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Horizon 2020 – aligning the EU Framework Programme for Research and Innovation with Energy and Industry Challenges

Research and innovation are instrumental in creating jobs and business opportunities. However, if Europe is to remain leader in the global economy, it needs to step up investments in this area. This is particularly true in this period of time characterised by financial instability and growing societal challenges, such as the one of ‘secure, clean and efficient energy’. By supporting research and innovation in renewables, Europe will turn the energy challenge into an opportunity for economic growth and industrial development.

In the recent past, Europe successfully set an ambitious decarbonisation agenda with the 2020 targets being just the first step. Political objectives should now be complemented with a strong research and innovation pillar that is pulling in the same direction. The Horizon 2020 framework could constitute such pillar, provided a better alignment with energy and industry challenges is ensured through the below, proposed adjustments.

1. Getting the level of financing right

- **The proposed Horizon 2020 overall financial envelope should be increased or at least be maintained.** The European Commission proposed budget of EUR 80 bn¹ represents an increase compared to the current spending of EUR 61.8 bn² in RDI activities that will in the future fall under the scope of Horizon 2020. The proposed amount reflects a higher European ambition for RDI that should not be watered down.
- **The funding dedicated to ‘secure, clean and efficient energy’ should be raised.** According to the proposed budget, the share of energy funding would constitute less than 9.2%³ of the total EU RDI budget opposed to 10.3%⁴ for the period 2007-2013.

¹ The amount is considered in constant 2011 prices.

² The amount includes EUR 50.521 bn of the FP7, the Euratom regulation (EUR 5.311 bn), EUR 3.015 bn from the Competitiveness and Innovation Framework Programme, excluding the Enterprise Europe Network (only a part of these funds will be available for RDI), EUR 1.486 bn from the NER300 (assumed price 7.43 EUR/CO2 tonne on 26 March 2012), EUR 0.9 bn dedicated to the European Investment Fund and EUR 0.309 bn of EU budget dedicated to the EU Institute of Innovation and Technology.

³ Including: 5,599 ml EUR as of regulation proposal, in constant 2011 prices. The figure is based on the assumption that the second NER300 call will fund projects between 2014 and 2020. The assumed price for NER300 is 7.43 EUR/CO2 tonne (26 Mar 2012).

⁴ The amount includes: EUR 2.350 bn energy budget as of FP7 legislation, the RDI part of the EERP (EUR 1.050 bn EUR for CCS and EUR 0.565 bn for offshore wind), EUR 120 ml for the InnoEnergy KIC between 2011 and

This is not enough if the EU is to reflect the increased importance of energy on its political agenda.

- **Two thirds of Horizon 2020 energy funds should go to renewable energy.** In 2050, renewable energy will represent at least 55% of the European energy mix according to the Commission's Energy Roadmap. By 2020, major changes will have to be implemented in order to be on track. According to Commission's data, within the current framework programme less than half (44%) of the energy budget has been dedicated to renewables, so far. A change of gear is required: this share should now be increased to two thirds in order to reflect the increasing importance of renewables in our energy mix.
- **Horizon 2020 should build on the SET Plan and earmark support for renewable Industry Initiatives.** The European Council recognised that "the EU and its Member States will promote investment in renewables and safe and sustainable low carbon technologies and focus on implementing the technology priorities established in the European Strategic Energy Technology Plan"⁵. In June 2010 a Solar Europe Industry Initiative (SEII) for solar photovoltaics (PV) and solar thermal electricity (STE) was launched in the framework of the SET Plan. As for PV, this Initiative encompasses the RDI priorities that are essential to enable rapid, large-scale deployment of this technology at minimum cost and maximum benefit for the society. With a cost decrease of 50% over the past 5 years, PV is already proving its viability and potential to become a mainstream source of power. The European Commission has acknowledged that the PV priorities under the SEII require an investment of EUR 9 bn in the 2010-2020 timeframe, to be split among the EU, Member States and industry budgets⁶. However, according to EPIA analyses, the amount dedicated to PV under FP7- Energy has been about EUR 0.143 bn, so far; the FP7 has allocated only EUR 92 ml to projects that implement the SEII.⁷ At current funding levels, it is clear that the SET Plan will not achieve its 2020 objectives, thus endangering our ability to deliver on the 2050 decarbonisation target. Therefore, **EPIA asks for EUR 0.8 bn to be earmarked in Horizon 2020 for the implementation of the Solar Europe Industry Initiative for photovoltaics.**

2014, about EUR 150 ml from RSFF extrapolation, EUR 727 ml from the Intelligent Energy Europe programme and EUR 1.486 bn from the NER300, according to the price assumption specified above (footnotes 2, 3).

⁵ European Council conclusions, 4 February 2011.

⁶ Commission Staff Working Document 'A Technology Roadmap' accompanying the Communication on Investing in the Development of Low Carbon Technologies (SET-Plan), 7th October 2009.

⁷ Including FP7 funding from various areas, e.g.: energy, ideas, ICT, SME and others.

2. Ensuring efficient programming in order to match the industry's needs

An adequate funding level is not sufficient to attract industry's participation in the EU programme for research and innovation alone. Efficient programming is also an essential element:

- In accordance with the logic followed for the overall programme, **the annual budget dedicated to the PV priority area should steadily and progressively increase in future Horizon 2020 calls**. This will ensure predictability for PV stakeholders, securing in turn a clearer RDI path for this technology.
- In respect of grants, **the preparation process of the calls for proposals for the PV priority area should formally and transparently take into account the priorities identified by the Solar Europe Industry Initiative governance structure**.
- Moreover, **a bottom-up approach should complement the top-down programming logic of calls for proposals**. Industry's close-to-the-market projects should be financed through non bureaucratic and quick procedures based on a first-come first-served approach. Project proposals should be submitted to a compatibility check with the SEII Implementation Plan by the European Commission.
- **Calls for proposals should be opened in a period of the year allowing consortia of partners to correctly prepare the projects**. Periods before the summer or the winter break should be avoided.
- **The time-to-grant should be shrunk**. The project submission period in response to calls for proposals should consist of a single stage procedure but with an extended pre-proposal check. The evaluation period should also be shortened.
- In respect of the instruments allowing for one single applicant, such as the SMEs support tool, **eligible costs should be counted as of the day of evaluation notification**. This would encourage beneficiaries to start the project earlier.
- Finally, **reporting procedures should be streamlined** according to a result-oriented approach.

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EPIA, the European Photovoltaic Industry Association

Created in 1985, the European Photovoltaic Industry Association is the world's largest photovoltaic industry association, with members active along the whole solar PV value chain. EPIA aims to represent the European photovoltaic industry vis-à-vis political institutions at European and International levels and advise key decision-makers on the most adequate policies to develop a sustainable photovoltaic market. Thus it contributes to the generation of sustainable renewable electricity, the mitigation of climate change as well as the reduction of EU energy dependency.