



## SUPPORT A RELIABLE REGULATORY FRAMEWORK FOR RENEWABLE ENERGIES IN EUROPE

The Clean Energy Package for all Europeans is an ambitious response to the climate challenges we are facing in Europe today.

The ongoing decarbonisation, decentralisation and digitalisation of the energy sector offer ample of opportunities, as electricity becomes increasingly decarbonised and electrification of all sectors of the European economy progresses.

The signatories of this statement call on the European Parliament and the Council of the European Union to support the development of a stable and predictable regulatory framework for renewable energies.


In this regard, we urge you to support and strengthen the following articles put forward by the European Commission in November 2016:

- Article 6 in the **Renewable Energy Directive<sup>1</sup> introduces the principle of no retroactivity on support schemes**. This is vital for current and future investor's confidence in renewable energies. In the past, renewable investments in Europe have been hindered because of retroactive measures that were introduced in some Member States. Retroactive measures stifle market growth and create uncertainty. They must be outlawed.
- Article 4 Paragraph 2 (c) and Article 11 Paragraph 4, sentence 1 in the **Electricity Regulation<sup>2</sup> regarding the grandfathering clause on priority dispatch and balancing exemptions are also crucial** for investor confidence. It is essential that all renewable electricity projects keep the dispatching and balancing regime in place, which was applicable when the investment was decided. Any regime modification impacts the business case of such existing projects. It adds uncertainty to the price and volumes of power to be sold, and increases the amount of administrative and technical burden related to the operation of such installations.

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<sup>1</sup> [Proposal for a revised Renewable Energy Directive](#) - Article 6

<sup>2</sup> [Proposal for a revised Electricity Regulation](#) – Article 4 Paragraph 2 (c) and Article 11 Paragraph 4



Both measures as suggested by the Commission reflect the basic need, for any business sector in the world, to trust that the contract collectively agreed between investors, European regulators and policy makers will be respected. Trust is the first enabler of any investment decision.

**We need a business-friendly environment for investors to increase the uptake of renewable energies in Europe.** Currently, retroactive measures on renewable projects send a very damaging signal to investors. This instability leads to fewer investments in, and higher capital costs for, renewable energy. This undermines a cost-efficient transition to a low carbon economy.

Reliable policies are crucial to foster investments in renewable energy as well as the related transmission and distribution networks in Europe, as this will keep the costs of capital low by creating a stable and predictable framework for investors in Europe. This is all the more relevant given that the cost of capital, defined by the level of risk associated with an investment, can reach half of the cost of the development of a renewable energy plant in Europe today.

With the European Union's objective to be a leader in the clean energy transition, supporting these measures is critical, as they provide an opportunity for EU energy industries to build new business models, and for European investors to have confidence in the clean energy revolution.

**For all these reasons, we urge the European Parliament and the Council to support a reliable regulatory framework for renewables in Europe.** This can be achieved through a firm position taken at the EU level banning the use of retroactive changes for renewable support schemes, and ensuring that the grandfathering clause on priority dispatch and balancing exemptions are maintained.