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**RENEWABLE ENERGY POLICIES IN THE EUROPEAN UNION:  
EXPANSION OF COMPETENCES FOR CLIMATE CHANGE  
MITIGATION**

MA Thesis

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## **Abstract**

In the past decades the European Union (EU) has actively promoted renewable energy sources (RES). However, according to Article 194 of the Treaty on the Functioning of the European Union (TFEU), the EU does not possess a legal right to determine national energy mix. The aim of the thesis is to examine the development of the EU's renewable energy policy over time and assess the current state of affairs in the policy field. To do so, neofunctionalist approach combined with supranational governance theory is applied to the case. The document analysis of EU legislation complemented with secondary literature is used in the empirical part. The thesis concludes that spillover has occurred from climate policy, driven by international negotiations on climate change, to RES domain. The climate policy has begun to shape energy policy agenda. Moreover, the thesis finds out that the key reasons preventing the establishment of supranational governance in RES policy is Article 194 of the TFEU and the absence of homogenous interests in various interest groups across the EU.

**Keywords:** Renewable energy policy, climate policy, spillover, neofunctionalism, supranational governance, European Green Deal

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## **Abbreviations**

Environmental Non-governmental Organizations (ENGO)

European Atomic Energy Community (EAEC)

European Coal and Steel Community (ECSC)

European Community (EC)

European Court of Justice (ECJ)

European Economic Community (EEC)

European Union (EU)

Greenhouse gas (GHG)

Intergovernmental Panel on Climate Change (IPCC)

Liquefied Natural Gas (LNG)

Member States (MS)

Members of the European Parliament (MEPs)

National Energy and Climate Plans (NECPs)

Ordinary Legislative Procedure (OLP)

Renewable Energy (RE)

Renewable Energy Sources (RES)

Single European Act (SEA)

United Nations Framework Convention on Climate Change (UNFCCC)

World Wide Fund for Nature (WWF)

## **Introduction**

Throughout the past decades the competences of the European Union (EU) have largely expanded. The integration process, started in the economic sphere, now strongly influences almost all domains of member states' politics. In the beginning the competences expanded to the fields that were closely related to the creation of the single market. Gradually, the EU has gained competences in the sphere of environment and energy. Environmental issues have become the part of the shared competences between the EU and Member States after the adoption of the Single European Act in 1987; whereas the energy sector has become a shared competence after the Treaty of Lisbon in 2007. However, after the unification of coal and steel production, the EU never formulated a separate coherent energy policy. The energy sector was merely affected by the rules ensuring adequate functioning of the internal market, such as competition and harmonization measures.

Growing concerns about the climate change in the EU led to the development of its climate policy which intersects with other policy domains. The EU has actively pursued climate policy both domestically and on the international scene. The adoption of the European Green Deal with the aim to make the EU climate-neutral by 2050 begins the new era of climate policies in the EU because it institutionalized the climate change mitigation in the EU. The reduction of greenhouse gas (GHG) emissions implies huge transformations in all sectors. The concerns about the environment started to shape the agenda of policy-making in other policy domains. The influence is especially strong on the energy sector, since carbon-rich fossil fuels, widely used in it, such as coal, oil and gas, are the main source of the GHG emissions. The Green Deal is underlining the future central role of the renewable energy sources (RES) in the energy sector. Therefore, climate-neutrality objective requires a great rebuilding in the energy sector and policy implying the transition to the RES.

However, the EU has never possessed the legal right to determine national energy mix of the member states (MS) and this is reflected in Article 194 of the Treaty on the Functioning of the European Union. The EU has developed policies promoting RES to increase the security of energy supply and diversification of energy sources. Over the

years, the EU has adopted three Directives dedicated to the promotion of the RES in 2001, 2009 and 2018. However, currently the aim of clean energy transition requires the deployment of RES as the primary energy source across the EU. Therefore, now, there are two factors observed at the same time. First, the EU still does not have the legal right to interfere in the national energy mix. Second, the Green Deal putting the RES at the centre of future energy policy has been adopted. The ambivalence of these two factors constitutes the main research problem of this thesis.

The objective of this thesis is to explore the evolution of the European Union's renewable energy sources policy over time and assess the current state of affairs in the domain. It aims to examine the development of RES policies to find out the key factors that have contributed to it. The major stages will be identified to explore how the expansion of the EU's competences was justified over the years. The role of the main actors that made this development possible will be examined. Then, the currently established governance in the RES domain will be analyzed. This research is driven by two research questions:

RQ 1: "What explains the recent push for closer integration in the renewable energy policy domain?"

RQ 2: "To what extent is supranational governance established in the renewable energy policy domain and why?"

This thesis will be contributing to a vast body of literature on the climate and energy policies, and, specifically, RES policy in the EU; which focus on various aspects. The issue of governance has attracted much attention from scholars. The effectiveness of energy policy governance in the context of climate change has been studied from various angles (Dupont & Oberthür, 2012; Szulecki et al., 2016; Oberthür, 2019). The challenges related to the governance of RES in the EU have been researched before (Hildingsson et al., 2012; Tews, 2015; Focken, 2015); however, an updated framework for 2030 and new Directive on RES promotion adopted in 2018 have resulted in a new wave of research on the topic. These works are focused on the assessment of changes made to RES governance in the new framework (Solorio & Jörgens, 2020; Monti & Martinez Romera, 2020; Schoenefeld & Knodt, 2021). Some works have examined the

influence of different actors on legislation adoption in the EU (Rowlands, 2005; Bürgin, 2015; Feldhoff & Fuchs, 2016), providing an insight on the negotiation processes. Moreover, the book by Solorio & Jörgens (2017) gives an extensive analysis of RES policies across the EU, comparing the Europeanization level. However, the most recent developments, such as the adoption of the Green Deal, have increased the importance of RES and have paved the way for further research. This thesis will contribute to literature by providing a comprehensive overview of RES development and governance from a wider perspective of European integration. It will explore the nature of EU's competences expansion and their current state taking into account more factors than just the regulatory framework.

The neofunctionalist approach supplemented with the supranational governance theory will be used as a theoretical framework in this thesis. The thesis will be a case study. The notion of spillover will be applied to the developing RES policy. The framework presented by the supranational governance approach will help to trace the increasing integration over the years and find out the mode of governance in RES policies. For this, three dimensions of integration – supranational rules, supranational organizations and transnational society will be analyzed. The document analysis method complemented with desk research on the secondary literature on the RES policy. Since this method will examine the main source of the EU's policy, it will uncover the EU's RES policy as well. The main data source used will be the EU legal and policy documents, including the main treaties, secondary law and other official documents.

Besides Introduction and Conclusion, the thesis will have three chapters. The first Chapter will cover the theoretical framework, outlining the neofunctionalist approach and supranational governance theory which has stemmed from it. It will also explain the key concept of spillover and three dimensions of integration. The second Chapter will cover the methodology and subsequent analysis will answer the RQ1. The first sub-chapter will provide an overview of the research design, methods and data, whereas the remaining four sub-chapters will examine the evolution of RES policies. The third Chapter will answer the RQ2. Each sub-chapter will be dedicated to one dimension of integration and summary. The conclusion will summarize the main findings of this work.

## **Chapter 1. Theorizing the development of EU competences**

This chapter aims to provide a theoretical background which can explain the expansion of EU competences over the years. The neofunctionalist approach has been chosen because it provides the most comprehensive approach to explaining the dynamics and evolution of EU competences. However, it will be supplemented with the more recent supranational governance approach which is the successor of neofunctionalism. Therefore, this theoretical framework is the most suitable to focus on how and why the changes have occurred in the policy domain.

The first chapter will provide an extensive overview of neofunctionalism and supranational governance approaches, and their development over the years. The first sub-chapter will cover the emergence of neofunctionalism and its historical context. The second sub-chapter will explain the key notion in this approach – “spillover” and outline key premises of neofunctionalism. The detailed explanation of spillover will help to apply the concept to the field of renewable energy policy. In the third sub-chapter decline and criticism of neofunctionalism will be covered, to show the potential limits of the approach. The fourth sub-chapter will provide the overview of neofunctionalism’s revival in the form of the supranational governance approach. The chapter will be finalized with theoretical expectations derived from the main assumptions of supranational governance and neofunctionalist approaches.

### **1.1. Emergence of neofunctionalism**

The integration processes occurring in the European continent have been attracting scholars’ attention for the last few decades. Many theories have been developed to explain the phenomenon from different angles. The first attempts led to the creation of so-called pre-theories: functionalism, federalism and transactionalism. Even though the theories did not fully explain the process and became outdated, they have made an enormous contribution to the development of the later theories of European integration (Eilstrup-Sangiovanni, 2006, p. 33). The predecessor of neofunctionalism - functionalism, was developed by David Mitrany and the core idea was that economic cooperation among several countries will gradually expand to other spheres. International organizations which were established to fulfill special functions are believed to be the cornerstone of future integration (ibid., p.24). These organizations are

going to gain trust of people and governments and gradually expand their competences. The core difference from other pre-theories and contribution offered by functionalism was a political program which encompassed explanation for potential actions necessary to reach further integration. Economic cooperation played a central role in the idea of functionalism; it is the starting point after which cooperation in other domains begins to emerge. Moreover, functionalists strongly emphasized the role of non-state actors in the economic cooperation, making nation-states not the only driving force of integration processes. These pre-theories serve as a basis for further development of new theories.

Neofunctionalism emerged in the 1950s of the XX century in response to a rapid development of integration processes in Europe; which drew a new wave of attention from scholars. Previously developed pre-theories did not give satisfactory answers to all the questions concerning these unique developments; hence, a new theory called neofunctionalism was developed in the late 50s. The founding father of this approach was Ernst Haas, who has extensively written on the topic of European integration and neofunctionalism for the next several decades. E. Haas attempted to complement “functionalism” approach by D. Mitrany and combine with the pragmatic strategy of J. Monnet for maintaining the European Coal and Steel Community (ECSC) and its further transformation into the European Economic Community (EEC) (Schmitter, 2005, p. 256). This synthesis resulted into a modernized and developed version of the functionalists’ idea. As a result, a very wide research agenda has emerged in the literature, explaining the recent developments on the European continent. Neofunctionalism has remained one of the most powerful approaches to the study of European integration for several decades.

