**CLEAN ENERGY INDUSTRIAL FORUM ON RENEWABLES**

Proposals from the first high-Level meeting on the 9th January

Prepared by the Task Force

The Clean Energy Industrial Forum on Renewables is a high-level forum of CEOs and leaders of the renewable energy industry under chairmanship of Commissioner Arias Cañete with the task to strengthen the industrial basis and the EU value chain for renewable energy technologies, including issues of system integration of renewables.

Following the input from the High-level Meeting of the Clean Energy Industrial Forum on Renewables on the 9th January 2018, the Task Force has translated these recommendations into a number of concrete proposals in the areas of Competitiveness, Research & Innovation, and Trade.

**1. TRACKING THE COMPETITIVENESS OF THE EU RENEWABLE ENERGY INDUSTRY**

The Renewable Energy industry is a key player to ensure that the European industry will remain a global leader in decarbonisation. Considering the dramatic pace of developments in the renewable energy industry, Key Performance Indicators (in a simple matrix for example) are essential to ensure that policies match the developments in the industry, and provide solid input for future policy recommendation.

Such indicators should be reasonable and easy to collect, for an efficient European tracking system, and should provide the granularity needed to measure progress and frame the understanding of each renewable technology.

These indicators are also essential to communicate and promote further outreach and awareness of the recent development in the renewable energy industry, and can be used to report on progress in the EU renewable energy industry alongside the High-Level Meetings. These renewable updates and reports on this set of KPI’s could be a first short-term deliverable for the Forum.

1. *Competitiveness of the renewable energy industry versus non-renewables:*

Tracking the cost competitiveness of renewable energies compared to conventional energy production in Europe is a core indicator.

The Clean Energy Industrial Forum should use the existing cost indicators for the different technologies, as developed in the target setting exercise within the SET-plan and the JRC Low Carbon Energy Observatory (LCEO) reports. Targets that have been met should be re-assessed based on the latest 2018 results, and regularly updated to keep pace with the evolution of renewable technologies. Furthermore, tracking competitiveness should also consider cost indicators beyond the Levelized Costs of Energy, which will vary significantly between technologies and the geographical location of renewable installations.

Data on the cost competitiveness of renewable energy projects in the EU compared to energy costs in third countries will provide useful insight on the expansion of the European Renewable Energy sector beyond EU borders, which is essential to assessing the industry’s global competitiveness. Anecdotal evidence gathered from the latest projects developed in Europe, or foreign projects built by EU developers, will provide

1. *Competitiveness of the renewable energy industry and contribution to the EU economy:*

Tracking the evolution of jobs and Gross Value Added in the renewable energy sector was identified as an important sub-indicator to trace the effectiveness of European energy and climate policies. The Forum also recommends assessing the value of Europe’s renewable energy sector for EU industries, SMEs, citizens, communities, and the development of rural areas.

These indicators could be broken down by sector, and technologies.

1. Number of jobs for EU renewable energy sector (Employment volume)
2. Amount of new jobs/year in the renewable energy sector (Employment dynamic)
3. Average age of employees in the renewable energy sector (Contribution to youth employment)
4. GVA growth rate/ year (GVA growth)
5. € generated / MWh (GVA intensity)
6. Amount of Companies active in the renewable energy sector (Volume of EU renewable industry)
7. Amount of new companies active in the renewable energy sector / year (Dynamism of EU renewable industry)

These KPI’s, although general, can be combined to provide more detailed insight, such as the amounts of SME’s present in the renewable energy sector, or the added value of European renewable jobs. They can also be broken down by sectors, technologies, and geographical areas.

1. *Competitiveness of the EU renewable energy industry globally*

These indicators should assess the competitiveness of EU renewable industry at global level, with a specific focus on the role of EU industrial actors as technology & service providers, project developers, and operators outside of the EU. The indicators to be used are:

1. EU share of global trade,
2. EU share of global manufacturing,
3. EU share of additional RES capacity installed/ year compared to global level,
4. EU share of renewable energy produced/ year compared to global level
5. Ranking and Change of Ranking of Companies in each sector against global competition. (Development of global impact)
6. Anecdotal evidence gathered from the latest projects developed in Europe, or foreign projects built by EU developers, will provide

The results of these indicators could be used to reflect EU's industrial strength, but also reflect the effectiveness of Europe’s industrial policies to build a business-friendly environment and establish a level playing field with third countries. Assessing the impact of local regulations on European exports and global competitiveness is also critical. Such regulations –for example, on local content – can decrease opportunities for EU companies and limit market growth prospects.

**RESEARCH & INNOVATION**

Research and Innovation is critical in enhancing the competitiveness of the EU's renewables industry. Clear R&I priorities – and specific funding for renewables and enabling technologies for renewables integration - are needed to complement the efforts of European industries in developing innovative and competitive clean energy technologies. These priorities should be reflecting in the priority given to the Climate, Energy and Mobility cluster within Horizon Europe, and to deliver on the 35% target on spending on climate-related actions.

Funding instruments should be streamlined to leverage private sector investments of size and impact, including for incremental innovation in mature technologies. Members of the Clean Energy Industrial Forum specifically underlined how difficult it was for European companies to find, and then access, the right funding opportunity. This leads to several funds being under-utilized, and at the same time dispersed over several projects without a strong impact towards renewable technologies development and market uptake. In this context, it is recommended to create synergies between Horizon Europe and other EU programmes supporting project development and to have a mix of grant funding and equity funding available to bridg the valley of death for emerging renewable technologies..

