

CONSULTATION QUESTIONNAIRE (WEB-BASED)

Preparation of a new renewable energy directive for the period after 2020

I. INTRODUCTION

In its Energy Union Framework Strategy, the Commission announced a new renewable energy package for the period after 2020,¹ to include a new renewable energy directive (REDII) for the period 2020-2030 and an updated EU bioenergy sustainability policy. This consultation covers the REDII aspects. The bioenergy sustainability policy will be covered by a separate public consultation.

The results of this consultation, together with the results of the separate public consultation launched by the Commission in July 2015 concerning market design (available at <https://ec.europa.eu/energy/en/news/redesigning-europes-electricity-market-%E2%80%93-give-your-feedback>), will inform the impact assessment for REDII.

Please, submit your response to this public consultation by 10 February 2016 at the latest. You are invited to reply to the questions in the questionnaire by using the link to the survey on DG ENER's consultation webpage or via EU Survey. Always use this questionnaire even if also other documents are submitted. In order to facilitate the Commission's processing of responses, please respond in English as far as possible.

Received contributions will be published on the Internet, unless a confidentiality claim has been made on reasonable grounds. Responses from non-registered organisations will be published separately. The Commission also intends to publish a document summarizing the main outcomes of this consultation.

II. EVALUATION OF CURRENT POLICIES

As part of the Commission's better regulation agenda, the current renewable energy directive² (RED) was included in the Commission's 2013 REFIT programme and a comprehensive evaluation study of the RED was carried out in 2014 for the purpose of assessing its effectiveness, efficiency, relevance, coherence and EU added value and to obtain stakeholders' views on the impacts and benefits of the Directive.³ The main findings were included in the 2015 Renewable Energy Progress Report.⁴ This public consultation builds on the REFIT evaluation and aims at obtaining additional information on impacts and benefits of

¹ Commission Communication: A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy (COM/2015/080 final) of 25 February 2015

² Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC

³ REFIT Evaluation of the Renewable Energy Directive (*CE DELFT, 2014*) available on:

https://ec.europa.eu/energy/sites/ener/files/documents/CE_Delft_3D59_Mid_term_evaluation_of_The_RED_DEF.PDF

⁴ COM (2015) 293, available at: <https://ec.europa.eu/energy/en/topics/renewable-energy/progress-reports>

the RED. Where appropriate, some of the questions in this questionnaire therefore also address evaluation of current policies.

III. CONTEXT AND CHALLENGES

The core objectives of the EU Energy Union Framework Strategy⁵ are to develop a long-term, secure, sustainable and competitive energy system in the EU. Europe should also be a leader in renewable energy. For this, it is important to continue to increase the share of renewable energy sources in the EU.⁶ The RED ensures that all Member States will contribute to reaching 20% renewables at EU-level by 2020. In October 2014, the European Council agreed that **at least** 27% share of renewables by 2030 would reflect a cost-optimal way of building a secure, sustainable and competitive energy system (alongside an at least 40% domestic GHG emissions reduction target and the at least 27% energy efficiency target, which is to be reviewed by 2020, having in mind an EU level of 30%).

As the current legislation will not be sufficient for this purpose⁷, there is a need to modify the legislative framework to ensure a timely and cost effective achievement of the EU level binding target on renewables by 2030. A combination of different factors will need to be addressed, including:

- **General approach:** The existing policy framework does not address uncertainties with regard to national policies, governance and regional cooperation to ensure a timely and cost effective target achievement for the period after 2020.
- **Empowering consumers:** A lack of consumer empowerment and incomplete information on renewable energy solutions can hinder cost-optimal deployment of renewable energy at city and community level.
- **Decarbonising the heating and cooling sector:** In the heating and cooling sector, which represents almost half of the EU energy consumption, the current regulatory environment in combination with a lack of information does not incentivise cost-optimal deployment of renewables in heating, cooling and hot water use. The sector remains dominated by fossil fuels and therefore dependent on imports.
- **Adapting the market design and removing barriers:** The current regulatory environment does not properly reflect externalities of energy production in market prices, including environmental, social, innovation and economic externalities. Together with persistent and distortive fossil fuel subsidies,⁸ this is one of the reasons leading to high capital costs that hinder cost-optimal renewable energy deployment. In addition, a lack of market integration, infrastructures (storage, interconnections) and smart solutions, including demand-response, also hinder cost-optimal deployment of renewable energy. Finally, complex administrative procedures for renewable energy deployment at national

⁵ Commission Communication: A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy (COM/2015/080 final) of 25 February 2015

⁶ As highlighted in the 2030 climate and energy framework (COM(2014) 15 final)

⁷ As highlighted in the baseline scenario of the 2030 climate and energy framework (COM(2014) 15 final)

⁸ Estimated by IMF to be 330 Billion Euro in 2015, source:

<http://www.imf.org/external/pubs/ft/survey/so/2015/new070215a.htm>

and local level have not yet been eliminated. This covers, inter alia, permitting and grid connection procedures⁹.

- **Enhancing renewable energy use in the transport sector:** A policy fostering the use of sustainable alternative renewable fuels would contribute to decarbonising the transport sector and reducing risks related its fossil fuel dependency and could remove current market distortions and fragmentations observed in particular in the internal market for biofuels. Despite the progress made with regard to the development of alternative renewable fuels such as advanced biofuels and renewable fuels of non-organic origin, commercial deployment of such products in the EU is lagging behind. The main reason is the perceived uncertainty about the policy framework after 2020. Only a few Member States have adopted dedicated support measures for advanced biofuels, while most have focussed on more traditional biofuels. The potential for electric transport using renewable electricity deployment is still untapped, due to still high technology costs of deployment and lack of necessary infrastructure.

IV. PUBLIC CONSULTATION

1. General approach

The RED sets an EU target for renewable energy in gross final energy consumption of 20% by 2020 and 10% of the final energy consumption in transport. In order to achieve the overall 20% target, mandatory national targets for 2020 are fixed for each Member State. The RED also obliges Member States to prepare National Renewable Energy Action Plans (NREAPs) and biannual progress reports to create transparency and predictability for investors and facilitate monitoring of progress towards target achievement. The European Council has reiterated several times that the 2020 targets need to be fully met¹⁰.