Development of neofunctionalism is an important turn in the studies of integration processes, a breakthrough from the theories of international relations to the theories of regional integration. It is the first comprehensive theory of regional integration (Eilstrup-Sangiovanni, 2006, p. 90), and even though a large share of neofunctionalism’s logic is following the same as functionalism, it is a more evolved version of classic functionalism. According to Eilstrup-Sangiovanni (2006, p. 91), there are core differences between them. First, while functionalists assume that integration is unavoidable making states enter into more and more functional institutions,

neofunctionalists are limiting it to the idea that institutions will promote the further integration. Second, with regards to the drivers of integration neofunctionalists put more emphasis on the actors' self-interest, rather than concern for universal welfare or technical pressure as functionalists do. Thirdly, the final vision of integration is different: E. Haas underlines the creation of "a new political community" (Rosamond, 2005, p. 241), whereas functionalists discuss the creation of various functional institutions. Finally, functionalism was a theory of post-territorial governance, whereas neofunctionalism is a theory of regionalism. Therefore, neofunctionalism offered new perspectives on several issues, modifying functionalism which proved itself to be obsolete.

Neofunctionalism represents a move away from a traditional state-centric view of integration. Neofunctionalists accept the pluralist perspective on the nation-state and emphasize various actors, who are following their personal aims, and their interaction. Moreover, although neofunctionalism is based on the idea of the integration expansion, it is not focused solely on the end results, and as presented by E. Haas is not a theory, but an approach. It underlines the process of integration itself more than its outcomes (Rosamond, 2000, p. 55). E. Haas defines political integration as a process during which loyalties, expectations and political activities of participating actors are moved to a new center, whose jurisdiction is prevailing over national states and this leads to the creation of "a new political community, superimposed over the pre-existing ones" (Rosamond, 2005, p. 241). Remarkably, even this definition illustrates the move away from the traditional nation-state perspective in the political science. It underlines the role of the "new center" in integration processes, and that it is "superimposed" on the foundation that existed before. Overall, neofunctionalism aims to explain why and how the integration occurred and highlights the role of non-state actors.

## **1.2. The concept of spillover and main tenets of neofunctionalism**

One of the central concepts explaining the integration processes in the neofunctionalism approach is the concept of "spillover". The idea behind the concept is that integration in one domain would lead to further integration. E. Haas posited that integration, started in one economic sector, exerts pressure and expands further, transferring more capabilities and competences to the European level. Economic and political actors interested in

integration increasingly endorse the reinforcement of the supranational level to achieve their goals. The integration can be developed both in the same economic sector and even expand to other sectors (Rosamond, 2000, p. 60). As a result of this, more and more competences are transferred to the higher level to maintain adequate performance of previously delegated competences. In their early works, both E. Haas and Leon Lindberg, who extensively wrote on the topic of neofunctionalism, assumed the spillover process to be irreversible and expansive (Rosamond 2005, p. 245). Lindberg defines spillover as “In its most general formulation, 'spill-over' refers to a situation in which a given action related to a specific goal creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action, and so on” (Jensen, 2000, p. 73-74).

According to Moga (2009, p. 798), spillover includes both dimensions of integration: expansion and deepening. The sectoral spillover concerns the spread of integration from one area to another, for example, from coal and steel to agriculture. The political spillover covers the politicization within one sector, such as increased role of supranational governance in it, for example, development of centralized bodies in the area of monetary policies. The evolution of European integration showed that spillover was no longer the only unavoidable consequence and thus it is not the only concept existing to describe developments in integration. New concepts were elaborated: spill-around – expanding integration in other areas but with the same level of authority, spill-back – decrease in integration, and buildup – deepening cooperation in one domain without moving to another one (Rosamond, 2000).

Spillover is a multi-faceted concept and there are several types of spillover which are distinguished in literature, namely functional, political and cultivated spillover (Eilstrup-Sangiovanni, 2006, p. 94, McGowan, 2007). The concept of functional, or technical, spillover is closely tied to the economic sector, since various economic spheres are strongly connected. Therefore, integration in one sector triggers integration in other sectors. In other words, to ensure successful functioning of integrated aspect of economics, integration of other aspects of economy is required. Political spillover, on the other hand, rather underlines the political integration occurring due to previous economic and social rapprochement. The main social groups in a country realize that,

after the delegation of some authorities to supranational institutions, the national governments no longer have full capacity to serve the interests of these groups. Therefore, these groups turn to cross-border cooperation for that and these actions require a centralized coordination from the organization. The idea of cultivated spillover underlines the importance of institutional structures in the integration processes. To fully understand European integration one should not neglect the role of supranational institutions, and their interaction with other actors. Therefore, three different types of spillover - functional, political and cultivated - are focused on different aspects of the same process.

Cultivated spillover is also sometimes related to the formation of coalitions between different transnational groupings, rather than on the technical necessity. Common problems and interests can sometime unite not only nation-states, but also interest groups or bureaucrats from supranational bodies in coalitions. They try to impact the political agenda and sometimes actors with an interest in one area support actors in another one and vice versa (Jensen, 2000, p. 74). Thus, a political connection starts to exist between those two actors. To gain support for their interests, the interest group would support the interests, and this usually happens in a form of a package deal. This type of political linkage can affect the behavioral pattern of the actors and their preferences; however, it is not that easy to trace those developments.

It is important to highlight here that the spillover process is a very conflictual and complex one. In fact, considering it instant, smooth and easy has been one of the common misunderstandings of E. Haas's work (Schmitter, 2005, p. 261). On the contrary, spillover implies controversies and difficulties, since the delegation of new competences and transferring authority require huge transformations within the states. Discussing the integration process E. Haas puts emphasis on different non-state actors that try to promote their own interests on the initial bargaining step, because the consequences are not only about the possible institutional reforms, but also changes that concern various relevant stakeholders. However, in case of democratic countries, where pluralistic interests are represented, the pressure put on the national governments will make them turn to the international organizations and delegate more authority to solve rising tensions. As a result, citizens also begin to trust the supranational body more and

more, the organization gains more authority in the eyes of society. This fuels the consequent possible political integration spilling over from economic-social dimension (Ruggie et al, 2005, p. 279). Therefore, even though spillover is not happening overnight and has its own controversies, those controversies still pave the way to further integration.

Moreover, since integration does not occur in vacuum, spillover can be affected by external factors. Schmitter (1969, p. 162) has distinguished two important factors that can influence the process of spillover: interdependence of policy areas and talents of political elite. As was mentioned before, spillover occurs when it is not possible to achieve the goal in the given area, therefore the closer is the other area the more possible is spillover. The link which is not visible or is ignored at first can be mobilized by various interests and is used to fuel spillover. The second factor is related to the personal characteristics of the political elites, such as administrators of regional institutions. Their ability to seize the moment and promote the expansion of integration in the most suitable moment plays a crucial role in the spillover process. Moreover, factors such as scope of the commitment – the number of interest groups involved and significance of the policy sectors covered and level – the continuity and the techniques of the commitment, also influence the expansion of integration. Therefore, as spillover is not occurring in a complete isolation, many factors influence its time span, speed and scale.

The theoretical background offered by neofunctionalism emphasizes that supranational institutions created as a result of the integration processes are the key actors in the further development of integration. The supranational institutions, such as the Commission, are playing a pivotal role since they represent the interests of the organization as a whole, rather than separate interests of member states. Mere economic cooperation without political activism would not lead to automatic spillover. Previously created governing bodies are fueling it and expanding integration, even though states remain as key actors. The existence of the supranational institutions is explained by the need for direction and coordination from higher authority (Rosamond, 2000, p.61). Even if the authority was not initially designed for that, it promotes integration further (Eilstrup-Sangiovanni, 2006, p. 91). The evolving context influenced scholarly literature

which gradually moved away from the traditional state-centric perspective, indicating the importance of not only various internal actors, but also of the institutions. Moreover, this further develops and explains the idea of spillover, making institutions an important part of the process. As an example, European Court of Justice continues to expand and deepen integration adopting many new binding judgments which give a new interpretation to the signed treaties through the case law.

Neofunctionalists acknowledge that states are rational and it is in their interest to integrate, however, they also argue that states cannot know the consequences of integration fully. One of the key assumptions of neofunctionalism is that “decisions about integration are normally taken with very imperfect knowledge of their consequences and frequently under the pressure of deadlines or impending crises” (Schmitter, 2005, p. 259). Moreover, the delegation of authority is not about simply one decision, delegating authority means that further decisions will be also accepted by the authority. The outcomes are not explicitly states in agreements and are not expressed during the negotiations. It is almost impossible to predict the potential consequences and difficult to protect national interests at the time when a treaty or an article are negotiated (ibid.). Therefore, neofunctionalism presents a framework which accepts a rational perspective on the states and their decision-making while also acknowledging that those rational actors cannot know everything in advance.

### **1.3. Decline of neofunctionalism and neofunctionalist–intergovernmentalist debate**

In sharp contrast with two previous decades, the European integration processes slowed down in 1960-70s which have seriously challenged the positions of neofunctionalism. The 1960s have been called “troubled international context” (McCormick, 2015, p. 81), and that also affected the scholarship on European integration. The opposition of the French president Ch. De Gaulle to the further integration, leading to the “empty chair crisis” was seen as a vivid refutation of neofunctionalism. The crisis showed that spillover is not inevitable and that stagnation in integration is very much possible. These empirical developments had an impact on the theoretical domain and led to skepticism towards neofunctionalism. Even E. Haas himself repeatedly called neofunctionalism “obsolescent” in the 1970s (Ruggie et al, 2005, p. 279). This kind of criticism from the

founding father of the theory has had a serious negative influence on neofunctionalism's popularity.

One of the arguments directed against neofunctionalist approach in 1960s was made by intergovernmentalists, namely S. Hoffmann. This approach emphasized the significance of national governments and states' sovereignty, limiting the potential of spillover effect. He argued that, even though state can delegate control over technical issues, they would never give up competences concerning the sensitive matters. Based on this, he clearly distinguished between areas of "low politics" and "high politics". Low politics cover economic and welfare issues that government could give up to the international institutions. High politics, on the other hand, include foreign policy, security and defense matters; the areas which are vital national interests (Moga, 2009, p. 801). National authorities would be very careful when they delegate this into the hands of supranational authorities. Hence, the diminishment of supranational institutions' role by intergovernmentalists shaped the most of the supranationalists-intergovernmentalist debate in the development of European integration theories.

