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“Moving the EU forward”

Athens EU Model 2016
4 - 7 April 2016, Athens, Greece

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

An EU fund for renewable energy resources



Co-funded by the
Erasmus+ Programme
of the European Union



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The European Commission, after several sessions regarding the issue of “Renewable Energy & Efficiency”, concludes that the current status of energy-sector funds does not provide an appropriate and sustainable environment for renewable energy projects’ development. The clarity, eligibility conditions and access to funding in relevance to the market is deemed insufficient. Thus, the creation of a comprehensive mechanism overseeing and authorizing all funding efforts to prospective investments seems urgent.

Therefore, an introduction and formation of a unified, coherent mechanism for the management of existing funding schemes for renewable and non-renewable energy projects, hence a concentration of all financial resources in one funding regime (the ‘Common Fund’), is highly recommended. Thereby, renewable energy projects will be attributed 65 % of the total budget whereas non-renewable projects will receive 35 % whereby the percentage will change annually in favor of renewable energies. For instance, money available for financing new projects under the Connecting Europe Facility (CEF) Program will be transferred to the Common Fund and CEF will cease to exist, in the exception of already running programs which will continue to be financed by the resources already granted. Starting in 2017, the mechanism will be introduced, observing the efforts in the set-up within a period of 2 years, entering into force in 2019.

The Commission should keep in mind the legal basis for this framework. The role of the European Commission is to collaborate with the Vice-Presidents in order to promote a proactive approach to the follow-up of the Commission’s policy priorities. The implementation is very important and the legal basis should be based on ethical standards and transparency.

As far as other financing programs are concerned, programs launched under the auspices of Commissioners not directly related to energy but which could be used for energy projects alike such as the European Structural and Investment Funds (ESIF) or the European Investment Project Portal (EIPP), the Commission proposes that projects related to energy shall be financed mainly by the Common Fund and co-

financed by the aforementioned. Hence, the introduction of a double-financing system which awards programs that fulfill, at the same time, the objectives set by those programs is recommended.

The funding of the Common Fund should address the following sections:

- a) Conventional Projects
- b) Preparatory Projects
- c) Technical assistance, Research, Innovation and Technology.

In addition, the Commission suggests to introduce an evaluation and compliance committee that will provide expertise to both the new executive board of the Common Fund and to the public in order to achieve broader transparency and efficiency.

In financing each pending project, the Commission shares the view that some precise, defining criteria could be taken into account, such as:

- a) the regional and neighborhood features and the special needs of the location concerned,
- b) the economic condition and the “laggard” or “leader” character of the Member State(s) involved,
- c) the working employment possibilities of the project,
- d) its contribution in research and development,
- e) its viability, the relation between the cost of formation and the profit of operation, as well as the cost of construction and the cost of maintenance,
- f) its contribution in more, diverse sectors, and
- g) the potential of cooperation and coordination with non-EU countries, especially the neighboring ones.

Additionally, the Commission underlines that emphasis should be put on the special potential of each region, such as solar, wind, tidal or geothermal advantages. The evaluation mechanisms should respect the particularities of each sector. Examples could be:

1. ERDF, which aims to reduce economic and social disparity between all EU regions,

2. NRP (New Policy Paradigm for Rural Regions) powered by OECD. It assesses all economic, administrative and social conditions for specific remote areas

The Commission strongly supports a RES-oriented fiscal policy. In doing so, innovative investors in the business of renewable energies shall enjoy tax advantages, both for value-added tax as well as business tax in general. Lastly, in order to balance the monetary gap deriving from those tax advantages, customs duties shall be imposed upon products imported from outside EU which are either energy-extensive or which have been produced in non-environmental-friendly countries. To push investments financially, loans from European Investment Bank shall be issued with privileged clauses for RES investments.

Furthermore, the EU can use its position to achieve closer cooperation on climate issues with neighboring countries and EU accession countries urging the alignment of their policies with the EU's climate targets. In addition, it can initiate the setting up of a system for energy exchange between EU and the US in the light of the current and future developments in research, innovation and licensing of power line systems.

The liberalization of the internal energy market towards the neighboring countries is a strategy that will provide benefits in the overall market competitiveness and ignite the regional RES production on the shared geological regions, especially the cooperation with MENA region.

The Commission also stresses the importance of tackling the issue of mass industrial waste and transforming it into useful energy. Therefore, biomass exploitation is necessary in order to deal with feedstock and livestock residues and produce heating power. In connection to that, biomass may be used for public transportation in order to promote sustainable transportation system.