For the period after 2020, binding national targets are replaced by a binding EU-level target of at least 27% renewable energy in final energy consumption by 2030 without sectorial targets or binding targets at national level. A new approach to target achievement therefore needs to be developed, building on the Energy Union Governance and Member States' national energy and climate plans for the period up to 2030, which are expected to include national contributions towards the EU-level renewable energy target.

Without putting into question Member States' flexibility with regard to meeting their greenhouse gas reduction targets in the most cost-effective manner in accordance with their specific national circumstances, energy mixes and capacities to produce renewable energy, the new Energy Union Governance will need to provide sufficient transparency and reliability,

⁹ Without prejudice to international and Union law, including provisions to protect environment and human health.

¹⁰ The latest Renewable Energy Progress Report issued in June 2015 concluded that the majority of Member States are currently on track to meeting their 2020 renewables target. In 2013, the combined EU share of renewable energy reached 15% and the estimate for 2014 indicates a 15.3% share, which is above the trajectory for the EU as a whole. 26 Member States met their first 2011/2012 interim target and 25 Member States are expected to meet their 2013/2014 target. Some Member States have already reached their 2020 targets. However, as the trajectory towards the 2020 target becomes steeper over the coming years up to 2020, some Member States may need to intensify their efforts to keep on track (COM(2015)293 final and SWD(2015)117 final). Available here: <https://ec.europa.eu/energy/en/topics/renewable-energy/progress-reports>.

predictability and stability to spur renewable energy investments and allow access to low-cost capital. It will also need to enable the EU to compare and monitor progress towards the renewables target. Within the broader context of the development of the Energy Union Governance, it will need to be considered what type of governance system will be able to deliver on these renewable energy objectives.

Given that the renewable energy target for 2030 is binding on the EU as a whole, the European Commission will need to have means to ensure that this target is met in a sustainable and cost-effective way. For this purpose, EU measures could be put in place and be designed to deliver on a number of objectives of the Energy Union:

1. create a market-based environment in which renewables can attract the required investments cost-efficiently;
2. foster regional cooperation and regional projects;
3. empower consumers to deploy cost-optimal renewable energy solutions;
4. incentivise the roll-out of new and innovative technologies; and
5. ensure that any potential gap arising in reaching the at least 27% renewable energy target, in terms of either ambition or delivery, is filled.

A number of questions would arise in this respect, including under what circumstances EU measures could be used or activated, how to share potential costs in a fair and equitable way and how to ensure participation by all Member States.

The experience gained with support schemes so far has allowed developing more cost-effective and market-based support schemes. Some Member State support schemes did not respond sufficiently rapidly to falling technology cost development, which resulted in some cases in unnecessary increasing costs for consumers. The EU Energy and Environment State Aid Guidelines build on this experience and puts down conditions for the approval of State Aid. In this context an improved functioning energy market, with improved price signals, as well as a strengthened EU ETS shall improve the investment signal. At the same time it is reasonable to expect that support schemes and other incentives (financial and regulatory) will still be the main policy tools that Member States will use to implement their renewable energy objectives with respect to renewable technologies that are not yet able to be fully financed by the internal energy market.

For new and innovative technologies, it can be important to ensure that regulatory and market risks are reduced to allow that project promoters can bring down costs through technology learning and industrialisation of manufacturing and installation, in particular if the EU is to become a world leader in renewable energy. However, where possible, some degree of market integration should remain if this goes beyond mere initial technology deployment of innovative technologies, to ensure their development takes into account market needs, does not lead to overcompensation and prepares these technologies for further market integration.

Finally, in line with the broader objectives of the Energy Union, a new regional approach to renewable energy policy cooperation and incentives should be considered.

In this context, it is important to examine the optimal geographical scope and design of any support schemes in order to drive the achievement of the 2030 target in a cost-effective way, which does not lead to fragmentation and distortion of the internal energy market.

It also needs to be assessed how regional cooperation agreements similar to those developed under RED can be improved and could play a role and to what extent support at EU-level could become relevant.

Questions:

1. To what extent has the RED been successful in helping to achieve the EU energy and climate change objectives?

Very successful	Successful	Not very successful	Not successful	No opinion
		✓		

[Box: Comments. To what extent did implementation measures for the RED as well as external factors (technological development, financial crisis, security of supply concerns and related market interventions) affect the effectiveness and efficiency of achieving the objectives? Please identify and ideally also quantify the direct and indirect costs and benefits such as macroeconomic effects, competitiveness effects, innovation, cost and cost reductions, environmental and health effects of the RED. Max 500 words]

The first Renewable Energy Directive has been very effective at bringing forward investment in renewable generation, but it may not have resulted in the most cost effective carbon abatement. While not prescriptive on which renewable technologies to pursue, it effectively gave renewable generation primacy over other forms of carbon abatement - in some areas on a temporary basis, in other areas on an ongoing basis.

Energy efficiency has only been subject to a binding directive from a later date. Some low carbon production technologies like nuclear and CCS are deprioritised because they cannot contribute to that target. There are practical consequences of this, for example the UK's investment in low carbon generation is currently escalating rapidly at a time when its investment in energy efficiency is declining. This appears to be driven more by the 2020 target than by optimising societal benefit (which is likely to be better served by pushing more of the funding towards EE).

The cost of the UK's contribution to meeting the target was assessed initially at £66bn - that is, after all the benefits of carbon saved, power generated, etc are taken into account, the costs outweigh those benefits by £66bn. Given that over the time since the target has been in place there have been several changes in policies attempting to drive progress towards the target, it seems unlikely that policy was even as efficient as that calculation assumed, potentially putting the real number even higher (although some technology costs have fallen faster than expected, which may defray part of that).

The renewable energy target has also undermined the most cost-effective means of driving decarbonisation that Europe has, the ETS. By mandating expensive reductions of emissions within

the electricity sector, cheaper emissions cuts in the capped sectors that would otherwise be at the margin and go ahead are instead ignored. This has led to an electricity system formed of more zero-carbon renewables but also more high-carbon coal, than might otherwise have been expected to be the case; without the renewables target we would expect to see less coal, less renewable generation and more medium-carbon gas generation.

