



# Renewable Energy Directive proposal: Flexibility and targets

Workshop on Flexibility Mechanism and Renewable Energy targets

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# ● Overall approach of the Climate and energy package

Cost-efficiency ↔ Fair distribution

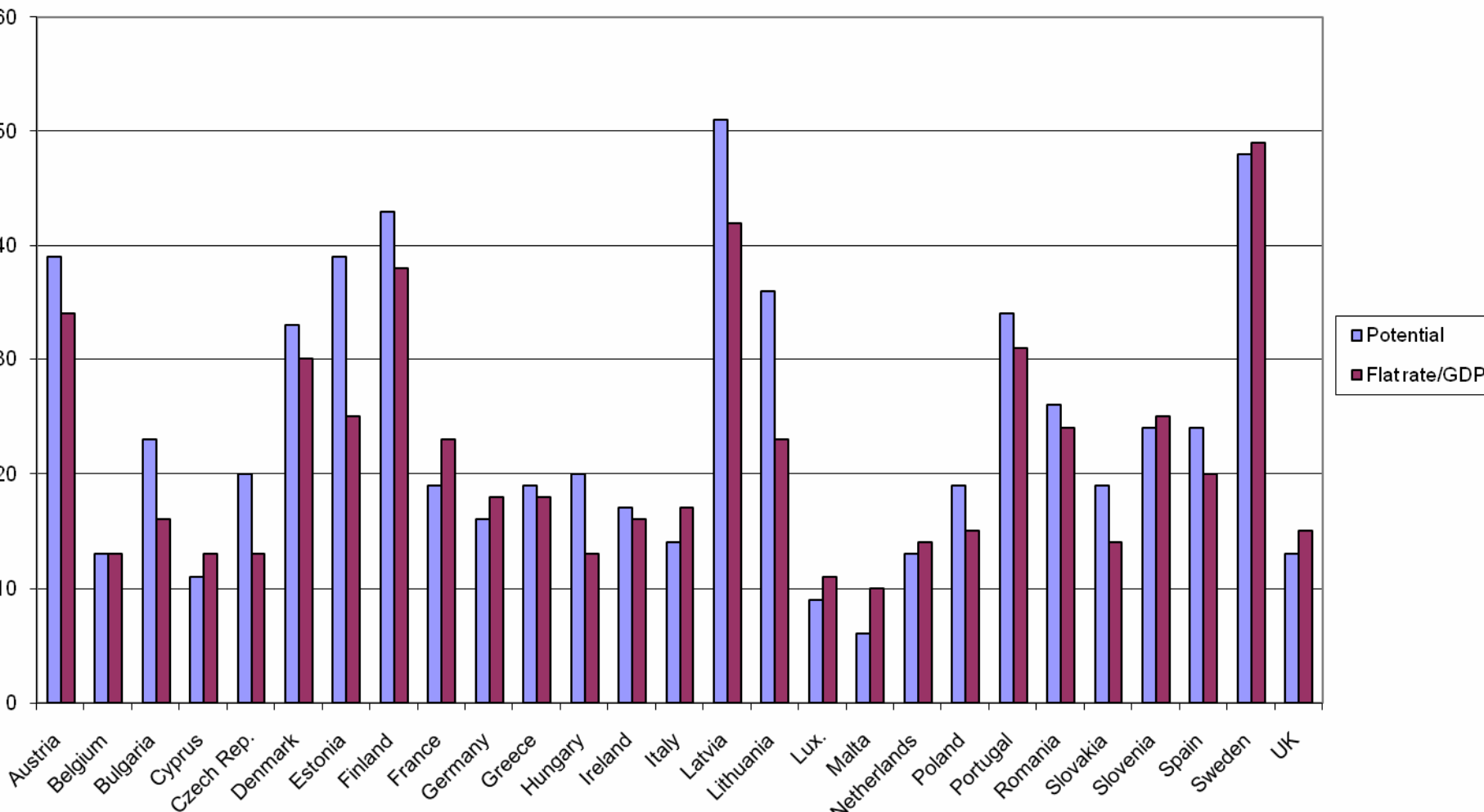
## ➤ Fairness: efforts differentiated according to GDP/capita

- national targets in non EU-ETS sectors
- partial redistribution of auctioning rights
- Flat-rate-GDP modulated RES targets

## ➤ Cost-efficiency: achieving targets at lowest cost

- introduce flexibility and use market based-instruments (EU-ETS, transferability of RES GO's)

# Differences in targets (%)



# ● The Renewable Energy Directive proposal – what do we want to achieve

- Achieving the overall 20% RES target at lowest possible cost
- Allowing Member States to reach their targets with efficient and effective support schemes
- Creating a stable and long term investment framework for developing RES
- Allowing for compatibility of support schemes with the principles of the internal market

# Flexibility mechanism: What options/impacts did we look at

## OPTIONS:

- Continuation of framework created by Article 5 of Directive 2001/77/EC
- Virtual trade using standardised GO's, with export and import limitations
- Virtual trade using standardised GO's, with no export and import limitations

