

Promoting renewable energy with the 2014-2020 Cohesion Policy



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Key aspects of the 2014-2020 Cohesion Policy

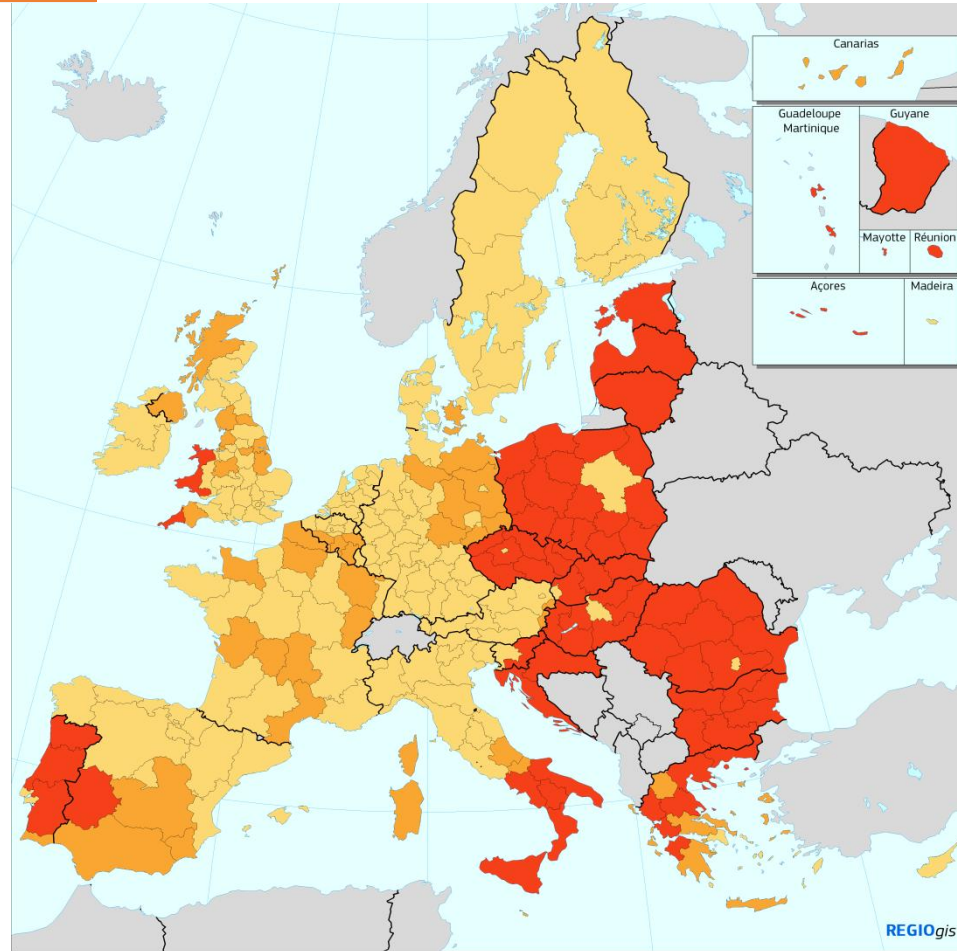


Cohesion Policy 2014-2020

Investment policy supporting Europe 2020 objectives: creating growth and jobs and sustainable local/regional development

- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- Cohesion Fund (CF)

Total: € 352 billion of EU funds, concentrated in less developed regions



Structural Funds (ERDF and ESF) eligibility 2014-2020

Category

- Less developed regions (GDP/head < 75% of EU-27 average)
- Transition regions (GDP/head between $\geq 75\%$ and $< 90\%$ of EU-27 average)
- More developed regions (GDP/head $\geq 90\%$ of EU-27 average)

Cohesion Policy 2014-2020 – How it works

- Commission and Member States negotiating Partnership Agreements (PAs) at national level and Operational Programmes (OPs) at national and/or regional level for 2014-2020
- Programmes managed by Managing Authorities (MAs) at national/regional level. Often national or regional Ministry for finance/economy/regional development
- Member States alone select and implement projects in line with priorities of the OPs (principle of 'shared management'). However, 'major projects', i.e. investments with total eligible costs over € 50 million / € 75 million (depending on investment field), are submitted and approved by the Commission.
- Overall co-financing rates between 50% (more developed) and 85% (less developed regions).
- Different rates for 'revenue-generating' projects.
- EU funds always complemented by national, regional, EIB funds.

