## Contents

			page xv		
Ac	Acknowledgments				
In	trodu	ction		1	
PA	RT I	TWENT	TY-EIGHT NATIONAL SUPPORT		
S C	HEME	ES IN RE	EGULATORY COMPETITION	7	
1	Regi	ilation	of renewable electricity in the		
	inte	rnal ele	ctricity market: (still) a preserve of		
	Men	ıber Sta	ites	9	
	1.1	The co	oncept of regulation in the USA		
		and th		9	
		1.1.1	Definition of regulation	9	
		1.1.2	0	12	
		1.1.3	Practice of regulation and academic debate	14	
	1.2	Regula	ation of electricity markets in the EU:		
		from 1	national monopolies to a common		
		marke	et	19	
	1.3	1.3 Regulation of renewable electricity: regulator			
		compe 1.3.1	etition in how to reach national targets Regulation of renewable electricity in times	22	
		11011	of national monopolies	22	
		1.3.2	First attempt at regulation of renewable		
			electricity in a liberalized market: indicative	2	
			targets and guarantees of origin under the		
		4.0.0	First RES Directive	26	
		1.3.3	The regulatory status quo: mandatory		
			national targets under the Second RES Directive	33	
			Directive	55	

Cambridge University Press
978-1-107-11293-3 - EU Renewable Electricity Law and Policy: From National Targets
to a Common Market
Tim Maxian Rusche
Table of Contents
More information

## X CONTENTS

2	The	regulatory options from an economic po	int of				
	view	: superiority of prices over quantities un	der				
	real-	world conditions	39				
	2.1	The distinction between price-based and					
	quantity-based support schemes						
	2.2	The (European ignorance of the) equal	39				
	2.2	efficiency of price-based and quantity-based	sed				
		instruments under ideal conditions	41				
	2.2	Efficiency of price-based and quantity-ba					
	2.3						
		instruments under real-world conditions					
		2.3.1 Imperfect information and uncertain	5				
		<ul><li>2.3.2 Access to capital and investment risl</li><li>2.3.3 Administrative and transaction costs</li></ul>					
		2.3.4 Dynamic effects	51				
		2.3.5 Market power	53				
		2.3.6 Strategic behavior of firms	54				
		2.3.7 Windfall gains and price discriminat					
		2.3.8 Regulatory stability	57				
		2.3.9 Theoretical conclusion	57				
		2.3.10 Empirical confirmation	58				
3	The	times they are a-changin'? The evolution	of				
9	support schemes in Member States over time						
		3.1 The first generation of support schemes:					
	3.1	• • • • • •					
		from the late 1970s until the First RES					
		Directive	62				
	3.2	The second generation of support scheme	es:				
		emergence of TGC in the context of marl	xet				
		opening and increasing sophistication of	FIT 65				
	3.3	Overview of the evolution in time of sup	port				
		schemes in the different Member States	68				
PA	RT II	REGULATORY COMPETITION AND UNIO	N				
LA	W PRO	OTECTING THE INTERNAL MARKET	77				
4	Unio	on law on State aid: down for the count, I	but				
•		knocked out by PreussenElektra	79				
	4.1	The fine line that separates "State resour					
		from "no State resources"	. 79				
		4.1.1 The 1990s: Member States notify the					
		support schemes, and the Commissio					
		<ul><li>approves them without hesitation</li><li>4.1.2 The starting point for a complex dec</li></ul>	81				
		4.1.2 The starting point for a complex dec making practice: <i>PreussenElektra</i>	82				
		maxing practice. I reassinguith	02				

Cambridge University Press 978-1-107-11293-3 - EU Renewable Electricity Law and Policy: From National Targets to a Common Market Tim Maxian Rusche Table of Contents <u>More information</u>

			CONTENTS	xi
	4.1.3	"Damag	e control" by the Commission (and	
		the Cou	rt?): the art of threading the fine	
		line bet	ween State resources and no State	
		resource	es	85
		4.1.3.1	Support schemes involving a	
			compensation mechanism based on	
			a levy	89
		4.1.3.2	Support schemes involving the use of	
			resources of public undertakings	92
			Green certificate schemes	98
	4.1.4		sent, Commission v. Netherlands	
			NOx trading"), Vent de colère and	
		Preussen	What scope remains for	103
			Clear legal assessment	103
			Small doubts with regard to legal	100
		4.1.4.2	assessment	108
		4143	Major uncertainties with regard to	100
		1.1.1.0	legal assessment	110
	4.1.5	Should	regulatory measures be subject to	110
			d control?	111
		4.1.5.1	The importance of PreussenElektra:	
			A clear confirmation of Van Tiggelen	
			and Sloman Neptun as to whether	
			only measures financed from	
			State resources are covered by	
			Article 107 (1) TFEU	112
		4.1.5.2	Arguments on the relationship	
			between regulation and State aid	113
			The status quo: a partial overlap	115
4.2			onditions does a national	
	suppo	rt schem	e confer an advantage?	117
4.3	Compa	atibility o	of State aid for renewable	
	electri	city with	the internal market	121
	4.3.1	Åssessm	nent under the Environmental	
		Guideliı	nes	121
		4.3.1.1	Content and evolution of the	
			Environmental Guidelines	121
			Commission decision practice	125
	4.3.2		nent as a public service	
		compen		132
	4.3.3		fferences between the	
			mental Guidelines and public	105
	474		compensations	135
	4.3.4		nent of compliance with other rovisions in the context of the	
			d assessment	136
		JUDIC dl		100

