



Impacts of covid19 on RES: EU response and Green Deal

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Short-term impact of Covid-19 on EU renewables value chains

- Reduced electricity demand and low wholesale prices are affecting balance sheets of utilities and energy companies
- Delayed upcoming renewables project pipeline in EU, and reduced European orders for projects third countries.
- European solar and wind markets down by 20 and 33% this year, due to supply chain disruptions, project delays and stricter financing conditions.
- Heat pump market down 20%, partly due to factory closures in IT and CN.
- Biomass: supplies limited, equipment manufacturers and retailers closed.
- Mobility of specialized technicians becomes an issue.

Covid-19 and EU renewables projects

- Most utility-scale wind and solar projects are **going ahead, with delays.**
- **Governments delay auctions** or extend deadlines. Industry faces **market uncertainties** and **liquidity concerns.**
- Record low electricity prices make corporate PPAs and renewable electricity projects based on wholesale markets prices less attractive.
- Corporate buyers are not committing until effects of economic downturn are known.
- As of 20 April, CO2 prices have recovered to around EUR 21/tonne.

Outlook beyond 2020

- EU energy system has demonstrated resilience.
- Negative impacts will continue into 2021 and **the energy transition will be slowed down without any additional stimulus.**
- Small-scale rooftop market and the EV industry (40% less sales than 2019 so far) have the highest negative impacts.
- Financial health of market participants remains relative strong and new deals continue to get financing.
- Most EU companies have lost stock market value and some project developers see banks increasing the financial criteria.

EU response to crisis and Green Deal (1)

- EU27 tasked the European Commission with presenting a recovery plan, linked to a revised proposal for the Multiannual Financial Framework, including a Recovery Fund.
- Commission is currently working on the recovery package to be presented on 6 May.
- Need to use the recovery as an opportunity to accelerate the progress towards our climate neutrality goal.
- Plan to focus on investments for European Green Deal and digital transition, and on increasing the resilience of the European economy.

EU response to crisis and Green Deal (2)

- Package to not only stimulate the EU economy away from recession, but to steer it onto the path of sustainability and carbon neutrality.
- Both short term emergency measures (liquidity, reallocation of EU Funds) and recovery plans can be tools for supporting the energy transition.
- Measures under preparation within the EU Green Deal can easily become measures for immediate economic stimulus:
 - Renovation Wave (hospitals, schools and SMEs as first priority areas).
 - RES: stimulate EU supply chains, promote large scale infrastructure projects; but also energy system integration strategy, offshore RES strategy, infrastructure upgrades
- External dimension also important