# Flexibility mechanism: What options/impacts did we look at

## OPTIONS:

- Continuation of framework created by Article 5 of Directive 2001/77/EC
- Virtual trade using standardised GO's, with export and import limitations
- Virtual trade using standardised GO's, with no export and import limitations

## IMPACTS:

- Cost-effectiveness
- Ability to meet target
- Compatibility with support schemes
- Compatibility with internal market
- Impacts on functioning of EU ETS
- Impacts on long term technological development
- Impact on energy mix

# Impacts of GO trade – three options

Impacts	GO trade as today	Full GO trade	GO trade with limitations
Cost effectiveness			
Target achievement			
Compatibility with national support sch.			
Compatibility with internal market			
Impact on functioning of EU ETS			
Impacts on long term technological develop.			

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Cost effectiveness	÷	+	+
Target achievement			
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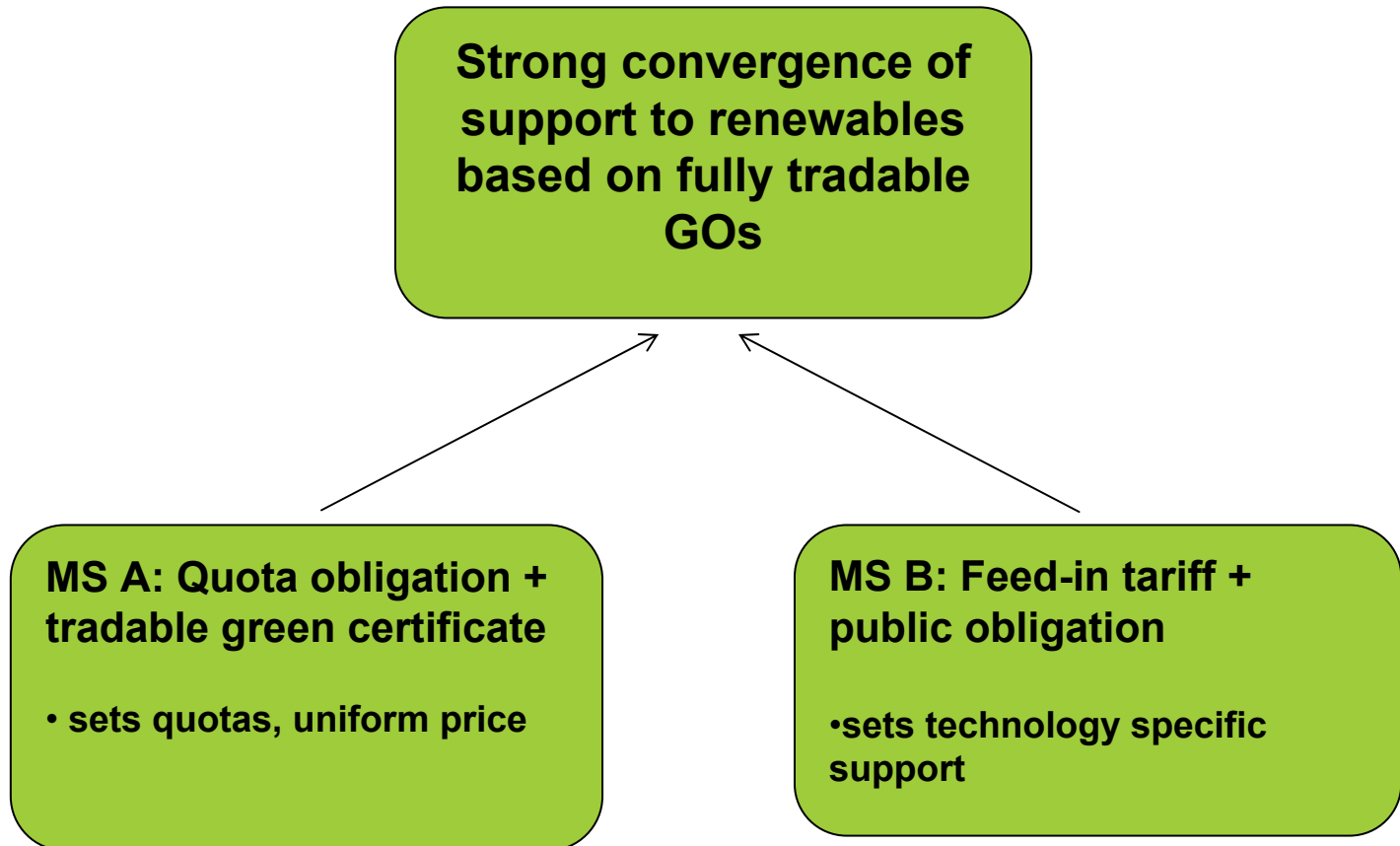
# Impacts of GO trade – three options

Impacts	GO trade as today	Full GO trade	GO trade with limitations
Cost effectiveness	÷	+	+
Target achievement	+	+	+
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# Impacts of GO trade – three options

Impacts	GO trade as today	Full GO trade	GO with limitations
Cost effectiveness	÷	+	+
Target achievement	+	+	+
Compatibility with national support sch.	+	÷	+
Compatibility with internal market			
Impact on functioning of EU ETS			
Impacts on long term technological develop.			

