



## Speech by Commissioner Arias Cañete: A "Renewable" Energy Union

Brussels, 17 March 2015

Dear State Secretary Spiridonovs,  
President Buzek,  
Minister Marghem,  
Your Excellencies,  
Ladies and Gentlemen,

The packed room and the high level panel here today show just how high renewables are on Europe's agenda.

You could not join us at a better time.

We are already steaming ahead in making the Energy Union a reality. And we are just a few months from the Paris conference where we hope to secure an ambitious global climate deal.

Today I want to speak about how renewables fit into our vision for a sustainable energy and climate future.

This Commission started with a promise to be different: to be "bigger and more ambitious on big things". Many say that climate change is one of the biggest threats facing our society and the EU has been leading the action to reduce emissions for many years now. As we all know, renewable energy can greatly contribute to that and to reducing our external energy dependency. That's why, the EU becoming the world number one in renewables is one of President Juncker's top priorities, and it is one of my top priorities to take forward in the context of the Energy Union. But good intentions count for nothing if we don't get the policies right. That's why renewables take centre stage in the Energy Union action plan and why they are an integral part of the Juncker Plan, designed to unlock the investment the renewable energy sector really needs.

Before I talk about the policies which will make the Energy Union a world leader in renewables, I want to first touch on some of the progress we have already made in this area. And I will finish by highlighting the role renewables will play on the road to Paris and beyond.

Ladies and Gentlemen,

Twenty years ago, renewables were still seen by many as an expensive gamble. Twenty years later, I am speaking to you in a building with solar panels on the roof providing us with clean electricity. Efficient insulation in combination with geothermal heat pumps, is keeping us comfortably warm. There are no blinking lights or cold draft – proof that renewables can function perfectly. Worldwide, since 2011, more new renewable energy capacity has been installed than fossil and nuclear power combined. And with a sector employing more than 1 million people and a turnover of 130 billion euro, renewables are now in the mainstream in Europe.

Renewables represented more than 15% of our energy in 2014, and almost 26% of our electricity. And as we look to meet our 2020 targets, those jobs and growth figures will only keep going up. 15% of renewables is good. It is even better in some Member States such as Finland, Latvia and Austria, where renewables already accounted for around one third of energy demand. Not to speak about Sweden, where more than a half of the energy needs is covered by renewables! However, in many Member States the picture is not so rosy and a lot of work remains to be done to reach their 2020 targets. Let alone to get ready for additional contributions towards the EU target of "at least 27%" by 2030. So the first task will be to make sure that current laws are being implemented and enforced. We will work with national authorities to help them apply the rules but we won't be shy to take legal action if necessary.

But let me now go one step further and tell you how renewables will underpin each and every dimension of the Energy Union.

### ***First, decarbonising our economy with renewables***

Last October, the EU agreed on a binding target of reducing domestic greenhouse gas emissions by at

least 40% by 2030. To get there we will have to step up our efforts to reach at least 27% of renewables by 2030. I started by saying that good intentions count for nothing without good policies. And, as I indicated already, good policies count for nothing without proper implementation. So, later in the year we will report on the implementation of the Renewable Energy Directive. Looking at the past will help us reflect on the future, and notably how to collectively deliver on the EU target for 2030. In 2017, I will come forward with a new Renewable Energy package to ensure that we meet our 2030 targets cost-effectively. This will also include a new policy for sustainable bio-energy. As part of this package, we will need to find a way to promote cooperation on renewables support - notably at regional level - more effectively than in the past. This entails that Member States will need to coordinate their renewables policy already at an early stage with their neighbours. This new renewable energy framework will also need to ensure that the significant efficiency, decarbonisation and security of supply gains in the heating and cooling sector are exploited to the fullest extent possible.

Another area where we need to speed up action is the decarbonisation of the transport sector and its switch to alternative fuels. By 2020 we want to have 10% of transport fuel coming from renewable sources such as biofuels. To make that a reality, the Commission will come forward with a comprehensive road transport package to create the right market conditions for increased use of alternative fuels and the roll-out of intelligent transport solutions.

### ***Second, designing an internal energy market that works for renewables***

Energy markets and grids have to be fit for renewables, not vice versa. Markets should be designed, or re-designed, to fully integrate renewables into the wider electricity market and remove any existing barriers. The State Aid guidelines of 2013 and the reform of support schemes were the first steps to better integrate renewables in the market. As the next step on this trajectory, by the middle of this year, I will present our ideas on a new electricity market design to increase security of supply and to help better integrate renewables into our energy system. This will be followed up with a legislative proposal next year.