Liberal intergovernmentalism, political theory developed by Andrew Moravcsik in 1990s, took intergovernmentalist ideas further. In his approach, Moravcsik unified liberal and realist perspectives, arguing that integration process should be understood in three steps: internal national preference formation, interstate bargaining and institutional change (Moravcsik, 1998). From this perspective, states integrate deliberately because of the economic benefits of integration (*ibid.*). Hence, a key division between liberal intergovernmentalism and supranationalism is rooted in the question of what or who was controlling integration. According to liberal intergovernmentalism it were member states; whereas supranationalists argued that after some functions are delegated to supranational institutions, spillover effect leads to more functions to be delegated (Stone Sweet & Sandholtz, 1997, p. 300). However, Rosamond (2005, p. 243) argues that "at a metatheoretical level and intergovernmentalism are pretty much indistinguishable". Indeed, the idea that states deliberately delegate competences to supranational institutions is never denied by neofunctionalists, who, on the opposite look into the process of delegation and actors participating in it.

Another possible flaw in the neofunctionalist logic is coming from the growing influence of European integration on the daily lives of the European citizens. It is something that was anticipated by E. Haas himself, and labeled “politicization” by Schmitter in 1970 (Schmitter, 2005, p.268). According to this approach, because of the large expansion of integration’s consequences and its influence on people’s lives, they take more active participation in the political live of the Union. Internal politicians and social movements become to include European issues on their agenda and the whole idea of functional spillover effect becomes more neglected. The increasing amount of referendums and the role of the European Parliament results in the European matters stopping to be an exclusive issue of political elite and bureaucracy. Hence the idea of spillover starts to lose its relevance.

Although neofunctionalism has been heavily discredited, new developments have played a role in its revival. The stagnation did not last long, and the new changes and developments, such as signature of the Single European Act brought neofunctionalism back to the scholar world. In the late 1980s and the beginning of the 1990s, due to the renewed activity in integration processes, neofunctionalist theories have been revised (Jensen, 2000, p. 73). Further developments, such as introduction of euro and the signature of the Maastricht Treaty, also proved the skepticism toward neofunctionalism wrong. Moreover, the development of new theories and approaches showed that there is no common vision of European integration - various approaches and analytical framework can answer various questions. The European project has developed so much that one theory cannot possibly answer all the questions. Even though there have been many works attempting to disprove neofunctionalism and declare it obsolete, it remains relevant today. For example, Rosamond (2005), revisits neofunctionalism underlying its relevance to contemporary studies of European integration; and McGowan (2007) applies it to the EU’s competition policy. Therefore, despite conceptual limits briefly sketched above, neofunctionalism still remains an important approach to study the processes happening on the European level.

#### **1.4. Supranational governance approach**

The growing diversity of EU competences and complexity of EU policy-making led to the abandonment of the straightforward labeling of the EU as supranational or

intergovernmental organization. In their article, Stone Sweet and Sandholtz (1997) proposed a new theory which offers an analytical framework to find out why European integration is differentiated across the policy areas and to what extent it is supranational or intergovernmental. The approach is mainly based on the neofunctionalist ideas, making it the successor of neofunctionalism. Even though it has several differences from neofunctionalism, in the dichotomy of neofunctionalism-intergovernmentalism debate it is leaning more toward the neofunctionalism. Acknowledging the importance of the supranational institutions and decision-making in the European Community, the approach is focused on the evolution of the supranational governance. Moreover, it borrows some of the crucial elements of one of the pre-theories – transactionalism, namely, ideas of Deutsch, emphasizing the role of the social and cultural dimension of integration (Stone Sweet & Sandholtz, 1997, p. 300). To prove and test their theory, several policy areas were analyzed, summarized in the book “European Integration and Supranational Governance” (Sandholtz & Stone Sweet, 2004), such as the telecommunication regime, air transport and etc. This approach helped to revive some of the core ideas of neofunctionalism in the context of new developments in the European project.

To define the role of the supranational governance approach in the literature on European integration, it is important to compare it with the two dominating theoretical approaches of the time. On the one hand, two core aspects of neofunctionalism are accepted by this theory: the creation of transnational society and the autonomous role of supranational organizations (Stone Sweet & Sandholtz, 1997, p. 301). However, transnational society is given a more significant role in this view of the European project rather than in neofunctionalism. Stone Sweet & Sandholtz argue that transnational society is playing a big part in the causal mechanisms of integration and is closely interconnected with the development of supranational institutions. Moreover, this approach does not look into the “national loyalties” of the actors, which were crucial in E. Haas’s definition of integration. Stone Sweet & Sandholtz (1997, p. 304) define integration as “the process by which the horizontal and vertical linkages between social, economic, and political actors emerge and evolve”, and there is no indication of change within the actor itself. Therefore, supranational governance, being the successor of neofunctionalism still has several differences from it.

Supranational governance approach mostly contrasts itself with the liberal intergovernmentalism approach. However, Branch & Ohrgaard (1999), for example, have argued that they are mirror images of each other. They emphasised the pluralist dimension of both theories, underlining the role of societal groups, and both give significance to one set of actors – either supranational or intergovernmental, and that, as a result, supranational governance approach marginalize intergovernmental bargaining (Branch & Ohrgaard, 1999). However, the existence of intergovernmental bargaining is not denied by the supranational governance approach, it is just put in the institutional and political context (Sandholtz & Stone Sweet, 1999, p. 150). The supranational governance approach is not neglecting the role of national governance. It rather combines to certain extent features of both, prioritizing key neofunctionalist assumptions. The simple matter of putting more emphasize on one or another actor can be crucial during the empirical analysis of any issue.

A continuum stretching between two modes of governance - the intergovernmental and the supranational (from left to right) is proposed in the supranational governance theory framework. The intergovernmental mode of government stands for the one where heads of state are bargaining among each other to reach common decisions, whereas in the supranational one centralized supranational institutions are in charge of policy-making (Stone Sweet & Sandholtz, 1997). The two poles represent ideal types; and, theoretically, any form of supranational or intergovernmental form organization could be placed on the continuum. However, the idea of this framework is that the continuum should be used only for one policy domain. Since the level of integration is different in each policy area, it is necessary to examine them separately and move away from traditional labeling of the Community as a whole. Throughout the years the Communities have evolved and the competences of supranational institutions have widely expanded. As a result, the places of many policy domains have moved from the left to the right on the continuum. Therefore, the continuum is used both to locate the place and to trace developments in a given policy area.

There are three main interrelated dimensions indicating the governance's place on the abovementioned continuum: EC rules, EC organizations and transnational society. According to Stone Sweet & Sandholtz (1997), these indicators are used to measure and

assess the governance mode in a given policy area. The dimension of EC rules covers the legal perspective of integration, and the more clear and formalized are the rules, the more the supranational governance prevails. The density and precision of rules and laws, including treaty law, secondary law, case law, that govern the behavior of actors in the integration process are the main criteria to assess this indicator. The EC organizations dimension is about the influence of the supranational institutions, namely – the Commission, the Court of Justice and the Parliament. The more supranational is the governance, the more is the capacity of the organization and its ability to maintain its own political agenda without interference from member states. The presence and influence of transnational society on the integration processes constitutes the third dimension in the continuum. The transnational society includes interest groups, business, knowledge based elites and etc. In supranational governance those groups can choose themselves how to use their power, whether to influence on national government or supranational bodies directly. These three indicators combined can tell one about the whether there is supranational governance or not.

The abovementioned indicators are closely interrelated and there are two explanations for the movement towards supranational governance in integration offered by Sandholtz and Stone Sweet – transnational society and institutionalization. The idea of creation of transnational society is based on the one of pre-theories – transactionalism. The increased cross-border transactions that are beneficial for non-state actors gradually begin to perceive that there is a requirement for European level rules to maintain and regulate their relations. They view the developing interdependence as the only important causal factor that does not dependent on national states and pushes the integration processes (Stone Sweet & Sandholtz, 1997, p. 302). The rising demand of the societal groups that are benefiting from integration can push their own governments for reforms and increase of connectivity or address supranational institutions directly. The role of intergovernmental bargaining is still there, and is usually having interests in integration opposite to those of transnational groups. The national governments do not play the leading role here, they are not the drivers of integration; the society is and the governments can halt or change the direction of integration (Stone Sweet & Sandholtz, 1997, p. 306). Thus, cross-border cooperation and contacts are inherent to the integration process.

The second driver of integration is institutionalization, which is at the heart of the supranational bodies, with their development they start to have a dynamic of their own. The logic of institutionalization, the institutions as systems of rule are at the center of this idea. Institutionalization is explained as a “process by which rules are created, applied, and interpreted by those who live under them” (Stone Sweet & Sandholtz, 1997, p. 310). Institutions and rules are in constant evolution and since rules always have their limits, actor encountering them demand for clarifications, changes or new rules. The idea of rule evolution is very similar to the notion of cultivated spillover and also underlines the role of supranational institutions as the European Commission and the European Court of Justice. They represent the rules and norms, since those institutions are loyal to the center, not to the member states’ governments. This approach acknowledges them as one of central actors in integration and shows how some areas which were not in the competence of the central bodies become so with the pass of time.

Stone Sweet & Sandholtz (1997, p. 310) also note that phenomenon of globalization might also have influence on European integration and strengthen supranational governance. They explain that global problems that require multilateral approach, such as climate change, can stimulate and pressure for integration; and this push will come from above nation state. There are two channels by which globalization can translate into European integration: transnational actors and directly through EC organizations. However, the importance of this argument has increased in the past two decades. First, the level of globalization has increased; therefore, one can assume that its pressure has also increased. Second, the EU itself has developed from purely economic community to a political union. Hence, these days, globalization can be a significant factor pushing the development of supranational governance in the EU.

### **1.5. Theoretical expectations**

The present study will apply the theoretical frameworks briefly described above to the evolution of EU renewable energy policies. There are three main theoretical expectations that have been derived from the neofunctionalist and supranational governance approaches. The first expectation is that the recent active development of the EU’s RES policies is the result of a spillover from climate policy of the EU. To

adequately maintain its performance in the climate policy, previously delegated to the EU, its authority has expanded to the RES domain. Hence, the competences of the EU in the development of RES have increased. The movement from intergovernmental form of governance to the supranational one is expected to be observed over three dimensions outlined by Stone Sweet & Sandholtz (1997) – EC rules, EC organizations and transnational society. The process is expected to be controversial and unevenly developed over time.

