







Workshop Report

Driving Up Regional Cooperation for Renewables in the European Union

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Political context

Renewable energy sources (RES) will have to play a predominant role in the EU's future energy mix in order to ensure a competitive, secure and sustainable energy system. Nevertheless, the current policy and regulatory framework does not facilitate this urgently needed transition but rather reflects a business-as-usual approach. The current EU 2030 Climate and Energy Framework lacks ambition because of the low RES target of "at least 27%" but also due to its "EU-wide" level approach without binding or specific Member State contributions. Given this **weak policy framework**, there is however one mechanism which could increase the share of renewables to the scale and speed that is needed given today's challenges: The idea of regional cooperation.

Regional cooperation on renewable energy is a promising way to bridge the gap between national policies and the Europeanised approach. In fact, various European institutions have repeatedly called for regional cooperation in the context of the 2030 climate and energy framework, the Energy Union debate as well as just recently in the process of revising the Renewable Energy Directive (RED II). In times of growing euroscepticism, the regional approach can increase the likelihood for Member States to agree with "more Europe" in the energy sector. And – according to scientific research – regional cooperation on renewables bears the potential for huge cost and system benefits. Additionally, regional action across borders allows for participation of non-state actors, possibly a higher political legitimacy and fitted solutions for local conditions. A common cross-border identity might be facilitated through these projects and the revenue generated by the decentralized energy plants is more likely to stay in the region.

The study "Driving Regional Cooperation Forward in the 2030 Renewable Energy Framework", written by the consultancy Ecofys on behalf of the Heinrich Böll Foundation's EU Office (HBF EU), explored the **potential benefits** of regional renewables cooperation and provides **policy suggestions** of how such cooperation can effectively be enhanced. In addition, findings from the World Future Council's programme on 100% Renewable Energy in the EU show that there is a **window of opportunity for adapting the legislative framework** to strengthen regional cooperation on renewable energy. To harvest this potential and develop a strategy for implementation, a comprehensive and inclusive policy dialogue is needed to a) build cross-sectorial and multi-level-governance networks, b) learn from pioneering regions and pilot projects and c) build political momentum for the topic.



Programmatic context

For the overall objective of a sustainable energy transition, an important step on the way is to enhance and strengthen regional cooperation all over Europe. This is the reason for the Heinrich Böll Foundation EU office and the World Future Council to host a series of stakeholder workshops and a study tour to further develop, discuss and exchange solutions. The goal is to provide concrete examples and transferrable policy solutions by discussing crucial questions with and in frontrunner regions. It is organised the of **HBF** EU's in framework #Regions4GreenEconomy series which are organised together with the representatives of different German Länder in Brussels, and the Global 100% RE Campaign #Go100RE.

The kick-off event took place in the form of a stakeholder workshop on 25 and 26 of April 2016 in Brussels. This event was kindly hosted by the Representation of Lower Saxony to the European Union on the first day, and by the Representation of the State of Baden-Württemberg to the European Union on the second day. The first day (25 April) gathered regional experts from across Europe to discuss practices for regional renewable energy cooperation. The aim was to bring people from bottom-up initiatives of cross-border cooperation together, so that they could present their projects and facilitate the policy learning amongst them. At the same time, their examples showed the way for other regions in Europe. These practitioners included representatives from local and regional









governments as well as project-managers, regulators and citizens groups. The second day (26 April) provided a platform for policy dialogue with EU institutions to explore how to foster RES deployment in the European Union by strengthening regions and regional cooperation. Representatives from the European Commission, European Parliament, energy regulators and other stakeholders from Brussels were invited to share their views and perspectives.

The findings from the first debate – including the strengths and challenges of and for the regional cooperation projects – were presented. Finally, participants were invited to jointly develop ideas on how to further strengthen the political process for regional cooperation on RES in the EU. **This report outlines the main discussion points and presents the findings as well as open questions.** The four panels were moderated by Anna Leidreiter (WFC) and Kathrin Glastra (HBF EU).

1) BUILDING ON SUCCESSES: EXAMPLES FOR REGIONAL COOPERATION

Across the European Union, there are examples for regional cooperation on renewable energy, energy efficiency and sustainable energy infrastructure development. Michael Freericks, Head of the Representation of Lower Saxony to the EU opened the workshop by saying that the German state of Lower Saxony is proud to lead in renewables and highlighted the crucial role of people's participation and regional cooperation for this success.

