

Making low-carbon technology support smarter

Bruegel, 10 September 2015 at 12.30pm



Participants:

Anne Houtman, Principal Advisor at European Commission, DG ENER

Georg Zachmann, Research Fellow, Bruegel

Chair:

Sara Stefanini, Energy and Environment Reporter, Politico Europe

Notes:

There is a need for competitive low-carbon technologies to facilitate a phase-out of fossil fuel consumption. As actual levels of private investment in innovation in those technologies are sub-optimal, public support should be provided to bridge the gap.

What are the tools available? We could bring back the carbon price at a higher level and restore the credibility of the cap-and-trade system to drive mid-term and long-term investment. One possibility would be to have the EIB backing-up the pledge of member states with a financial instrument that would allow firms to hedge their investments.

There are benefits from having a mixture of R&D and deployment policies. Also EU-wide deployment strategy would bring better efficiency and scaling benefits in R&D. Actual innovation policy in the EU lacks a clear strategic approach that brings together the policies from the EU and the member states, both for deployment and public R&D support. Also new deployment in Europe does not yet replace end-of-life technology – which might make it worthwhile to consider channelling some deployment support to fast-growing countries outside the EU (i.e. climate finance).

It was suggested by one discussant that the currently flourishing businesses, like Uber, Facebook or AirBnB, do not have any assets of their own. The future challenge for the energy sector would certainly be to think outside of the box and to potentially provide innovative or disruptive new technologies.

The panel finally commented on the recent “Market Stability Reserve” reform of the ETS, saying that it does provide some framework but that the industry is still waiting for a stronger reform to believe and credibly commit to the system.

Event notes by Augustin Lagarde, Research Intern.