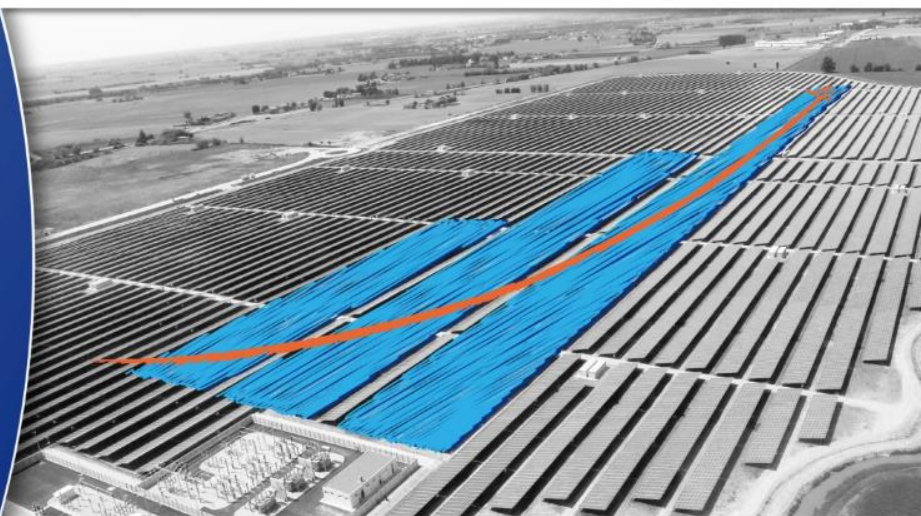


# Allowing new PPA models to spread across Europe



Sonia Dunlop, Policy Adviser, SolarPower Europe

Policy makers workshop “Solar: helping consumers and businesses control their energy costs”, Brussels, Tuesday 2 May 2017



This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 646554



European Union

PVFINANCING 

# DESIGNING EU POLICY TO ENCOURAGE NEW SOLAR BUSINESS MODELS

EU POLICY ADVISORY PAPER

PV FINANCING project | January 2017  
Deliverable 6.4 – Public – EU Policy Advisory Paper

Sonia Dunlop - Alexandre Roesch - James Watson



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## EXECUTIVE SUMMARY

FIELD  
CHANGES  
1-10.

*This report puts forward a series of suggested policy changes that could be beneficial, both at EU and national level, to allow the adoption of new solar business models, lower the cost of capital and increase deployment in a lower subsidy environment. Ten changes are put forward in this report:*

1. Create a financial mechanism to reduce the cost of capital for renewables across the EU, such as by getting the European Investment Bank to guarantee specific support schemes in high cost of capital Member States.
2. Include a commitment in the revised Renewable Energy Directive to ensure the stability of financial support, and widen this to include other non-financial retroactive changes that can negatively impact existing projects.
3. Avoid grid and connection charges that disincentivise consumers from investing in solar, storage and other distributed generation.
4. Ensure renewables are not subject to unfair curtailment due to a lack of flexibility in the system and/or grid congestion. Priority access should be maintained until an alternative viable market mechanism is available, and any curtailment must be fully compensated.
5. Ensure there is a framework for self-consumption in all EU Member States and that self-consumers are not subject to unnecessary administrative procedures.
6. Ensure that there is a framework for Power Purchase Agreements in all Member States and that all consumers are allowed to have more than one electricity supplier.
7. Encourage the mini-utility Power Purchase Agreement model by making it easier for suppliers who only supply a single corporate entity to get a supply license.
8. Help mitigate off-taker risks in the commercial sector by ensuring it is possible to 'lift and shift' a solar PV system elsewhere and consider innovative financial mechanisms to address this.
9. Support tenants and the rented segment by ensuring it is possible to implement the leasing model where a third party owns the PV installation and leases it to the occupiers of the building.
10. Support the multi-occupancy buildings model by ensuring that a single PV installation can supply more than one consumer or metering point.



