

## Enhancing Regional Renewables Cooperation in the EU

The EU's 'Clean Energy for All Europeans' package which is currently discussed in the context of the Energy Union will have a crucial impact on how regional cooperation can help scaling up renewables in the EU. Under the new rules, ambitious national and subnational frontrunner projects aiming at connecting energy systems across borders need to be better supported, not only with financial aid and technical advice, but also with the possibility and regulatory flexibility to implement a specific set of rules and regulations in a specific cross-border territory.

The following policy recommendations were identified in a policy dialogue, which included a workshop, a study tour and several consultations with practitioners and legislators to drive up regional renewables cooperation in the EU<sup>1</sup>.

### 1. Define Regional Cooperation

While the concept of "regional cooperation" has become one of the beacons of hope to realise the Energy Union, it is still poorly and partially defined. The policy dialogue revealed different forms of regional cooperation: In fact, the concept can mean cross-border interconnections, micro-regional cross-border investments, macro-regional strategy development or transnational knowledge exchange – so much more than simply Member States cooperating. Depending on the form, it may include different stakeholders such as national, regional and/ or local authorities, TSO's and/or DSO's. The terminology must be clarified in the upcoming EU energy legislation, in particular in **Article 9 of the regulation on the governance for the Energy Union, Article 5 and Articles 9-13 of the Renewable Energy Directive II (RED II) as well as in the Market Design Directive**. The different forms of regional cooperation must be articulated in order to strengthen micro-regional initiatives and to unveil this potential to boost renewable energy deployment. With the right legislative tools and clearly defined responsibilities of actors existing barriers can be overcome. This includes giving the DSO's, TSO's and cooperative entities joint responsibility for dealing with balancing and managing of the system when it comes to integration of renewable energy.

**Article 5 of the revised RED** establishes a gradual and partial opening of support schemes to cross-border participation in the electricity sector. While it could be an incentive to increase renewable energy capacity in one MS or lead to lower costs, this provision will in some cases lead to a permanent flow of support from one Member State to another one, where the paying Member State has no benefits in the form of employment, technical development or income. This unbalanced situation might provoke local opposition against renewable energy and against authorities dictating this outflow of money from the paying Member State. To avoid this and improve this particular article, learnings from the current pilot PV tender between Germany and Denmark must be considered. Finally, regional cooperation must allow the benefits of the renewable energy potential to remain local, which is important to foster public support for renewable energy and boost regional development.

<sup>1</sup> <https://www.worldfuturecouncil.org/driving-regional-cooperation-for-renewables-european-union/>

## 2. Strengthen Territorial Cohesion through specific regulatory provisions

Ambitious subnational projects aiming at connecting energy systems across borders need to be supported, not only with financial aid and technical advice, but also with the possibility to implement a specific set of rules and regulations. **Legislations such as for example the Market Design Directive must address the role of DSO's, complementing TSO's activities in this context. The Renewable Energy Directive must include this in Article 9-13 when addressing joint projects and support schemes as well as in Article 5.** As regional cooperation plays a crucial role for achieving one of the core principles of the EU: economic, social and territorial cohesion, it is important that the regulatory provisions facilitate this and ensure mutually beneficial processes for all involved stakeholders, avoiding a one-sided flow of support from one Member State to another without any returning development benefits.

Indeed, the Luxemburg EU presidency 2015 proposed a legal tool<sup>2</sup> “for the attribution and application of specific provisions for the improvement of cross-border cooperation”. The idea behind it, is that the EU would set up a “**Regulation on a European Cross-Border Convention on specific provisions in cross-border regions**”. This determines the application and implementation of all sorts of rules in cross-border regions, incl. existing laws and regulations, technical standards, as well as different sorts of soft legislation. This tool would give the entities on both sides of the border the possibility to negotiate a specific regional legislative agreement which allows ambitious regions to move forward while respecting the national and European frameworks. The legislative entities could function as “living laboratories”, test new solutions and possibly scale them up afterwards. It would complement the European Regulation on the EGTC (European Grouping of Territorial Cooperation) which already allows EU Member States and/or their public authorities to create cross-border legal entities. However, the EGTC does not address the existing legal framework. After undertaking a study<sup>3</sup>, an intergovernmental working group is currently discussing this topic in more detail and aims at launching a legislative process at EU-level in 2017<sup>4</sup>. By this legal amendment, one could overcome legal and regulatory obstacles in cross-border cooperation that local authorities currently face.

## 3. Integrate cross-sectorial cooperation into regional cooperation

Regional cooperation projects in the energy sector often concern different sectors (e.g. electricity and heat); hence authorities face administrative barriers in developing comprehensive strategies. Meanwhile, European Commission Vice President Maroš Šefčovič pointed out in February 2016<sup>5</sup> that “linking up energy, transport,

<sup>2</sup> [http://www.dat.public.lu/eu-presidency/Events/Informal-Ministerial-Meetings-on-Territorial-Cohesion-and-Urban-Policy-\\_26-27-November-2015\\_-Luxembourg-City\\_/Material/IMM-Territorial-\\_LU-Presidency\\_---Input-Paper-Action-3.pdf](http://www.dat.public.lu/eu-presidency/Events/Informal-Ministerial-Meetings-on-Territorial-Cohesion-and-Urban-Policy-_26-27-November-2015_-Luxembourg-City_/Material/IMM-Territorial-_LU-Presidency_---Input-Paper-Action-3.pdf)

<sup>3</sup> <http://www.espaces->

[transfronta-](http://www.espaces-)

