

France and Germany have submitted their official answers to the questionnaire on the new renewable energy directive (RED II). Both countries share a common approach on the following key aspects of the RED II:

**Overall, the RED II should set a comprehensive and reliable EU support framework for renewable support schemes across Europe that ensures predictability and security for investors and Member States as well as affordability for consumers. It needs to be developed with a clear view on our common goals to contribute to combat climate change and ensure that our common sustainability goals are met. Therefore:**

1. The RED II should secure legal certainty to national support schemes in the period 2020-2030 and a framework that is coherent with the ambitious objectives the EU has set for itself.
2. The RED II should support the right for each Member State to choose its own renewable energy mix according to national circumstances.
3. The RED II should provide for a “common rule book” on the design of national support schemes in order to ensure predictability and security for investors regarding the support framework towards 2030. This should for instance include the possibility to have technology specific tenders.
4. The RED II should provide clarity on the achievement of the EU binding 2030 RES-target and provide for an EU back-up instruments that is clear, known in advance and fair. It therefore needs to take into account the respective contributions of the Member States as an “early effort” to the overall EU RES target.
5. The RED II should incentivise regional cooperation on a voluntary basis and provide for a blueprint with different options for Member States’ cooperation.

### **1. RED II should define a reliable framework and give legal certainty to national support schemes, investors and consumers 2020-2030**

---

- France and Germany are convinced that renewable energy, especially more mature technologies should be integrated in the market (i.e. sell their production on the market and contribute to balancing services).
- However, even if it should be as low as possible, some support will still be necessary until 2030 since:
  - the internalisation of external costs such as in particular CO<sub>2</sub> will remain insufficient to drive RES alone;
  - the market will still be in the process of transition towards fully flexible demand and generation;
  - so that in sum the technology costs of renewable energy in 2030 cannot be covered by the strengthened market alone;

- and since the support will be market based through tenders the market itself will provide the lowest support needed automatically.
- The RED II needs to provide a reliable framework and legal security to national support schemes for the period 2020-2030. Art. 3.3. of the current RED needs to be maintained in the RED II.
- Given the increasing level of ambition of the EU objectives on the deployment of renewable energy in 2030, support schemes need to be adequately designed. If they are too restrictive, objectives will not be met.
- A single EU-wide support scheme, on the contrary, cannot be a solution due to the large differences in Member States' energy mix preferences which could be seen particularly in the difficult negotiations on the RES 2030 target. Against this background a single EU-wide support scheme would:
  - stop those Member States who want to contribute with renewable energy to the EU climate and energy targets, either directly in the energy council or indirectly through the loss of public acceptance since their consumers would be forced to bear the costs for renewable energy deployment where it would not make a visible change to their energy system.
  - This would violate Member States' right to determine their energy mix according to Art. 194 (2) TFEU.
  - A real visible change to the national energy system is crucial for consumers acceptance for renewable energy support, at least as long as Member States cannot agree on a similar ambitious renewable energy deployment pathway across Europe.
- In the absence of this joint energy mix position, France and Germany support a balanced approach which facilitates a process of stepwise convergence of national support schemes, as laid down in the following points.

## **2. The RED II should support the right for each member state to choose its own renewable energy mix according to national circumstances**

---

- The renewable energy mix that can be implemented in each country strongly depends on local circumstances such as e.g. costs, resources but also environmental and social conditions as well as spatial planning and contribution to the power system.
- As renewable energy projects become more visible in Europe, consensus on their deployment will be critical. Defining national renewable energy mixes is one of the ways European countries can build this national consensus.
- The REDII should give Member States the tools to implement their vision in accordance with the treaty that provides the possibility for each country to choose its own renewable energy mix.