Brussels, 23.2.2017  
COM(2016) 767 final/2  
2016/0382 (COD)

**CORRIGENDUM**  
This document corrects document COM (2016) 767 final of 30.11.2016  
Concerns only EN version.  
The text shall read as follows:

Proposal for a

**DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**on the promotion of the use of energy from renewable sources (recast)**

(Text with EEA relevance)

{SWD(2016) 416 final}  
{SWD(2016) 417 final}  
{SWD(2016) 418 final}  
{SWD(2016) 419 final}

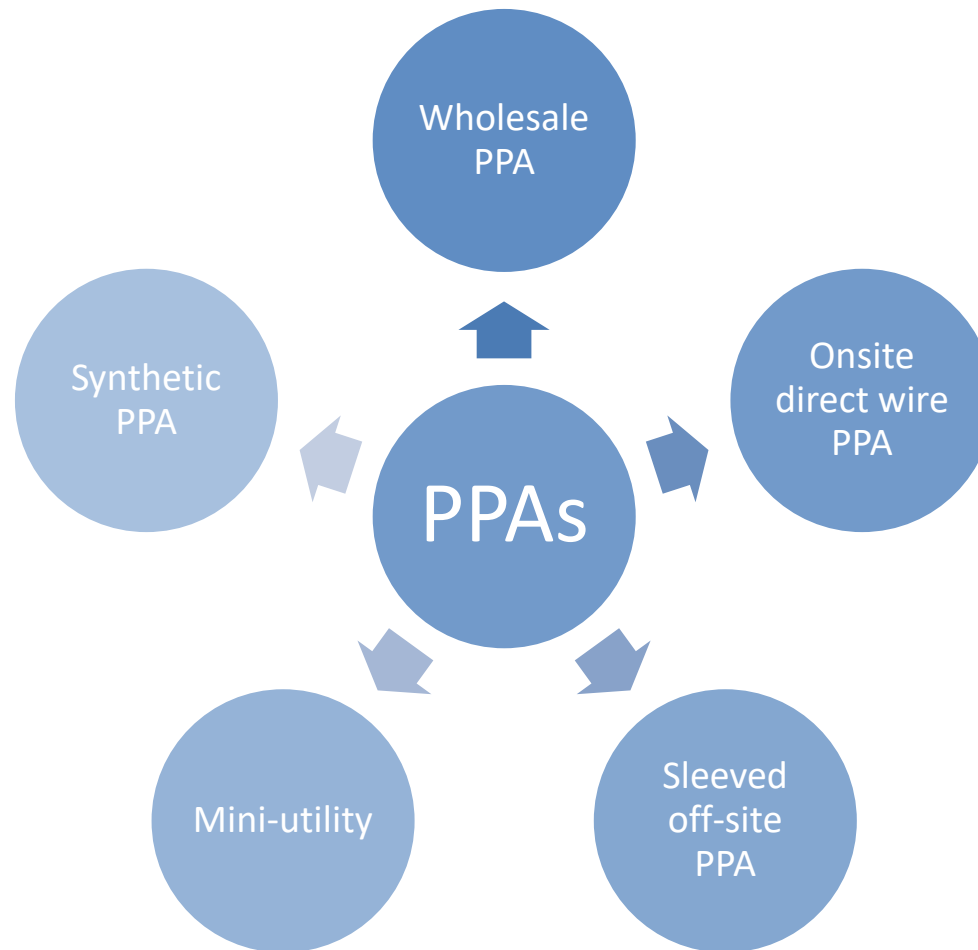
**9. Member States shall remove administrative barriers to corporate long-term power purchase agreements to finance renewables and facilitate their uptake.**