The second expectation is that the development of transnational society and supranational institutions are the main explanations for the increasing integration. On the one hand, transnational groups are expected to be interested in further integration; and, hence, push for RES integration as well. The cross-border cooperation and interdependence between various interest groups raise the demand for increasing integration among the member states. On the other hand, the supranational bodies, such as the Commission and the Parliament, are expected to have a dynamic of their own which has evolved over time. The demands of transnational actors make them develop new rules and modify old ones. Globalization had influenced the raising awareness about the climate change; and the concerns about it are expected to be translated into European integration through transnational actors and EU institutions.

The third expectation is that the national governments are opposed to the increasing integration in renewable energy domain and resist it. They are eager to retain the control over their energy policy, including RE. The realm of the RES is not unified and supranational governance is not established as the consequences of the member states' resistance. The EU's policy in RES is expected to accommodate the preferences of member states. Therefore, the EC rules dimension of integration is lower because member states do not agree to delegate more competences, unlike the dimensions of EC organizations and transnational society.

## **Chapter 2. The development of renewable energy policy in the European Union**

This chapter aims to provide an answer to the RQ1; hence it will analyze the development of renewable energy policy in the EU. It will outline the evolution of RES policy in the EU; to find out what drove the expansion of EU's competences in the field throughout the years. The first sub-chapter will outline the research design, methods and data which will be used for the empirical chapter. The second sub-chapter aims to find out the roots of energy policy in the EU in the period from 1950s to 1990s. European energy policy has been an evolving concept and before the 1990s RES were not on the agenda. The third sub-chapter will start with the Maastricht Treaty and cover the period of 1990s and early 2000s. During this phase, the awareness about the climate change on international arena started to increase and, consequently, RES emerged on the European agenda. The fourth sub-chapter will begin with the Lisbon Treaty, and include the establishment of the Energy Union. The fifth sub-chapter will encompass the development after the Paris Agreement up to today, including the adoption of the European Green Deal.

### **2.1. Research design, methods and data**

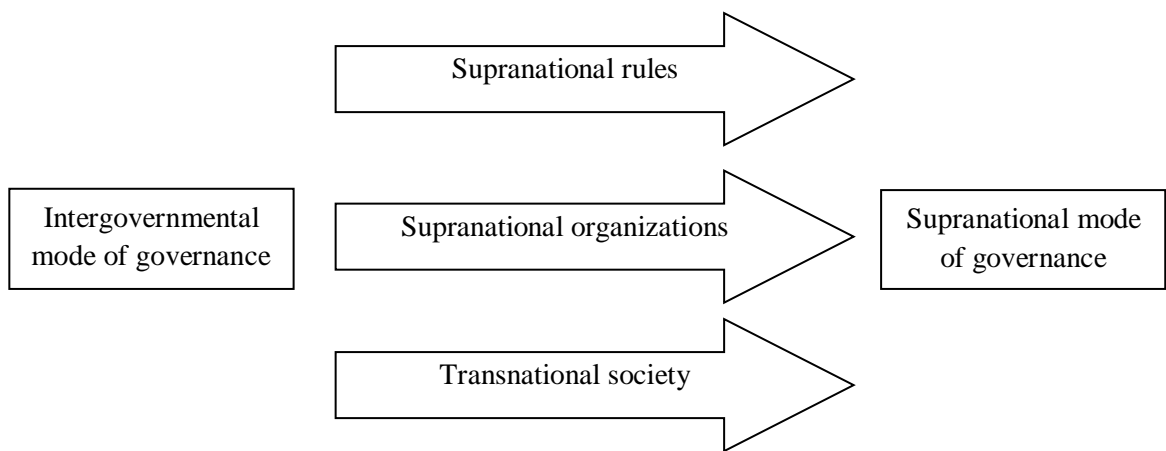
The empirical part of this thesis will consist of two chapters and in both of them the RE policies in the EU will be analyzed. Following the logic of Stone Sweet and Sandholtz (1997), in the EU, the level of integration is different across the policy domains; therefore the research is focused on the energy policy. However, in order to provide a more comprehensive and detailed analysis the topic was narrowed down to renewable energy policies. Hence, the research design is a case study of RES in the EU. The choice of the renewable energy sources was determined by two factors. First, this policy has emerged on the EU's agenda only in 1990s and has been widely expanded since then, which makes it an appropriate case to apply spillover. Second, the recently adopted Green Deal is one of the priorities for the current Commission and has the transition to clean energy, which puts much emphasis on RES, at its centre. This highlights the importance of the policy today.

To answer the research questions, qualitative research methods will be applied. The EU's renewable energy policy will be analyzed through document analysis. This research method is especially suitable for "... intensive studies producing rich description of a single phenomenon ..." (Bowen, 2009, p. 29). Using this method will allow to follow the development of RES policies, since EU public documents are the main source of EU policy. To develop empirical knowledge following steps are done: skimming (superficial examination), reading (thorough examination), and interpretation (ibid., p. 32). Systematic coding is unnecessary for this research because it would provide too much data that does not help answering the research questions. Bowen (2009) recommends a type of content analysis without quantification and creation codes and categories. It entails a first review during which researcher finds out the relevant parts of the texts. The same logic will be applied in this thesis. The objective is to explain the development of RE policies; therefore, the parts of the documents explaining the reasons of policy adoption will be identified. In the documents that are broadly related to energy policy, the parts on RES will be found. Moreover, the first review will be used to identify what is absent in the document, which will help to determine the absence of causal links between events.

As discussed in the previous chapter, Stone Sweet & Sandholtz (1997) identify three main dimensions to place the policy filed on intergovernmental-supranational continuum: supranational rules, supranational organizations (institutions) and transnational society (or EC/EU rules and EC/EU organizations). The continuum and three dimensions will be used to answer both research questions - to examine the expected spillover in RE policy to detect the movement along the continuum and to assess current state of affairs (see Figure 1, p. 26).

In order to answer RQ1, the remaining part of Chapter 2 will analyze the development of the RE policies in the EU and main factors behind it across these three dimensions. However, as criticized by Branch & Ohrgaard (1999), the framework lacks the concrete measurements and it is difficult to define the place of the policy on the continuum. In their response, Sandholtz & Stone Sweet (1999) note that the key element is the movement and the observation of this movement does not pose any analytical difficulties. This logic will be applied to answer the RQ1 - the measurement across three

indicators will be based on comparison of new developments to earlier conditions. Following the structure used by scholars using supranational governance as a theoretical framework (see for example, O'Reilly & Stone Sweet (1998) and Sandholtz (1998)), this thesis will look into the process by which the movement has occurred in the RE policy field and which level it has reached. This analysis will cover the period from the beginning of European integration – with the Treaty of Paris in 1951 – to the present days, with the European Green Deal (2019) as the last major development. It will divide the process into four main phases and explore the role of the supranational institutions and transnational society as the drivers of the integration. The division of the phases will be guided by preliminary research. The first phase will cover the period from the 1950s until the 1990s; the second phase will cover the period between the Maastricht and Lisbon Treaties; the third will be dedicated to the post-Lisbon period; the fourth phase will cover the current phase, after the Paris Agreement and the adoption of the European Green Deal.



*Figure 1: The three dimensions of the movement from intergovernmental mode of governance to supranational mode of governance*

(Source: own figure, based on description provided in Stone Sweet & Sandholtz (1997))

To illustrate the process of spillover from climate policy to RES policy, the thesis has to show that it was not possible to reach the goal of climate policy without intervening to the RES policy. This causal link will be showed with the help of document analysis. Each policy paper prepared by the EU identifies what is the rationale behind adopting it.

This will be an indication if the RES policies were established with regards to the climate policy. Moreover, the same method will be used to identify the context in which the document was adopted, and if there was any international background for that. This will be added with secondary analysis that will help to unfold other factors that were not reflected in the documents. Therefore, the causal link between the RES policies adoption and climate policy will be found.

To answer the RQ2, the Chapter 3 will evaluate the current state of the RES policies in the EU to find out the extent to which supranational governance is established in the domain. To do that the integration will be assessed across three dimensions. The thesis does not aim to quantify the indicators and find the exact place of the policies on the continuum, but rather to find out what distinguishes the current state from the supranational governance. For that, first, the present shape of each dimension will be outlined and analyzed. Second, it will be compared to what Stone Sweet & Sandholtz (1997) describe as supranational governance, provided below. This will provide the answer to what is lacking and does not let the realm to be unified and will show the differences that are still accommodated under the RES policies (see Table 1, p. 28)

Since the source of the EU law and policy are legal documents, they will be the major data source for the analysis. A wide range of EU legal documents shaping its policy will be used, such as major EU treaties, Green Papers, White Papers, Directives, Regulations, Policy Briefings and Communications by the Commission. The choice of documents will be guided by the research using snowball sampling technique. Documents specifically dedicated to the RES policy, as well as the ones covering a broader topic of energy policy will be used. The Chapter 3 will be mainly based on the analysis of the current regulatory framework, so it will focus on the RED II Directive and the Green Deal; it will also make references to RED Directive to compare RED II to it. Synthesis of secondary literature will help to mark pivotal moments and find relevant documents. Then, further skimming of the documents will allow finding references to other documents on the topic. Document analysis will be complemented with relevant scholarly works. The secondary analysis will help to fully unfold the process of spillover, since the work will compile different angles and perspectives since one study would not be able to thoroughly analyze all angles. Thus, the full picture will be

obtained, which will explore the roles of relevant institutions, transnational societies and rules.

