EUREC response to Q19 public consultation on Energy Union indicators

Below is EUREC's response to one question from the DG Energy public consultation, closing on 8 April 2016, "Consultation on streamlining of planning and reporting obligations as part of the Energy Union governance"

Q 19) ***Which elements of the current reporting obligations in the field of energy research and innovation do you consider indispensable (investments in R&I, R&I funding programmes and projects and direct funding to institutions) and which information is publicly available or reported to other organisations? How can this reporting be made more consistent between Member States and more updated so that it can support more transnational cooperation in this field?***

The indispensable element of the current reporting obligations is the level of investment by public and private sector in different categories of energy technology, which the EC rightly proposes to report/estimate annually. As an input-related indicator, it would ideally be reported alongside an output-related indicator. The EC has proposed 'trends in patents', which is reasonable (on the one hand, it is easily measurable; on the other, it does not capture the conversion of new, protected knowledge into wealth). If there are the resources only to track one indicator, then the level of public sector investment is by far the most important. This is because it has political currency, not least because the IEA has collected and reported it for decades. It is also used as the measure that determines membership of the Mission Innovation club launched during COP21. Six MS + Norway are members of Mission Innovation, which means they signed up to double public R&I spending in energy between 2015 and 2020. Their spending must be tracked particularly closely.

Another output-based indicator to be tracked is the fraction of European GDP that comes from the clean tech sector and, within this, a figure for the renewable energy sector.

However, these indicators do not get to the heart of Energy Union's R&I dimension, which aims at "fully coordinated and focussed research, effectively combining EU and Member State programmes around common goals and deliverables". This is also known as 'Joint Programming' and there are a number of more appropriate indicators for this, for example contained in the report for the EC *Evaluation of Joint Programming to Address Grand Societal Challenges – Final Report of the Expert Group*.

The report scores the SET Plan against a set of eight indicators (p 88), including two that are quantitative, "Investment in joint research and innovation projects" and "Share of total national investment in the subject that is coordinated through the [SET Plan]". The choice of data needs a little fine-tuning (see table below). It should be collected and presented every year in 'State of the Energy Union'.

Original indicators tracking joint programming success from 'Evaluation of Joint Programming to Address Grand Societal Challenges – Final Report of the Expert Group'	**… to be replaced, we recommend, with these three indicators:**
• Investment in joint research and innovation projects • Share of total national investment in the subject that is coordinated through the [SET Plan]	• The number of ongoing joint actions (ERA-NETs, ERA-NET-Cofunds, Joint Programming Initiatives, Eurogia2020 or other) by Member States with and without EC cofinancing • The number of Member States participating in them • The funding they committed to them + monitoring of overall public funding per MS + check for and understand correlations, e.g. is more public investment in energy R&I correlated with a greater interest in joint actions?

The EC also proposes, in the SET Plan Communication of 15 Sept 2015, to report on the cost of energy technologies every two years. It did this for the first time in its State of the Energy Union SWD of 18 November 2015 in Figure 59 (SWD(2015) 243, page 71 http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015SC0243&from=EN). At least some of the data in this chart are wrong or implausible and are an unreliable basis for policy-making.

Targets for the future costs of energy from renewable energy technologies are being made as part of the SET Plan's ongoing Issues Paper/Input Paper exercise (https://setis.ec.europa.eu/towards-an-integrated-SET-Plan). In this exercise, the EC proposed a technology performance target to the stakeholders, which they had the possibility to amend. They discussed the target with Member States in the SET Plan Steering Group and declared their intent to work with the EC and Member

States towards achieving it. The EC should demonstrate its confidence in the quality of the input received by quoting from the declarations in its policy papers, including the next edition of 'Figure 59'. Furthermore, the Impact Assessment of the RES Directive proposal for the period 2021-2030 should contain one scenario that explicitly uses values from the Issues Paper / Input Paper exercise agreed between the EC and stakeholders as its starting point.

There are two further important indicators to monitor, both problematic. The first is the degree to which Member States' auctioning revenue from the ETS is spent on climate-friendly projects. 21 respondents to last year's public consultation on the ETS revision (many of them representing materials producers or chambers of commerce) said, "The ETS directive states that half of auctioning revenues should be spent on decarbonisation measures. This has not been the case so far." In parallel, the degree to which this money is ring-fenced and is additional to a baseline level of government spending on low-carbon economy measures should be monitored.

The second indicator is the use made of European Structural and Investment Funds. The challenge is again to monitor how the envelope of 38 bn EUR earmarked for the low carbon economy and 100 bn EUR earmarked for R&I is spent. ESIF Managing Authorities rarely fund the development or deployment of new energy technology, perhaps because they find it difficult to evaluate proposals carrying much technological risk. They must be assisted to do so, and the investments must start to flow. In this way the ESIF will become a valuable complement to the EFSI and the EDP InnovFin loan schemes.

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