

A. GENERAL POLICY APPROACH

A.1. Is there a role for new targets for renewable energy sources post-2020 assuming that any targets must be consistent with climate mitigation and energy efficiency policies and targets as is currently the case with the 20/20/20 targets in the Europe 2020 strategy? Please explain the reasons for your answer (such as the scope and contribution from GHG targets/ETS, the need to address other environmental, security of supply or technological development benefits)

On behalf of the French Electricity industry, the Union Française de l'Électricité (UFE) calls for the **establishment of a low-carbon and sustainable energy system by 2050 and beyond.**

To this end, we strongly believe that the use of RES technologies will be mainly driven by an appropriate CO2 signal.

We also underline the **lack of consistency regarding the three simultaneous targets for renewables, efficiency measures and GHG reduction.** UFE considers that each ambition is relevant. Nevertheless GHG target should be in priority addressed through the ETS mechanism. As a consequence this mechanism should be strengthened. In that respect we believe that **a 2030 binding carbon target must be put in place**, beyond the 2020 in order to create a credible and efficient carbon signal.

A.2. Are other policy elements necessary to promote renewable energy post-2020,

Long term predictability of the regulatory framework is essential to promote RES energy post 2020.

The prior issues to be addressed are the following ones:

- 1) Successful growth in RES will depend on a **well-functioning and integrated energy market** . Flexibility on both the demand and supply side should be promoted through an efficient market design which would provide a level plain field to all possible contributors (generation, demand side participation, storage). Interconnections should be strengthened; priorities of investment in new lines should be based on the cost efficiency principle.
- 2) The necessity for back-up generation plants is a key point regarding the promotion of intermittent RES post-2020. Yet, the so called “energy only” markets don't deliver the sufficient economic signal for the plants that operates during reduced hours to recover their costs. This situation impedes investments, although flexible back-up – as well as peak load – power plants are crucial for the stability of the whole system. **In order to ensure the security of supply in Europe, it is therefore important that the EC makes studies before implementing capacity remuneration mechanisms.**
- 3) It is necessary that RES generators are incentivized progressively to enter the wholesale market with the objective to become competitive without subsidies, but this should be done carefully: **for those**

non mature RES technologies which after 2020 will still need to rely on aids and strong R&D, support systems should be maintained, subsidies being monitored with the evolution of LCOE of the given technology.

- 4) Successful growth in RES also largely depends on the EU and Member States' ability to address the essential issue of **public acceptance** regarding new generation (RES and back-up plants) as well as network infrastructures (through awareness and information campaigns at all levels, and efficient and transparent permitting procedures allowing for adequate participation of stakeholders).

B. FINANCIAL SUPPORT

B.2. If renewable energy sources require support post-2020, how do you think this can best be achieved with a view to achieving a cost-effective deployment?

A number of RES technologies are becoming more cost competitive and it should be possible to integrate them into the market progressively without subsidies. This means that support schemes should be progressively eliminated during a phasing-out period when RES have gone down their learning curve and have reached parity with conventional generation.

However, **for RES technologies that are not sufficiently mature, as well as for emerging technologies that should be supported at R&D stage, we believe that the EU should promote a coordinated approach on support schemes and cross-border cooperation projects.**

In the medium/long term, the EU should adopt a **more cost-efficient approach** for those technologies that still rely on support in order to develop projects at least cost.

C. ADMINISTRATIVE PROCEDURES

C.1. Which of the following issues relating to administrative procedures, information and training do you consider acting as a serious impediment to further growth of renewables following Member States' implementation of the provisions of the Directive?

Three main issues should be tackled:

- a) **Lack of visibility which impedes investments:** we do need a clear and predictable framework for new installations and guarantees that conditions for existing installations will not change retroactively.
- b) **Length and complexity of administrative procedures relating to authorization/certification/licensing,** which create too administrative burdens and barriers to investment.
- c) **The public acceptance of infrastructure** is a crucial issue that must be addressed by the Commission as well as the national and local public authorities. Administrative and legal tools as well as political

commitment are urgently needed. In this respect, the proposal of regulation COM(2011)658 is not sufficient to address this problem satisfactorily.