*Table 1. The criteria of different modes of governance.*

<b>Dimension</b>	<b>Intergovernmental governance</b>	<b>Supranational governance</b>	<b>Main indicators</b>
<b>EU rules</b>	few rules; weaker than individual national interests	clear formal rules, dense and elaborate; triumph over national interests;	the force of legal framework and norms
<b>EU organizations</b>	little meaningful autonomy: facilitator and logistical coordinator in inter-state bargaining	substantial autonomy: innovator even against the will of member states	the role of supranational institutions
<b>Transnational society</b>	national governments mediate between non-governmental actors and supranational bodies	have a choice of channels to influence, including direct influence on supranational bodies	influence of non-governmental transnational actors

(Source: own table, based on description provided in Stone Sweet & Sandholtz (1997))

## **2.2. Early developments of energy policy**

The very beginning of the European integration, marked by the signature of the Treaty of Paris in 1951, was to some extent related to energy issues. The ECSC, created to prevent the possibility of another war in Europe, aimed to unify crucial economic spheres in France and Germany. Coal and steel were two basic branches of economy necessary for industry, especially war industry, and power. Several years after, in 1957, the European Atomic Energy Community (EAEC) was established. While the ECSC was created for the period of 50 years and expired in 2001, the EAEC was signed for the

unlimited period. Therefore, several aspects of energy policy were transferred to the supranational bodies in the early stages of integration. However, the EEC, also established in 1957, did not cover any aspect of energy policy and did not include anything related to it (Cross et al., 2016, p. 227). Moreover, carbon rich sources - oil and gas gradually took over coal, which was a major energy source in the 1950s. In general, during the period from 1958 to 1972 the energy policy questions were absent from the policy agenda in the EC (ibid.). It indicates that even though the activities of the EC concerned atomic energy and coal, they were not viewed as an essential part of the EC's policies at this stage.

The first developments regarding energy policies on the European level began to emerge out of security concerns and internal market competences. In 1968, the Commission presented a Memorandum to the European Council, called "First guidelines for a Community energy policy". This document summarized needs, aims and instruments for a Community energy policy. One of the three reasons why there is a need for it to "to counterbalance within the Community the risks arising from the great dependence of the Member States on imports and from insufficient diversification of the sources of supply" (European Commission, 1968, p. 5). This underlines the focus on the energy supply security; however, RES are not mentioned. Another reason is that there is a danger of future disintegration of the sector and that can be an obstacle for the future integration of energy sector into the common market (ibid.). In general, the protection of the population's (consumers') interest (ibid., p. 7) and their standard of living (ibid., p. 6) are emphasized as the cornerstone of energy policy. This document illustrates the early attempts of the Commission to develop energy policies on the European level, and that the concerns were primarily related to the questions of internal market, such as consumer protection and security of supply.

New energy related challenges emerged with the beginning of the 1973 oil crisis, raising the question of energy security. The import-dependent energy market in Europe experienced a shock and concern about the security of energy supply were put forward on countries' political agenda. This external threat presented a window of opportunity for the EC to push forward a supranational solution for the problem. However, this did not happen, since the MS decided to solve the problem individually. Among the

solutions were: the promotion of nuclear energy, diversification of suppliers or investment in exploitation of domestic resources (Kirchner & Berk, 2010, p. 869). The issue of energy supply constitutes an important aspect of national security, thus, in case of high international turbulence countries opted for domestic solution rather than cooperation. However, the oil crisis made European leaders realize how fragile the energy market is and resulted in new energy strategy. Council Resolution of 1974 concerning a new energy policy strategy for the Community emphasized the importance of the ability “to express a common viewpoint on energy problems vis-à-vis the outside world” (Council of the European Union, 1974). The rationalization of energy demand and security of supply were on the top of agenda, and there was no mention of RES. Therefore, albeit there was no coherent response from the Community to the crisis, it pushed for some developments in the general energy policy.

However, the reasons of reluctance to cooperate might be in the very state of the European integration at the time. First of all, the European project was at the first stages of its development. There were no developed instruments or mechanisms to cope with such problems, especially unexpected external threats. The circumstances demanded quick solution and EC was not able to offer it. Moreover, the 1960s and 1970s are widely known as the period of stagnation in the integration process in Europe. There were no new treaties or policies formulated; a certain degree of skepticism towards the project has developed. Throughout these decades, until early 1990s, the recommendations of the Commission on the energy issues were mostly ignored by the Council and MS (Maltby, 2013, p. 438). Taking this all into account, the fact that the member states did not turn to the European solution and dealt with the problem themselves is rather expected.

The Single European Act (SEA), which entered in force in 1987, constitutes a new turn in the European governance. This was an important step in the development of the European integration after decades of stagnation. It created a stronger basis for the integration and reaffirmed the progress in the establishment of the internal market. The Treaty was aimed to remove some problems associated with the implementation of policies regarding the internal market and amended the previous treaties. Firstly, an objective to finalize the creation of the internal market by the end 1992 was put forward.

Secondly, to simplify the policy-making process, a qualified majority was introduced to adopt the market related legislation instead of unanimity used before (Cross et al., 2016, p. 228). Also, the European Parliament was given a bigger role; which indicated the movement towards supranational governance. The SEA enabled the supranational institutions, mainly the Commission, to expand their competences and initiate legislation in the energy sector, namely electricity and gas (ibid.). This raised the EC organizations indicators giving more competences to the Commission. One can observe a functional spillover: to ensure adequate functioning of the internal market, the competences were expanded to the energy sector. The SEA started the new stage in the European energy policies.

The SEA strengthened the position of energy policy both directly and indirectly. First, before the late 1980s, the legislation on energy issues consisted of non-legally binding guidelines and recommendations (Natorski & Herranz Surrallés, 2008, p. 73). The EC rules dimension, which is one of the indicators of increasing supranational governance, were becoming more precise than before. Second, it added environmental issues on the European agenda, which indirectly influenced energy policy. It was the very first time the environmental policies were officially recognized as a field of Community's activity. In Title VII it is presented as an area of shared competence and the Community level actions are to be taken only if the objectives cannot be reached successfully on the individual MS level (Single European Act, 1987). It is important that in this document the objectives in environmental policy are not presented as supplementary to the market harmonization as it was before. Of course, the origins are still rooted in the market policies, however in the SEA social aspects of environmental policies are emphasized more. These two factors underline the SEA as an important point for the further spillover to energy sector.

In 1986, based on the SEA, the Council put forward new Community energy policy objectives for 1995 in Resolution 86/C 241/01. It puts forward some desirable objectives with regard to energy mix: maintain the share of natural gas, promote consumption of solid fuels, reduce the share of hydrocarbons and increase the share of renewable energy sources (Council of European Union, 1986, p. 3). However, these points have only a general indication since they were not mirrored in the Commission's

document later on. Moreover, none of these objectives, even the one on renewable energy sources, are related to the environmental issues. Based on these objectives, the Commission has produced a Working Document on the Internal energy market in 1988. The chapter, which describes what is on stake (European Commission, 1988, p. 5-7), primarily emphasizes economic benefits of the energy market for the citizens and the Community's structure. An increase in trading within the Community, security of energy supply, affordable costs and more competitive market are the core concerns for the strategy. Even though a fair part of the document is dedicated to environmental issues, there is no indication on the energy sources or energy mix in the MS. The document does not put any guidelines or objectives for the amount of specific energy sources. Therefore, one can see that at the end of 1980s, such as issues as secure and stable energy supply, diversification and competitiveness were at the heart of the European energy policies.

The next milestone in the development of the European integration was the Maastricht Treaty establishing the European Union. The treaty expanded the general competences of the European institutions and was a giant leap toward institutionalization of the Union as a whole. However, energy policy remained vague. Article 3 outlines areas which should be included in the Community's actions. The very last one includes "measures in the spheres of energy, civil protection and tourism" (Treaty on European Union, 1992). Two important points indicate the marginal development of energy policy. First, the vagueness of the statement: the rules are not well developed. This "feeble and vague" (Tagliapietra, 2014, p. 3) mention does not allow energy policy to be seen as an important aspect of the newly established EU. Second, energy is not even included as a separate area; it goes together with two others. Article 129b mentions energy infrastructure in the context of the area without internal borders (*ibid.*). Here, energy policy is mentioned only in the context of infrastructure and not a coherent policy. Energy policy still had a supplementary role to the internal market policy on the European agenda.

However, the Commission has made an attempt to include more on energy related issues in the Maastricht Treaty. According to Matlár (1997), it has proposed a separate chapter on "Common Energy Policy", which was supposed to focus on security of

supply; the stability and development of energy market; measures for the case of crisis and environmental protection (Natorski & Herranz Surrallés, 2008, p. 73). Even though the attempt failed, one can still observe that the energy policy would be still rooted in the issues of security and energy market liberalization; whereas environmental policy had a marginal place. Member states did not want to give up their autonomy in the field and vetoed the proposal (Langsdorf, 2011, p. 5). Therefore, even though the Commission was striving to include energy policy on the agenda, member states were holding on to their autonomy.

In terms of the indicators developed by Stone Sweet & Sandholtz (1997) – EC rules, EC organizations and transnational society – all of them were leaning towards intergovernmental governance during the period before 1990s. As the analysis showed, the EC rules were almost absent; the ones existing were extremely vague and had a role of recommendations. The same goes for the transnational society dimension; there was no transnational society interested in European RE policy because of its virtual absence. Moreover, until the 1986, only one environmental lobby (European Environmental Bureau) existed in the EC (Michaelowa, 1998, p. 158) meaning there was no pressure from environmentalists either. The most developed dimension out of three was the EC organizations represented by the Commission. The Commission was not able to maintain its own agenda in the field of energy; however after the SEA it was able to initiate legislation in the area. Hence, the Commission undoubtedly was the driving force of integration. Overall, placing the energy field in the period up to the 1990s on the intergovernmental-supranational continuum, it was on the intergovernmental side.

To sum up, the period before the middle of 1990s is characterized with low engagement of European Community (EC) in the sphere of energy policy. It was mainly developing as a supplementary area to maintain internal market. The main focus was on the security of supply, protection of the customer, cross-country infrastructure, and other economic issues. These concerns were not related to the energy mix and types of energy sources used by the member states; hence there was no separate policy on RES. The states could choose type of energy to import or develop domestically. The climate change was not on the top of the agenda and did not influence energy domain at this point. Even when the environmental policy was mentioned, it was mentioned in the context of energy

policy, thus priorities in the energy field were shaping environmental policy. Therefore, the renewable energy sources were virtually absent from the European agenda before the 90s.