# Full trade with GOs as a rule (Art. 9.3)



# Impacts of GO trade – three options

Impacts	GO trade as today	Full GO trade	GO trade with limitations
Cost effectiveness	÷	+	+
Target achievement	+	+	+
Compatibility with national support sch.	+	÷	+
Compatibility with internal market	÷	+	+ / ÷
Impact on functioning of EU ETS			
Impacts on long term technological develop.			

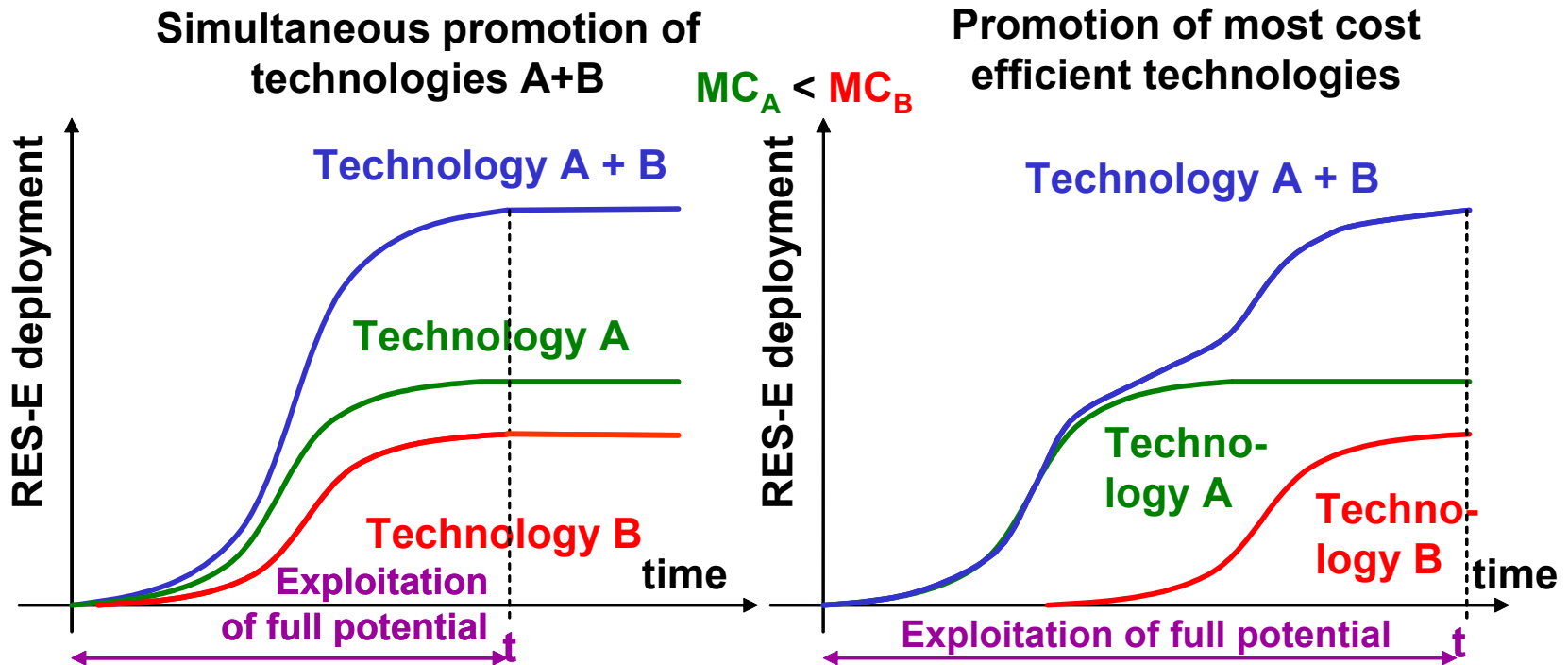
# Impacts of GO trade – three options

Impacts	GO trade as today	Full GO trade	GO trade with limitations
Cost effectiveness	÷	+	+
Target achievement	+	+	+
Compatibility with national support sch.	+	÷	+
Compatibility with internal market	÷	+	+ / ÷
Impact on functioning of EU ETS	Lower carbon price slightly	Increase carbon price slightly	Impact on carbon price
Impacts on long term technological develop.			

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Impacts	GO trade as today	Full GO trade	GO trade with limitations
Cost effectiveness	÷	+	+
Target achievement	+	+	+
Compatibility with national support sch.	+	÷	+
Compatibility with internal market	÷	+	+ / ÷
Impact on functioning of EU ETS	Lower carbon price slightly	Increase carbon price slightly	Impact on carbon price
Impacts on long term technological develop.	+	÷	+

# Importance of simultaneous technology development



Source: OPTRES, 2007

# Thank you for your attention!

**For more information:**

**[http://ec.europa.eu/energy/index\\_en.html](http://ec.europa.eu/energy/index_en.html)**

