Surveys POLIMP

Expert Response Survey Series

Survey No. 6, February 2016

"Outlook on Renewable Energy Support Policies in the EU"

Summary of key survey results – climate policy expert opinions

- **Post-Paris boom already over?** The boost in optimism following the Paris Agreement may be dwindling; all three 'barometer' indices are down.
- **RES policy uncertainty:** Experts blamed the rollback of dedicated support policies for decreasing renewable investment in the past five years.
- **Utilities as obstacles:** The strength of incumbent actors in the energy sector was considered the main reason for differences between EU Member States in regards to renewable energy deployment.
- **Harmonisation of support instruments:** Experts were split about the desirability of harmonisation in the short term but seemed to agree with the need for long-term harmonisation. Possible motivations for harmonisation on the part of the Commission include safeguarding the internal market and making renewable support more cost-effective.

This survey contains answers elicited from members of the POLIMP "Expert Response Group" (ERG), a select group of individual European climate and energy policy experts who provided their assessment anonymously (see page 3).

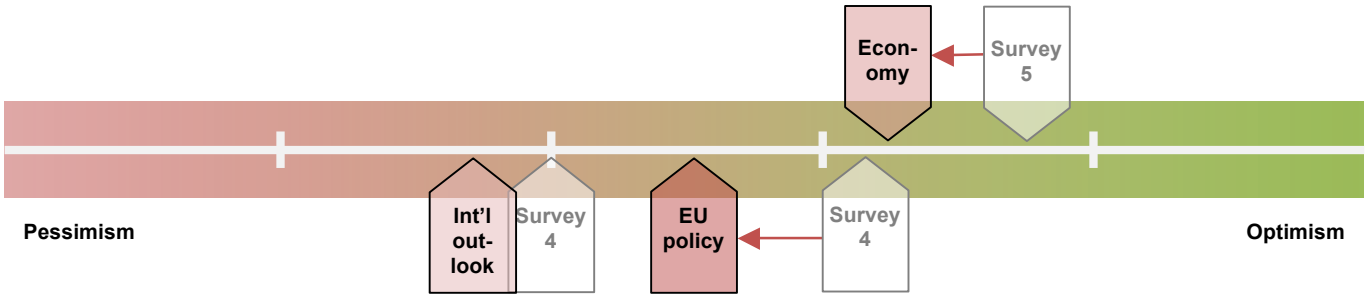
EU Climate Policy 'Barometer'

- Reponses on the 'barometer' items suggest that **experts were less optimistic** on the state of climate policy in the EU and internationally (see Figure 1).
- The largest drop occurred for confidence in long-term EU policy (*M* = 3.54). Experts were also more pessimistic about the impact of climate policy on the EU economy (*M* = 4.23) and the ability of the international community to combat climate change (*M* = 2.69).
- Some of the difference between the present results and past survey is likely explained by a lower than usual response rate (see Box below). Regardless, at face value it seems that the spike in optimism immediately following the adoption of the Paris Agreement is beginning to recede, which was to be expected.

Table 1 Mean rating and SD for barometer survey items

Issue addressed by the experts	Change*	Mean rating	*SD*
Long-term EU policy confidence	↘	3.54	1.39
EU climate policy economic impact	↘	4.23	1.17
International outlook	↘	2.69	1.32

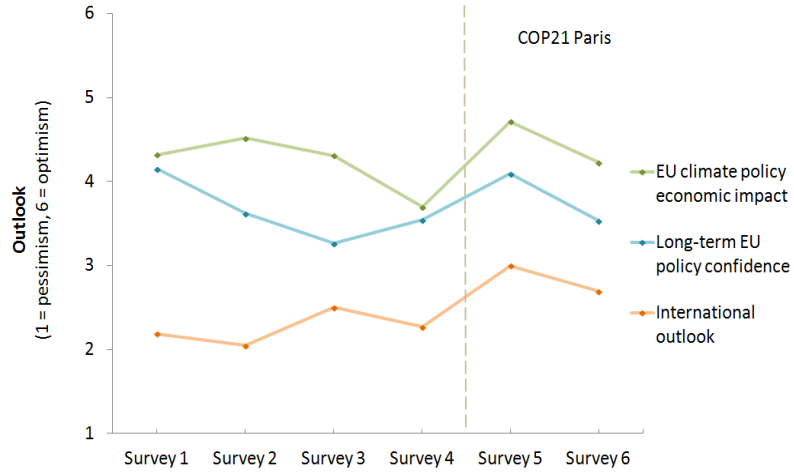
*since last survey



Response Rate for Survey No. 6 – Thirteen members of the ERG responded, representing a **30.2% response rate**. Germany (6) was the most represented country. Six of the responses were from those active in research fields. Due to the low response rate, the results are likely not representative of the general ERG population.