### **2.3. The climate change and renewable energy as a response**

In the 1990s the world saw an increasing attention to the climate change problem. The raising awareness led to the actions on the global level. In 1988, the World Meteorological Organization and the United Nations Environment Programme established the Intergovernmental Panel on Climate Change (IPCC) which is responsible for research to find out objective scientific information on the climate change. In 1992, United Nations Framework Convention on Climate Change (UNFCCC) was signed at the Rio Summit. This major international environmental treaty has established a new step toward climate change mitigation. It established main principles the signatories shall commit to; fossil fuels were viewed as the main contributors to the environmental pollution and the countries established an aim to reduce emissions from them. Kyoto Protocol, accepted in 1997, operationalizes the UNFCCC, increasing the commitment to the climate change mitigation. One of the measures stated in the Article 2 of the Protocol is: “Promotion, research, development and increased use of new and renewable forms of energy” (UNFCCC, 1997). This shaped and strengthened the role of RES as one of the solutions in the climate change. Therefore, in the 1990s on the global scale the role of RES began to increase.

The changes occurring on the international arena boosted EU climate policy. The climate change concerns and dedication to environmental policies started to play an important role in the overall image of the EU in international politics. Although it took long time and effort from EU’s side to develop its policies, a consensus exists among academics on EU leadership on climate change (Kilian & Elgström, 2010, p. 257). The decrease of carbon emissions, in line with the environmental targets, required serious changes in the energy sector; hence many countries started to develop RES policy. However, the EU, as an institution, has specifically affected its member states and promoted the development of RES. Empirical research proves that EU’s coercive power is a key driver in the diffusion of RES policy in the region and that EU membership

results in the compulsion to accept RES policies (Zhou et al, 2019). Besides, the participation of the Commission in the international environmental negotiations helped to expand its competencies and the European Court of Justice also played an important role in that (Sbragia 1997). Overall, the increasing role of the EU in the global climate developed a new aspect of the EU's policy.

In the middle of the 1990s, a series of discussions on the future of the energy policy of the EU emerged on the European agenda. In 1993, the Council adopts Altenet programme concerning the promotion of renewable energy sources in the Community. The programme is the first action of the Communities entirely dedicated to RES. Acknowledging the commitment of member states to the climate change mitigation, it states that RES “will contribute towards achieving the objective of stabilizing CO<sub>2</sub> emissions” (Council of the European Union, 1993). The document set an indicative target of 8% (double) of energy from RES by 2005. Thus, a clear link between the environmental and energy policy emerged. However, the programme did not present a coherent policy: it was primarily a framework for financial support to various possible initiatives across the EU. Later, in 1995, the Commission presented a Green Paper “For A European Union Energy Policy” which enhanced a long discussion analyzing current situation, challenges, responsibilities and future prospects in energy domain (European Commission, 1995). It underlined that “synergies between the objectives of competitiveness, energy security and environment protection need to be developed” (ibid., p. 27). The Commission also intended to present material for other European institutions to evaluate if the Community should play more role in energy policy (ibid.). Therefore, concerns about the climate change activated the Commission as a driver of integration.

Fostered by this debate, White Paper of the European Commission “An Energy Policy For The European Union” was adopted in 1996. According to Lauber (2005), it was a result of European Parliament's call in 1995 for more engagement from the EU's side (Hildingsson, Strippel & Jordan, 2012, p. 21). This illustrates that the Parliament also was involved as a driver of integration alongside with the Commission. The aim of 1996 White Paper was to create a coherent framework for energy policy to maximize the benefits for the Union. It outlines three major objectives of Union's policy: overall

competitiveness, security of energy supply and environmental protection (European Commission, 1996, p. 18). However, in the Introduction it is stated that “In general, the pursuit of competitiveness and environmental protection should be complementary and should not create any major tensions” (ibid., p. 9). Although environmental protection is set as an objective, it nevertheless has a supplementary role. Therefore, in a general perspective of energy policy, environmental protection was still playing a rather marginal role compared to the security concerns.

The approaching “Third Conference of the Parties to the United Nations Framework Convention on Climate Change” in Kyoto fueled the interest to climate change issues. In May 1997, the Commission published its Communication named “Energy Dimension of Climate Change”. This document identifies 10 potential areas for action in energy field to reduce CO<sub>2</sub> emissions, and promotion of RE is one of them (European Commission, 1997-a). Climate change is named as “a subject of widespread public concern” and underlines “public expectation” and “political pressure” emerging in the field (ibid., p.1). The document is directly related to Kyoto process since it is noted that it aims to stimulate Kyoto process (ibid.). The EU is responsible for around 16% of global energy related CO<sub>2</sub> emissions (ibid., p.3), and that it is important to make changes in energy sector in order to mitigate the climate change. This is a pivotal point because it is the first instance of energy being mentioned in the context of climate policy, not vice-versa. In previous documents environment was viewed as a part of energy policy, whereas at this point climate change issues started to shape the agenda.

The 1997 White Paper “Energy for the Future: Renewable Sources of Energy” is a pivotal moment for the evolution of RE policies because it not only sets a target, but also presents an Action Plan in order to reach them. This White Paper was also released in the context of upcoming Kyoto conference and the fact that the EU “adopted a negotiating position of 15% greenhouse gas emissions reduction target” (European Commission 1997-b, p. 4). Hence, this strategy of RES emerged directly from climate change concerns, even though it also underlined some other benefits of RES, such as decrease of reliance on import (ibid., p. 5). The indicative target of 12% share of RES to the overall gross inland energy consumption by 2010 was set. The list of measures include: Internal Market Measures, Reinforcing Community Policies, Strengthening co-

operation between Member States and Support Measures (ibid.). Moreover, it also includes a short part on Implementation and Monitoring of Progress (ibid., pp. 32-33). This document as “an act of policy coordination” is a birth of EU RES policy, although it did not have a legally binding force (Hildingsson et al., 2012, p. 21). It followed the logic that increasing share of RES is even to reducing the GHG output, since they substitute the share of carbon rich fuels. Hence the cause-effect policy model was established that would be the fundament for future climate policies in the EU (Schubert, Pollak & Kreutler, 2016, p. 169). The fact, that the reduction of GHG emissions cannot be achieved without intervention in the energy policy domain, constitutes the core of the spillover from climate to energy policy.

In 2001, the first Directive on promotion of RES was adopted - RES-E Directive (2001/77/EC) on the promotion of electricity produced from renewable energy sources. It was followed by the RES-T Directive (2003/30/EC) on the promotion of the use of biofuels or other renewable fuels for transport; and this gave the RES policies a legislative basis. The European Climate Change Programme launched in 2000 by the Commission paved a way for the framing of RES promotion as a way to achieve Kyoto commitments (Solorio & Bocquillon, 2017, p. 27). Despite this, it was not completely developed out of environmental concerns. On the one hand, paragraph 1 of the preface states that promotion of RE is a priority measure because “their exploitation contributes to environmental protection and sustainable development” (Directive 2001/77/EC, 2001). On the other hand, paragraph 2 states that promotion of electricity from RES is a high priority “for reasons of security and diversification of energy supply, of environmental protection and of social and economic cohesion” (ibid.). It indicates that, even though the climate change issues is the primary framework for the promotion of RES, the aim of security and diversification of energy supply are playing the role of an important driver of the policy. Overall, the establishment of a regulatory framework for renewable energy policy was an important step on the scale of supranational rules indicator.

The Directive was surrounded by many controversies and contestations among key actors: MS, Commission and Parliament. It set an indicative target of 22,1% share of electricity produced from RES in total electricity (transport, heating and cooling were

not included) consumption by 2010. However, the targets were neither mandatory nor legally binding. Moreover, there was no imposition of targets from the Community, the MS “adopt and publish a report setting national indicative targets” (Directive 2001/77/EC, 2001, Art 3, para. 2). The Directive adopted a bottom-up approach and the MS were dictating the share and the way they will achieve it, there was no imposition from the European level. Although during the negotiation of the Directive, the Commission tried to push for binding targets while the Parliament was trying to impose the higher % target (Rowlands, 2005). Almost all MS, except Denmark and Germany were against the binding targets (ibid., p. 970). While these supranational institutions were actively involved in promoting more supranational governance, the same cannot be said about the European Court of Justice (ECJ). For example, the Commission’s intention to include EU-wide tradeable green certificates (which is an element of a deeper integration) was not realized after ECJ’s judgment stating that feed-in tariffs were not violating EU State Aid rules. This halted Commission’s attempts to include them in the Directive (Hildingsson et al., 2012, p. 21). Therefore, the dynamics of negotiations identify the role of different institutions in the process.

The activity of transnational society has considerably risen during this period. However, it was not interest groups, business and knowledge based elites noted by Stone Sweet & Sandholtz (1997) who benefitted from integration and pushed for more. As was showed in the previous paragraphs, external influence by the UN, based on the scientific research, had a huge influence on the development of EU’s RES policies. Besides that, there was a contested and complex dynamic of transnational societies within the EU. Michaelowa (1998) argued that inconsistency between international leadership and poor performance at home could be explained by activities of interest groups; however, their role was ambiguous. The primary interests of politicians in the Council, the Commission and the Parliament would be dependent on their position and elections; voters would favor environmental parties in the EP elections, but with low pressure; environmental non-governmental organizations (ENGOS) were mostly concerned by targets and cooperated with the Parliament, but did not have enough funds and coordination to seriously influence the climate policy; bureaucrats lobbied for more discretionary policies to get more funding. The role of emitter’s groups and climate protection industry was also unexpected, as, for example, such high emitter as Shell was

lobbying for subsidies in the field of RES (Michaelowa, 1998, p. 157). Hence, one cannot speak of transnational society that solely favored and drove integration processes because the interests of different groups were very heterogeneous.

Compared to the previous period, the awareness about the climate change influenced the movement in the field of RES policy toward supranational governance. The several White Papers and most importantly the Directive on the RES policies indicate that the EC rules began to emerge. They became denser and clearer than just recommendations and policy strategy was formulated. However, those rules were at their initial development stage, they were not binding and enforced, such as 2001 RES Directive. In terms of EC organizations, the analysis showed even more active role of the Commission and the Parliament at this point. The Commission was the author of all policy initiatives and tried to achieve more supranational governance while the Parliament was supporting it. Taking into the account the commitment of the EU to the UNFCCC and Kyoto Protocol, the Commission had a stronger basis for policy creation at this point; hence its role has increased. However, there was a strong opposition from the MS in terms of imposition of targets and this illustrates how MS tried to hold on to their competences. Overall, a clear evolution of supranational governance can be observed, even though it is a light one.

