



10 June 2020

## **Re: Corporate sourcing of renewables, a key driver for Europe's green economic recovery**

RE-Source is a European alliance of stakeholders representing clean energy buyers and suppliers for corporate renewable energy sourcing in Europe. We are writing in response to the publication of the EU economic recovery plan to highlight the important role corporate procurement of renewables can play in supporting the European economic recovery from the COVID-19 pandemic. While the current economic climate could jeopardise the growth of renewables in Europe, we strongly welcome the implementation of the European Emergency instrument "Next Generation EU", which provides a unique opportunity to maintain momentum and accelerate renewable energy deployment to spur the recovery. To this aim, we call on the European Union, and national governments, to action a number of measures via coordinated action across Europe in order to unlock this driver for green growth.

### ***The essential role of corporate renewable sourcing in European green growth***

Already today, corporate procurement of renewables, including power purchase agreements (PPAs) and on-site installation, supports the competitive decarbonisation of the EU and contributes to achieving the EU's target of reaching 32% renewable energy by 2030. It has enabled energy consumers to secure supply of electricity at a competitive price, manage long-term risk, and deliver on their climate objectives. In addition to supporting Member States and companies to meet their energy and climate objectives, corporate renewable sourcing also increases investment and unlocks financing for renewable energy providers to the benefit of the wider European community.

The market for corporate demand for renewable energy is both a large and dynamic driver of positive change in global energy markets. In the past year, 2.5GW of additional renewable capacity has been contracted in the EU through corporate PPAs<sup>1</sup> and this has the potential to grow severalfold in the coming years. Annual on-site new installation of renewable energy by the commercial and industrial consumers hit 3.4Gw in 2018. 240 of the largest businesses in the world have now committed to go fully 100% renewable for their electricity needs through the RE100 initiative, led by The Climate Group in partnership with CDP. Together, RE100 members now represent a scale of electricity demand that is greater than that of Poland and the Czech Republic combined, and they are moving fast, with most of that demand set to go green before 2030.

The EU has an opportunity to enable corporate sourcing to play a far larger role in Europe's green economic recovery and transition to climate neutrality by 2050. RE100 members, alone,

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<sup>1</sup> Bloomberg New Energy Finance

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are set to stimulate global investment in renewables worth €90bn<sup>2</sup> over the next ten years . With over 40% of RE100 members headquartered in Europe, the EU should see a significant proportion of this investment. Given the number of large businesses in Europe<sup>3</sup> that have yet to engage with the renewables market, the growth opportunity for corporate sourcing of renewables in Europe is significant. With the right framework in place, corporate renewable sourcing will play its crucial role in stimulating the European economy and make a significant contribution to meeting the 2030 climate target on time.

### ***Unlocking the potential of corporate renewable sourcing to support a green recovery in Europe***

We, the undersigned businesses and organisations, are committed to supporting a clean energy future for Europe. To help achieve this and realise the full potential for jobs and growth from corporate renewable sourcing, we see three priority policy areas for the EU and coordinated national government action.

#### ***1. Implement the Clean Energy Package as a critical driver to achieving the Green Deal***

The Clean Energy Package adopted in 2019 has set ambitious provisions to ensure the removal of administrative and financial barriers to corporate renewable PPAs across all EU countries<sup>4</sup>. However, amongst the 24 National Energy and Climate plans submitted to date, only 2 Member States have rolled-out specific measures for the deployment of corporate renewable sourcing.

Prioritising cross-EU implementation will not only unlock investment in Member States, it will support the growth of renewable energy supply chains and jobs across the whole of the EU. The European Commission should request Member States to align their Recovery and Resilience plans with their National Energy and Climate Plans and indicate how they intend to address such barriers as required by the Renewable Energy Directive.

- **Consider any easy-win regulatory adjustments –**
  - **Environmental** - there are still certain countries in the EU where the planning and permitting regulations for renewable energy projects, including on-site developments, take far longer than for other countries. Simplifying and speeding-up such processes, while maintaining environmental standards, would greatly help in unlocking projects and creating jobs.
  - **Network** – In some countries the overall cost, the charging methodology applied and the time taken to connect renewable assets is resulting in projects not being available to corporate sourcing from a time and or cost perspective.

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<sup>2</sup> Bloomberg New Energy Finance

<sup>3</sup> 400+ European companies on the Forbes Global 2000 list

<sup>4</sup> Article 15, [Directive \(EU\) 2018/2001](#)

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## 2. *Adopt specific measures to sustain market-driven renewable energy investments*

- **Mobilise further investment from the financial sector** – renewables have proven a more resilient investment versus fossil fuels, during the COVID-19 crisis, according to the IEA<sup>5</sup>. However, the recovery plan highlights that in a do-nothing scenario, the impacts of COVID-19 will see a shrinking of the European solar and wind market by 20-33% this year. This is not an option if we are to meet our 2030 carbon targets. The EU recovery plan assesses renewables investment needs at least €100bn. EU stimulus measures, via InvestEU and other financial vehicles, should therefore prioritise increasing investment flows to this critical growth area, including through corporate sourcing via credit support instruments for corporates, and first loss debt for major renewable infrastructure. Furthermore, using the principles of sustainable finance as part of the implementation of the recovery plan should be a priority.
- **Reduce risk of finance for corporate renewable sourcing** – the short-term challenges faced by EU businesses at this time, coupled with the requirements from a power purchase agreement to justify investment can have a negative impact on corporate sourcing just at the point when the EU needs corporate sourcing to grow. Given its climate and economic recovery goals, the EU should bring in non-market based measures such as public credit guarantees or risk sharing for such projects whether through the European Investment Bank or other routes. These should last for a long enough period to support investment through the recovery.

## 3. *Prioritise investments in electricity grid infrastructure*

A modern, digitalised and robust European electricity infrastructure is the backbone of a renewable-based energy system. It is also a critical enabler for the competitive decarbonisation of European businesses.

The Recovery and Resilience instrument and the enlarged Sustainable Infrastructure window under InvestEU and Connecting Europe Facility should prioritise funding for electrification infrastructure. Investment in electricity transmission and interconnectors, smartening and digitisation of electricity distribution networks and storage sites helps to reduce grid connection costs and accelerate the deployment of additional renewable installations. We urge the EU to move towards the distribution of the funding as quickly as possible.

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<sup>5</sup> <https://www.internationalinvestment.net/opinion/4015656/comment-renewables-buck-covid-driven-energy-investment-downturn>

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**Next steps**

Europe can lead the world towards a green economic recovery. Corporate sourcing of renewables has the potential to unlock significant investment in support of that.

We re-commit to play our role in an EU green recovery and ask that the measures included here are given urgent attention. We recognise these proposals will need further consideration and we would be happy to support this by working with the Commission, other EU bodies and national governments.

Signed,

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This letter reflects the view of the signatories and not all RE-Source, RE100, WBCSD, SolarPower Europe or WindEurope members.

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