Policy has also highlighted inconsistencies between State Aid decisions on consumption and renewable policies on production. Increasingly heavy industry has been exempted from policy costs. This undermines polluter pays principles and discourages cost effective carbon abatement. If Energy Intensive Industry is concerned that if they are exposed to these costs business will be lost to overseas manufacturers who don't pay the cost of their environmental damage, then the challenge for the EU is to work out a means to get those non-EU producers to face their environmental costs, not to push EU business costs onto households.

A preferable option would be for each Member State to have a binding target for reducing greenhouse gas emissions, without prescribing its energy mix. Their NREAPs should be modified to reflect this, becoming a national action plan for emissions reduction through all methods (not simply renewables) eg the NREAP becomes a more all encompassing Emissions Reduction Action Plan. This should allow some flexibility for MS to choose the most cost effective route to decarbonise, and to be flexible to changing circumstances, while also providing investor confidence that the Member State is on a legally binding pathway to reduce emissions and has a monitored, detailed, public plan to get there.

2. How should stability, transparency and predictability for investors be ensured with a view to achieving the at least 27% renewable energy target at EU level? Please indicate the importance of the following elements:

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>Forward looking strategic planning of RES development is required by EU legislation</i>			✓		
<i>Best practice is derived from the implementation of the existing Renewable Energy Directive</i>		✓			
<i>Regional consultations on renewable energy policy and measures are required</i>			✓		
<i>Member States consult on and adopt renewable energy strategies that serve as the agreed reference for national renewable energy policies and projects</i>		✓			
<i>The Commission provides guidance on national renewable energy strategies</i>		✓			

[Box: Any other view or ideas? Please specify. What are the lessons from the RED (mandatory national targets, national plans, progress reports etc.)? Max 500 words]

Predictability for investors is helpful in keeping down cost of capital, which is ultimately passed through to energy consumers. However, it should not be used to preserve policies already granting investors high windfall returns. Policy approaches now gaining favour, such as auctioning, keep pressure on costs to avoid windfalls, while providing a predictable revenue stream for investors. However, what is important for the climate change objectives the EU is seeking to address through its energy policy is not the success of meeting the 27% renewable energy target, but meeting the 2030 carbon target. The climate does not care which technologies are used to cut emissions - it only matters that they are cut.

3. *Please rate the importance of the following elements being included in Member States' national energy and climate plans with respect to renewable energy in ensuring that the plans contribute to reaching the objectives of at least 27% in 2030.*

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>Long term priorities and visions for decarbonisation and renewable energy up to 2050</i>		✓			
<i>In relation to national/regional natural resources, specific technology relevant trajectories for renewable energy up to 2030</i>		✓			
<i>Overview of policies and measures in place and planned new ones</i>		✓			
<i>Overview of renewable energy trajectories and policies to 2050 to ensure that 2030 policies lie on the path to 2050 objectives</i>			✓		
<i>Qualitative analysis</i>					
<i>Trajectories for electricity demand including both installed capacity (GW) and produced energy (TWh)</i>		✓			
<i>Measures to be taken for increasing the flexibility of the energy system with regard to renewable energy production</i>	✓				
<i>Plans for achieving electricity market coupling and integration, regional measures for balancing and reserves and how system adequacy is calculated in the context of renewable energy</i>		✓			

[Box: Please explain. Max 500 words]

4. *What should be the geographical scope of support schemes, if and when needed, in order to drive the achievement of the 2030 target in a cost-effective way?*

- *Harmonised EU-wide level support schemes*
- *Regional level support schemes (group of Member States with joint support scheme)*
- *National support schemes fully or partially open to renewable energy producers in other Member States*
- *Gradual alignment of national support schemes through common EU rules*
- *National level support schemes that are only open to national renewable energy producers*

While wider geographic coverage of support schemes could potentially lead to more cost-efficient deployment of renewables, the practical challenges of developing a cross-national policy and payment system will be considerable. A particular challenge will be overcoming Member States' natural desire to see the jobs and investment associated with their financial support staying within their own borders, even where alternative projects outside their borders in another Member State could deliver carbon abatement more cost effectively.

Our expectation over the next decade-15 years is that support schemes will remain largely oriented around the Member State level. That said, we believe there are strong benefits to consumers from overseas participation when that can lower costs (eg by connecting UK consumers to low cost hydroelectricity in Scandinavia) which is currently not well remunerated by current policy arrangements. Guidance for cross-national participation in support schemes or allowance trading has the potential to reduce the cost of meeting the target.

It should also be noted that individual Member State decisions on support mechanisms have the scope to interact with wholesale prices and on national import and export patterns. With Member States' power systems increasingly interconnected, this effect on power prices and system flows may spread beyond their borders and impact on their neighbours. While we do not think this is likely to form sufficient justification to adopt a 'one size fits all' approach to support schemes at this time, it does signal a need to ensure a degree of mutual compatibility in the support models adopted in different Member States in order to mitigate the risk that schemes inadvertently undermine each other.

[Box: Please explain. Max 500 words]

5. *If EU-level harmonised /regional support schemes or other types of financial support to renewable energy projects would be introduced:*

- *What hinders the introduction at the EU wide and/or regional scale?*
- *How could such mechanism be activated and implemented?*
- *What would be their scope (what type of projects/technologies/support mechanisms could be covered?)*
- *Who would finance them?*
- *How could the costs of such measures be shared in a fair and equitable way?*

[Box: Max 500 words]

6. *The current Renewable Energy Directive gives Member States the possibility to enter into various cooperation mechanisms (statistical transfers, joint projects and/or joint support schemes). Please expand on the possible new legislative and non-legislative measures that could be introduced to foster the development of cooperation mechanisms in the period beyond 2020.*

See answer 7

[Box: Max 500 words]

7. The use of cooperation mechanisms has been limited to date. Which of the below factors do you consider important in explaining the limited recourse by Member States to cooperation mechanisms so far?

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>Unclear legal provisions</i>		✓			
<i>Administrative complexities</i>		✓			
<i>Lack of cost-effectiveness / uncertain benefit for individual Member States</i>			✓		
<i>Government driven process, not market driven</i>		✓			
<i>Member States reluctant to see their taxpayers/ consumers' money used for investments outside their country</i>	✓				

There has been reluctance to use cooperation mechanisms in the to date, despite potential benefits for keeping costs down. In part, this seems to be because there is little clear guidance as to how such sharing might take place. The EU could provide non-legislative guidance, or even set up a simple trading platform, to enable such cooperation to occur without member states needing to fear censure.