During the first session of the workshop, four projects were presented to draw some lessons on what are the



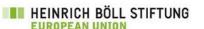
tested solutions and mechanisms.

Lars Kaiser from the IHK Flensburg, Germany presented "FURGY CLEAN Innovation", a German-Danish project covering the regions Nordfriesland, Ostholstein, Plön, Rendsburg-Eckernförde, Schleswig-Flensburg, Syddanmark and Sjælland as well as the cities of Flensburg, Kiel, Lübeck and Neumünster. The aim of the project is to foster the development of innovation activities in the field of clean energy, using the tool of cross-border cluster management. The idea is to set up a network for small and medium-sized enterprises in the region that are engaged in clean energy. This includes not only producers, but also companies in the fields of system integration and smart energy solutions. This dynamic network for knowledge transfer and innovation is developed to intensify the connection to neighbouring regions to build up sustainable structures. These structures should enable private companies as well as research institutes and private citizens to use a broad knowledge base. In the process of FURGY CLEAN Innovation, the cross-border approach will also target the administration and politics in the region.

Melinda Loonstra-Buzogány and Siegbert van der Velde shared insights from the project "Smart Energy Region Emmen Haren" (SEREH) which is an initiative of the German municipality Haren and its neighboring municipality in the Netherlands, Emmen. SEREH aims at building a regional, decentralised and mostly communal cross-border energy system in Emmen-Haren by connecting supply and demand locally to keep the socio-economic benefits of









RES in the region. In fact, Haren is already 147% self-sufficient by renewable electricity. Some of the challenges the city faces are that a) excess renewable energy can cause grid problems and b) transportation to users in South Germany would require a very expensive extension of the grid. At the same time, Emmen on the other side of the border has set itself the target to become CO2 emission free by 2050, consequently having a natural interest in the excess power from Haren. However, transportation on the high voltage grid to the Netherlands is momentarily only possible on negative prices due to national competing regulation, but also because of high taxation and interconnection costs.

SEREH is now aiming at harvesting the following advantages by establishing an Interconnecting Medium Voltage Grid (DSO level) in Emmen and Haren: a) civic energy sources and local profit, b) less transport costs, c) no need to extend the grid, d) cheaper energy and d) emerge of new businesses. The main challenges that need to be overcome are a) competing national legislation on interconnection, b) TSO monopolies and taxing, c) differences in subsidy systems and d) lack of market incentives.

Another example was presented by Frederik Grund, project leader of Biogas2020. This Scandinavian project aims to create a green economy, bio-based development and sustainable growth across national borders within the Öresund-Kattegat-Skagerrak area. The idea is to build a platform to turn competition into cooperation in the biogas industry and encourage investment in the sector equivalent to a value of SEK 1 billion (100 Mio. Euro), which in turn will create 1.000-1.500 new green jobs within a 10 years period. The new biogas platform connects local and regional biogas clusters and should result in a large number of partnerships, tools, pilots and tests which will have a major impact in the region. Some of the challenges that the project partners face include that Biogas/Biomethan in the transport sector is a relatively new fuel which means one has to start building the infrastructure, the manufacturing and the vehicles. Further, Biogas like many other biofuels have difficulties to compete with fossil fuels at times of low prices. Different types of subsidies have been essential to start up new areas, especially those who are supporting communities and regions to invest. By developing cross-border regional approaches, different subsidy systems in different countries can undermine a fair competition. In Sweden, a tax exemption (CO2 tax) for biogas fuel exists. However, countries like Denmark and the Netherlands have a subsidy for manufacturing the gas. If Danish Gas is sold in Sweden, one can use tax exemption in Sweden and subsidies in Denmark. Partners of Biogas2020 have initiated the dialogue with national policy makers to discuss these issues and build a Scandinavian biogas platform to collaborate and find common solutions.

