

GEORISK Press Release: Geothermal risk mitigation established by the EU's legislative arsenal for renewables in heating and cooling

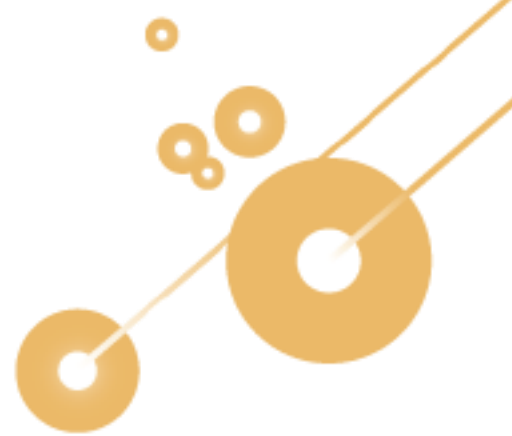
As the European Parliament and the European Council are starting to draft their positions on the European Commission proposal for amending the Renewable Energy Directive, the GEORISK consortium welcomes the initiative towards a EU wide framework for geothermal risk mitigation.

On July 2021, the European Commission proposed a set of amendments to the Renewable Energy Directive. This set of revisions aimed to make the EU's renewable energy policy fit for achieving an increased greenhouse gas emission reduction objective to 55% by 2030, notably by raising the renewable energy target to 40% by 2030. Achieving these higher objectives required more robust provisions to enable the market deployment of renewable technologies, especially in the heating and cooling sector.

Among the new provisions by the European Commission, EU Member States are now encouraged to set up "risk mitigation frameworks to reduce the cost of capital for renewable heat and cooling projects". This provision by the European Commission is an extremely positive step, welcomed by the GEORISK consortium. Dedicated risk mitigation schemes are a proven solution to reducing the accelerating the market uptake of geothermal and other renewable technologies – and the work of the GEORISK project from 2018 to 2021 has reaffirmed that. The setting of a policy framework refereeing to risk mitigation in a pre requisite for the future establishment of de-risking instruments in Europe.

Thomas Garabetian, GEORISK project management and EGEC Senior Policy Officer said: *"The European Institutions could however go much further from the EC's proposal. Based on the results of the research undertaken by the GEORISK project consortium, we encourage the European Parliament and the European Council to take build on the Commission's proposal. First, risk mitigation schemes are not relevant only for renewables in the heating and cooling sector and should also be available for electricity and combined heat&power projects."*

Risk mitigation framework should moreover be easily accessible to renewable energy developers, especially for geothermal, and the current wording does not provide sufficient guarantees. To facilitate this, the EU can contribute to backing such national schemes via the establishment of a dedicated pan-European Renewable Risk Mitigation Facility, for instance to guarantee the funds. The availability of an EU facility can be crucial to allow Member States to establish new risk mitigation schemes adapted to market maturity and the needs of the geothermal sector. Member States should also be mandated to implement risk mitigation schemes or at least consult with the industry about the relevance of such measure.



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