[Box: Other? Please explain.]

8. How could renewable electricity producers be fully or partially eligible for support in another Member State? Which elements would you include in a possible concrete framework for cross-border participation in support schemes? Any other consideration? Please explain.

[Box: Max 500 words]

9. Please assess what kind of complementary EU measures¹¹ would be most important to ensure that the EU and its Member States collectively achieve the binding at least 27% EU renewable energy target by 2030:

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>EU-level incentives such as EU-level or regional auctioning of renewable</i>		✓			

¹¹ Without prejudice of the actual funding mechanism, where required, of the complementary EU measures

<i>energy capacities</i>					
<i>EU-level requirements on market players to include a certain share of renewables in production, supply or consumption</i>		✓			
<i>EU-level financial support (e.g. a guarantee fund in support of renewable projects)</i>		✓			
<i>EU-level support to research, innovation and industrialisation of novel renewable energy technologies</i>		✓			
<i>Enhanced EU level regulatory measures</i>		✓			

Conceivably all the listed items could be helpful in meeting the target. However, there are two factors, not listed, which will have the biggest bearing on the achievability or not of the target. The first, largely outside the control of the EU and its constituent governments, is the cost of the technology - the cheaper it gets the more easy the target will be to meet. The second, within the EU's control but already decided, is the ambition contained in the carbon target - the more the EU has to decarbonise, the more likely renewables are to be among the cost-effective methods for decarbonisation.

Developing and funding the options listed will be problematic (apart maybe from R&D, which is essentially a continuation of existing activities).

[Box: Any other ideas or comments, please explain. Max 500 words]

10. *The Energy Union Framework Strategy sets the ambition of making the European Union the global "number one in renewables". What legislative and non-legislative measures could be introduced to make/strengthen the EU as the number one in renewables? Has the RED been effective and efficient in improving renewable energy industrial development and EU competitiveness in this sector?*

[Box: Please explain. Max 500 words]

2. Empowering consumers

The European Commission's Energy Union Strategy put the consumer at the centre stage. Consumers have a key role to play in energy markets and in driving the transition to a more sustainable energy system in the EU. On 15 July 2015, the Commission issued a Communication on delivering a new deal for energy consumers (COM/2015/339)¹² as well as a guidance document on best practices on renewable energy self-consumption (SWD/2015/141).¹³ In this context, REDII provides opportunities to develop more targeted measures for empowering consumers, including communities and cooperatives¹⁴.

As active participants in the energy market, consumers should be able to self-consume and store renewable energy in the EU.

Provisions on simplified and streamlined procedures on permitting and grid connection in case of projects for self-consumption of renewable energy could be further enhanced.

The wide-spread development of self-consumption may also require gradual adjustment of retail tariffs to promote consumers' flexibility, while supporting energy efficiency and the renewable energy objectives and at the same time minimise total system costs. The establishment of common principles at EU-level for network tariff design will thus need to be considered.

Renewable energy deployments need also to observe certain rights granted to the public, by international and EU law, such as, for instance, the right to access to information, public participation and consultation, as well as access to justice on environmental matters¹⁵. Thus, contributing to accountability, transparency and public awareness.

The REDII also offers opportunities to foster local ownership of renewable energy (e.g. community and citizen participation in renewable energy cooperatives). It seems particularly important to support local authorities in preparing strategies for the promotion of renewable energy, enable cooperation between relevant actors at the local or municipal level and facilitate access to finance.

Under the RED, a Guarantees of Origin (GO) system provides an EU wide mechanism to inform electricity consumers as to the renewable nature of the electricity that they use, enabling green tariffs to develop but also being criticised for not sufficiently linking these tariffs to real incentives for additional new green energy deployment. It should be assessed to what extent the current rules for electricity disclosure (incl. GO) can be improved to reflect best practice in Member States' implementation and help consumers choose a more sustainable energy consumption pattern.

Questions:

¹² https://ec.europa.eu/energy/sites/ener/files/documents/1_EN_ACT_part1_v8.pdf

¹³ http://ec.europa.eu/energy/sites/ener/files/documents/1_EN_autre_document_travail_service_part1_v6.pdf

¹⁴ Without prejudice to the EU and international law on the right to access to information, public participation and consultation, as well as access to justice on environmental matters.

¹⁵ UNECE Convention on access to information, public participation in decision-making and access to justice in environmental matters (Aarhus Convention), Directive 2011/92/EU, as amended by Directive 2014/52/EU (EIA Directive), Directive 2001/42/EC (SEA Directive).

11. How would you rate the importance of the following barriers for consumers to produce and self-consume their own renewable energy?

	<i>Very important barrier</i>	<i>Important barrier</i>	<i>Not very important barrier</i>	<i>Not important barrier</i>	<i>No opinion</i>
<i>Self-consumption or storage of renewable electricity produced onsite is forbidden</i>	✓				
<i>Surplus electricity that is not self-consumed onsite cannot be sold to the grid</i>		✓			
<i>Surplus electricity that is not self-consumed onsite is not valued fairly</i>		✓			
<i>Appliances or enabler for thermal and electrical storage onsite are too expensive</i>		✓			
<i>Complex and/or lengthy administrative procedures, particularly penalising small self-consumption systems</i>		✓			
<i>Lack of smart grids and smart metering systems at the consumer's premises</i>				✓	
<i>The design of local network tariffs</i>				✓	
<i>The design of electricity tariffs</i>				✓	

[Box: Other? Please explain. Max 500 words]

Conditions in the UK for self-generation are currently relatively benign. However, if rules were changed such that the problems listed in Q11 above were to restrict self-generation, they would be important barriers as indicated by the questionnaire responses

It is important to note that the importance of specific barriers on their own are difficult to judge in isolation given that the decision making process for consumers varies for individuals based on their circumstances and many barriers are inter-connected.

