

## Brussels, 20.09.2018 - Flexible renewables supporting variable renewables to achieve 100% RES electricity

Bioenergy Europe, the European Geothermal Energy Council, the European Solar Thermal Electricity Association and Ocean Energy Europe, trade associations respectively representing the bioenergy, geothermal, solar thermal electricity (also known as concentrated solar thermal) and ocean energy sectors, call for a proper recognition of the role of flexible and/or dispatchable<sup>1</sup> renewable generation in the post 2020 electricity market regulatory framework.

Security of supply remains a core concern in the debate surrounding the electricity Market Design. The system must be stable and electricity flow to users whenever they need it. Beyond this basic feature, a decarbonisation of electricity sector is also expected to take place over the coming 2-3 decades which means it must change rapidly.

Capacity remuneration mechanisms can be a transitory solution toward an electricity system that adequately remunerates the capacity to provide grid services. However, they must not be an excuse to avoid decarbonizing the electricity supply. Thus far, such instruments have proven to mostly benefit aging fossil generation capacity, with as little as [0.5% of public support](#) provided as capacity payments going to renewable sources. Meanwhile, although flexible and/or dispatchable renewable electricity sources have a strong potential to contribute to a stable, decarbonized electricity system, this essential asset remains largely untapped in Europe.

The future European Electricity market must incentivize the deployment of technologies that enhance security of supply and ensure stable electricity production in a system with a high penetration of intermittent generation at affordable costs – be they flexible or dispatchable RES generation, electricity storage or demand response.

These different RES technologies have achieved different levels of maturity so far, but they all have proven their ability to provide reliable renewable electricity for a stable supply to Europe's consumers.

Nevertheless, there is still a need to invest in innovation in the short term. Flexible and dispatchable RES technologies will be a strong force supporting the decarbonisation of the electricity sector in the coming decades.

To bring these flexible and/or dispatchable renewable resources to the European market, the Electricity Regulation should recognise that they are:

- **NEEDED.** Currently, there are overcapacities on the European power system due to stranded investments in fossil fuels. System adequacy models should be adjusted to reveal the full potential of these flexible/dispatchable RES technologies.
- **COMPLEMENTARY to VARIABLE RES.** In the future, most of the capacity will be built via hybrid system exploiting cheap variable RES + competitive flexible RES).
- **COMPETITIVE,** provided that procurement criteria are not limited to LCOE approach, but extended to a full *system-value* (i.e. incorporating the capacity remuneration) or even to the full macro-economic impacts on a given economy;
- **AVAILABLE AT SCALE:** Dispatchable/flexible RES technologies are currently available at scale and ready to provide grid services.



**OUR ASKS:**

- 1. Recognise the role of innovation in renewable generation, and the specific challenges of demonstrating a new renewable technology at scale. To that end, demonstration projects for innovative renewable technologies should benefit from priority of dispatch (article 11) and be exempted from balancing responsibility (Article 4).**
- 2. Explicitly acknowledge flexible and/or dispatchable RES and make them eligible to Capacity Remuneration Mechanism, ahead of fossil or nuclear generation.**

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<sup>i</sup> Flexible generation is a type of generation that is able to react to changes in demand to ensure the stability of the system. While dispatchable generation is a type of generation that can be dispatched according to demand.