EN

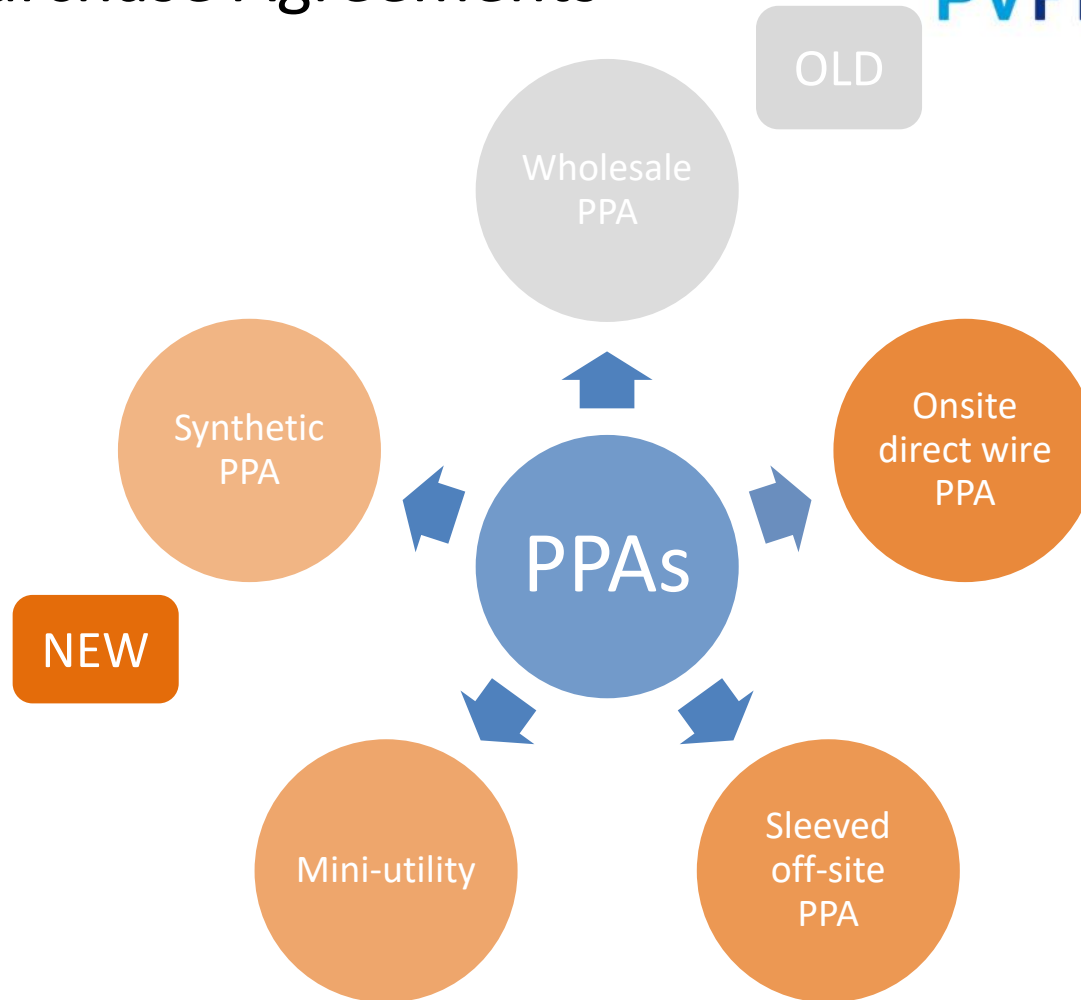
EN

Proposed Renewables Directive Article 15

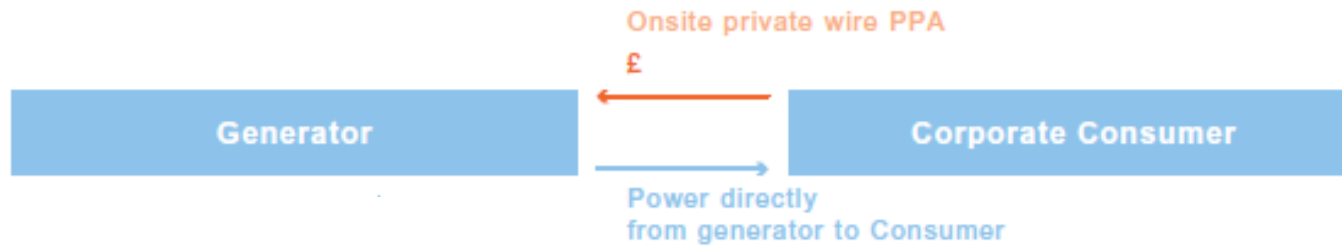
# Power Purchase Agreements



# Power Purchase Agreements



# Onsite private wire PPA





Ensure framework for PPAs in  
*all* Member States

Allow private wires



## ENCOURAGE POWER PURCHASE AGREEMENT BUSINESS MODELS

No taxes or charges on on-site  
direct wire electricity

All consumers allowed to have  
more than one electricity  
supplier

## DIRECTIVES

## DIRECTIVE 2009/72/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 13 July 2009

concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 47(2) and Articles 55 and 95 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee <sup>(1)</sup>,Having regard to the opinion of the Committee of the Regions <sup>(2)</sup>,Acting in accordance with the procedure laid down in Article 251 of the Treaty <sup>(3)</sup>,

Whereas:

- (1) The internal market in electricity, which has been progressively implemented throughout the Community since 1999, aims to deliver real choice for all consumers of the European Union, be they citizens or businesses, new business opportunities and more cross-border trade, so as to achieve efficiency gains, competitive prices, and higher standards of service, and to contribute to security of supply and sustainability.
- (2) Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity <sup>(4)</sup> has made a significant contribution towards the creation of such an internal market in electricity.
- (3) The freedoms which the Treaty guarantees the citizens of the Union — *inter alia*, the free movement of goods, the

freedom of establishment and the freedom to provide services — are achievable only in a fully open market, which enables all consumers freely to choose their suppliers and all suppliers freely to deliver to their customers.