It is our view that there are additional barriers that factor more highly in consumers decisions to produce and consume their own energy. The biggest barrier by far is the high upfront cost of renewable energy generating technologies. These costs limit the availability of self-consumption to more affluent consumers and miss out a significant proportion of consumers who would likely benefit much more from self-consumption through lower energy bills. While the advent of better energy storage systems will provide greater potential for smaller scale renewable energy generation it will also add further costs that many will find prohibitive.

Furthermore, small-scale renewable energy generation (electricity & heat technologies) is still relatively unknown to the wider population of many EU nations. Consumers little understand the potential benefits and also how such systems are best operated to ensure most efficient use which means they are less inclined to choose these systems over and above the mainstream methods of heating and lighting their homes.

Another key issue is lack of consumer understanding in how they can match their consumption to the generated energy supply of renewables by shifting their energy demand. While this will become less of an issue as energy storage systems better penetrate the market it will remain an issue for existing systems and also for consumers without the ability to purchase storage systems alongside generation technologies.

Different barriers also exist for renewable energy self-consumption at the community level. Designing and implementing community energy projects are complex and time-consuming, and generally require some specialised skills. Some of the barriers facing community groups are navigating the planning system, obtaining necessary permissions from local grid networks and understanding the additional cost implications of these things, and raising necessary investment funds.

12. *In general, do you think that renewable energy potential at local level is:*

- *Highly under-exploited*
- ***Under-exploited*** ✓
- *Efficiently / fully exploited*
- *Over-exploited (i.e. beyond cost-effectiveness)*
- *No opinion*

In that the RED has led to policies at the Member State level to support community or local level renewable energy then it has had some degree of success. However, the regulatory and institutional landscape that covers community energy systems is very difficult for consumers to navigate. It is our view that based on this complexity it is likely that local level renewable energy potential is underexploited.

13. *How would you rate the importance of the following barriers that may be specifically hampering the further deployment of renewable energy projects at the local level (municipalities and energy cooperatives):*

	<i>Very important barrier</i>	<i>Important barrier</i>	<i>Not very important barrier</i>	<i>Not important barrier</i>	<i>No opinion</i>

<i>Lack of support from Member State authorities</i>		✓			
<i>Lack of administrative capacity and/or expertise/knowledge/information at the local level</i>		✓			
<i>Lack of energy strategy and planning at local level</i>		✓			
<i>Lack of eligible land for projects and private property conflicts</i>				✓	
<i>Difficulties in clustering projects to reach a critical mass at local level</i>				✓	
<i>Lack of targeted financial resources (including support schemes)</i>		✓			
<i>Negative public perception</i>		✓			

[Box: Other? Please explain. Max 500 words]

14. Please rate the appropriateness of stronger EU rules in the following areas to remove barriers that may be specifically hampering the further deployment of renewable energy projects at the local level :

	<i>Very appropriate</i>	<i>Appropriate</i>	<i>Not very appropriate</i>	<i>Not appropriate</i>	<i>No opinion</i>
<i>Promoting the integration of renewable energy in local infrastructure and public services</i>		✓			
<i>Supporting local authorities in preparing strategies and plans for the promotion of renewable energy</i>		✓			
<i>Facilitating cooperation between relevant actors at the local or municipal level</i>				✓	
<i>Facilitating access to targeted financing</i>		✓			

<i>EU-wide right to generate, self-consume and store renewable electricity</i>		✓			
<i>Measures to ensure that surplus self-generated electricity is fairly valued</i>		✓			
<i>Harmonized principles for network tariffs that promote consumers' flexibility and minimise system costs</i>		✓			

We would also note that harmonised principles for network tariffs should not unfairly penalise those consumers who do not have the ability to engage in more flexible energy demand.

15. Should the current system for providing consumers with information on the sources of electricity that they consume be further developed and improved?

[Box: If not, why? If yes, how? Should the current Guarantees of Origin (GO) system be made the mandatory form of information disclosure to consumers? Should other information, such as e.g. CO₂ emissions be included? Should it be extended to the whole energy system and include also non-renewable sources? Other ideas? To what extent has the current GO system been successful in providing consumers with information on the sources of electricity that they consume? Max 500 words]

3. Decarbonising the heating and cooling sector

Renewable heating and cooling can make a real difference for the decarbonisation of the EU economy and enhance EU security of supply. While cost-effective renewable energy equipment is available, 80-90% of the EU heat and hot water production is still using largely imported gas and oil. The RED includes limited provisions for the promotion of renewable heating and cooling. In REDII, more targeted measures could be considered to further increase renewables deployment in the heating and cooling sector, building on and interacting with energy efficiency and security of energy supply legislation. A comprehensive approach could be developed targeting buildings, individual energy use for heating and cooling, and the share of renewable energy in district heating and CHP units.

Efficient ways need to be found to stimulate switching from fossil fuels to renewable heating and cooling and hot water generation in the large number of EU homes with individual heating equipment. The existing nearly-zero energy building (NZEB) standards (mandatory from 2021 for all new building) include obligations for minimum use of renewable energy. It appears however that this is insufficient to further encourage the use of renewables at the building level. It could therefore be considered whether the NZEB rules should be made more ambitious to also include an obligation to use renewable energy heating (including water heating) and cooling in the existing building stock, effective if and when the building is subject to major renovation or the heating system is replaced. Measures will also need to encourage a shift in consumer behaviour, perhaps through better information about renewable energy alternatives from heating equipment suppliers and installers, and encourage investment in energy storage and demand-shifting capacity.

Although district heating systems only cover 13% of the European heat market, in Nordic, Central and Eastern European Member States 50-80% of the heating is produced by district heating. Most of this heating is produced from imported natural gas, followed by coal, and renewables. In these Member States, measures to increase the share of renewable energy in heating and cooling supply could bring significant gains. For example, it could be assessed whether, based on comprehensive assessments of national heating and cooling potentials, energy suppliers could potentially be required to progressively increase the share of renewable energy in the overall energy that is placed on the market for heating and cooling purposes, taken into account the market incentives already available for this sector. It could also be assessed whether all new and significantly upgraded heating and cooling infrastructure should enable at least a certain share of all heating, cooling and hot water needs to be sourced from renewable energy sources produced on site or nearby (through local networks).

The potential for renewable energy in decarbonising the heating and cooling sector will also be addressed within the forthcoming Heating and Cooling Strategy and Security of Energy Supply proposals, while sustainability aspects will be addressed through the post-2020 EU bioenergy sustainability policy.