Renewable energy and smart grids in the 2014-2020 Cohesion Policy

Court of Auditors audit on Cohesion Policy support to RES in 2007-13

- The 24 audited RES generation projects delivered outputs as planned
- No major cost overruns or time delays in the projects and the RES generation capacities were installed as planned and operational
- But improvements needed on:
 - Cost-effectiveness of projects, MS to improve selection criteria of specific projects
- Cohesion Policy support aims at more objectives than only renewable energy generation, also socio-economic goals!



Cohesion Policy Thematic Objectives 2014-2020

Europe 2020

smart

sustainable

inclusive

1. **Research and innovation**
2. Information and Communication Technologies
3. Competitiveness of Small and Medium-Sized Enterprises (SME)
4. **Shift to a low-carbon economy**
5. Climate change adaptation and risk management and prevention
6. Environmental protection and resource efficiency
7. **Promoting sustainable transport and removing bottlenecks in key network infrastructure**
8. Employment and support for labour mobility
9. Social inclusion and poverty reduction
10. Education, skills and lifelong learning
11. Increased institutional capacity and effectiveness of public administration

ERDF thematic concentration



Research and Innovation



ICT

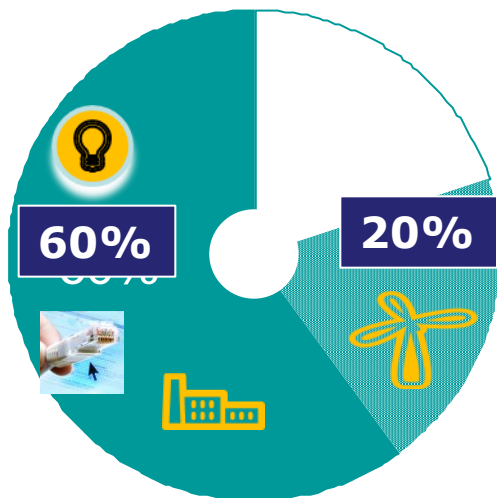


SMEs competitiveness

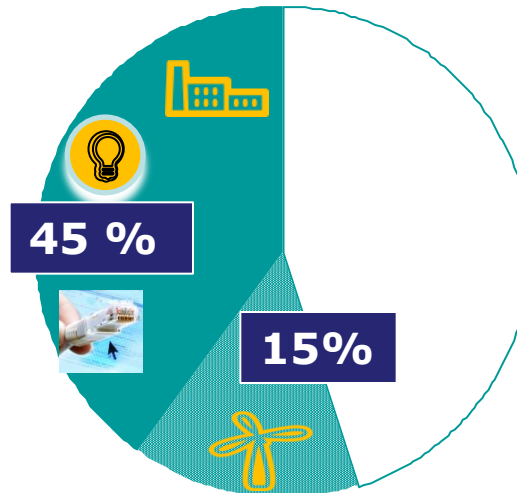


Low-carbon economy (energy efficiency and renewable energy)

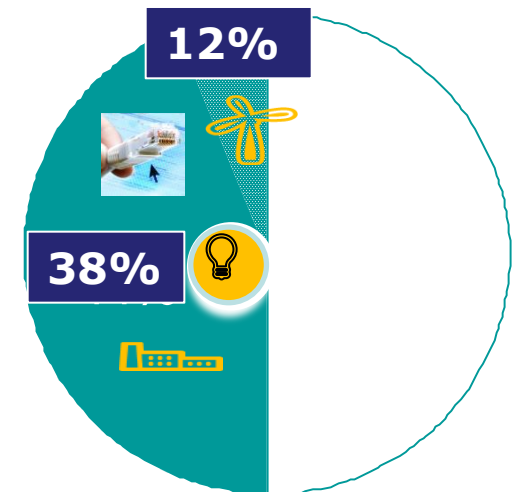
More developed regions



Transition regions



Less developed regions



Ex-ante conditionalities (ExACs) related to Energy investments

- ExACs 4.1 (energy efficiency), 4.2 (co-generation) and 4.3 (renewable energy): mainly linked to proper transposition & implementation of Directives
- ExAC 7.4 – Comprehensive plans with national energy infrastructure priorities, which contain a realistic and mature project pipeline for projects envisaged for ERDF support, as well as measures to achieve the objectives of social & economic cohesion and environmental protection, and measures to optimise the use of energy