Main Topic: "Renewable Support Policies"

Figure 1: EU climate policy 'barometer' time series



- Experts tended to disagree that renewables no longer need dedicated support (*M* = 2.31), however there was a high level of variability in responses (*SD* = 1.84). Still, the majority of experts (7) "strongly disagreed."
- Experts were asked to comment on reasons for the 47% decrease in investments in renewable energy since 2010 in the EU.[1] The *rollback of national support policies* was deemed the main cause with 10 votes. *Uncertainty in the EU investment climate* was also considered a possible reason (4 votes).
- Members of the ERG were then asked to identify explanations for differences between EU Member States in regards to deployment of RES. Experts saw the *strength of incumbent actors* in the energy sector as the main reason (7 votes). *Concerns about security of supply* (4), relative *economic strength/weakness* (3) and *societal consensus/awareness* (3) were also considered influential factors. See Figure 2.
- Experts also identified the European Commission's motivation for harmonising RES support policies at EU level. Six experts selected *safeguarding the internal market* as the prime motivation. Four experts thought the Commission seeks to *increase cost-effectiveness of RES support* by harmonising support measures.

Table 2: Mean rating and SD for items on renewable energy support

Issue addressed by the experts	Mean rating	*SD*
Renewables no longer require dedicated support policy instruments (1 = strongly disagree, 6 = strongly agree)	2.31	1.84
Harmonisation of support schemes is desirable under present circumstances (1 = strongly disagree, 6 = strongly agree)	3.17	1.75
Harmonisation of support schemes is necessary in the long run (1 = not necessary, 6 = very necessary)	4.50	1.51
Replacement of Feed-In Tariffs: a positive or negative development? (1 = negative development, 6 = positive development)	2.92	1.73

- Experts were undecided as to whether the replacement of Feed-in-Tariffs by other instrument types is a positive or negative development (*M* = 2.92; *SD* = 1.73).
- Finally, there was a noticeable difference in expert outlook on harmonisation in the short and long-term (see Figure 3).

Figure 2: Why some EU Member States move more slowly than others in renewable energy deployment

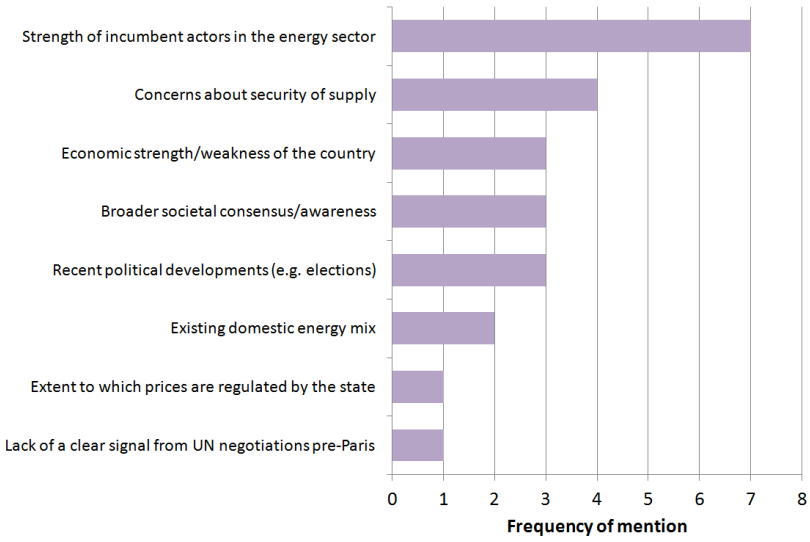
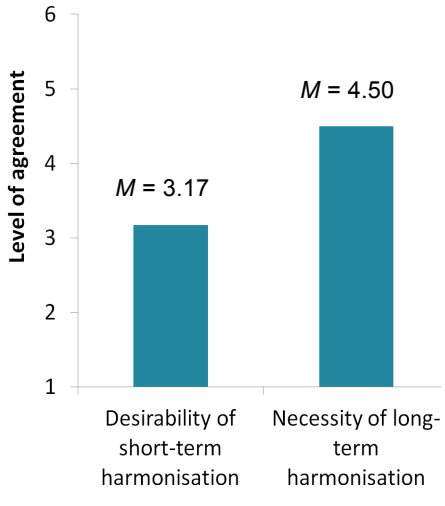