Finally, *Paula Peiró* from IrRadiare presented the **1000SMART** project, which is a project with partners from 19 European countries. This open network has been designed with the aim of reaching a social, environmental and economic sustainable development, in order to achieve an intelligent resource management, improve well-being and quality of life and promote active participation of citizens. In this context, high technology-based, smart and innovative solutions are provided, in which integration and replication capacity play a significant role, so that they can be globally shared. It is meant to be a tool to find providers, partners and opportunities for cooperation. "In order to allow participation of citizens and other stakeholders in a sustainable transformation of our energy system, we have to know the needs of the citizens and the local government. For this, the concept of open cities is very important." says *Paula Peiró*. One of the key challenges the project partners face is the interconnectedness: "A small change in one area, let's say transport, may mean a lot of other aspects are changed at the same time."









2) WHAT IS NEEDED FROM THE EU TO FOSTER (MORE) REGIONAL COOPERATION?

Participants of the workshop underlined the fact that regional cooperation and additional efforts on a municipal / regional level can help reach, if not exceed the "at least 27 % RES target" for 2030. It can also constitute a first step towards a more integrated European energy market and therefore is an adequate tool to achieve the policy goals of the Energy Union.





Regional RES cooperation can help boost and overstep the 27% RES target in the EU for 2030 #Regions4GreenEconomy



Furthermore, sub-national actors such as regions and cities have been increasingly recognized in international climate negotiations over the last years. As *Evelyne Huytebroeck*, Member of Brussels Parliament pointed out: "At the COP in 2004 in Buenos Aires, nobody was speaking of cities and regions and it was not in the text. In Paris it was different. We saw a meeting of over 1000 mayors taking place, calling for



Energy has no boarders. So regional cooperation to harvest #renewable #energy is logic,says Member of Brussels Parliament @boell eu #go100re

100% RE. It has become a strong movement." In fact, cities and regions in many cases have more ambitious targets and more comprehensive climate action in place than their national states. As *Tijsse Stelpstra*, Regional Minister of



"Regions should connect to ensure implementation of #ParisAgreement" Minister of @ProvDrenthe #Regions4GreenEconomy" #go100re @boell_eu

the Dutch Drenthe Province pointed out, "regions are the first to feel the effects of climate change, and therefore they have ambition to have ambitious targets". The presented examples from across Europe showed that renewable energies unfold their impact locally. Most cities and communities actually see a benefit in investing in RES to ensure that revenues stay in the region. Supporting this distributed approach through regional

integration can therefore be a cost-efficient way for the European energy transition, for example through decreased costs for grid operation, and unlock additional investments. Experiences shared from several Member States proved that ambitious RES targets can only be achieved with the support of the citizens and local businesses, as well as planning competences on the local level. This needs to be supported by the European Commission from a regulatory, institutional and financial perspective.

Cities and regions can serve as laboratories for innovative solutions, while a centrally planned government does not necessarily produce the best results for diverse contexts. Practitioners from the pilot projects outlined how **tailored solutions for regions are needed**.









In some cases, it is useful to cooperate with jurisdictions with similar interests and a similar structure (e.g. FURGY region). Whereas in other cases, it adds more value when there are complementary structures (e.g. SEREH). A regional cooperation approach enabled by the European Union may facilitate this testing of different solutions. Participants highlighted how an increasing number of societal elements are organized in a network approach. "It is only logical to organize the energy transition as a network of cooperating regions." says Evelyne Huytebroeck.

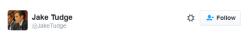


The EU should contribute not only with financial incentives but also with policies to the energy sector @reseauMOT #Regions4GreenEconomy

Although participants highlighted that a bottom-up approach is more acceptable to Member States than a top-down approach, a mix of bottom-up and top-down elements is needed as national legislation determines the opportunities and limitations for cities and regions to act. Practitioners from regional projects explained how national support schemes, legislation and grid

operation rules vary in the different European countries. Dynamics of the technological possibilities, necessities and experiences are not always reflected in legislation, regulation and energy management. These **legal obstacles are major practical barriers and result in inefficiencies**.