To sum up, the period after the Maastricht Treaty until the Lisbon Treaty is characterized by an increasing involvement of the EU in energy and, specifically, RES policy. The increasing concerns about the climate change on the international level pushed for more active involvement of the Union. This led to their gradual spillover to the energy policy, through the RE. The transfer to RES was viewed as one of the responses to the climate change. The 2001 Directive was a pioneer in the regulatory agenda and it marks the beginning of a new phase in the European level RES policies. From the 90s, the energy policy was not solely streaming out of internal market and security of supply concerns. During this period, the energy and environment domains became highly interrelated, but none of them was shaping the agenda of the other one, there was no clear dominance.

## 2.4. Post-Lisbon period

The Treaty of Lisbon, signed in 2007, brought new changes to the energy policy. For the first time, there was a separate Title on energy policy was included in the major treaty and it became a shared competence between the EU and MS (Pointvogl, 2009, p. 5708). It legally maintained the status quo where energy policies were spilling over from internal market and environment regulations (Langsdorf, 2011, p.6). Article 194 introduced four main objectives of the Union's energy policy and one of them is the promotion of renewable forms of energy (TFEU Article 194, 2016). Paragraph 2, however, underlines the intergovernmental features of the energy policy, stating that the measures adopted by the Union should not affect "choice between different energy sources" (ibid.). This part of Article 194 has created major controversies in the following energy policy of the Union. Even though the Union is aiming to pursue energy policy which will promote one type of energy from RES, it cannot interfere in internal energy mix. It has been used by MS as the main argument and "safeguard" from EU's active involvement in RES development. Therefore, the Lisbon Treaty brought both clarity and controversy to the energy policy in the EU.

In 2007, it becomes evident that there is a need for a new regulatory framework in RES policy. In its Communication on Renewable energy road map, the Commission acknowledges that absence of legally binding targets and weak EU regulatory frameworks for RES resulted in uneven commitment across the EU (European Commission, 2006). Several other factors, such as 2006 gas crisis between Ukraine and Russia, the IPCC's 4<sup>th</sup> Assessment Report and rising media and public attention to climate change, resulted in new actions from the EU's side (Solorio & Bocquillon, 2017). The combination of these events resulted in the Commission's proposal on "2020 Climate & Energy package", with 20-20-20 targets, including 20% share of RES. In 2009, Directive 2009/28/EC on RES promotion – RED - was adopted. It introduced a mandatory target of 20% of RES in EU final energy consumption by 2020. Moreover, it also introduced individual mandatory national targets alongside with the same 10% target of RES in transport sector. The national targets were imposed from the European level, translating the overall target into national ones. Even though it took into account different starting points, potential, existing level of energy from RES and energy mix

(Directive 2009/28/EC, 2009), it still represented a top-down approach from the European level compared to the previous Directive. The introduction of legally binding targets was a new step strengthening EU rules in RES.

The adoption of the Directive was preceded by many points of contestations in terms of targets and ways to achieve them. First, the Commission attempted to harmonize national support schemes and failed, facing the opposition from Germany and Spain that had already implemented different support schemes (Solorio & Bocquillon, 2017). Second, the introduction of mandatory national targets was also opposed by Italy and the Eastern European countries because of their high economic costs. However, due to the leadership of German Chancellor Angela Merkel, they were included in the final version (Solorio & Jörgens, 2020). Hence, the role of some MS, such as Germany, was controversial – depending on the issue in question it was either opposing or supporting the increase of supranational governance. In the end, although the national targets were mandatory, the MS had huge national discretion on how to achieve those targets (Tews, 2015, p. 270). Article 4 of the Directive introduces National Action Plans, stating how the MS were planning to meet their targets, which MS had to submit to the Commission for evaluation. It also introduces optional cooperation mechanisms among the member states (Directive 2009/28/EC, 2009). Overall, even though the Directive was a step forward and a more elaborate regulatory framework, the huge flexibility in its implementation limits its influence.

After the 2009 United Nations Climate Change Conference in Copenhagen, the role of the EU in the international negotiations has changed. The Copenhagen Summit is largely seen as disappointment and failure of the EU's leadership in climate negotiations (Bürgin 2015, p. 691; Feldhoff & Fuchs, 2016, p. 58). Before, the EU had a policy to “lead by example” which has changed to “slow motion” (Feldhoff & Fuchs, 2016, p. 58). Hence, subsequent targets for 2030 adopted by the EU were not more ambitious than before and partly non-binding (ibid., p. 58). Therefore, as will be seen in consequent analysis, the external dimension of the EU has influenced its internal climate and energy policies.

In order to maintain the energy policy of the EU for the period from 2021 to 2030, “The 2030 climate and energy framework” was adopted in 2014. As it is seen from the name of the document, a unified approach to the climate and energy policy has emerged. The close interconnection of the two policy directions required a strategy that would include the goals of both. The conclusions by the European Council endorsed several different targets in the sphere of GHG emissions, emissions trading system, renewable energy and energy efficiency, and also discussed energy security and internal energy market (European Council, 2014). Even though energy targets are mostly viewed in the context of climate change, there are also concerns about security of supply. European Council agreed on implementation of several gas projects in order to ensure secure energy (ibid., p. 8), which is not in line with climate policy. Hence, there is no clear domination of climate agenda. In terms of RES, the framework sets an EU target of at least 27% share of RES in 2030. However, the objectives were not supposed to be translated into national binding targets. The document states that “targets will be achieved while fully respecting the Member States' freedom to determine their energy mix” (ibid., p. 5). The more exact framework for RES will be set later in the RED II Directive. Hence, this framework outlined a broad vision of EU’s future energy policy.

In 2015, Juncker Commission (2014-2019) published the Energy Union strategy as its key priority. Its main idea was the creation of “continent-wide energy system where energy flows freely across borders” and to give EU consumers give “secure, sustainable, competitive and affordable energy” (European Commission, 2015). A fundamental transformation is required to achieve stated objectives. The strategy includes five dimensions: energy security, solidarity and trust; a fully integrated European energy market; energy efficiency; decarbonising the economy; and research, innovation and competitiveness. Climate policy is seen as an integral part of energy policy. However, the EU Emissions Trading System is seen as the cornerstone rather than RES. In terms of RES, the 2030 target of 27% of RES is restated and measures to make this more possible are outlined. Despite this, the security of supply and diversification of energy supply strategy underlines the importance of natural gas. On the one hand the need to reduce the consumption of oil because of climate policy is stated; on the other, natural gas and liquefied natural gas (LNG) are viewed as a viable option for future diversification. The Energy Union has created a political framework for the policies that

have been developed before, politicizing the question of energy. Overall, the creation of Energy Union was a very ambitious strategy to achieve full integration in energy dimension.

In general, the end of 2000s and the beginning of 2010s are characterized by an increased attention to gas as a mean for diversification of supply. As it is seen from the Energy Union strategy, the gas supply crises of 2006 and 2009 raised huge concerns about diversification and security. These issues required a fast and efficient response; hence EU was looking for new suppliers of gas. The primary reason was that hailed as the cleanest fossil fuel, it has been viewed as a “transition fuel” in a short time perspective. However, even though emissions are less than from oil or coal, gas is still a source of large amount of GHG; hence not in line with the full decarbonization framework of the EU (Dupont & Oberthür, 2012). The discussions on the main projects on gas import infrastructures and energy networks did not consider the long-term climate objectives (ibid.). Even though the promotion of RES was still on the agenda, it was not seen as the only possible solution to reach three goals (overall competitiveness, security of energy supply and environmental protection) of EU energy policy. Therefore, since the steady development of RES has slowed down, there was a temporary suspension in the spillover during this period.

To sum up this phase of development of RES policy in the EU, the role of RES was not steadily growing as in previous phases. The introduction of the RED with legally-binding national targets represented a leap forward in the development of top-down approach. The EU was setting the targets and not the MS. However, gas supply interruptions and concerns about energy supply made RE move away from the centre of attention. The Energy Union also underlined five different dimensions of EU energy policy, and even though it was framed within climate action, short-term goals on energy supply via gas played a key role in it. EU rules became clearer – binding targets for each country and a requirement to prepare National Action Plans approved by the Commission were novelties brought by this Directive. The role of EU organizations has been institutionalized by the inclusion of energy issues in the TFEU. Moreover, the Commission stated the creation of the Energy Union its key priority, which shows that it formulated its own agenda. In terms of transnational societies, active lobbying in favor

of either gas or RE was one of the main contributors to the development of energy policy. Overall, a small uneven movement has been observed at this stage.

## **2.5. Paris Agreement and European Green Deal**

In the last few years the urgency of the climate change has attracted more attention on the international arena. The Paris Agreement, adopted in 2015, was the first legally binding international treaty on climate change. The goal of the agreement is to keep the global warming well below 2°C, preferably 1.5°C, compared to pre-industrial levels. The outcome of the Paris Agreement can be named a relative success of the EU's climate policy, since Agreement's ambitious goals exceeded expectations (Oberthür & Groen, 2017). The EU reaffirmed its role as the leader and mediator in international climate policy (ibid.). This creates a causality paradox: EU itself actively negotiates for a more ambitious target and the commitment to this target fuels the development of EU's climate policy. Overall, the Paris Agreement created a necessary framework which will be used by the EU for the further expansion of climate policy influencing the RES domain.

In a response to the Paris Agreement commitments, EU adopted a new framework for 2030 targets, "Clean energy for all Europeans package" in 2019. The targets include at least 40% cuts in GHG emissions, 32% renewables in final consumption (compared to previously set 27%) and 32,5% energy efficiency (European Commission, 2019 -a). This document is a new step in the EU's climate policy, since it formulates the whole energy policy of the Union in the framework of climate policy. However, it still incorporates gas as an important part of energy supply, mentioning Southern Gas Corridor as one of the projects that will guarantee more secure energy supply. The package includes a new Renewable Energy Directive (EU) 2018/2001/EU on the promotion of the use of energy from renewable sources, known as RED II, and Regulation on the Governance of the Energy Union and Climate Action (EU) 2018/1999, known as the Governance Regulation.