Figure 3: Long vs. short-term harmonisation of renewable energy support schemes in the EU



[1] Bloomberg (2015): Clean Energy Investment Factpack, http://about.bnef.com/content/uploads/sites/4/2015/10/2015-10-08-Clean-Energy-Investment-Q3-2015-factpack.pdf

BACKGROUND: About the POLIMP Expert Response Group (ERG) Survey Series

The POLIMP Expert Response Survey Series aims at engaging a targeted group of stakeholders and experts on matters relating to climate policy and international climate governance. The series consists of eight "snap" (short) surveys distributed over the span of a year to an Expert Response Group (ERG) pre-selected by the POLIMP project. All eight surveys follow a similar structure. Correspondingly, each survey and matching report is organized into three parts:

- **EU Climate Barometer** – three recurring questions on a general assessment of the status quo: *long-term policy confidence*, *climate economy* (the effect of climate policy on the economy) and *international outlook*.
- **Main Topic** – questions linked to parallel Webinar with the same thematic focus
- **"Buzz of the Week"** – question(s) on a relevant climate policy topic currently in the news

The Expert Response Group (ERG) is composed of 43 stakeholders, policy-makers, industry representatives and researchers working in the field of climate policy. Each individual was handpicked and invited to participate by the POLIMP partners for their expertise, engagement with topics relevant to the project and tenure in the field. With a focus on the EU, ERG members represent different European countries and are active in a diverse array of sectors. Participation in each survey is voluntary and all responses remain anonymous. For a list of ERG members please visit: http://www.polimp.eu/publications/survey-series.

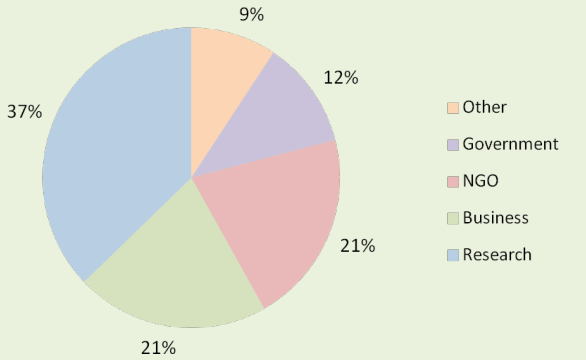


Figure: ERG by sector

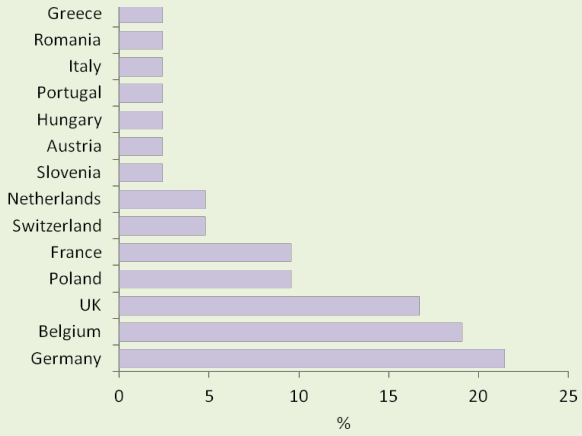


Figure: ERG by country of work

Note on Statistical Analysis – Differences and results significant with a *p*-value of 0.05 are described as *significant* in the text. Unless otherwise noted, all error bars indicate 95% confidence internals. Time series results (i.e., the climate policy 'barometer') are conceptualized as an indication of overall ERG opinion. In other words, due to the voluntary nature of each survey and consequently the differences between samples, true within-subject comparisons are not reported. For information on methodology please contact the POLIMP Expert Response Survey Series Team by email: questions@polimp.eu.