Also *Jens Zvirgzdgrauds*, ENVE Commission, Committee of the Regions, admits that a comprehensive mix between bottom-up and top-down approaches is not yet realized in the EU and indicates that there is a gap between vision and action. "Different DGs and actors may understand regional cooperation differently and questions like the definition of a region as well



Jens Zvirgzdgrauds @EU_CoR emphasises #DistrictHeating in an energy future & @STRATEGOproject #Regions4GreenEconomy

as the role of different stakeholders remain a challenge", says *Jens Zvirgzdgrauds*. Further, he points out that this applies to different energy sectors, including district heating, which is an important component to realise EU climate energy targets.

Participants suggested that the EU therefore should push for more coherence between support schemes across European Member States as well as for reasonable solutions for cross-border energy trade by small electricity producers / small grid operators. The European Commission should push for a more stringent transposition of European directives in the national legislations. The workshop participants concluded that one challenge for this is that national politicians may be resistant to giving up competences to both the regions (for implementing cross-border projects) and the EU (for steering and coordinating the process) in the field of energy policy.

As Alexandra Lafont, Mission Opérationelle Transfrontalière, shared, there could be a **new legal tool allowing for a cooperating cross-border region to set up their own set of fitted legislation for a specific area or project**. It is a proposal by Mission Opérationelle Transfrontalière (in a study carried out for the Luxembourg EU Presidency 2015) and the SEREH project in which two municipal entities on both sides of the border could negotiate a specific regional legislative agreement. This could be reviewed and approved by the national states before it becomes valid and binding. It would not deprive Member States from sovereignty, but give more possibilities to regions to become a true laboratory.



'Trust is key in regional cooperation'. Now moving 2 Lisbon/IrRadiare's smart cities project.#Regions4GreenEconomy @boell_eu @Good_Policies

Further, the discussions alluded to the fact that regional cooperation entails **building trustful relationships across cultural and linguistic backgrounds**. It was highlighted that a common idea or goal can help to create a shared identity and shapes a positive political narrative and ownership across borders.









This is also the case when multiple stakeholders such as representatives from administration, private sector, research, elected politicians and citizens are brought together on a common platform. As *Tijsse Stelpstra* said, "local conflicts can best be solved at the local level". Therefore, the European Union should put more efforts and resources into facilitating dialogue and connections as well as in showcasing best-practice examples as this can be an inspiration for other regions. For this, the concept of open-data is crucial, as it is the first step to enable policy-learning and participation.

Finally, participants noted that there is little overview for both the European Commission and the people working within the regions about existing projects and their lessons and experiences. While the existence of EU schemes such as INTERREG and Horizon2020 was acknowledged, it was highlighted that the EU needs to keep better track of all the ongoing cooperation projects and document learnings from them more systematically. It was proposed to set up a collective, complete, transparent and up-to-date database with all the projects. Networks of local leaders need to be facilitated. It was repeatedly mentioned that applying for EU funding is too complicated. Experiences were shared



that an application is costly and the rate of successful applications rather low. Generally, European funds are also too small to provide enough financial support for implementing large infrastructural projects. Therefore, the **budget for cooperation programs** such as INTERREG needs to be kept at least on the same level but rather **increased to ensure that the full potential can be harvested**. There needs to be more **planning security** for regions when applying for European funds. Suggestions were made to set up a specific and additional funding program for energy cooperation, unlocking investments and pushing cross-border cooperation.

3) DRIVING REGIONAL COOPERATION FORWARD: FROM PROJECT TO POLICY AND BACK

The second day of the workshop provided a platform for policy dialogue with EU institutions to explore how to foster RES deployment in the European Union by building on the experiences, strengths and challenges of the presented local cooperation projects. As Dr. Christine Wulf, Representation of the State of Baden-Württemberg to the EU outlined, regional, national and European policy schemes have a mutual influence on each other and therefore need to be integrated and coherent. Alexandra Lafont, Mission Opérationelle Transfrontalière, highlighted the numerous benefits of regional cooperation that were identified on the first day and outlined the challenges that can be distinguished as

- political (e.g. question of willingness)
- legislative (e.g. opening up national legislation for cross-border cooperation) and
- normative or communicative (developing a positive narrative, creating project space across borders, trust issues).

The key question to kick-start the day with and to look at regional cooperation in practice was: How can the lessons and experiences guide decision-makers in order to improve policy and projects?











