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## **Discussing coordination options**

# Distinguish two tracks in coordination/harmonisation discussion:

<b>Track 1: Coordination of support systems</b>	<b>Track 2: Cooperation mechanisms</b>
<ul style="list-style-type: none"><li>• Bottom-up by MS or top-down by EC</li><li>• E.g. support level coordination, design standard FIP</li></ul>	<ul style="list-style-type: none"><li>• joint support, statistical transfer, joint project</li></ul>
<p>Requires only <b>implicit cost-benefit sharing</b></p>	<p>Requires <b>active/explicit cost-benefit sharing</b></p>

# Support level coordination

Establish (EC?) process to assist MS to determine (technology-specific) support levels in such a way that they suit their (technology-specific) deployment target?

## Elements to coordinate/ provide information about:

- formulae for calculation of levelised cost of electricity
- the level for specific investments per technology (frequently updated)
- regional specific capacity factors
- biomass prices
- reasonable (country specific) interest rates and duration of support
- in FIP: calculation of value of RES electricity, costs for balancing

## Process variants:

- MS only inform each other / the EC on planned policy changes
- MS 'peer review' with (non-)binding feedback
- COM guidance responsibility or just information provision

## PRO

- assure that level of support gives a sufficient investment incentive
- reduce the risk of excessive profits, avoid subsidy competition between MS
- avoid national boom and bust cycles for certain technologies (e.g. PV, offshore) & less negative repercussions in other Member States
- MS are triggered to de-risk (proj dev, support, etc) in order to attract projects instead of increasing support = desired effect to drive down RE cost internationally

## CON

- MS give up autonomy in case of more binding process

# Capacity growth trajectory coordination

Establish (EC?) process to ensure that MS capacity growth trajectories per technology add up to a healthy growth path for the supply chain, avoiding boom & bust.  
NREAPS good first step, but lack frequency, feedback-loop and MS adjustments?

## Elements to coordinate/ provide information about:

- Envisaged capacity to be installed in specific 1/2/3-year-periods per technology

## Process variants:

- MS inform each other / the EC on envisaged capacity growth per technology; Analysis of cumulated capacity growth plans vs supply chain growth ability;  
**Feedback-loops**

## PRO

- Avoid boom and bust for EU-wide/global industry, e.g. offshore wind
- More investment certainty for supply chain
- More likely that future supply chain shortages and related price spikes can be avoided
- More likely that continuous cost reduction can be achieved

## CON

- MS give up autonomy in case of more binding process

# Towards FIP design good practice

Creating kind of design standard for premium systems which allows industry/financing to benefit from large market with similar (still national) support structure

## Elements to coordinate/ provide information about:

- Terminology
- Overall design, e.g. sliding/Cfd
- Elements to use:
  - reference electricity price,
  - profile correction factors for wind/solar,
  - Resource (wind/pv) quality correction methodology,
  - support duration
  - Growth control approach

## Process variants:

- Some MS bottom-up
- EC guidance, increasingly binding, top-down

## PRO

- Cost reductions through more standardized financial instruments / risk assessments?
- More attractive to large foreign investors/banks?
- MS can harmonize bottom-up, more influence for MS & less disruptions for industry compared to top-down harmonization?

## CON

- MS give up autonomy in case of more binding process

# International empirical risk database

Establish international database that provides anonymized empirical project data to financiers/industry/governments

## Elements to coordinate/ provide information about:

- Potentially all data relevant for further development of insurances, risk assessments and the technology and project development in general: E.g. on
  - project risks,
  - problems occurring in practice,
  - performance and wind/solar resource in practice compared to expectations beforehand,
  - geothermal drilling success rates, etc.

## Process variants:

- Database can be started by one or more MS, others can join

## PRO

- More projects financeable due to more trust of investors/banks in risk assessments
- More risks insurable due to broader empirical data availability
- Lower WACC due to complete insurances/better risk assessment
- Lower cost risk assessment & structuring finance

## CON

- MS let other MS share in (anonymized) industry data that would otherwise give own industry competitive advantage (but: database especially collects problems/risks, not necessarily new technological solutions)