Disclaimer: The information and views set out in this report are those of the author(s) and do not necessarily reflect the official opinion of the European Union. Neither the European Union institutions and bodies nor any person acting on their behalf may be held responsible for the use, which may be made of the information contained therein.

This project has received funding from the European Union's Seventh Programme for Research, Technological Development and Demonstration under Grant Agreement no. 603847.

ANNEX – Survey Questions

BAROMETER

1. LONG-TERM POLICY CONFIDENCE: In the present moment, in your opinion, how likely is the EU to establish policies that can deliver a long-term emission reduction target of 80-90% by 2050 compared to 1990 levels? (1 = unlikely, 6 = very likely)
2. CLIMATE ECONOMY: Currently, in your opinion, the effect of existing EU climate policy on the EU's economy and its competitive position in the global economy is: (1 = overall negative, 6 = overall positive)
3. INTERNATIONAL OUTLOOK: What is your general outlook on the ability of the international community (or rather humankind) to keep global warming below two degrees? (1 = very pessimistic, 6 = very optimistic)

TOPIC

4. Following the reductions in cost over the last decade, it could be argued that renewable energy investments in Europe no longer require support through dedicated policy instruments. To what extent do you agree? (1 = strongly disagree, 6 = strongly agree)
5. According to a Bloomberg report published in October of last year, there has been a documented drop in investment in renewable energy in the EU by 47% since 2010. Below is a list[2] of possible reasons for this reduction in investment. In your opinion, which two go the furthest to explain the trend? (You also have the option to write in one answer.)
6. Concurrently, some Member States continue to see accelerating renewable energy development, most notably, Germany, which increased its share of renewables in the electricity sector by 8% last year (to almost one third in total). This figure suggests that there is some divergence within the EU in regards to RES investment. Below are listed reasons[3] for why some nations may be slower in RES development than others. Please choose the two that you deem most important. (You again have the option to write in one answer.)
7. The European Commission is working towards greater harmonization in renewable support policies across the EU, i.a. through the state aid guidelines. Which one of the following[4] do you see as their likely *greatest* motivation for this drive towards harmonization? (You also have the option to write in your own answer.)
8. Do you agree that harmonization of the support schemes is desirable under the present circumstances (incl. maturity of the technologies, existing RES support, etc.? (1 = strongly disagree, 6 = strongly agree)
9. To allow for long-term decarbonisation of Europe's energy systems, greater integration of energy markets and infrastructures is very likely required. Do you believe that in this context a long-term harmonization of renewable support policy would be necessary? (1 = not necessary, 6 = very necessary)
10. Recently in an effort to abide by the new State Aid guidelines outlined by the European Commission in 2014 there has been a move away from the use of Feed-in-Tariffs (FiT) in favour of tendering instruments in several Member States. Do you view the replacement of the FiT by tendering instruments as a positive or negative development? (1 = negative development, 6 = positive development)

[2] List of reasons for reduction of investment in renewable
- Low oil prices
- General uncertainty of the investment climate in the EU
- Economic slowdown following the 2008 economic crisis followed by the fiscal crisis
- Uncertainty over international agreement after Copenhagen 2009
- Growing divergence among EU Member States' climate policies
- Roll-back of national renewable support policies in select Member States
- Uncertainty over national targets for renewable energy after 2020
- Lack of a clear answer on how to adapt electricity markets to increasing shares of RES-E
- Pressure from industry lobbies to reduce electricity prices in order to remain competitive

[3] List of reasons for why renewable deployment is slower in some Members States than others
- Strength of incumbent actors in the energy sector
- Existing domestic energy mix
- Concerns about security of supply
- Lack of a clear signal from international negotiation pre-Paris
- Recent political developments (e.g. elections)
- Extent to which prices are regulated by the state
- Broader societal consensus/awareness
- Economic strength/weakness of the country

[4] Motivations for the harmonization of renewable support instruments at the EU level
- Safeguarding the internal market
- Preference for market-based instruments
- Increase in cost-effectiveness of RES support
- Reduce influence of national energy policies
- Reduce level of dedicated support for renewables