Jo Leinen, German Member of the European Parliament, talked about the project of increased energy cooperation in the SaarLorLux region, highlighting that there are a number of administrative or **legislative obstacles** reducing the intended benefit. He also put forward the example of the European Association for Territorial Cooperation (EATC), which should enable closer regional cooperation, and highlighted that similar cooperation initiatives are taking place among cities in the water sector which may provide important learnings.

Further, a higher budget for **investment is needed** as well as a cutting of the red tape through the Renewable Energy

Directive II, which is currently being drafted. Jo Leinen states that "there is too little knowledge about the possibility for cooperation in the European RES Directive I. The rulebooks are quite different in all countries. This means a large administrative burden for cross border projects. **RED II should lead to more harmonization and a common rule book."** He shared some of the **compromise amendments** that are proposed by the Working Group in the ENVI Committee:

- Compromise 9: Highlights lack of cross-border energy transmission infrastructure, calls for removal of unnecessary bureaucratic barriers and highlights the need to alleviate impediments of a non-financial nature
- Compromise 4: Calls on Member States to make full use of opportunities provided by cooperation and encourage cross-border cooperation
- Compromise 5: Acknowledges that each Member State takes own decisions to choose the adequate renewable energy source for its context.

Germany and France are two key member states that support these ideas in the legislative framework.

Building on this, *Dr. Susanne Nies*, ENTSO-E, the European network of Transmission System Operators for Electricity, argued that **policy regions could help to move forward the European energy transition**. In fact, as examples from different members states prove, the current European energy system is not efficient nor effective. The East and West discrepancy as well as the SuedLink challenge need to be addressed. Participants highlighted that European customers would benefit immensely if energy mix, renewables support schemes, capacity mechanisms, planning of interconnectors, adequacy and risk preparedness would be discussed and coordinated regionally. New policy regions could make this happen without taking away the final decision-making from individual Member States. For maximum efficiency, policy regions should gather representatives from ministries, regulators, transmission system operators, stakeholders as well as the EU institutions.

In fact, policy regions in Europe have already delivered successfully. Nordic countries provide valuable experiences and best practice examples to share. Now it is time to expand, covering more parts of Europe and widen the scope. As *Susanne Nies* pointed out, renewable energy's decentralised nature require a different infrastructure approach. And TSOs are in fact adequately positioned to address this as they are regionally integrated and at the interface between the market and the regulation.











At the same time, TSOs are under the guidance of national governments which makes it difficult to deliver on a regional, cross-border area. Regional regulations are needed to ensure coherence and synergies.



TSOs are under national government guidance. For regional coop on #renewables we need regional institutions.#Regions4GreenEconomy #go100re

Underlining the importance of regional cooperation in Europe, *Antonio Lopez-Nicolas Baza*, Deputy Head of Unit "Renewables and CCS Policy" in DG Energy of the European Commission highlights that it is an essential vehicle to deliver for the 2030 framework. "It is not a nice-to-have but something we definitely need to deliver on the target and to have a well-functioning market", says *Antonio Lopez-Nicolas Baza*.

Especially given the fact that after 2020 there are **no national binding targets**, **this is an important driver for regional cooperation**. Further, it is integrated in all five elements of the Energy Union for which 2016 is a key moment as the legislative framework is elaborated. As mentioned during the discussions, this topic got significant attention by numerous stakeholders during the public consultation of RED II. While the national energy mix is only determined by the Member States, a guiding and coordinating role for the Commission might be helpful, following a **combination of a top-down and bottom-up approach**. Ideas such as assembling existing projects and "efforts" on national or regional level or even an EU-wide database were identified as helpful step forward.

Antonio Lopez-Nicolas Baza also pointed out that already this year, a guidance communication on regional cooperation will be published and support schemes, cross-border projects as well as financial mechanisms are key elements of this.

Further it was stressed that despite some good progress with regard to more convergence in support schemes, there is a necessity of an **appropriate market design** which is fit for renewables as the energy market has changed dramatically. Regarding existing legislation, *Antonio Lopez-Nicolas Baza* mentioned another leverage tool, which would be a closer **monitoring of the transposition of European directives into national legislations** in the energy and renewables field. Further, he highlighted the importance of an **integrative market design**, which is also reviewed at the moment. One opportunity to operationalise this may be regional tenders and incentivising regional cooperation among TSOs. This is still under public consultation and development of principles such as flexibility and adaptability are crucial.