- (4) However, at present, a policy on equal advantages is discriminatory level of regulation not yet exist.
- (5) A secure supply development a sustainable competitiveness cross-border in order to be most competitive the Community.
- (6) A well-functioning provide production investing in new from renewable the most looks ty's energy market provide consistent the more efficient use of energy for which a secure supply of energy is a precondition.
- (7) The Communication of the Commission of 10 January 2007 entitled 'An Energy Policy for Europe' highlighted the importance of completing the internal market in electricity and of creating a level playing field for all electricity undertakings established in the Community. The Communications of the Commission of 10 January 2007 entitled 'Prospects for the internal gas and electricity markets' and 'Inquiry pursuant to Article 17 of Regulation (EC) No 1/2003 into the European gas and electricity sectors (Final Report)' showed that the present rules and measures do not provide the necessary framework for achieving the objective of a well-functioning internal market.

<sup>(1)</sup> OJ C 211, 19.8.2008, p. 21.

<sup>(2)</sup> OJ C 172, 5.7.2008, p. 55.

<sup>(3)</sup> Opinion of the European Parliament of 18 June 2008 (not yet published in the Official Journal), Council Common Position of 9 January 2009 (OJ C 70 L 24.3.2009, p. 1) and Position of the European Parliament of 23 April 2009 (not yet published in the Official Journal), Council Decision of 29 June 2009.

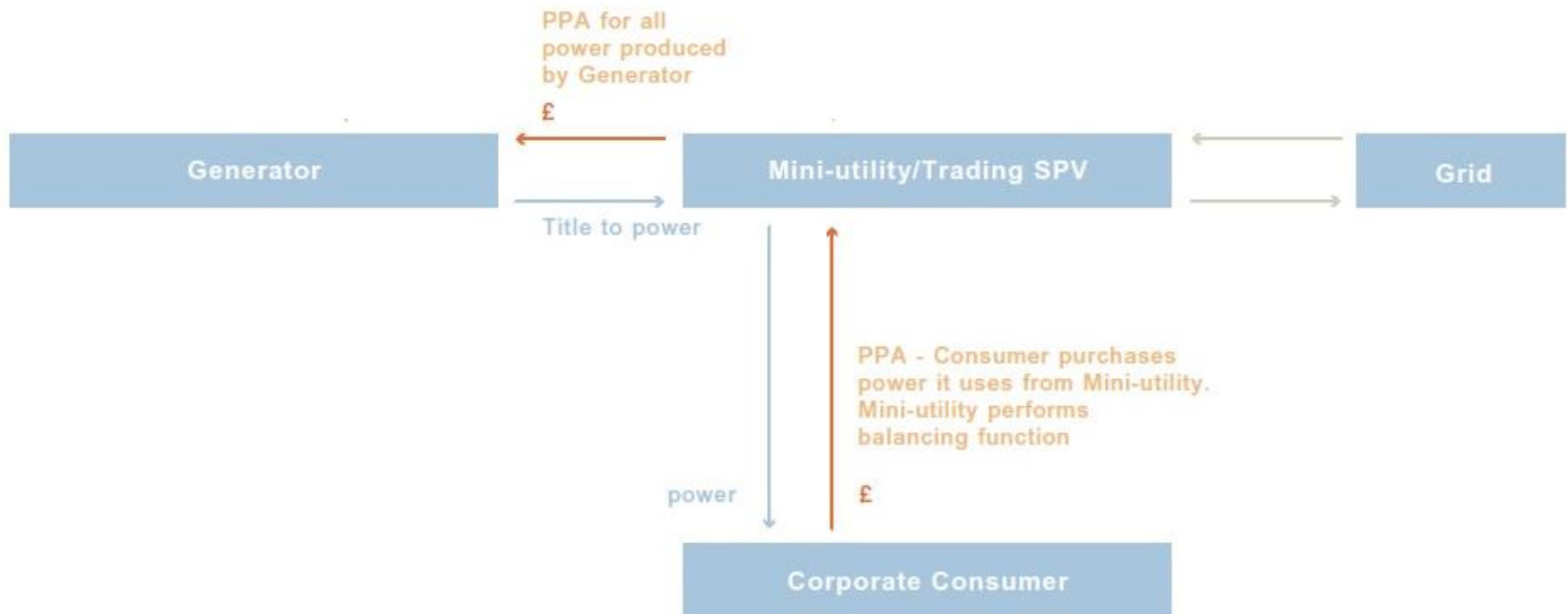
<sup>(4)</sup> OJ L 174, 15.7.2003, p. 37.

