

Commission risks putting renewable energy transition in the hands of reluctant power companies

On 30 November, the European Commission will release a package of draft legislation to help fulfil EU commitments under the Paris global climate change agreement. Two of these draft laws – on the development of renewable energy and the redesign of the European electricity market – could in fact endanger the renewable energy transition and constrain the EU's climate change action.

Greenpeace EU energy policy adviser Tara Connolly said: *“The Commission seems intent on handing the keys of the energy transition to the same power companies that have lobbied against renewables for decades. It is scandalous to cap the size of renewable energy cooperatives and bias market access in favour of inflexible fossil fuel giants. Europe will only meet its climate responsibilities if it enables its citizens to accelerate the transition to 100 per cent renewables.”*

Winter (package) is coming

The Commission's 'winter package' is meant to underpin the EU's efforts to limit global temperature increase to 1.5°C, as agreed in Paris. By 2030, the EU has pledged to reduce carbon emissions by at least 40 per cent, increase the share of renewable energy to at least 27 per cent, and improve energy efficiency by at least 27 per cent. These EU targets are far from adequate, and the winter package could further slow the EU's progress towards a clean energy system. Here is how:

- **Capacity payments – a lifeline for coal and nuclear**

The Commission is likely to support harmful 'capacity payments', which subsidise power companies to keep struggling coal, nuclear and gas plants online, supposedly as back-up generation for times when renewables don't deliver enough electricity. However, in reality the EU has too many old, dirty power plants, stifling new renewables investments. Capacity payments will perpetuate such overcapacity, at the expense of individuals and cooperatives willing to invest in renewables.

- **Renewable grid priority dropped**

The Commission wants to drop an existing rule that the grid must treat renewables as priority, and take energy from them before polluting plants like coal and nuclear. If this priority is removed, wind turbines could be routinely turned off to make room for coal or nuclear energy because it is easier for network operators, who decide which power plants are turned off in cases of over-supply, to simply shut down flexible renewables over inflexible coal and nuclear plants rather than invest in upgraded, flexible grids. Even if renewables operators are paid to shut down, this compensation is no substitute for having more renewables in the market. The Commission's own analysis shows that removing priority dispatch will increase carbon emissions from power production by 10 per cent.

- **Unfair competition (auctioning)**

Early drafts of the proposals showed support schemes for renewables set to change to suit large power companies, while making it harder for small-scale energy projects, such as energy cooperatives, to get support. The Commission proposed that almost all renewable projects bid against each other in auctions to obtain subsidies. The only deciding factor for granting subsidies would be the price of the electricity produced by the project. In most cases, large power companies could outbid small-scale projects. The direct benefits (financial, social and environmental) of local, community-based projects would not be considered. The latest draft of the proposals allows member states to take the needs of cooperatives into account when designing support schemes

but fails to provide detailed provisions. This would leave DG Competition to decide the detailed rules later on. The auctions that DG Competition favours could effectively exclude smaller players like cooperatives, which DG Competition undervalues, from support schemes.

- **Corporate control**

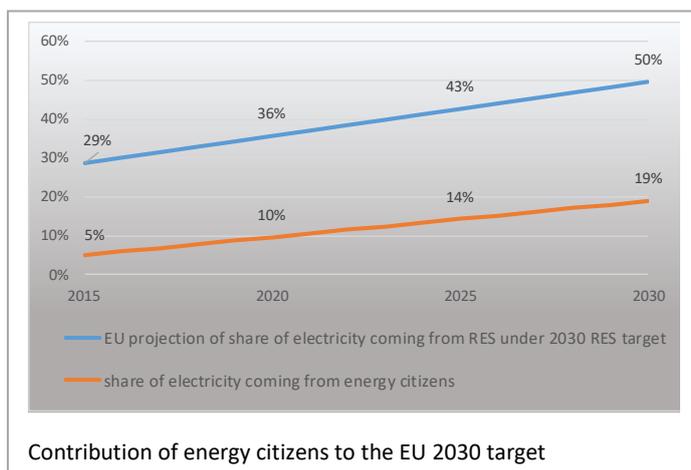
The Commission is set to strengthen the power companies' control over the electricity distribution network and the rules governing it by creating a new EU body of local grid operators. Many of these grid operators are owned by large power companies. The body would be given powers over grid planning and the writing of so-called 'network codes'. However, the Commission has not required power companies to sell their stake in distribution networks. This creates a conflict of interest and calls into question the independence and neutrality of how local grids are managed.

- **People power...to a point**

The winter package is also expected to contain some positive elements, including giving the right for people to generate, consume and store their own energy, as well as to sell it to the grid. This could open the door for millions of people to become active in the market in countries like Spain, which currently restrict self-generation. It would boost energy citizens' participation in the energy transition. However, the Commission wants to limit the potential of renewable cooperatives by capping their projects to an average of 18 MW per year. This could seriously hinder the ability of renewable cooperatives to become major players in Europe's energy market.

Energy citizens

Empowering families and communities to produce their own renewable energy would engage millions of people in the fight against climate change. It would bring energy closer to people and make the market more democratic. Greater public engagement in the energy transition would deepen support for renewables and climate action. It would unlock billions of euro in investments across Europe, particularly in local economies. It would make people less dependent on power companies and reduce their electricity bills.



Each energy citizen may contribute only a small amount, but together they can play a big role in the clean energy transition. [A recent report by CE Delft](#) showed that over 112 million energy citizens could meet 19 per cent of Europe's electricity demand by 2030. By 2050, over 264 million European citizens, or half of all citizens in the European Union, could meet as much as 45 per cent of Europe's electricity demand. EU and national lawmakers must provide the right rules and incentives to make this great potential a reality.

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