



RE-Source response to the call for contribution on Competition Policy supporting the Green Deal

RE-Source welcomes the opportunity to share views on the evolution of EU Competition policy in the context of the EU Green Deal.

RE-Source is a European alliance of stakeholders representing corporate clean energy buyers and suppliers for renewable energy sourcing in Europe. Its stakeholders have announced over 3.3 GW of corporate Power Purchase Agreements (CPPAs) across Europe to date - with the potential to grow severalfold in the coming years.

We believe that, with the right regulatory framework, the EU can achieve climate neutrality by 2050. Meeting this challenge will require a deep transformation of the energy system that RE-Source is prepared to support.

Any successful energy transition strategy will centre on ramping up the use of renewables-based electricity, the most cost-effective and energy efficient way to decarbonise buildings, industrial processes, and road transport. Europe needs to increase the share of electricity in its energy mix from today's 24% to more than 60% to deliver on climate neutrality.

To this end, Europe needs to massively ramp up investment in solar and wind energy, which are the most sustainable, competitive, and easily scalable forms of power generation. The European Commission's Long-Term Decarbonisation strategy highlights the key future role of renewable electricity, supplying up to 85% of Europe's future power generation by 2050. To achieve climate neutrality, more than 2,200 GW of solar and wind capacity will need to be deployed across Europe.

To aid in such deployment, the EU should implement revenue stabilisation mechanisms to address the capital-intensive nature of renewables investments and deploy the necessary volumes to lower cost for society. Renewables require high upfront investment but have very low running costs due to abundant and free solar and wind power driving generation. This makes financing a significant fraction of overall project costs. Stable revenues are therefore essential to secure competitive financing for future renewable projects.

CPPAs, which enable companies to procure renewable energy and meet ambitious sustainability commitments, provide a meaningful form of revenue stabilisation to EU wind and solar projects. CPPAs leverage voluntary corporate renewable energy

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purchasing to unlock financing for the renewable energy developer through long term, stable pricing. These CPPAs thereby support Member State progress toward meeting renewable energy targets by enabling new grid connected renewable projects.

Europe has played an important part in the global CPPA trend, increasing from 2.2 GW of renewable energy capacity supported by CPPAs by the end of 2016 to over 10 GW today. Despite the disruptions to the energy system resulting from COVID-19 induced economic crisis, the trend has continued this year with at least 24 CPPAs announced in Europe to date.

Despite this progress, Europe still represents tremendous untapped potential for corporate sourcing. According to Bloomberg New Energy Finance, companies used CPPAs to purchase six times as much renewable power in the Americas as in Europe in last year.

EU State aid policies should not become a barrier to or disadvantage the continued development of CPPAs and corporate renewable energy sourcing.

To this end we would recommend that EU State aid rules:

1. Preserve the ability to innovate with CPPAs and other types of renewable energy sourcing models (for example, by avoiding limits on CPPA term lengths).
2. Ensure Member States have the flexibility to adjust national renewable energy levies as a means to encourage renewable electricity sourcing.
3. Ensure market-based support mechanisms and corporate renewable energy sourcing can be used side-by side.
4. Reflect the need of industrial and commercial consumers to transition to an electricity-based energy supply.

RE-Source believes corporate renewable energy sourcing can be a key asset for the energy transition in Europe and stand ready to engage on modernising the EU's competition rules to this end.

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