

27 – The Purposefulness and Serviceability of Support Schemes in View of the Covid-19 Crisis

Theodoros Iliopoulos

This submission focuses on the future of support schemes for renewable energy sources (RESSS) in the EU in view of the COVID-19 crisis. More specifically, the questions raised are a) whether the enactment of RESSS retains its purposefulness in the landscape emerged after the outbreak of the COVID-19 crisis; b) whether and how the supranational RESSS framework should change.

The supranational renewable energy policy has prioritised the attainment of a low-carbon energy transition. The Renewable Energy Directive 2018/2001/EU acknowledges that energy markets do not ensure a proper share of renewable energy sources in the energy mix and affirms that RESSS are important for the deployment of renewables.

However, the COVID-19 crisis has dramatically affected energy markets. Indeed, since March 2020 the share of renewables in many states has significantly increased. At the same time, the price of energy from fossil fuels has notably dropped, while renewable energy projects have managed to remain profitable.

This submission argues that RESSS remain purposeful and the COVID-19 crisis implications should be a spur to further accelerate the efforts for the energy transition. Besides, estimations forecast a post-COVID-19 economic rebound, which is expected to also lead to an increased demand for energy. It is thus suggested that the proper use of RESSS under the current circumstances can make renewable energy projects gain ground on conventional energy plants, can foster the rapid development of more innovative and costly technologies, and can place renewables in a position to cover much more of the energy demand of the ‘normal’ life, compared with what they did before COVID-19.

It is argued that the legal principles that govern RESSS could largely ensure their serviceability, but Member States should make a more careful selection of the projects that will be supported, so as to focus on those with a high potential. Furthermore, a political economy-related shift of mind should occur. Accordingly, the Commission only accepts the internalisation of negative externalities as a valid normative basis for the enactment of RESSS. It is suggested that the existence of positive externalities, or of barriers to entry and risk, and the lack of provision of merit goods should also be regarded as market failures that justify the enactment of RESSS, especially in view of the COVID-19 crisis that may exacerbate such problems, be it not in the very short-term. Such a broader approach will have symbolic value, but also practical results.

Biographical note

Theodoros G. Iliopoulos has studied law at National and Kapodistrian University of Athens (LLB degree in 2014). He has an LLM in “EU Law” from National and Kapodistrian University of Athens (2015) and an LLM in “Law and Economics” from Utrecht University (“cum laude”, 2016). He has worked as a lawyer and as a university teaching assistant. Since September 2017, he has been a doctoral researcher in energy and environmental law at Hasselt University. His research focuses on supranational renewable energy law. More specifically, his research examines what the legal framework for the promotion of renewable energy sources in the European Union is and how it should develop.