

ESMC STATEMENT ON THE EUROPEAN COMMISSION'S PROPOSED PLAN REPowerEU TO REDUCE EU ENERGY DEPENDENCE ON RUSSIAN FOSSIL FUELS

ESMC supports the action plan proposed by the European Commission on more ambitious and targeted deployment of renewables and requests quick and dedicated measures for the European solar PV manufacturing industry to bridge the supply gap. ESMC highlights the following measures of critical importance in addressing the issue.

Solar PV deployment and market clarity – the key factors to reduce energy dependence on Russia. EU should not only awake from the energy dependence on Russia, but should also take fast and dedicated measures to boost the deployment of renewables in the EU. ESMC congratulates the foreseen target that the largest share in gas import reduction from Russia till 2030 will be taken by solar and wind deployment along with heat pumps installations (205 bcm gas import reduction out of the total 279 bcm reduction). Till the end of 2022 the biggest gas import reduction from Russia will be achieved by gas supply diversification, while 40% of the reduction effect will be achieved by energy efficiency and the deployment of renewables. ESMC proposes to prepare detailed yearly European-wide solar PV deployment plans for the period of 2022–2025, stating ambitious deployment of renewables during this period. It is instrumental to start implementing the targets immediately while concentrating the effort on renewables. Such plans send the appropriate market signals and ease planning adequate implementation measures.

Solar PV deployment and PV manufacturing in Europe – different sides of the same coin. Quick and ambitious additionally extended solar PV deployment plans in the REPowerEU proposal should be equally reflected by the EU support of the PV manufacturing industry in Europe. In 2020, the global EU manufacturing share in PV was 11% for polysilicon, 2–3% for modules, 1% for solar wafers and 0.4% for solar cells, while we stood for 15% of the global deployment. This led to a total trade deficit of about 7.88 billion euros from PV cells and modules for Europe in 2020. In the recent EU strategic dependencies assessment¹, solar PV panels and technologies has been acknowledged as important for the EU's strategic dependence. The EU strategic dependencies assessment also point out that public policy measures might support industry's efforts to address the import dependency and overcome market failures. ESMC emphasizes that without properly addressing domestic PV manufacturing in Europe (the current challenges of the industry and market failures), EU is at risk of turning diminishing gas import dependence on Russia to long-term raw materials and PV hardware import dependence on China.

The forthcoming EU strategy on solar energy is a right and timely decisive step, but clear and quick measures are needed. The EU solar strategy it is already foreseen to encompass PV manufacturing issues and measures to enhance the strength, sustainability, resilience, competitiveness and innovation of the solar energy value chain in addition to the strategy milestones on accelerating the deployment, facilitating system integration and maximizing the socio-economic benefits. ESMC proposes that along the adoption of the EU strategy on solar energy (foreseen in the next months) a concrete action plan should be proposed to re-establish PV manufacturing capacities in the EU, including adequate public policies, financial support and other necessary measures..

Competitiveness of the PV manufacturing industry will be ensured only under competitive capital financing conditions. The EU strategy on solar energy under formation is just a starting point to ensure market trust in PV manufacturing capacity expansions in the EU. A key component on this track, which needs to be practically aligned by the market, is financial capital at competitive costs – equity, debts and loans and credit guarantees. ESMC advocates for the sustainably competitive European PV manufacturing sector by empowering the Recovery and Resilience Facility, Just Transition Fund, Important Projects of European Interest (IPCEI) for PV and other support measures to secure the long-term supply of PV components along the entire value chain. Both financial capital under competitive conditions and an IPCEI for PV are key instruments to reestablish PV manufacturing capacities, and reduce the strategic energy dependencies of the EU.

¹ EU strategic dependencies and capacities: second stage of in-depth reviews, Commission staff working document, 22.2.2022, Brussels.