The European commission could develop a “user friendly” online platform bringing together, in a single list, all existing EU financial instruments for renewable projects, all along the development phase. It would support European businesses to engage with the right funding instruments and leverage private investments in R&D. Consistent and accessible assessment criteria are therefore needed to bridge the gap between available technologies and European financial instruments.

1. *Priorities for European leadership in clean energy technologies*

To establish its global leadership in the field of clean energy technologies, the European Union should take advantage of its long-standing experience in system integration and energy management.

Key research priorities for the EU renewable energy industry, such as system and grid integration, digitalisation and further sector coupling through electrification and thermal storage, will strengthen Europe’s position at global level to export advanced electricity management services and equipment, and innovative renewable business models.

In this context, we recommend these types of technologies be recognised as “key enabling technologies” and should therefore benefit from a fast-tracked financing and a project development pipeline, with the support of both member states and the EU.

Global leadership in renewables requires both incremental innovation in mature technologies, to help drive down costs and improve performance, and new business models to anticipate consumer demand (ex: grid services and repowering contracts or services.)

1. *Leveraging private Investments*

Increasing the European budget devolved to R&D is necessary, but not sufficient, to promote a successful and innovative industrial policy strategy for renewables.

The private sector will remain the main driver of investment in R&D and innovation in Europe. The EU should therefore put in place the right conditions for European Companies to remain attractive for third party investors, therefore multiplying the overall private budget devolved to technological breakthrough and incremental innovation. The recent Commission proposals on sustainable financing to make green investments more attractive to the financial industry are a step in the right direction.

Finally, shaping better conditions for Public Procurement has been identified as a priority to leverage public investments in innovative technologies and foster their market uptake. The public sector can go beyond price-driven-only investments, leading by example and supporting the development of promising European technologies. In this context, it is key to promote the green public procurement criteria that have been developed by the European Commission.

1. *Streamlining instruments*

The EU should ensure that its regulatory instruments cover all stages of the value chain and their technology development: from the development of new components, prototypes, to demonstration and pilot projects.

The future framework should allow for the combination of R&I instruments, and e.g. structural funds and national funding programmes, and should be assessed according to coherent and convergent assessment criteria. Funding and R&I policies should reflect EU strategy to foster the deployment of renewable energies, and the market uptake of promising technologies.

To ensure that technologies selected and supported by the EU are successfully deployed on the market, we recommend that the EU should focus on how to ensure uptake by certain critical groups, such as cities, local authorities, islands, rural areas, industrial consumers.

**TRADE**

Energy demand in third and emerging countries is growing fast, opening new opportunities for experienced European renewable companies to scale up their investments and export their industrial know-how.The Members of the Clean Energy Industrial Forum underlined the need for an agile Industrial Policy Strategy directed towards third-countries, considering the market specificities of each technology and segment.

*1. Supporting international trade of products and services*

Some renewable energy technologies or their components are clearly identified as commoditized and subject to global competition. For commoditized products being the most exposed to global competition, key indicators should measure the success of Europe’s industrial policy strategy in creating a business-friendly environment and a level playing field with third countries (access to funding, electricity costs, interest rates, land-use, etc). In this context, trade policies should also consider how they impact the competitiveness of the European renewable energy industry within the EU.

One of the key elements for commodity business is unrestricted access to markets. Removing trade barriers in Europe and in third countries, and thus returning to fair and free trade, is essential to further expansion. Furthermore, transnational standardization permits higher process efficiencies and reduced transaction cost. By setting European standards (e.g. a frame PPA with country specific annexes) which can be copied by other countries, the European companies can act with more certainty and lower risks globally.

Other products qualified as ‘specialised’ markets, are less exposed to global competition and extract their value from technological advantages and services. They are less subject to price only market signals. For these markets, the protection of Intellectual property is critical. It allows to build on home market success, to access third country markets when these new technologies are valued and IP-protected. In a second phase, the EU should also look at removing trade barriers, where identified, to strengthen the export capacity of such segments.

Finally, the industrial competitiveness of local to local business models relies on their ability to provide local value to the end-users and they have limited exposure to global competition. They require more support at national level to boost the maturity of their businesses. Here an interaction between national and regional chambers of commerce could be helpful. The European Union will also need to help export such products and business models in third country markets, by removing trade barriers and strengthening the cooperation with third countries.

*2. International financing*

Financing is a key element for the EU renewable energy industry to compete with companies from around the world. The European industry could be supported by greater use of first loss instruments backed by the EIB, export credit agencies, and others to support projects involving European technology in emerging economies.

Another option is the use of blending mechanisms and/or finance mechanisms to underwrite Power Purchase Agreements in the countries with the greatest risk, for example through the European fund for sustainable development (part of the EU External Investment Plan);

For developing countries, an increased budget in next EU Multi-Annual Financial Framework for trust funds such as the EU-Africa infrastructure trust fund are an effective mechanism to support the competitiveness of European renewable energy projects,.

*3. Global promotion of EU's best practices in renewable energy*

Bilateral cooperation and MoUs with third countries can constitute a very strong tool to bring Europe’s industrial leadership to the next level. The European Union can play the role of “facilitator” to improve the trade environment for European Companies at International level. EU and member state representations and embassies in third countries should serve as a support network to support the opening of energy markets and facilitate the de-risking of renewable projects abroad (financing, currency risks, etc).

The European Union should also seize the opportunities provided by international cooperation and development partnerships to generate concrete industrial opportunities for European companies in developing regions.