Over the last five years, 6GW of new renewable energy sources (primarily wind) have been contracted in Europe through corporate renewable power purchase agreements (PPAs) and at least another 10GW has been installed onsite (primarily solar on commercial and industrial rooftops). With over 150 companies committed to a 100% renewable electricity supply globally, corporate renewable sourcing has become a major business opportunity, boosting economic competitiveness of corporates and reducing their carbon footprint.

The momentum is growing fast – 2GW of PPA deals, one third of the existing volumes, and 2GW of rooftop solar have been signed and developed in 2018 alone. Yet, despite substantial progress, much more can be done in Europe to unlock the full potential of corporate renewable energy sourcing and investment and harvest the associated environmental and economic benefits.

The RE-Source platform calls on EU and national policy-makers to play a leading role in this transformation, and support EU businesses by realising Europe’s full potential for renewable electricity sourcing. The explicit removal of regulatory barriers to corporate renewable sourcing in National Energy and Climate Plans will be a necessary milestone in this regard:

1. Ensuring an effective Guarantees of Origin (GOs) system that provides transparency and traceability of green electricity.

   - The Renewable Energy Directive provides clear guidelines to ensure the compatibility between renewable support schemes and GOs, avoiding overcompensation. GOs should therefore be given to all renewable electricity producers irrespective of whether they benefit from a support mechanism (e.g. premium allocated via an auction). GOs are indispensable to meeting the transparency and traceability requirements of renewable electricity buyers.

   - National rules on Guarantees of Origin must avoid breaking the link between renewable energy production and the renewable electricity buyer. And they should avoid monthly reconciliation of GOs that undermine the development of PPAs based on variable renewables.

2. Addressing regulatory barriers to corporate renewable energy sourcing

   - Europe is in a favorable position, where corporate renewable energy sourcing is now legally possible in most countries. The basic framework enabling corporate energy consumers to easily purchase power from renewable generators needs to be guaranteed and ideally harmonised across all 28 Member States.

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• To facilitate the development of cross border corporate renewable PPAs, Member States should promote liquid intraday and balancing markets as well as maximise interconnector availability.

• Member States should also remove restrictions on third party ownership of on-site renewable installations, on the number of buyers per installation or the number of suppliers per metering point should be removed. In line with the Electricity market design Directive, the right of producers and electricity supply undertakings to supply their own premises, subsidiaries and customers through a direct line should be guaranteed.

3. Ensuring EU State aid rules are consistent with the EU’s Climate and Energy objectives and incentivise corporate renewable energy sourcing

• All EU State aid guidelines (including Energy and Environment guidelines) should be fully coherent with EU legislation.

• In particular, EU State aid rules should ensure market-based support mechanisms and corporate renewable energy sourcing can be used side-by-side:
  o In line with the renewable Energy Directive, the design of renewable support mechanisms must be compatible with corporate renewable PPA contracts underpinned with GO’s.
  o This will lead to lower bids from renewable energy projects competing in the auctions and result in a better deal for society.

• Where such schemes are in place, the ETS State Aid guidelines should ensure that large energy consumers contracting corporate renewable PPAs can benefit from indirect ETS compensation. The pricing of a corporate renewable PPA is based on the expected future wholesale power price, which include carbon costs.

4. Developing robust National Energy and Climate Plans to 2030

• Member States are required to identify and remove existing administrative barriers to the development of corporate renewable PPAs and direct investments in renewable energy generation as per article 15.9 of the post-2020 Renewable Energy Directive. Doing this comprehensively will require addressing all the points above to unlock the potential of corporate renewable PPAs and contribute to the 32% binding EU target.

Disclaimer: The views and recommendations in this document are not necessarily those of all members of RE-Source Platform, SolarPowerEurope, WindEurope, WBCSD or RE100.