OUTLINE

Of a Study on the implementation of the new Renewable Directive in the Contracting Parties and candidate Contracting Parties to the Treaty establishing the Energy Community

I. BACKGROUND

In December 2008, the European Parliament adopted the Climate Change Package, which aims to ensure that the EU will achieve its climate targets by 2020: a 20% reduction in greenhouse gas emissions, a 20% improvement in energy efficiency, and a 20% share for renewables in the EU energy mix.

Following the importance of the issue, as reflected in the Conclusions of the 11th PHLG and 5th MC meetings in December 2008, the Secretariat considers necessary to focus the attention of the PHLG on the undertaken and envisaged steps in relation to the new Renewable Directive.

On this ground, in addition to the proposal for the establishment of Renewable Energy Task Force\(^1\), the Energy Community Secretariat presents the current outline of a Study on the implementation of the Directive, which will be launched following the established procedures.

II. THE NEW RENEWABLE DIRECTIVE – SUMMARY INFORMATION

The new Renewable directive lays down mandatory national targets to be achieved by the Member States through promoting the use of renewable energy in the electricity, heating and cooling, and transport sectors in order to ensure that by 2020 renewable energy makes up at least 20% of the EU's total energy consumption. The agreement foresees also that by 2020 renewable energy - biofuels, electricity and hydrogen produced from renewable sources - account for at least 10% of the EU's total fuel consumption in all forms of transport.

In terms of reaching the mandatory national targets, the directive provides the flexibility to use support schemes and measures of cooperation between different Member States and with third countries in accordance with Articles 5-11 of the Directives.

Member States have to adopt, publish and notify to the Commission their National Action Plans to meet the objectives of the directive and shall ensure that authorisation,

\(^1\) This proposal is subject to separate elaboration.
certification and licensing procedures are simplified to remove barriers in the development of renewables market.

It is for the very first time, when an EU piece of legislation includes the reference to the Energy Community Treaty and envisages measures for cooperation between EU Member States and Contracting Parties for their mutual benefit.

In the Directive’s recital 35 it is mentioned – “If, by virtue of a decision taken under the Energy Community Treaty to that effect, the contracting parties to that treaty become bound by the relevant provisions of this Directive, the measures of co-operation between Member States foreseen in this Directive will be applicable to them.”

In the Article 9 (8) – Joint projects between Member States and third countries provide the opportunity for cooperation to foster the promotion and implementation of renewable objectives in the Contracting Parties – “Member States and the Community shall encourage the relevant bodies of the Energy Community Treaty to take, in conformity with the Energy Community Treaty, the measures which are necessary so that the Contracting Parties to that Treaty can apply the provisions on cooperation foreseen in the present Directive between Member States.”

According to the Article 100 of the Treaty establishing the Energy Community it is envisaged the possibility to adopt the new part of the acquis communautaire and to agree a timetable for implementation in the Contracting Parties.

III. STUDY ON THE IMPLEMENTATION OF THE NEW DIRECTIVE IN THE ENERGY COMMUNITY – OUTLINE

1. Objective of the Study

The objective necessity of this study is based on Ministerial Council Decision (Conclusion 5, 5th MC Meeting, 11 December 2008), requesting to identify how the new directive on the promotion of the use of energy from renewable sources could be valuable for the Contracting Parties and Candidate Contracting Parties of the Energy Community and to propose the modalities for a possible further adoption in the Energy Community Treaty. Therefore, a dedicated study is launch to identify the approaches the Contracting Parties could benefit from the new renewable directive.

2. Scope of Work – Tasks Description

Task 1 – Review the current state of development of renewable energy in each of the Contracting Parties and candidate Contracting Parties

- assess the current framework among Contracting Parties and candidate Contracting Parties in promotion of the energy from renewable energy sources (laws, policies, measures and instruments, strategies, institutions, regulations);
- calculate the share of renewable energy sources in the energy mix for 2005 and 2006 for each Contracting Party and candidate Contracting Parties and present a
split per sector (electricity, transport, heating and cooling) and main type of renewable energy in accordance with Eurostat practice;

- assess for each Contracting Party and candidate Contracting Parties the 2020 forecast of total gross final energy consumption. This modelling work should give results for interim periods (such as those specified in the Annex 1b of the new Directive) with a detailed breakdown of results for all sectors of the economy, all renewable energy technologies, under a "business as usual" scenario and under a more ambitious policy scenario. (The analysis should be consistent with that of the European Commission's as represented in the "European Energy and transport: trends to 2030" publication)

- assess for each Contracting Party and candidate Contracting Parties the potential for development of the main renewable energy sources;

**Task 2** – Analyse the impact of the new requirements of the Renewable Directive have for the Contracting Parties and Candidate Contracting Parties considering the available renewable energy potential and the provisions for co-operation among EU MS and CP foreseen in the present Directive in terms of:

- potential quantities and costs of renewable energy available under joint projects between third countries and Member States
- the development of national action plans
- mandatory national targets, differentiated efforts based on GDP per capita;
- improved Guarantee of Origin System and its relevance to the EU consumer market;
- for the cooperation mechanisms for renewable energy available to Member States and other countries or parties which have implemented the directive;
- administrative procedures, planning reforms, training standards and information requirements
- grid system issues including management transparency, the integration of renewable energy and the current and planned inter connector capacity with the EU;

**Task 3** – Based on the methodology prepared by the European Commission, calculate targets to be achieved by 2020.

- The calculation of mandatory targets shall be consistent with the EU's need to reach at least a 20% share of renewable energy and the need to ensure all countries jointly using the cooperation mechanisms have ambitious targets that will generate new renewable energy capacity in the country. (Details of the methodology are contained in the annex to the Impact assessment COM(2008)85).

**Task 4** – Provide an evaluation of the costs associated with the fulfilment of the mandatory targets referred to under Task 3, assess the investment opportunities, the associated employment possibilities, GHG savings and reduction in fossil fuel consumption.
3. Project duration

The time necessary to finalise the above mentioned tasks is estimated for up to 8 months, starting with the signature of the contract with the consultants.

IV. NEXT STEPS

Based on the study outcomes, the Renewable Energy Task Force will prepare a final report that includes recommendations concerning the modalities for further adoption of the new renewable directive in the Energy Community. This report shall be presented at the Ministerial Council meeting in June 2010.

It is on this ground that the Secretariat presents the current outline to the PHLG for information.