Questions:

16. Please rate the importance of the following barriers in hampering the deployment of renewable heating and cooling in the EU:

	<i>Very important barrier</i>	<i>Important barrier</i>	<i>Not very important barrier</i>	<i>Not important barrier</i>	<i>No opinion</i>

<i>Real or perceived incoherence in existing EU policies (such as RED, EED and EPBD)</i>					✓
<i>Lack of administrative capacity and/or expertise/ knowledge/information at the national and local level</i>		✓			
<i>Lack of energy strategy and planning at the national and local level</i>		✓			
<i>Lack of physical space to develop renewable heating and cooling solutions</i>			✓		
<i>Lack of requirements in building codes and other national or local legislation and regulation to increase the share of energy from renewable sources in the building sector</i>	✓				
<i>Heating and cooling equipment installers lack sufficient knowledge or information to offer renewable energy alternatives when asked to replace fossil fuel heating and cooling equipment</i>				✓	
<i>Lack of targeted financial resources and financing instruments</i>		✓			
<i>Lack of definition and recognition of renewable cooling</i>				✓	
<i>Lack of electricity market design supporting demand response, decentralised energy and self-consumption</i>		✓			

<i>and thermal storage in buildings and district systems</i>					
<i>Lack of mapping tools to identify the resources potential at regional scale with local renewable energy</i>				✓	
<i>Lack of tools and information to compare the lifecycle costs of the various alternative heating and cooling alternatives</i>		✓			
<i>Negative public perception</i>		✓		✓	

It is important to note that generally consumers are unfamiliar with renewable heating technologies. This leads them to mistrust them in terms of reliability, running costs, ability to switch and savings all of which contributes to the negative public perception. This negative perception is sometimes, in part, based on good reasoning. There is a significant lack of sufficiently skilled installers in this sector in the UK and we have anecdotal evidence of incorrectly installed equipment that has led to high bills causing severe consumer detriment. Examples like this do nothing to reassure consumers that these technologies are a good investment for heating their homes.

In addition, the upfront costs for these technologies remains high in comparison to more conventional forms of heating and the potential for higher bills is great given the lack in installation skills in the UK. The up-front cost and co-ordination disadvantages of district heating, compared with conventional heating technologies, are a barrier that technology and policy will struggle to overcome.

With regards to demand side response we would also like to note that there is evidence from UK pilot programmes that not all consumers have the ability to engage with this market and as a result they could end up worse off. These distributional impacts should be investigated further.

17. Please rate the most effective means of addressing these barriers and advancing the decarbonisation of EU heating and cooling supply:

	<i>Very effective</i>	<i>Effective</i>	<i>Not very effective</i>	<i>Not effective</i>	<i>No opinion</i>
<i>Renewable heating and cooling obligation</i> ¹⁶		✓			

¹⁶ ‘Renewable energy obligation’ means a national support scheme requiring energy producers to include a given proportion of energy from renewable sources in their production, requiring energy suppliers to include a given proportion of energy from renewable sources in their supply, or requiring energy consumers to include a given proportion of energy from renewable sources in their consumption.

<i>Requirement for energy suppliers and/or distributors to inform consumers of the costs of heating and cooling and to offer renewable heating and cooling solutions</i>		✓			
<i>Requirement that all urban and municipal infrastructure upgrades (energy infrastructures, and other relevant infrastructure, such as sewage water, water and waste chains) make it possible and promote the distribution and use of renewable energy for heating and cooling and hot water generation</i>		✓			
<i>Measures supporting best practices in urban planning, heat planning, energy master planning, and project development</i>		✓			
<i>Criteria and benchmarks for promoting district heating and cooling taking into consideration the local and regional conditions</i>				✓	
<i>Nearly zero-energy</i>	✓				

<i>building (NZEB) standards to include a mandatory minimum use of renewable energy</i>					
<i>Including systematically renewable energy production in buildings' energy performance certificates</i>	✓				
<i>The promotion of green public procurement requirements for renewable heating & cooling in public buildings</i>		✓			
<i>Heating and cooling equipment installers should present renewable energy alternatives when asked to replace fossil fuel heating and cooling equipment</i>				✓	
<i>Develop best practices for enterprises, including SMEs, to integrate renewable heating and cooling into their supply chains and operations</i>				✓	
<i>Requirement to consider renewable energy alternatives in subnational, national, regional or EU security of supply risk preparedness plans and</i>		✓			

<i>emergency procedures</i>					
<i>Targeted financial measures</i>		✓			

A big issue is the lack of sufficient skills in the renewable heating and cooling sector. The suggested solutions above do not seem to account for the need to build an adequately trained workforce for the installation and support for these technologies. Member States should be responsible for ensuring adequate training and certification of installers supported through an adequate enforcement regime and consumer protections with clear rights of redress.

In addition, further thought needs to be given to how district heating/heat networks are treated in this regime. Heat networks are effectively monopolies that customers are tied to with long-term contracts of 20 years or more. Experience in the UK shows that consumers on these schemes are subject to potentially much higher energy costs that include a high standing charge. This leaves consumers with no control over their energy use as even greater energy efficiency levels in the home will not reduce the overall billing cost by much. Work should be undertaken to explore what an appropriate regulatory regime for heat networks should look like that would adequately protect consumers from excessive and/or unfair pricing. It should be noted that in the UK heat networks are unregulated.

4. Adapting the market design and removing barriers

A separate public consultation, which was open during the period 15 July – 8 October 2015, gathered extensive input on a wide range of issues aimed inter alia at making the market design fit for renewables. This section includes complementary questions. Both public consultations will inform policy makers during the development of REDII.

Changes in the market provisions are of utmost importance in order to build a market which is fully fit for renewables. For example, the establishment of liquid and better integrated short-term intraday and balancing markets will help to increase flexibility and help renewable energy producers to integrate in the market and compete on an equal footing with conventional energy producers, while the strengthening of the EU ETS can contribute to reinforce the long term investment environment.

The RED includes obligations to ensure transparent and foreseeable grid development for renewable energy as well as predictable, transparent and non-discriminatory grid connection and access procedures and costs. REDII as well as the Commission's market design initiative offers opportunities to update and improve these rules to take account of market developments and experience gained. Consideration also needs to be given to dispatch provisions in close connection with the development of the market design initiative.

