

Ambitious EU targets for renewable energies make economic sense

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The European heads of governments are currently in Brussels negotiating the targets for the European climate and energy policy for the year 2030. There seems to be a fundamental consensus for tightening the binding climate target. Yet, there are still significant differences of opinion as to the further development of the target for renewable energies: How far should the share of renewable energies in total energy consumption be increased by 2030? And should renewables targets also be specified for individual member states or only for the EU overall?

In their study the UFZ researchers favour ambitious renewables targets which are also binding at a national level. "The environmental effects involved in energy production are multifaceted and do not only affect global warming: They range from the depletion of energy sources (such as the exploitation of the countryside by coal mining) to their use for electricity, heat and power production (fine dust emissions and nuclear hazards) through to the disposal of nuclear waste or import risks" explains Dr. Paul Lehmann of UFZ. To tackle all of these issues it is important to maintain the expansion of renewable energies and to continue to set ambitious targets here. Even from a purely economic point of view, an environmentally compatible structuring of European energy production also requires a mix of targets and instruments, to which the expansion of renewable energies and its promotion can make a valuable contribution. The UFZ economists' model calculations show that additional renewables targets could provide added value in economic terms. The promotion of [renewable energy](#) sources would reduce the use of nuclear and also some of the fossil fuels for electricity production and

thereby reduce the associated environmental damages. At the same time, the additional economic costs would be relatively small.

The European Commission - as well as German politicians and business representatives - are also continuously demanding a stronger "Europeanisation" in the German energy transition. Thus doubts are regularly expressed as to whether the recently reformed German Renewable Energies Law (EEG) is compatible with European competition law and the concept of the internal market. However an overall very heterogeneous energy political environment in the EU continues to allow scope for national approaches. This is particularly true because a total harmonisation is also not economically viable in all areas of energy policy - in contrast to climate protection. In the opinion of environmental economists, the EEG also does not violate EU state aid law: Thus although the exemption regulations for certain branches of industry do constitute state aid and are also too extensive in the EEG 2014, they do not distort European competition because no-one may be preferred to an EU competitor. The Commission's most recent proposals concerning guidelines for the promotion of renewable energies also provide for these being converted to tendering models throughout the EU in the medium term. Tendering models are intended to be a targeted instrument for promoting the most cost effective producers of renewable energies. "However such a harmonisation also has its disadvantages: Ultimately it is not yet clear what the best way is to tackle the challenges of the long term transition to [renewables](#). Accordingly, a decentralised search for solutions - e.g. through member states' "political experiments" - may prove to be more efficient in the long term than a centrally prescribed harmonisation of support policies" suggests Prof. Erik Gawel of UFZ.

The environmental economists with Gawel and Lehmann consider an extensive centralisation of energy political competence or a corresponding harmonisation of policy approaches at a European level to

be neither realistic nor desirable. On the one hand, [energy policy](#) includes areas such as climate policy, technology policy, energy efficiency policy and internal market and grid policy which must all be evaluated differently. On the other hand, the opinions of the populations in the member states also vary greatly with regard to those energy supply effects which cannot be evaluated via markets - such as the risks of nuclear [energy](#) or the exploitation of Norway as the "green battery" of Europe. Furthermore an electricity supply organised throughout Europe could lead to the loss of national production locations and thus a loss of regional added value gains and new challenges to grid stability.

More information: Publications:

Sijm, J., Lehmann, P., Gawel, E., Chewpreecha, U., Mercure, J.-F., Pollitt, H. Sebastian Strunz (2014). EU climate and energy policy beyond 2020: Are additional targets and instruments for renewables economically reasonable? UFZ Discussion Paper 3/2014, Helmholtz-Centre for Environmental Research – UFZ, Leipzig.

Gawel, E., Strunz, S., Lehmann, P. (2014): "Wie viel Europa braucht die Energiewende?" (How much Europe does the energy transition need?) in: Zeitschrift für Energiewirtschaft, Heft 3/2014; see also UFZ Discussion Paper 4/2014, Helmholtz-Centre for Environmental Research – UFZ, Leipzig. [www.ufz.de/export/data/global/ ...wel et al Europa.pdf](http://www.ufz.de/export/data/global/...wel_et_al_Europa.pdf)

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