Strategic context for Cohesion Policy investments in RES

- Key EU documents:
 - Renewable Energy Directive (MS binding targets, RES use in buildings and public infrastructure)
 - Strategic Energy Technology (SET- Plan)
- Key Member State documents:
 - National Renewable Energy Action Plans (NREAP's) for meeting the 2020 RES targets (MS technology choices; support measures)
 - National Renewable Energy Progress reports

Implementation Principles

- Mainly private sector investment: **ensure public funding complements private investments**, leveraging it, not crowding it out!
- Financial instruments to be used where potential for private revenue or cost savings is large
- For physical investment, grants to be used primarily:
 - to address market failures
 - to support innovative technologies
 - to support investments beyond cost-optimal EE performance: ensure energy savings and GHG emission reductions above "business as usual"!
- Details available in Guidance:

http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_fiche_renewable_energy.pdf

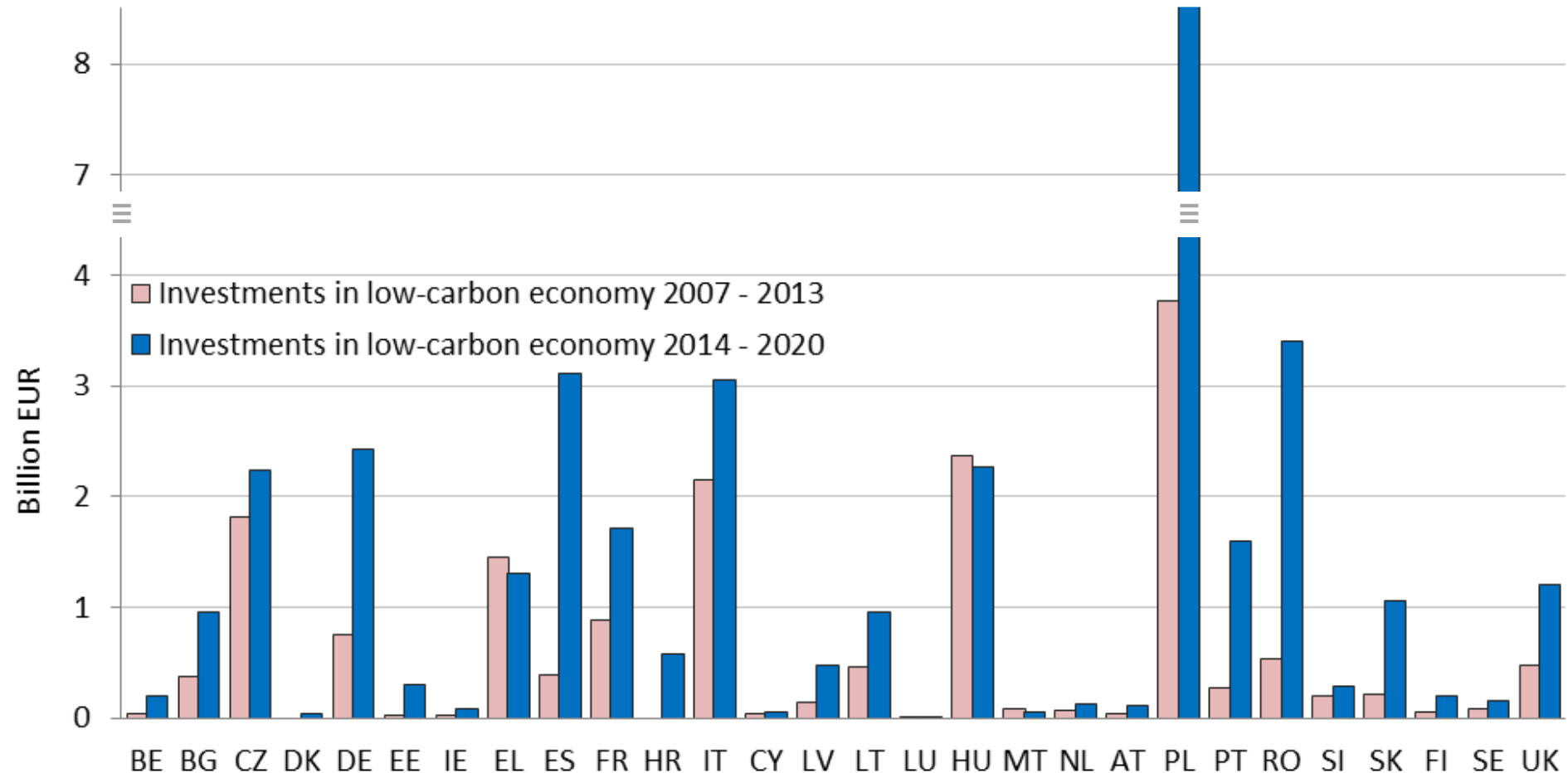
Expected main focus of Cohesion Policy RES investments 2014-2020