The readjustment of the European energy funding towards a simplified, concentrated new mechanism that also focuses to boosting renewable energy projects contributes to the Commission's plan of establishing an Economic and Monetary Union (EMU) that will ensure the stability and growth of the European economic system. Moreover, investments in energy sector will benefit from the EMU plan thanks to the establishment of the Capital Markets Union that will ensure the biggest risks and will

provide the stabilized financial environment that is needed for the long-term funding in the strategic area of the Energy Union. Finally, the facilitation of the application for investments procedure under the slogan “less bureaucracy, more transparency” can be considered as an aspect of the Commission's effort to “tidy up” its funding mechanisms in order to achieve the more efficient absorption of EU funds.

Furthermore, the Commission suggests an increase of Europe’s Energy Security by diversifying sources of energy imports.

In terms of budget, bigger percentage for renewable energies and smaller for non-RES which will be progressively reduced in a yearly base and will be distributed in RES.

In terms of human resources, we need to employ technocrats for creating new strategies and main database that will be fully experienced to environmental issues. Furthermore, some employees should prepare and organize campaigns to raise awareness as this is the most temporal solution.

Use minimum percentages of local involvement in the new projects that will happen from the investors. In that way, local communities will be involved.

The EU Commission additionally believes that a great portion (namely 25 %) of the investments on RES. should be attributed to rural, taking into consideration the following factors:

- 1) Rural areas are abundant of natural sources for RES. deployment, such as rivers, lakes, solar power, wind,
- 2) According to Eurostat 2014 research, rural economies among EU vary with agriculture in Romania representing 11.3 % of the GDP in Bulgaria 9.5 %, in Hungary 7.5% etc.

We encourage focusing on research and scientific projects in order to encourage the creation of new technologies that will make RES cheaper and more accessible. I suggest the attraction of investors that will provide the much needed funding for further more action concerning the environmental conditions and the use of RES.

Through Granting Companies which are oriented on the manufacturing, servicing and transport of RES the Union will be able to get financial stimulation to employ more employees.

Intergovernmental collaboration and solidarity is suggested for countries that are facing the same problem. For instance, countries that are dealing with marine pollution can have same agreements and try to solve the problems.

Moreover, some money from the remained amount from the existing programs should be give to eco-education. In order to succeed our goals we have to increase the environmental awareness of the public, to have the public on our side and to change mentality. Money should be given to programs for schools, universities in order to organize environmental excursions and establish educational and environmental projects that focus on young people.

In order to avoid illegal trafficking in waste the Commission should enforce organized regional or local bodies to act against that.

Furthermore, the Commission shall promote intergovernmental programs to protect the environment like the ones in the Balkan Area in order to enhance solidarity among member states.

Since, at least for the time being, no single RES fund has been introduced, the Commission shares the view that the strive for simplicity, practicality and velocity is of an extreme importance, safeguard certainty and attractiveness for investing, and competitiveness. For the abovementioned reasons, the Commission fully promotes a “Less bureaucracy, more transparency”-motto, e.g. no member state interventions, simple application for funding, obligation for a reasoned response in a reasonable period of time, publication of the projects approved for funding and all related public documents on the web.

The connection of the Northern and Central European transport networks, which is the core of the Union, with other countries - especially those joined in recent years with a major economic lag should be managed. The EU uses regional policy to smooth out disparities between the poor regions of the South and the wealthy North to the transfer of resources from rich to poorer regions. It should be mentioned that the EU identified from the outset the need for institutionalization of measures related to the freedom to transport. The White Paper of 2011 builds upon the version of 2001. In this case, the White Paper not only focuses on the issue of international

trade and transport but also in regard to the cityscape transport to enable the citizens to move efficiently while not aggravating for the environment. Under Transport Internal Market were the following activities: Single European Sky, Single Railway Area, Single marine space, or so called 'blue zone' (blue belt) for maritime transport (full cooperation, connectivity, and data exchange operation between European ports).

It is very important therefore to reduce greenhouse gas emissions, without affecting the competitiveness or the high mobility rate. There are actions that can be done so that there are a number of issues that need to manage. These are: The cost of transport. The cost of energy used for transport, flexibility in transport, sustainability, growth in regional EE modules, improving years in transport, the creation of major transport networks. All these are elements that make up the overall objectives set by the EU the next few years in terms of transport pollution.

Furthermore, it has emerged the issue of sustainable development. The big bet was to overcome the limitations imposed by the fact of the need to reduce emissions of greenhouse gases means, by 80% by 2050, without sacrificing the efficiency and competitiveness of transport.

The abovementioned showcase indicates that from the beginning of its establishment until today, the European Union is in a constant search to manage to implement a uniform policy for transport, which unites its citizens. It is challenging to maintain the competitiveness and the sustainability of transport, namely the satisfaction of the needs for movement, social contact and activity without sacrificing essential human and environmental requirements in the present and future. It is particularly important to dominate the combination of both the political will and the social order to appropriate prioritization and needs assessment.