



Brussels, 23.03.2023

Honourable Minister Ebba Busch,

On the 28th March, you will lead the discussions among the EU's energy Ministers on energy security preparing for next winter. It is crucial for our citizens and our businesses to avoid the price hikes we saw last year and even more so an energy shortage. We welcome that Ministers are starting in a timely manner to reflect on necessary measures to lead Europeans safely through the next winter.

In this context, we would like to urge you to unleash the **full potential of renewables** for replacing Russian gas imports in the short term and gain independence from fossil fuels in the medium and long-term. To this end, we hope that the Council **will endorse a higher EU renewable energy target of 45% by 2030** in the negotiations on the revision of the Renewable Energy Directive.

In addition, we would like you to consider putting in place a '**European renewables booster**' in the form of a first-come first-serve European feed-in premium for connecting new **wind and solar generation** in 2023 and 2024. It would be paid as a subsidy in €/kWh for generation from the newly connected plant over the first five years of operation. This would be additional to all other secured financing. This mechanism would provide strong economic incentives for fastening the pace of deployment.

If the bonus brings forward the deployment of 10% of renewable capacity one year earlier than otherwise expected, an additional **24 TWh of production occurs one year in advance**. This could lower consumer bills by about 25 billion per year (if gas prices are as high as 2022).

Such a mechanism would not only help bridge the gap between the 40% and 45% renewable energy target, but also help overcome the hesitation we witness in the market to commit new capital to renewables, and in particular wind energy installations, as uncertainty about the future power market remains. All capacity, which can be deployed in the next one to two years, will have an outsized impact of achieving the twin goals of a) limiting volatility of energy prices and security of supply, and b) addressing the challenge of achieving our climate and energy goals.

How would the 'European renewables booster' work in practice?

The subsidy would be highest for the first connected plant, and gradually phase down to zero for next connected plants. The subsidy level for wind installations would be exhausted to zero after **60 GW** of capacity had received some bonus. Doing the same also for solar would bring support to **120 GW of installed capacity**. Together those would produce about **240 TWh per year**. This European extra feed-in-premium would only cost around €3.5 billion per year.

To ensure that every member state benefits from the funding, safeguards could be included for them to receive a certain volume of support, commensurate with their share in EU population.

Financing:

Funding could come via the **Union's renewable finance mechanism** established under the Governance of the Energy Union Regulation. The goal of this mechanism is to ensure that there is enough capital flow for renewable energy to be produced where it is most efficient and then used to the benefit of the EU grid as a whole. In this way, by lowering the transaction costs of infra-EU cooperation it also lowers direct and indirect costs of domestic deployment of installations for Member States. To make this mechanism more attractive, we could think of matching national voluntary contributions with equivalent EU funding, thus allowing Member States to double their statistical benefits. In synergy with RePowerEU and the Innovation Fund, the European renewables booster would be a truly European way to achieve our energy independence from Russia and improve the security of supply, while accelerate the transition of the EU's energy system.

Yours Sincerely,

Michael Bloss, Greens/EFA Group,

Mohammed Chahim, Group of the Progressive Alliance of Socialists and Democrats,

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Seán Kelly, Group of European People's Party,

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