Future of Solar Power in Europe: Perspectives for the Contracting Parties of the Energy Community

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Who we are?
European solar PV annual grid connection 2000 - 2015

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The European solar market: the 100 GW cap reached!

>100 GW in June 2016

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Solar power: one of the cheapest power source

New business models: make solar accessible to all

New trends:

• Self-consumption schemes (including collective ones)
• Joint purchasing programmes
• Third-party leasing financing
• Crowdfunding
New business models: provide long-term remuneration certainty via PPAs

Source: PV FINANCING project
How can the regulatory framework help?
MESSAGE #1: Cost of capital is a key driver of generation cost

Levelized Cost Of electricity (LCOE) in function of the Weighted Average Cost of Capital (WACC)

Source: Market4RES project
MESSAGE #2: soft costs can be addressed via one-stop shops

Figure 1.1 - PV project development: Legal-administrative Cost Share

Source: PV GRID project
MESSAGE #3: visibility and stability for investors is key up to and beyond 2020

De-risking (CAPEX intensive) investments will make the energy transition cheaper

Source: DIA-CORE project
Policy recommendations: where to focus the efforts?

1) **Large-scale solar: technology specific tenders**
   - Transparent, multi-year roadmap of auctions (visibility on frequency and volumes)
   - Strong pre-qualification criteria to exclude non-serious players
   - Price-only tenders as the standard schemes
   - Strong monitoring process and staggered liability approach

2) **Small-scale solar: enabling framework for self-generation and consumption**
   - Encourage business models addressing upfront investments
   - Allow for collective self-consumption models
   - Ensure grid tariffs and tax regimes are fit for the energy transition

3) **For all segments: reliability of the regulatory framework**
   - No retroactive measures!
   - Reduce soft costs (administrative processes, grid connection procedures)

4) **Market design: ensure remuneration from the market**
   - Liquid intraday and balancing markets
   - Encourage flexibility provision - solar can deliver system services
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