[liers.org/fileadmin/user\\_upload/documents/Documents\\_MOT/Etudes\\_Publications\\_MOT/2015\\_09\\_Legal\\_provisions\\_Obstacles\\_to\\_CBC.pdf](http://www.espaces-)

<sup>4</sup> <http://www.espaces-transfrontaliers.org/en/news/news/news/show/lancement-du-groupe-intergouvernemental-sur-les-solutions-innovantes-aux-obstacles-transfrontaliers/>

<sup>5</sup> [http://europa.eu/rapid/press-release\\_SPEECH-16-424\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-16-424_en.htm)

water, waste, and ICT will create environmental and social impacts through resource efficiency, better air quality, better waste management, development of new skills in the population or local job creation.” Cross-sectorial cooperation as an integrated element of regional cooperation is therefore crucial for boosting local production of renewable energy, and for enabling local stakeholders to cope with technological changes (smart networks, smart meters, etc.) and with new modes of production and consumption (e.g. electric vehicles). **This needs to be reflected in the Market Design Directive.**

#### 4. Engage local and regional authorities in development of national energy and climate plans

Local and regional governments are already at the forefront of the energy transition. Local authorities ensure that energy is saved and remaining needs are covered by local renewable sources, by planning for and investing in energy efficiency, renewable energy and sustainable transport. Apart from that, they also facilitate and encourage civil society and private sector initiatives, which support fulfilling their goals. This fruitful cooperation scheme should be used more extensively by the national governments, in order to bring energy and climate planning practices closer together, to increase coherence and effectiveness. **This needs to be particularly included in the regulation on the governance of the Energy Union.** In times, when Member State implementation of European targets is to be steered through an iterative governance process, robust national plans also require better cooperation between the different actors and in particular between the different governance levels. This can only be done when having a proper understanding of the actions taken at local and regional levels as well. Local governments must be considered as new players in their own rights as have a significant influence on the renewables agenda from the bottom-up perspective, not least through their Covenant Sustainable Energy and Action Plans.

#### 5. Enable Micro-Level Regional Cooperation

Building on recommendation 1 to define regional cooperation better and unveil its different forms, particularly micro-level cooperation must be included in all legislative proposals of the winter package. This is crucial to enable neighbouring communities to develop efficient and smart regional infrastructure across national borders. The move away from energy generation in large central power plants towards decentralised production from renewable energy sources requires an adaptation of the current rules of electricity trading and changes in the existing market roles. The strong position of the national TSOs is a bottleneck in the effective implementation of cross-border energy projects. TSOs need to cooperate better with each other, but also with DSOs. Providing DSOs with the possibility to cooperate and transport energy across borders should be tested. Local energy companies at distribution level – such as Stadtwerke (one form of German DSOs) must be included in the proposed DSO entity. **RED II, the revised regulation on a European Agency for the Cooperation of Energy Regulators (ACER) as well as the legislation on the Market Design need to strengthen tools of joint implementation while ensuring that there are strong frameworks and incentives for the participation of citizens and energy cooperatives.**

## 6. Amplify local voices in European politics

The energy system, energy markets and the national and European discussions about their regulations are rapidly changing. Cities and regions also need to increase their successful cooperation in order to occupy these political debate arenas more visibly. The Committee of Regions<sup>6</sup> and initiatives like the Covenant of Mayors<sup>7</sup> must be further strengthened, through obligatory consultation and representation in the decision-making process. Local governments must be considered as new players in their own rights, as new protagonists in the new European energy system, as they contribute significantly to implementing the renewables and energy efficiency agenda, not least through their Covenant Sustainable Energy and Action Plans. Collectively, their voices carry weight. Greater regulatory support and recognition must include efforts like re-municipalisation of energy infrastructure. At the same time, the European Commission should consider a stronger presence on the local and regional level. The programme Europe Direct<sup>8</sup> could be developed into or complemented with truly “European Embassies”, especially in peripheral and cross-border regions, that could be a powerful tool to bring Europe closer to the people. These embassies could function as a direct channel between people working locally on innovative and EU-funded projects and the European Commission, while providing services and practical advice to the people and on the ground. A similar solution is proposed on the global level: National Urban Policy Commissions<sup>9</sup> as cross-ministerial and cross-governmental bodies, co-led by national, regional and local governments which would help to bridge incompatibilities between local and national legislations and hence help the effective and consistent implementation of national programs within the local context.

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### More information about the programme as well as the full report for download:

- hbs eu website: [www.eu.boell.org/en/2017/01/19/enhancing-regional-renewables-cooperation-eu](http://www.eu.boell.org/en/2017/01/19/enhancing-regional-renewables-cooperation-eu)
- WFC website: [www.worldfuturecouncil.org/enhancing-regional-renewables-cooperation-eu](http://www.worldfuturecouncil.org/enhancing-regional-renewables-cooperation-eu)

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<sup>6</sup> <http://cor.europa.eu/Pages/welcome.html>

<sup>7</sup> [http://www.covenantofmayors.eu/index\\_en.html](http://www.covenantofmayors.eu/index_en.html)

<sup>8</sup> [https://europa.eu/european-union/contact\\_en](https://europa.eu/european-union/contact_en)

<sup>9</sup> [https://www.worldfuturecouncil.org/wp-content/uploads/2016/06/WFC\\_2016\\_Towards-National-Urban-Policy-Commissions.pdf](https://www.worldfuturecouncil.org/wp-content/uploads/2016/06/WFC_2016_Towards-National-Urban-Policy-Commissions.pdf)