



The draft report published by Dr. Karins MEP proposes crucial changes to the current dispatching regime for generating installations using renewable energy sources. With this letter, the renewable energy industry wishes to emphasize three major elements that need to be considered by the rapporteur and the members of the ITRE committee when revising the dispatching regime for renewables.

The following considerations are key for maintaining investments in renewables, and giving Europe a chance to fulfil its climate change targets and remain world number one in renewables.

- ***Most European electricity markets are not yet fit for renewables***

Electricity markets are evolving in different ways in different Member States. The granularity of markets, the evolution towards short-term products, the level of transparency of network operation, and the overall flexibility of electricity systems are uneven in Europe. Priority dispatch and priority access are critical for investors to cope with uncertainty in the context of electricity markets that are not fit for renewables because of a lack of openness and transparency. Ignoring specific national situations, and imposing an unconditional EU-wide phase-out of priority dispatch and priority access to all generating installations would put the development of renewables at risk.

- ***Market-based dispatch involves prohibitive technical and administrative burdens for households and small businesses***

Operators of demonstration projects and small installations using renewable energy should not be considered like any other actor of the electricity system. Most of the small installations are owned by households. The priority dispatch and priority access regime avoids heavy technical and administrative burdens that would be prohibitive for small actors including SMEs, as assessed by the European Commission in its impact assessment. Demonstration projects, which are innovative technologies tested at close to market scale, must benefit from an electricity market framework providing certainty and stability. Reducing the inherent risks of such projects is also crucial for incentivizing new technologies in the sector. The discrepancy between these burdens and the impact small installations have on the electricity system goes against consumer empowerment and innovation.

- ***Retrospective changes undermine a cost-effective energy transition: Investors need to regain trust in the EU as a stable regulatory framework for renewables***

It is essential that all renewable electricity projects keep the dispatching regime in place that was applicable when the investment was decided. Any regime modification impacts the business case of the projects. It adds uncertainty to the volumes of power to be sold, and the amount of administrative and technical burden related to the operation of such installations.

Most importantly, by imposing such a retrospective change, the EU would send a very damaging signal to investors who need legal certainty and predictability to commit to renewable energy projects in Europe. Such instability would lead to fewer investments and higher capital costs, undermining a cost-efficient transition towards a low carbon economy.

We urge the European Parliament to maintain priority dispatch for existing installations, demonstration projects and small installations until EU market rules are fully transparent and effective, ensuring a true level playing field. This would ensure a progressive approach towards market-based development of renewables ensuring their growth and the fulfilment of EU objectives for 2030 and beyond.