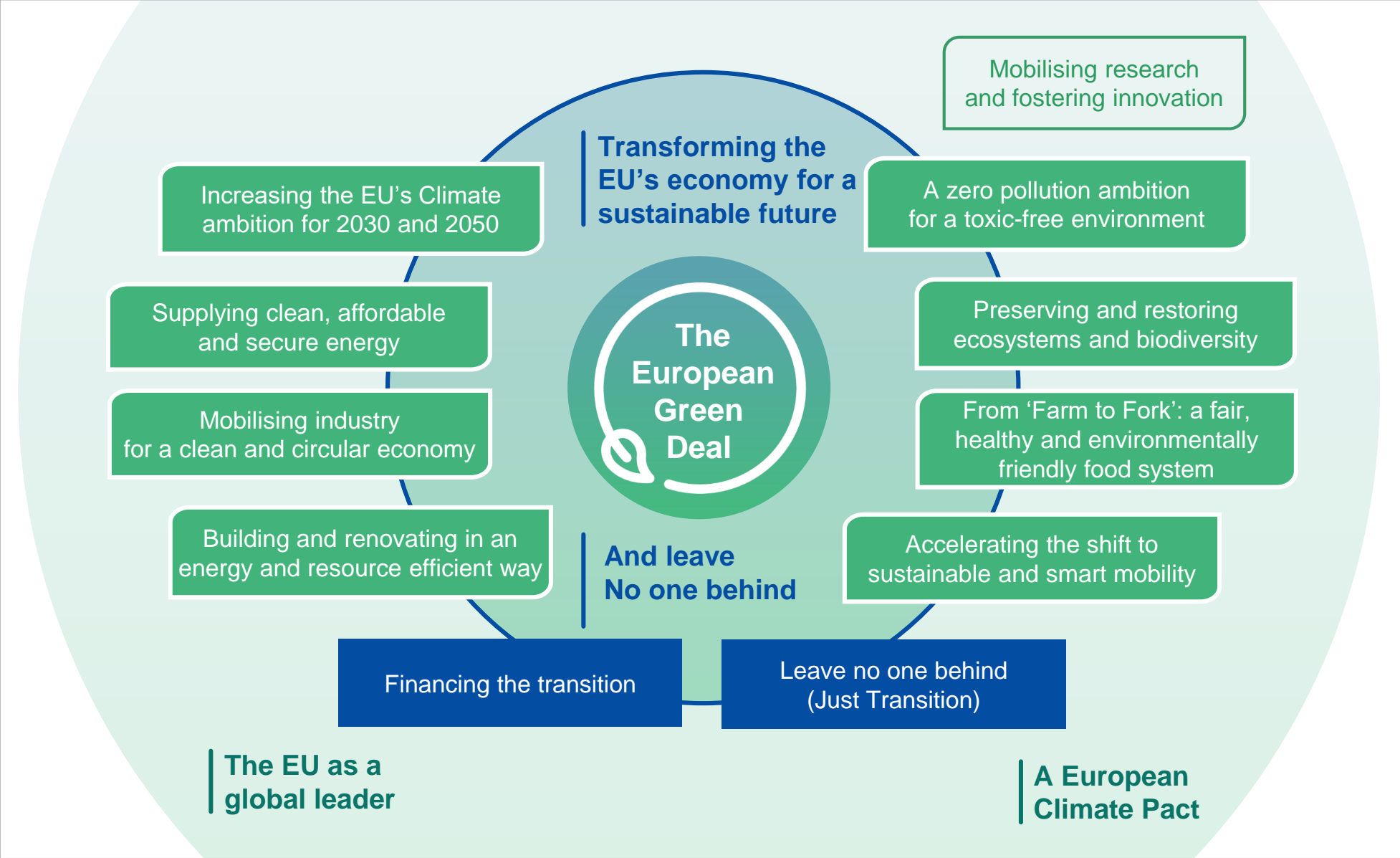


The EU Green Deal and National Energy and Climate Plans (NECPs)

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The European Green Deal



The European Green Deal

Increasing the EU's Climate ambition for 2030 and 2050

- European '**Climate Law**' enshrining the 2050 climate neutrality objective in legislation by March 2020
- **Comprehensive plan** to increase the EU's climate target for 2030 to at least 50% and towards 55% in a responsible way by October 2020
- **Review and revise where needed all relevant legislative measures to deliver on this increased ambition** by June 2021
- **Carbon border adjustment mechanism** for selected sectors by 2021.
- A new EU **Strategy on Adaptation** in 2020/2021

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| Climate Pact

The European Green Deal

Supplying clean, affordable
and secure energy

Building and renovating in an
energy and resource efficient way

- Assess the ambition of the final **National Energy and Climate Plans** by June 2020
- **Smart sector integration** strategy Q2/2020
- **Renovation wave** for the building sector Q3/2020 doubling the renovation rate
- **Offshore renewable energy** initiative Q4/2020
- Review the **TEN-E Regulation** (REFIT; in 2020)
- Review and revise, where needed, the **Renewable Energy and Energy Efficiency Directive** by June 2021

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Mobilising industry
for a clean and circular economy

- **EU Industrial Strategy** by March 2020
- A new **circular economy action plan** by March 2020, including a **sustainable products policy**
- **Clean Steel breakthrough** technologies leading to a zero carbon steel making process by 2030.
- Legislation on **Batteries and Circular Economy** in 2020
- Propose legislative reforms **tackling waste**

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- Proposal for a **Just Transition Mechanism** and a **Sustainable Europe Investment Plan** in January 2020
- Initiatives to screen and benchmark **green budgeting practices of the Member States and of the EU** from 2020
- Review of the **state aid guidelines for environment and energy**, as well as other climate and energy-related guidelines by 2021
- Align all new **Commission initiatives in line with the objectives of the Green Deal** and promote innovation from 2020
- Stakeholders to identify and **remedy incoherent legislation** that reduces the effectiveness in delivering the European Green Deal from 2020
- Review of the **Non-Financial Reporting Directive** In 2020
- Integration of the **Sustainable Development Goals in the European Semester** from 2020

Financing the transition

Leave no one behind
(Just Transition)

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The European Green Deal

- EU to continue to **lead the international climate and biodiversity negotiations**, further strengthening the international policy framework
- Strengthen the EU's **Green Deal Diplomacy** in cooperation with Member States
- **Green Agenda** for the Western Balkans
- Proposal to make the **respect of the Paris agreement an essential element** for all future comprehensive trade agreements
- **Carbon border adjustment mechanism** for selected sectors by 2021.

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Green Deal: increased climate ambition for 2030 and 2050 – implications for RES

- March 2020 European Climate Law:
 - Legally binding target of net zero greenhouse gas emissions by 2050
 - Pathway to get to the 2050 target: Commission will propose a new 2030 EU GHG target of 50-55% (impact assessment ongoing)
 - By June 2021, the Commission will review, and where necessary propose to revise, all relevant policy instruments (including Renewable Energy Directive)
- Energy system integration strategy
- Offshore renewable energy strategy

State of play on NECPs (1)

- So far, 23 Member States have notified their final NECPs.
- Next phase: analysis, dialogue and cooperation:
 - 1. How the NECPs can contribute to Europe's economic recovery.
 - Basis for Just Transition Programmes
 - Compass for directing Green Deal investment under the future Recovery Plan.
 - 2. Assess aggregated level of ambition (esp. vs 2030 EE and RE targets)
 - Data will feed into the process of increasing climate ambition for 2030
 - Commission's assessment of the plans in September

State of play on NECPs (2)

- More than two-year process
- Notable improvement of final vs draft NECPs
- Complex process (integration of various energy and climate dimension), learning curve. Importance of Commission recommendations.
- Assessment of contributions to EU RE and EE targets available once all final Plans submitted.