The on-going evaluation of the Renewable Energy Directive (REFIT) shows that overall progress in removing non-financial barriers to renewable energy deployment in EU Member States is still limited and slow across the EU despite the specific provisions on administrative procedures, regulations and codes for renewable energy projects, requirements to share information and ensure quality of renewable energy training enshrined in the RED. Other studies point towards the same conclusion. It is reasonable to assume that there is therefore a

need for more harmonized EU rules in a number of areas, including permitting procedures, spatial and environmental planning and vocational and professional training.

Note should be taken of already existing legal provisions and practice for streamlining and improving permit granting processes, in particular the provisions laid down in Regulation 347/2013 (TEN-E Regulation) and Directive 2011/92/EU (EIA Directive). Given the existing internal energy market, it is important to ensure that streamlining and improving the permitting granting processes is performed in accordance with existing internal EU legislation, as well as with due regard to the principle of subsidiarity and the national competences and procedures enabling renewable energy deployment. More effective and efficient administrative procedures should not compromise the high standards for protection of the environment and public participation. The establishment of a competent authority or authorities integrating or coordinating all permit granting processes ('one-stop-shop') should reduce complexity, increase efficiency and transparency and help enhance coordination among Member States.

Questions:

18. In your view, which specific evolutions of the market rules would facilitate the integration of renewables into the market and allow for the creation of a level playing field across generation technologies? Please indicate the importance of the following elements to facilitate renewable integration:

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>A fully harmonised gate closure time for intraday throughout the EU</i>					✓
<i>Shorter trading intervals (e.g. 15 min)</i>					✓
<i>Lower thresholds for bid sizes</i>				✓	
<i>Risk hedging products to hedge renewable energy volatility</i>				✓ <i>Why?</i>	
<i>Cross border capacity allocation for short-term markets (i.e.,</i>					✓

<i>some capacity being reserved for intraday and balancing)</i>					
<i>Introduction of longer-term transmission rights (> 3 years)</i>					✓
<i>Regulatory measures to enable thermal, electrical and chemical storage</i>		✓			
<i>Introduction of time-of-use retail prices</i>		✓			
<i>Enshrine the right of consumers to participate in the market through demand response</i>		✓			

[Box: Any other view or ideas? Please specify. Max 500 words]

It is unclear exactly what the motivation is for some of these proposals. Little effort has been made to explain to consumers and other non-technical stakeholders that explains what the benefits for short-term trading and settlement windows and gate closure harmonisation would be to justify the cost of transferring systems. Without seeing credible analysis showing the worth of these policy proposals we are not inclined to endorse them, but if such evidence could be produced we are not ruling out their ability to be useful.

More pressingly, we perceive that policy around storage and DSR is failing to keep pace with technological developments. In both instances enabling consumers (households and commercial) to engage with these technologies has the potential to improve system security and reduce the costs of network reinforcement. Both will potentially be aided by a shift to time-of-use retail prices, though it is important to be aware that these will be unattractive to a substantial proportion of energy consumers.

19. *Currently, some exceptions from the standard balancing responsibilities of generators exist for energy from renewable sources. In view of increasingly mature renewable generation technologies and a growing role of short-term markets, is time ready to in principle make all generation technologies subject to full balancing responsibilities?*

- Yes, in principle everyone should have full balancing responsibilities*
- No, we still need exemptions*

[Box: Please specify: If exemptions remain necessary, please specify if and in which case and why exemptions would still remain necessary (e.g. small renewable producers, non-mature technologies)? Max 500 words]

20. *Please assess the importance of stronger EU rules in the following areas to remove grid regulation and infrastructure barriers for renewable electricity deployment:*

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>Treatment of curtailment, including compensation for curtailment</i>					
<i>Transparent and foreseeable grid development, taking into account renewable development and integrating both TSO and DSO level and smart technologies</i>					
<i>Predictable transparent and non-discriminatory</i>					

<i>connection procedure</i>					
<i>Obligation/priority of connection for renewables</i>					
<i>Cost of grid access, including cost structure</i>					
<i>Legal position of renewable energy developers to challenge grid access decisions by TSOs</i>					
<i>Transparency on local grid congestion and/or market-based incentives to invest in uncongested areas</i>					

[Box: Comments and other ideas, including whether there are any consideration concerning gas from renewable energy sources, for instance expansion of gas infrastructure, publication of technical rules, please explain. Max 500 words]

While some of the issues raised here are potential constraints to renewable development, we have two concerns about them being raised here.

The first is a concern that rulemaking at the EU level should not positively discriminate in favour of renewable energy in place of a new market design that ensures a fair, non-discriminatory access to the network for all generation and demand reduction services. In most of the cases specified here, there is little cross-border impact, and implementation of the proposals as stated here could further exacerbate the problems with elevating renewables over other methods of decarbonisation.

The second, more serious concern is that the focus on the promotion of renewable energy deployment fails to take into consideration, in either the cost-benefit analysis, or the subsequent policy the true impact on consumers: proportionality (the principle that consumers should not to be overcharged, or charged for unnecessary actions) will be overridden, since this takes the renewable policy out of the context of energy supply management investments that offer the best value for consumers. It is essential in drafting new rules that the Commission understands this trade-off, and does not impose excessive costs on consumers to help renewable developers. The focus for policy should be enabling the most cost-effective means of decarbonising energy systems, not promoting a particular subset of technologies at any price.

21. Which obstacles, if any, would you see for the dispatching of energy from all generation sources including renewables on the basis of merit order principles? Should there be any exemptions in some specific cases?

