

EWEA briefing on Horizon 2020 proposal

On 30 November 2011 the European Commission presented a package of measures to boost research, innovation and competitiveness in Europe – **Horizon 2020**¹ –, the financial instrument implementing the Innovation Union for period 2014-2020.

The package brings together all existing EU research and innovation funding, including the Framework Programme for Research (FP), the innovation related activities of the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT).

EWEA key demands are:

- To increase the proposed Horizon 2020 funding level (EUR 80bn, or 7.8% of MFF) during the Multiannual Financial Framework negotiations.
- To increase the non-nuclear energy funds due to the importance of, in particular, wind energy research in solving the challenges which the EU faces.
- To target 2/3 of the non-nuclear energy research budget for renewable energy projects.
- To introduce a dedicated budget line with EUR 1.3bn for wind energy research under the SET-Plan.
- To keep ITER outside the EU Budget. If it was to be reinserted, non-nuclear funding must absolutely not be affected.

The Horizon 2020 key priorities are:

- (1) *Excellent Science.*
- (2) *Industrial Leadership.*
- (3) *Societal Challenges.*
- (4) *Sustainable Development* as the overarching priority of the programme.

Energy research and innovation activities fall under the Societal Challenges priority programme named **Secure, clean and efficient energy**. The proposed division replicates the structure of the Strategic Energy Technology Plan (SET-Plan), in addition to activities covered by the CIP-Intelligent Energy Europe and suggests a part for new knowledge and technologies. It is regrettable that the proposal has no dedicated budget lines nor financing targets for renewables or specific energy technologies; however, the Commission puts the SET Plan at the centre of its energy chapter, recalling that this programme offers a strategic approach at EU level for speeding up the development of new energy technologies and solutions. The Commission also recognises the potential of wind energy in comparison with previous research programmes.

EWEA welcomes:

- **The 41% increase of the EU research budget**² (EUR 80bn which compares with EUR 56.8bn in the current FP7, including Euratom, EIT, CIP and EEPR). However, despite the importance of research in contributing to growth and the Europe 2020 agenda and the added value of EU research which avoids duplication of national research programmes, the EU R&D budget as proposed still represents only 7.8% of the EU Multiannual financial framework for 2014-2020. **EWEA calls on the EU to increase the proposed funding level during the Multiannual Financial Framework negotiations.**
- The support to all stages in the innovation chain, especially activities closer to the market including innovative financial instruments.

¹ http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=h2020-documents

² See Annex I.

- **The nearly doubling of non-nuclear energy research funding** (from EUR 3.08bn in the FP7+CIP to EUR 5.6bn in Horizon 2020). But it is still very relative if the European Energy Programme for Recovery (EEPR) is taken into account - EEPR added EUR 1.56bn to FP7 energy research funding which makes the increase as small as 42%³. This increase only replicates the general research budget increase compared to FP7 and does not mean a bigger role for energy, although in recent years the EU has stressed the important role of renewable energy in adopted several crucial dossiers such as the Renewables Directive, the SET-Plan, National Renewable Energy Action Plans, Energy 2050 Roadmap.
- The suggested EUR 1bn for the implementation of the SET-Plan projects from the 2nd priority programme Access to Risk Finance Facility, which offers debt and equity investments (replacing the Risk Sharing Finance Facility in the current FP7). This “may go towards implementation of the SET-plan”. EWEA calls for this to be made into a requirement.
- The importance given to wind energy technology development within a separate activity of the “Low-cost, low-carbon electricity supply” programme.
- The suggestion to take full account of the research and innovation agendas established by the European Technology Platforms.
- The simplification of procedures and rules for application.

