a new regulatory framework for clean energy for the period from 2021 to 2030, and is at the same time developing its Long-Term Decarbonisation Strategy for 2050 in the context of the Paris Agreement. These developments do not only set a clear pathway for the EU, but also mark a milestone for the world and the global economy.

The global energy transformation is a great opportunity for the European renewable energy industry. Private capitals are essential as the investment challenge is well beyond the capacity of the public sector alone. Indeed, it is expected that about €180 billion would be needed in additional yearly investments in the environmental, energetic and resource efficiency sectors. At a global level, the IPCC estimates that annually \$2.5 trillion would be needed in the period up to 2040 to achieve the Paris Agreement, a significant market opportunity for the European renewable energy industry.

In preparation for this meeting, the taskforce has prepared a background document that provides an overview of the (1) financing risks associated with renewable energy projects, (2) financing for European manufacturing companies, (3) financing innovation and (4) further initiatives to attract investments in the European energy sector.

The background document also provides a brief overview of the existing European instruments that are currently in place to support renewable energy development, such as the European Fund for Strategic Investment, the EU's Research and Innovation Programme Horizon 2020, the Breakthrough Energy Coalition, the Connecting Europe Facility, NER 300 and its newly announced Innovation Fund, the Cohesion Fund, and the European Investment Bank.

With the Commission proposal for mainstreaming climate including clean energy transition into its EU budget for the period from 2021 to 2027 currently under negotiation, the Members of the Clean Energy Industrial Forum on Renewables are invited to provide feedback on the following questions:

1. Which are the most urgent financing barriers that you face within the EU, including for cross-border projects and the development of small-scale projects?
2. Is innovation (technological and not) effectively targeted? How would you take advantage from the implementation of Innovation Fund?
3. In your experience, how are financing barriers different when it comes to projects in neighbourhood or partner countries and how could they be addressed?
4. Besides the current available EU initiatives and funds, are there any other specific areas, development stages or partner countries that the EU should consider?
5. Do you consider a 'common taxonomy' a priority for boosting projects' development? How would you take advantage from its implementation?
6. Do you have any investment projects within the full European renewable energy industrial supply chain that you consider to be critical for European competitiveness?