### **3. The RED II should provide for a “common rule book” on the design of national support schemes in order to ensure predictability and security for investors regarding the support framework towards 2030**

---

- France and Germany agree on the importance of aligning the rules for support across Europe. The RED II should provide for a “Common Rule Book” that aligns the way „how“ to design support schemes. This is crucial to reduce barriers for European investors and to minimize transaction costs.
- The “Common Rule Book” should be comprehensive to ensure reliability and clarity for investors.
- The “Common rule book” should further specify from the energy perspective the rules given by the state aid guidelines, such as the rules regarding :
  - No retroactive changes to existing support schemes;
  - Rules for tender design including *inter alia*:
    - Exemptions of applying tenders;
    - Possibility to have technology specific tenders e.g. to avoid overcompensation, reflect energy policy choices, the need for diversification of renewable energy support for market value, grid or environmental constraints, geographical and technical potential, technological evolution and security for supply;
    - Possibility to have qualitative criteria in tenders : increase of the environmental burdens of renewable energy, acceptability of projects;
    - The duration of the tender procedure that could be reduced;
  - Rules regarding the execution of support such as: rules applying to support in times of negative prices, the design and calculation of the market premium as well as rules regarding the support of installations with high operating costs;
  - Rules regarding grid access, priority dispatch and curtailment rules;
  - etc.
- This should also include a clear roadmap on how national support schemes should develop until 2030 to avoid eruptive debates on the future of renewable energy support post 2020 and to give a clear perspective for the alignment and market integration of support schemes until 2030.
- Rules regarding the important issue of *making the market “RES ready”*, i.e. making it more flexible and providing for a nondiscriminatory access for RES to markets need to be addressed in the new EU market design.

#### 4. EU back-up instruments should take into account reliable contributions of Member States and their efforts towards achievement of the 2030 target

---

- The RED II needs to provide clear rules for the achievement of the EU binding 2030 target. It should provide for an EU back-up instruments that is clear, known in advance and fair. Without clear rules regarding possible consequences in case of a gap there would be an incentive for Member States to pledge strategically low. This holds particularly true, if Member States do not know in advance whether and to what extent their contributions will be taken into account as “early efforts” when it comes to filling the gap.
- Member States should have the choice between contributing with their own renewable energy deployment to the EU-target (so that the EU-back-up instrument will not be relevant for them) or contributing to the Back-up instrument.
- The RED II should differentiate between two kind of back-up instruments :
  - an **EU gap-avoider** to support ambitious contributions by Member States that should be in place as of 2021
  - a **EU gap-filler** that kicks in only in case the national plans and trajectories by Member States indicate a gap to the EU 27% target
- The EU gap-avoiding instrument could be e.g. a financial instrument that provides an additional top-up as incentive to ambitious Member States for implementing their reliable renewable energy contributions or to regional renewable energy projects or which improves conditions for investors across the EU.
- The **EU Gap-filler** could be a EU-wide tender, where Member States keep a way to control the development of installed capacities, or EU financing programmes in order to develop additional RES capacities in case of a gap based on Member States’ plans and trajectories.;
- The Back-Up instrument must not undermine, but should incentivise ambitious pledges by Member States. Therefore:
  - Any gap filler instrument needs to take into account Member States contributions to the 27% target as an “early effort”; and
  - The effort sharing for the gap needs to be defined based on a fair “back-up benchmark” that would only become relevant in case of a gap.
- Fair “**back-up benchmarks**” are a no-regret since:
  - they will give Member States clarity on whether and to what extent their respective contributions will be taken into account as an “early effort” to the overall EU- target (in case of a gap-filler);
  - they allow for taking into account different starting points and situations of Member States;

**5. RED II should incentivise regional cooperation on a voluntary basis and provide for a blueprint with different options for cooperation.**

---

- Until now, renewable cooperation mechanisms have been barely used. Mostly for the following reasons :
  - Little demand (flat target pathway at the beginning of this decade)
  - Complexity of design of joint projects
  - “First-mover risk”
  - Lack of political consensus as regards distribution of direct costs (costs linked to support scheme) and indirect costs (costs of “negative” effects such as the use of lands, environmental effects or the reduction of the resources and costs of the additional requirements due to the differences between national regulatory framework)
- RED II should overcome this “dead-lock” by strengthening incentives for regional cooperation on a voluntary basis.
- The RED II should provide for a concrete „Blueprint“ for regional cooperation that provides a concrete set of options for handling specific details of a cooperation project, MS can chose from if they wish to do so.
- There should be EU incentives for regional cooperation, e.g.an EU grant for joint projects.
- Furthermore the methodology for the “back-up-benchmarks” should recognise the added value of contributions by Member States to the EU target that are being made in a regional cooperation.