Cambridge University Press
978-1-107-11293-3 - EU Renewable Electricity Law and Policy: From National Targets
to a Common Market
Tim Maxian Rusche
Table of Contents
More information

## xii contents

5	prot ever	ection	on free movement of goods: the of the environment justifies (nearly) except for "Buy European" clauses ent	138
6	Proh	ibition	of internal customs duties and	
	disci	riminat	ory taxation: the sometimes forgotten	
	strai	ghtjack	xet (	146
	6.1	The re	elevant case law: Outokumpu Oy, AEM and	
		AEM T	Corino, Essent, Van Calster and Streekgewest	146
	6.2			
		Article	es 30 and 110 TFEU by support schemes	
		and re	emedies	150
		6.2.1	Parafiscal levies financing stranded costs,	. – .
		6.0.0	FIT and PTS	150
		6.2.2	TGC and compliance with Articles 30 and 110 TFEU	155
A	brief	aside II	measures : investor-State arbitration and the r Treaty	159 164
ЪΛ	DT III		ARD A COMMON MARKET FOR	
			LECTRICITY?	173
κĽ				
7	2013		5 – Years of upheaval?	175
	7.1		conomic case for a common market:	
			ency gains	175
	7.2		epeated political failure of proposals for	
			mon market: it's the jobs, stupid (and	
			e also legislative capture?)!	176
	7.3		to 2015 – A tale of regulatory activism	
		2	idicial self-restraint	180
		7.3.1	Foreplay: the Commission's	
			2012 communication "Renewable Energy: a major player in the European energy	
			market"	181
		7.3.2	Regulatory activism: Commission	101
			attempts at harmonization through	
			communications and State aid guidelines	
			from 2013 to 2015	186

Cambridge University Press 978-1-107-11293-3 - EU Renewable Electricity Law and Policy: From National Targets to a Common Market Tim Maxian Rusche Table of Contents <u>More information</u>

CONTENTS X	i	li	i
------------	---	----	---

			7.3.2.1	Commission guidance for the design of renewables support schemes for the	
			7.3.2.2	period until 2020 The 2030 framework for climate and	186
			7.3.2.3	energy policies The 2014 Environmental Guidelines:	190
			7.3.2.4	the bell tolls for FIT Renewable energy in the Energy Union	193
		7.3.3		Package of 2015 self-restraint in Ålands vindkraft	196
			and Esse	ent Belgium	197
8	Regu	ilatory	options	for the creation of a common	
	mar	2	•		201
	8.1	Prelim	inarv co	nsiderations on legal basis and	
				h other regulatory policies	202
		8.1.1	Legal ba		202
		01111		The Treaty of Rome: absence of a	
				common energy policy from the text	202
			8.1.1.2	Energy in the Single European Act and	
				the Treaty of Maastricht: first attempts	
				by Member States to put brakes on	
				EU action	205
			8.1.1.3	A dedicated legal basis for energy	
				that comes at the price of a partial	
				re-nationalization of energy policy	206
		8.1.2		ion with other regulatory policies	213
			8.1.2.1	Is there any additional impact in terms of CO <sub>2</sub> reduction from support schemes	
				for renewable electricity in the presence	
				of the EU ETS?	215
			8.1.2.2	Are overlapping layers of regulation necessarily a problem in the light of	
				the Tinbergen rule?	216
			8.1.2.3	The different levels of interaction	
				between EU ETS and support schemes	
				for renewable electricity	218
	8.2	Botton	n-up: reg	ulatory convergence	220
	8.3	Top-down, the regulatory way: State aid			
		guidelines as tool of regulatory policy			
	8.4				
		support scheme			227
		8.4.1		ulatory technique (price-based;	
				y-based; national choice of the system	
				ed with trading between systems)	227
		8.4.2	Market		229

Cambridge University Press	
78-1-107-11293-3 - EU Renewable Electricity Law and Policy: From National Targ	ets
o a Common Market	
'im Maxian Rusche	
Table of Contents	
Aore information	
More mormation	

## xiv contents

9	Regu	latory cross-fertilization across the Atlantic	231
	9.1	Transplanting feed-in tariffs and green	
		certificates: intended and unintended effects	231
	9.2	The federal versus the State: parallels and	
		differences in constraints imposed by federal	
		law on regulatory competition and the	
		emergence of a federal market	233
	9.3	A common transatlantic market for renewable	
		electricity?	235
Ref	erences		237
Ind	lex		262