- Yes, exemptions are necessary
- No, merit order is sufficient

[Box: Please specify: If yes, in which case and why? What are the lessons from the implementation of RED? Max 500 words]

22. Please assess the importance of stronger EU rules in the following areas to remove administrative barriers to renewable energy deployment:

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>Creation of a one stop shop at national level to allow for more streamlined permitting procedures</i>					<i>Not sure what EU is expecting to add in UK</i>
<i>Online application for permits</i>					
<i>A defined maximum time-limit for permitting procedures, and effective consequences if deadline is missed</i>					
<i>Harmonisation of national permitting procedures</i>					
<i>Special rules for facilitating small-scale project permitting, including simple notification</i>					
<i>Pre-identified geographical areas for renewable energy projects</i>					

<i>or other measures to integrate renewable energy in spatial and environmental planning</i>					
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[Box: Any other views or ideas? To what extent has the RED been successful in reducing unnecessary administrative barriers for renewable energy projects in the Member States? Please specify. Max 500 words]

We have no strong views on planning and permitting rules. In general, the less cumbersome the planning burdens the cheaper it will be to deploy, which generally leads to better outcomes for consumers. Again, however, it is unclear to us what value will be added by a new set of rules at the EU level. We also envisage attempts to override local and national planning discretion as likely to significantly increase the contentiousness of the new package.

23. Please identify precise challenges with regard to grid regulation and infrastructure barriers in EU Member States that you are aware of.

Transparency and who runs decisions (eg code panels)

[Box: Max 500 words]

24. How would you rate the administrative burden and cost of compliance with the RED for national, regional and local authorities?

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>Administrative burden</i>			x		
<i>Cost of compliance</i>	x				

[Box: Please explain. How could the administrative burden and cost of compliance be reduced in the period after 2020? Max 500 words]

25. Please rate the importance of stronger EU rules in the following areas to remove barriers relating to renewable energy training and certification:

	<i>Very important</i>	<i>Important</i>	<i>Not very important</i>	<i>Not important</i>	<i>No opinion</i>
<i>Incentives for installers to participate in certification/qualification schemes</i>		x			
<i>Increased control and quality assurance from public authorities</i>		x			
<i>Understanding of the benefits and potential of</i>		x			

<i>renewable technologies by installers</i>					
<i>Mutual recognition of certificates between different Member States</i>					x

[Box: Comments, other ideas, please explain. To what extent has the RED been successful in reducing unnecessary training and certification barriers in the Member States? Max 500 words]

As explained above, there is insufficient training within the renewable heating and cooling sector with respect to the installation and on-going support for the new technologies. There is a need to promote rigorous quality assurance standards, national training and certification schemes, supported through stronger enforcement (e.g. with auditing targeted where risks are greatest). This needs to be supported with: information and advice tailored to the differing needs of the respective consumer groups (home owners, social housing etc) in order to build awareness and confidence in the market place, and stronger consumer protections with clear rights of redress (e.g. a transparent framework for complaints with a single point of entry)

26. How can public acceptance towards renewable energy projects and related grid development be improved?

With renewable energy projects generally geographically dispersed and the best resources commonly in places unused to industrial development, public acceptability has always been a challenge. From our point of view, the worst outcome is the one which has just occurred in the UK, whereby just at the point that a technology becomes cheap enough to be close to genuine commercial viability, its prominence causes it to be barred from further deployment. Barring onshore wind deployment will significantly increase the cost to the UK of complying with any future target.

Public acceptability may be improved using measures such as community ownership and stricter local consent over developments, but

[Box: Max 500 words]

5. Increase the renewable energy use in the transport sector

Decarbonisation and the replacement of fossil fuels is particularly challenging in the transport sector. 94% percent of EU transport relies on oil products, of which 90% is imported and represents a growing share of carbon emissions. Against this background, the October 2014 European Council invited the European Commission to further examine instruments and measures for the transport sector, including the promotion of energy from renewable energy sources.¹⁷

According to European Commission estimates, a significant contribution from renewable transport fuels will be required to meet the overall EU 2030 decarbonisation targets¹⁸. To achieve this, measures will need to be put in place to require an increased market up-take and

¹⁷ The current 10% renewable energy target in the transport sector will not be continued in the period after 2020.

¹⁸ The 2030 Impact Assessment of January 2014 estimated that achieving the agreed 2030 framework objectives would require a contribution of 14-16% renewable energy in transport.

deployment of sustainable low-carbon biofuels and alternative renewable fuels as well as renewable electricity in battery electric vehicles and hydrogen in fuel cell vehicles.

For example, further use could be made of incorporation obligations, dedicated financing (in particular in the heavy duty transport and aviation industry) and measures to increase access to smart energy services and infrastructure and promote the development of advanced renewable fuels which are not based on food crops. Special care needs to be taken to remove current market distortions and fragmentations of the EU internal market.

Questions:

28. To what extent has the RED been successful in addressing the following EU transport policy objectives?

	<i>Very successful</i>	<i>Successful</i>	<i>Not very successful</i>	<i>Not successful</i>	<i>No opinion</i>
<i>Contribute towards the EU's decarbonisation objectives</i>					
<i>Reduce dependency on oil imports</i>					
<i>Increase diversification of transport fuels</i>					
<i>Increase energy recovery from wastes</i>					
<i>Reduce air pollution, particularly in urban areas</i>					
<i>Strengthen the EU industry and economy competitiveness</i>					
<i>Stimulate development and growth of innovative technologies</i>					
<i>Reduce production costs of renewable fuels by lowering the level of investment risk</i>					

<i>Facilitate fuel cost reduction by integration of the EU market for renewable fuels</i>					
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[Box: Any other view or ideas? Please specify. Max 500 words]

29. Please name the most important barriers hampering the development of sustainable renewable fuels and renewable electricity use in transport?

[Please explain, and quantify your replies to the extent possible. Max. 500 words.]

30. Please rate the most effective means of promoting the consumption of sustainable renewable fuels in the EU transport sector and increasing the uptake of electric vehicles:

	<i>Very effective</i>	<i>Effective</i>	<i>Not very effective</i>	<i>Not effective</i>	<i>No opinion</i>
<i>Increased use of certain market players' obligations at Member State level</i>					
<i>More harmonised promotion measures at Member States level</i>					
<i>The introduction of certain market players' obligations at the EU level</i>					
<i>Targeted financial support for deployment of innovative low-carbon technologies (in particular to the heavy duty transport and aviation industry)</i>					
<i>Increased access to energy</i>					

<i>system services (such as balancing and voltage and frequency support when using electric vehicles)</i>					
<i>Increased access to alternative fuel infrastructure (such as electric vehicle charging points)</i>					

[Box: Any other view or ideas? Please specify. Max 500 words]