- In many MS, given existing national support framework for RES, focus of the funding mainly on:
 - decentralised RES electricity production
 - RES in heating and cooling
 - EE & RES use in public buildings (esp. demonstration of zero-emission and positive-energy buildings, deep renovation)
 - EE & RES use in residential buildings, in enterprises, in SMEs
- Innovation in renewable energy technologies, in line with the SET-Plan and the Energy Roadmap 2050

Smart grids in Cohesion Policy

- Priority on support to smart grids at low and medium voltage level
- Grid operators and suppliers to carry the main investments needs
- Need for 'integrated approach' linked with:
 - Local/regional potential on RES
 - Level of implementation of 'smart meters'
 - Availability of needed ICT infrastructure

Doubling of low-carbon economy investments



Preliminary data based on the allocations for T04 on low-carbon economy!

Supporting innovation in RES

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Links with Smart Specialisation Strategies (RIS3)

ERDF supporting innovation in RES

- National/regional innovation strategies (RIS3) = mandatory over 2014-2020 under Cohesion Policy
- Smart & Sustainable = 2 sides of same coin
- Innovation = critical to cope with the various sustainability challenges (energy, climate...)
- Renewable energy = potential area included into Innovation Strategies (RIS3):
 - Significant number of regions – possibly around 70! – expected to decide that they will focus Cohesion Policy resources for R&D&I in the area of renewable energy

ERDF supporting innovation in RES

- Potential areas of ERDF support to R&D&I linked to RES:
 - Marine energies (wave, tidal etc)
 - 2nd/ 3rd generation biofuels
 - R&D&I on energy storage (batteries etc), electric mobility
 - Solar & wind energies
- Linking with SET-Plan and its initiatives/goals
- Synergies with Horizon 2020: new guide on combining EU funding for innovation

http://ec.europa.eu/regional_policy/sources/docgener/guides/synergy/synergies_en.pdf



Connecting Smart and Sustainable Growth through Smart Specialisation

A practical guide for ERDF managing authorities

• Issued in November 2012

• How to integrate RES, EE... in the Research & Innovation Strategies for Smart Specialisation (RIS3)

• Why it makes sense

• What authorities and stakeholders can do

• **Collection of good practices**

• <http://s3platform.jrc.ec.europa.eu/documents/10157/0/greengrowth.pdf>



November 2012

What is Smart Specialisation ?

- In a nutshell, the fact-sheet, available in all languages:

http://ec.europa.eu/regional_policy/what/future/proposals/2014_2020_en.cfm

- Website of the Smart Specialisation Platform:

<http://s3platform.jrc.ec.europa.eu/home>



Conclusions

- ESI Funds 2014-2020 will provide significant support to RES & sustainable energy (incl. smart grids)
- Opportunities to invest in innovation for RES / sustainable energy through smart specialisation
- Many challenges in implementation: strategies, governance, capacities...



Thank you! Questions?