C.2. Which policy response to the problems identified above do you consider appropriate?

- a) **Lack of visibility which impedes investments:** There should also be a sufficient degree of investment security during the project development phase, at least starting from the time of financial closure or as soon as the permit is granted (in some countries, RES generators only have certainty about the level of support at the moment that the installations is taken into operation).
- b) **Length and complexity of administrative procedures relating to authorization/certification/licensing:** we support the meaning of the proposals made by the European Commission on its “Energy infrastructures guidelines” COM(2011)658. We believe that this kind of approach should be extended beyond the scope of Trans-European projects. We believe that this kind of approach should be extended beyond the scope of Trans-European projects.
- c) **Public acceptance of infrastructure:** Administrative and legal tools as well as political commitment are urgently needed. In this respect, the proposal of regulation COM(2011)658 is not sufficient to address this problem satisfactorily.

Any policy response shall be made in **close cooperation with stakeholders** and shall take into consideration the **need for cost-efficient solutions**

D. GRID INTEGRATION OF ELECTRICITY FROM RENEWABLE ENERGY SOURCES

D.1. Article 16 of the Directive lays down a number of binding rules related to network development, access and operation in order to ensure that electricity from renewable energy sources may access the electricity network freely. Do you consider that any of the following national rules and framework conditions will still create obstacles to renewable energy production after 2020? (Please specify which obstacles and the nature and degree of them for each)

As a matter of principle, the UFE calls for equal **treatment** taking into account technical difficulties for **RES and other generators regarding the curtailment regime and balancing** issues which are likely to become more and more necessary given their increasing share in generation mix.

In fact it would be highly beneficial if all mature renewable technologies are involved in balancing mechanism (i.e. face incentives to ensure they deliver the volumes of generation they have said they will deliver and face the costs of imbalance if this is not the case). Fostering accountability of RES generators would minimize the volume of imbalances in Europe and reduce the associated cost, as well as providing very strong incentives to invest in technologies (e.g. better forecasting tools) to minimize imbalance risk.

D.2. Which renewables-specific grid related rules do you consider necessary and proportionate in a post-2020 perspective?

Cf. Answer to question D.1,

Curtailment and Balancing are crucial issues regarding the sustainability of the system, as the RES share in European energy mixes is likely to increase significantly in the following years

D.3. With regard to system integration of wind and solar power, what measures do you consider most important to increase the flexibility reserve of the system:

- 1) **Ensuring an efficient back-up and sufficient reserve for RES production is a priority.** To do so, it is imperative to foster efficient investments in flexible power plants and large storage capacities. The UFE invite the European Commission to study with relevant stakeholders the possibility to introduce new market based capacity remuneration mechanisms.
- 2) **Demand-response technologies** are also crucial to increase the flexibility of the system. Regarding smart grids and smart meters some questions remain on the table however, as: how the costs will be recovered? Who will be in charge of those grids/devices when operational?...
- 3) We also do need **new monitoring tools to balance RES forecast errors.** This issue can be addressed by cross-border integration of day-ahead and intraday markets which increases their liquidity and by setting gate-closure as close as possible to real-time and compatible with network security, as envisaged by the target model for the internal market to be accomplished by 2014. This allows short-term RES forecast updates to be incorporated in the market and enables market participants to fine-tune their portfolios. Imbalances that persist at real-time should be addressed via ancillary services markets (frequency control, etc.). These markets should be integrated with neighboring countries in a way compatible with network security and opened to further participants including storage facilities and the demand-side as well as RES generators.

E. MARKET INTEGRATION

E.1. In which ways could renewable energy be made responsive to market signals? Please explain the reasons for your answer:

Power generation from mature RES technologies should gradually be more and more involved in balancing mechanism. Power from RES sources should participate in balancing mechanism so as to reward accurate anticipation of intermittent generation.

E.2. How can it be ensured that market arrangements reward flexibility?

Flexibility is obtained by some additional backup capacities and demand side management that may not be naturally rewarded in the current energy market organization. That is the reason why the European Commission should study with relevant stakeholders how **market-based Capacity Remuneration Mechanisms could be implemented** in order to ensure that enough generation investments in conventional generation can be made.