The objective is to make our power system much more flexible, interconnected and consumer-centred. This requires an important transformation of the grid. But it also requires significant changes in the way the market operates, and notably better functioning and liquid short-term markets. Improved interconnections are another key to better integration of renewables into our system. To make that happen we have just published a set of measures to achieve our 10 % interconnection target and continue to support the Projects of Common Interest (PCIs) with the highest potential. Recent progress in the Iberian Peninsula to better connect France and Spain is very welcome and encouraging in this regard. But we also need modern distribution networks. We have smart phones, now we need smart grids! Consumers should be able to react to energy prices, and decide where and when to consume or produce energy.

### ***Third, investing in renewable research and innovation***

Our researchers are one of the best assets we have. However, with the rest of the world catching up fast, more research and innovation will be needed to keep us competitive on the global stage. 40% of all patents for renewable technologies are owned by European companies. And staying world number one in this field will create the jobs and growth Europe needs in emerging areas, like offshore wind, ocean energy or advanced biofuels. But as one of the best innovators of all, Thomas Edison used to say: "There's a better way to do it. Let's find it". We need to fund the research that will help us deliver breakthrough solutions and get them to the market quicker.

We will need to be innovative in smart grids, in demand-response, and in energy storage. Users should be able to charge their electric vehicle when prices are low and reduce their consumption when prices are high! This is one of the fields in which we have to embrace the technology transition. That's why we have doubled the funding for energy research under the new Horizon 2020 programme. And to support that, I will shortly propose an upgraded Strategic Energy Technology Plan to help us focus on the areas with the highest potential.

Finally, through our trade policy, we will aim to improve access to foreign markets for European renewable technologies. For example, the "Green Goods Initiative" aiming at liberalising trade in green goods and services, will help promote products that reduce CO2 emissions and create jobs and growth.

### ***Fourth, making Energy efficiency and renewables work together***

75% of our housing stock is energy inefficient. To make our existing buildings more efficient and reach the "nearly zero-energy" standards for new buildings, renewables and energy efficiency will have to work hand in hand. I will make sure that the funding is there to make that happen in the new "Smart Financing for Smart Buildings" initiative. The European Fund for Strategic Investments (EFSI) should also multiply funding for efficiency projects. But we will also review our regulatory framework. Although the Renewable Energy Directive and the Energy Performance of Building Directive already

contain important provisions to make use of renewables and energy savings measures in buildings, we will revisit both pieces of legislation to make these provisions even stronger.

***Last, but not least: A secure, renewable energy supply***

We know the EU imports over €400 billion worth of energy every year. But we should also remember that, without renewables, this figure would have been at least €30 billion higher! Renewable energy, and in particular heating based on renewables instead of fossil fuels, is key to reducing import dependence. That's why renewables will be prominent in the new heating and cooling strategy that I will propose later this year as part of the Energy Union Strategy. I believe that the Energy Union needs to be powered by consumers and citizens, as active participants in making it work. Decentralised energy production as well as energy cooperatives will contribute to meeting the EU's climate and energy targets and are essential for public acceptance of renewable energy and energy infrastructure. Therefore, we are currently reviewing best practices for promoting cost-effective self-generation and consumption of energy, with a view to developing guidance in this field.

Ladies and Gentlemen,

These objectives may sound ambitious. But the stakes are too high not to be ambitious.

The political momentum is there. The focus of the Juncker Investment Plan on energy, and in particular on renewable energy and energy efficiency, illustrates the Commission's commitment to supporting this transition. And at local level, there are hundreds of cities and millions of citizens who want to go beyond their 2020 targets. We will help them do that through initiatives like the Covenant of Mayors and the European Innovation Partnership on Smart Cities and Communities.

The European Council agreement on the 2030 Climate and Energy Framework has opened the door for an ambitious agreement in Paris. Just last week, the EU submitted its contribution to this new agreement – and we were the first to do so. We have shown the way to the other countries to follow us on the Road to Paris. We are calling for a deal with legally binding emission targets, and renewables have a central role to play for all countries, developed and developing alike. Without them, Europe will not get to the 40% reduction in greenhouse gas emissions by 2030 that we have committed to. And without them, providing sustainable energy for all as advocated by UN Secretary-General Ban-Ki-Moon and embedded in the Sustainable Development Goals would not be possible either.

The momentum created by renewables for competitiveness, growth and jobs in Europe must continue. With a resilient Energy Union and climate targets powered by renewable energy, I have no doubt that we will succeed.

I look forward to working with all of you, to make that happen.

Thank you for your attention.

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