(20) In order to develop competition in the internal market in electricity, large non-household customers should be able to choose their suppliers and enter into contracts with several suppliers to secure their electricity requirements. Such customers should be protected against exclusivity clauses the effect of which is to exclude competing or complementary offers.

2009 Electricity directive, Recital 20



# Mini-utility PPA



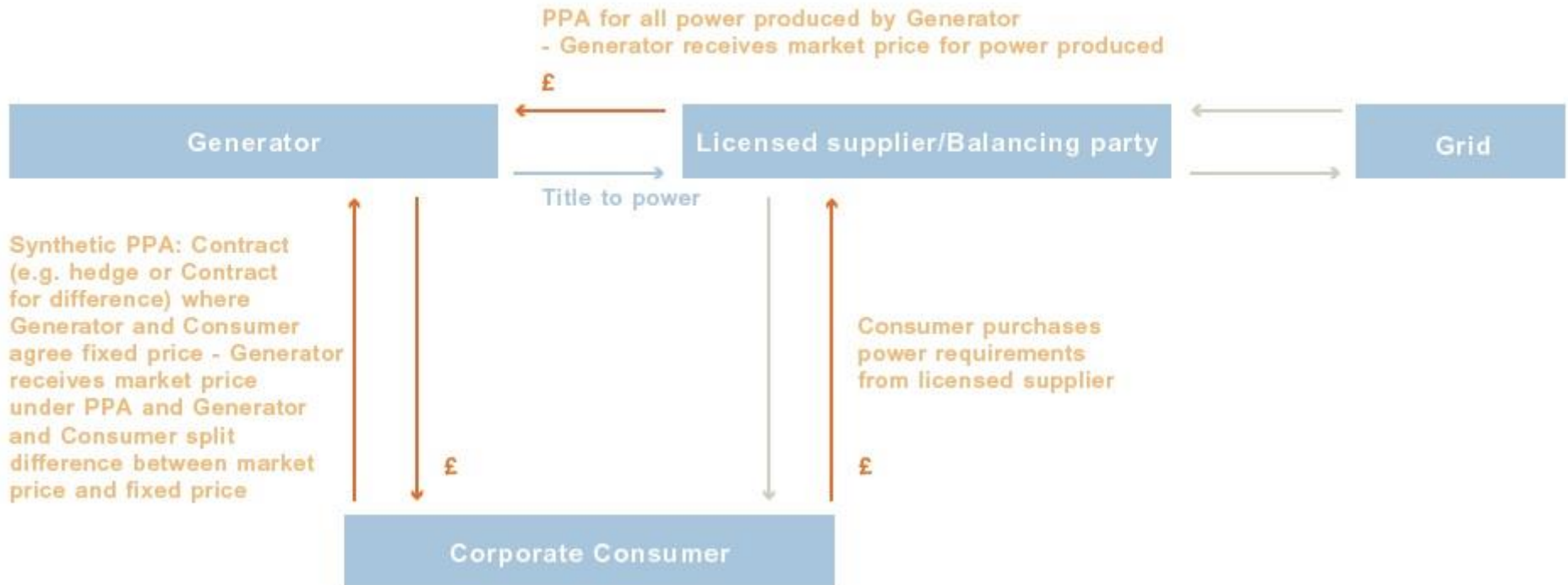
POLICY  
CHANGE

7.

## ENCOURAGE THE MINI-UTILITY MODEL

Easier supply licenses if only  
supply one corporate entity

# Synthetic PPA



Market integration for cross-border PPAs?



Net flows across interconnectors for cross-border wheeling?



Brussels, 23.2.2017  
COM(2016) 861 final/2  
2016/0379 (COD)

**CORRIGENDUM**  
This document corrects document COM (2016) 861 final of 30.11.2016  
Concerns only EN version.  
The text shall read as follows:

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the internal market for electricity**

**(recast)**

(Text with EEA relevance)

{SWD(2016) 410 final}  
{SWD(2016) 411 final}  
{SWD(2016) 412 final}  
{SWD(2016) 413 final}

**5.9.** Transmission system operators shall, as far as technically possible, net the capacity requirements of any power flows in opposite direction over the congested interconnection line in order to use that line to its maximum capacity. Having full regard to network security, transactions that relieve the congestion shall never be denied.

EN

EN

Market integration for cross-border PPAs?



Net flows across interconnectors for cross-border wheeling?





# Thank you

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