4) NEXT STEPS: STRENGTHENING THE POLITICAL PROCESS

Summarizing the workshop, the last panel focused on the question what are the next steps to build a political process for regional cooperation on renewables in the EU? After having explored what is needed, the main question was now how to get there.

Claude Turmes, Member of the European Parliament from Luxembourg, refers to regional cooperation as macro regional cooperation if it includes several countries. At the same time, there is subnational regional cooperation which is also an important driver for renewables. In any case, Claude Turmes stressed the role of legislation and particularly national legislation in this political process. Given the fact that renewable energy is local, legislation must reflect this and facilitate binding national targets. Therefore the 2030 framework is not enough and RED II is crucial.









Further, he highlighted the need for **priority access and priority dispatch** for the transition to renewable energy and reduce conventional energy sources. Emissions reductions, the third important part of the 2030 objectives, can only be tackled with a European carbon floor price, as pricing via the **Emissions Trading System** has not worked for a long time. Moreover, *Claude Turmes* advocated more and better environmental performance standards.

While local governments, some nations businesses were mentioned as change agents for implementation of regional cooperation, Mathieu Richard from Enercoop added the citizens as important players. He underlined the necessity for good projects and good framework conditions on national level. This would include financial support, tax incentives and empowerment of new actors such as citizens and cooperatives. Participants provided examples for strengthening the role of these new actors including allowance of self-consumption, dynamic pricing policies, simplification of procedures and investment security for citizens to feed energy to the grid in energy infrastructure. Mathieu Richard shared how one can observe a change of narratives and systems in France due to the pressure of citizens and



In the new energy world, people participate not as mere consumers, but as active citizens & prosumers #go100re #Regions4GreenEconomy



Key to #Regions4GreenEconomy is #community empowerment. Pls remind #EU of subsidiarity!

local governments for more liberalisation and inclusiveness. It was highlighted that platforms and networks for local authorities and local stakeholders are crucial to generate know-how, ensure coordination and catalyze progress. The aim of European policy therefore should be to support the already undergoing trend of distributed



the table: Regions, citizens, companies, national and European authorities"
#Regions4GreenEconomy

renewable energy and community energy, which is taking place despite the obstacles. If European and Member State policy supports and facilitate it, it becomes the necessary leverage tool.

This becomes even more relevant when considering structural funds. As *Richard Tuffs* from ERRIN mentions, regions are investing

twice as much as in the last policy period in low carbon infrastructure, with smart energy being a key component of this. He argued that in order to realize this, **collaborated interests** need to be coordinated and brought together in **networks and platforms.** A mix of people around the table with citizens, companies, but also regional, national and European authorities is needed. "Only with all these actors on board, a true regional cooperation can happen and help to achieve the renewables target in the EU 2030 framework", says *Richard Tuffs*.



A suitable entry point to implement regional cooperation may be the existing **Smart Specializations Platform**. It is an initiative of the European Commission which provides professional advice to EU countries and regions for the design and implementation of their research and innovation strategies for smart specialization. *Richard Tuffs* shared an example from Seville where energy became one of the focus areas.









Furthermore, he stated that the platform provides the opportunity to develop cluster policy approaches. As a survey within ERRIN showed, the majority of regions see renewable energy and energy efficiency as their most important area of work which means that there is a lot of demand to take this forward.

The need of an inclusive and multi-stakeholder dialogue was also seconded by Brendan Devlin, Advisor at DG Energy, who highlighted the need for a market design that allows customers to be on board. As the energy market has changed enormously in the last decade, the new paradigm in fact means that there are more actors to engage. According to Brendan Devlin's opinion, the friction between top-down-approaches and bottom-up-initiatives will remain in place for some time to come as the local level is best fitted to explore and step-up potential.

Finally, participants showed a high interest on all levels - EU down to regional initiatives - to increase communication, coordination and cooperation. For a real increase in renewables deployment, the EU and its regions can and must do more to foster regional cooperation, taking all parties on board.

Please follow the hyperlinks to download presentations and photos from the event.

For more questions regarding the topic and information on the study tour of September 2016, please contact:

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