EWEA’s priorities:

- Although the Commission has acknowledged that the financial resources required to implement the SET-Plan are EUR 8bn per year (both private and public funds) between 2010-2020, there is no clear financial commitment from the EU to finance the SET-plan in the new research package. **The proposed overall non-nuclear energy R&D fund (EUR 5.6bn) is not enough to fund what the Commission says is necessary to achieve its 2020 targets. EWEA calls for a bigger increase of these funds due to the importance of energy research in solving the challenges which the EU faces.**
- The European wind industry was counting on EUR 1.3bn⁴ of EU research funding for wind in a dedicated budget line, but the Horizon 2020 financial proposal makes that impossible because of the disappointing size of the new energy budget proposed and no clear indications for SET-Plan technologies (budget lines or funding targets). Separate budget lines would allow for the different industrial initiatives to prioritise their implementation actions according to their different maturity level; would help avoiding competing priorities and would stimulate individual industries to actively participate and to co-finance; would improve transparency and accelerate the process towards concrete results.
- According to the energy 2050 roadmap of the European Commission, wind energy will be the leading electricity technology in 2050; but with Horizon 2020 as proposed by the Commission, wind has to compete with many other technologies for EUR 5.6bn while nuclear energy research still gets EUR 2.4bn in the Euratom programme and EUR 2.7bn for the ITER project. **EWEA calls for a budget line of 1.3bn for wind energy research under the SET-Plan.**
- The Commission suggests that the EU funding for energy research should only “complement” Member State’s activities with clear Union added value, in particular those with high potential to leverage national sources. This statement is very disappointing: **in an area of European importance like energy research the European Commission should play a leading role in boosting investments.**
- Nuclear energy is subject to a separate proposal under Euratom Treaty with a separate budget of EUR 2.4 billion. Furthermore, the nuclear ITER⁵ project – which is governed by the Euratom Treaty and therefore outside the immediate responsibility of the EU – funding is suggested to come from outside the EU budget in a supplementary programme (EUR 2.7 billion during 2014-2020 are proposed). However, a number of Member states have already called to keep ITER funding inside the EU budget. **This may heavily affect the other research activities, in particular that of non-nuclear energy, which are already underfunded. EWEA supports keeping ITER outside the EU Budget, but if it was to be reinserted, non-nuclear funding must absolutely not be touched.**

³ See Annex II.

⁴ The overall wind energy R&D budget for 2010-2020 according to the European Wind Initiative (part of the SET-Plan) is EUR 6bn both public and private funds. The suggested distribution of the budget is: 52% industry (EUR 3.12bn), 31% EU funds (EUR 1.86bn), 17% Member states (EUR 1bn). It is estimated that so far wind energy R&D received about EUR 0.5bn from the EU funds (mainly EEPR).

⁵ ITER – International thermonuclear experimental reactor.

Annex I. Comparison of funding levels in EU research programmes FP7 and Horizon 2020

EU Research policy programme	FP7 (2007-2013), EUR m	Horizon 2020 (2014-2020), EUR m	Difference %
Excellent science	-	24,598	
Industrial leadership	-	17,502	
Societal challenges	-	30,744	
Joint Research Centre non-nuclear direct actions	1,751	1,962	
European Institute of Innovation and Technology (EIT)	300	2,800	933%
EU regulation	50,521	77,606	154%
Euratom regulation	5,311	2,394*	
CIP-Intelligent Energy Europe	730	-	
Total research programme	56,862	80,000	141%

* additional EUR 2.7bn for ITER project is currently outside proposed EU budget therefore not included in this table.

Horizon 2020 vs. FP7 = 41% increase

Annex II. Comparison of non-nuclear energy research funding in the FP7 and Horizon 2020

Non-nuclear energy research	FP7 (2007-2013), EUR m	Horizon 2020 (2014-2020), EUR m	Difference
EU regulation	2,350	5,599	238%
CIP-Intelligent Energy Europe	730	-	
EEPR	1,565	-	
Access to Risk Finance Facility	-	1,000	
Total	4,645	6,599	142%

42% increase of the non-nuclear energy funding actually replicates the Horizon 2020 increase vs. FP7 – no new/bigger role for energy!