The RED II Directive and the Governance Regulation complement each other and together constitute the current regulatory framework for RES in the EU. The RED II Directive set a target of 32% of RES in the EU for 2030; however, the target was not

translated to national targets and remains binding only on the EU level (Directive 2018/2001, 2018). The Governance Regulation complemented the Directive, helping to avoid member states blaming each other for not achieving EU wide target (Schoenefeld & Knodt, 2021, p. 55). According to Article 3 and Article 17 of the Regulation, the MS, respectively, have to submit integrated National Energy and Climate Plans every ten years and report on the status of implementation every two years (Regulation 2018/1999, 2018). In general, RES have an important place in the Regulation. Even though there were no country-level legally binding targets, the Governance Regulation was intended to ensure that MS reach their indicative targets.

However, a new IPCC report, prepared after the Paris Agreement, called “Special Report on Global Warming of 1.5°C”, in 2018, has changed the understanding of climate policies. It provided a comparison between the consequences of global warming of 1.5°C to 2°C and more, highlighting the dread impact of the latter on the environment. It argues that human-caused emissions of CO<sub>2</sub> must reach “net zero” around 2050 (IPCC, 2018). The report concludes that limiting the global warming to 1.5°C would require “rapid, far-reaching and unprecedented changes in all aspects of society” (ibid.). This report has reconfirmed the importance of the commitments made under the Paris Agreement, emphasizing the importance of acting immediately to prevent the potential harmful consequences of global warming. Therefore, presented scientific data urged countries to take more proactive steps toward climate change mitigation.

The IPCC report made the EU to rethink its policy, and few months later, in 2018, the Commission published its Communication entitled “A Clean Planet for all”. The document is a strategic long-term vision of the EU as climate neutral economy, which aims to create a vision and sense of direction (European Commission, 2018 -a). It directly refers to the IPCC report, stating that more urgency than anticipated before is required to limit temperature increase to 1.5°C; hence, more action is necessary (ibid., p.5). This is seen as an opportunity for the EU “show leadership and reap the benefits of first mover advantage” (ibid., p.5). Hence there is a clear causal link: new scientific data on international level resulted in EU taking a more proactive role, because current policies were not enough and “the status quo is not an option” (ibid., p. 5). In the

document, the vision of energy sector was mostly based on the use of RES, stating that in the new energy system, “primary energy supply would largely come from renewable energy sources” (ibid., p. 8). It implied that the Commission started to view RES as the main energy source compatible with the climate policy of the EU, and this vision will be further elaborated on.

The new President of the European Commission, Ursula von der Leyen, elected in 2019 has brought major changes in the EU’s climate and energy policies, introducing a European Green Deal. Climate policy was declared as a top priority by the new Commission, and this constitutes a rhetorical shift compared to the Juncker’s Commission which underlined security of supply more (Siddi, 2020, p. 6). Increasing concern about climate change in Europe, evident in stronger support for Green parties in 2019 Parliament elections, particularly in a few big Western member states, encouraged von der Leyen to strengthen Union’s climate policy (ibid.). Climate change is presented as “existential threat to Europe” and the Green Deal provides an action plan to make the EU climate-neutral by 2050 (European Commission, n.d. -a). The current policies were viewed insufficient to reach that target. The GHG emission reduction target for 2030 was increased from previous 40% outlined in “Clean energy for all Europeans package” to at least 50% and towards 55% compared with 1990 levels (European Commission, 2019 -a). Moreover, in the framework of the Green Deal, the Commission proposed the first European Climate Law, aiming to turn the objectives into a legal obligation. Overall, the Green Deal was intended to respond to the growing concern over climate change mitigation since the Paris Agreement.

The new measures in several sectors were introduced by the Green Deal; however, energy sector is one of the priorities. Since the production and use of energy accounts for more than 75% of the EU’s GHG (European Commission, 2019 -b, p. 6), there are many improvements envisaged for the energy sector. The RES has become central for the energy field and power sector “based largely on renewable sources” (ibid., p. 6), has to be established. Gas has also lost its positions as an alternative, since only decarbonised gas is only viewed as an option. Moreover, to reach new ambitious goals, a part of policy tools need to be revised, including the Renewable Energy Directive 2018/2001/EU. The current target of 32% of renewable in the EU energy consumption

by 2030 is planned to be reviewed and increased if necessary (European Commission, 2020 -a). At the same time, the European Investment Bank, EU's financing department, will stop funding most fossil fuel projects at the end of 2021 due to high emissions from them (BBC, 2019). Offshore renewable energy, onshore and offshore wind, renewable energy from ocean and biomass, solar energy and biofuels are key types of RES which are going to contribute to EU's long-term strategy (European Commission, n.d. -b). Moreover, new EU renewable energy financing mechanism has been in force since September 2020 and the Commission is currently implementing it. Therefore, renewable energy has become the central element of the European energy policy.

The flow between the transnational societies within the EU did not play a very active role in the process. It was not the interdependence within the EU, but a broader globalization and awareness about the environmental problems that have fueled the integration. On the contrary, in spite of the interdependence of groups having interests in fossil fuels did not prevent the EU from ambitious RES policy. Even natural gas, that has been viewed as transitional fuel for some time has lost its stances to the RES in the light of new scientific data. There was pressure from the climate activists, but motivation was rooted in the general concerns about the climate change, rather than material benefits of the integration. It was not the desire for further integration that drove the society; but the attempts to find some institution that could address the problem effectively. Therefore, the connections among the societal groups across the MS did not lead to the increased role of the EU in the RES domain.

The gradual development of the renewable energy policies over the years has culminated with the adoption of the Green Deal. The RE has become the key element of the transition to clean energy. The analysis has shown that it was driven by EU's ambitious climate policy in line with its commitments on the global negotiations. All the documents related to RES policy and climate policy in general have made extensive references to international agreements on climate change mitigation. The commitment to the Paris Agreement and the IPCC 2018 report has made the EU establish more ambitious targets than before. The Commission was both taking part at global negotiations and consequently pursuing the policy in line with those objectives. The spillover from environmental domain to energy domain resulted in climate policy

agenda shaping energy policy with RES at its core. This spillover is even more distinguishable in comparison with the previous decades, when modest energy policy was developed in line with the internal market objectives. Therefore, the international awareness channeled to the EU through the Commission and led to the increase of the supranational mode of governance.

### **Chapter 3. The current governance of the renewable energy in the EU**

The aim of Chapter 3 is to assess the current state of RES governance in the EU. To do this, it will outline and analyze the present state of affairs across the three dimensions of integration – supranational rules, supranational organizations and transnational society. It will also identify the major barriers for the establishment of supranational governance in the RES policy in the EU. The first sub-chapter will outline the current regulatory framework for the RES and find out the key differences among the MS that result from the absence of a strict framework. It will not aim to explore all differences in RES dimension across the MS, such as geographical or socio-economic, focusing only on those that are coming from the flexibility of EU RES governance. The second sub-chapter will analyze the role of the EU's supranational institutions in today's RES policy. It will explore how autonomous they are and what is their role in the development of relevant policies. The third sub-chapter will explore the dynamics of transnational society in the RES dimension in the EU. It will find out if various interest groups tend to influence directly the supranational institutions; however, the aim is not to assess the results of those interactions, but rather explore how they happen. The fourth sub-chapter will summarize the findings and provide the assessment based on those findings.

#### **3.1. EU rules**

The Treaty of Lisbon has introduced energy policy as the part of a shared competence between the EU and MS. The development of energy policy is based on “the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment” (TFEU Article 194, 2016), underlining that interference in energy policy should stem from these two dimensions. Article 194(1) lists the development of RES as one of the four aims of EU's energy policy (ibid.). However, Article 194 (2) states that the measures used by the EU shall not affect MS's “choice between different energy sources and the general structure of its energy supply” (ibid.). This clause prevents the EU from the direct imposition of RES in the national mix of MS. The supranational institutions are not able to formulate a straightforward EU policy that forces MS to restructure their energy sector. Therefore, the supranational

rules established for the RES dimension are using soft and indirect measure to promote the RE.

The current framework for governing the RES is the Directive 2018/2001 RED II, effective from January 2021, which is a part of the EU's 2030 Climate and Energy Policy Framework. The Directive sets a binding overall Union target of 32% RE in total energy consumption for 2030, but it does not set any nationally binding targets for each MS. The absence of the national legally-binding targets for MS constitutes the main difference between 2009 RED and 2018 RED II Directives. This shift was the result of the Lisbon Treaty entering in force in 2009, where Article 194(2) safeguards the national choice of energy mix for the MS (Monti & Martinez Romera, 2020, p. 222). This sparked wide discussions in literature: some argued that this is an instance of de-Europeanization (Solorio & Jörgens, 2020) and was a result of the bargaining strategy by the energy commissioner (Bürgin, 2015); the others argue that this did not make EU climate and energy governance weaker (Oberthür, 2019), that the policy softened at the surface but hardened at the core (Schoenefeld & Knodt, 2021), and that the EU still possesses necessary tool-kit to ensure compliance (Monti & Martinez Romera, 2020). Hence, the current Directive paved a way for extensive discussion on the level of governance of RES.

Even though national targets are not indicated in the Directive itself, extensive references are made to another legislative act from the 2030 Framework - Regulation (EU) 2018/1999 (the Governance Regulation). Article 3 of RED II states that the contribution by each MS should be set and outlined in their integrated National Energy and Climate Plans (NECPs) under the Governance Regulation (Directive 2018/2001, 2018). In general, the Governance Regulation creates an umbrella for planning, reporting, and reviewing of MS's climate and energy policies within the 2030 Framework. The MS should submit the NECPs every 10 years, progress reports on the implementation every two years and prepare long-term strategies for climate and energy (Oberthür, 2019). The Commission is responsible for assessing the plans and the progress; if the individual targets are deemed to be insufficient then the Commission can issue recommendations or propose other legislation and "exercise its powers at Union level" (ibid., p. 19). However, unlike in case of the RED Directive, the CJEU

cannot enforce country-level progress (Schoenefeld & Knodt, 2021, p. 55). Overall, there are still instruments, such as the Governance Regulation, at the Commission's disposal that can compensate the absence of national targets; however they do not imply a legal liability on the MS.

The share of RE in total energy consumption is very heterogeneous across the EU. Although there are no national targets in the RED II Directive, Article 3(4) sets a minimum baseline for the share of RES starting from January 2021 (Directive 2018/2001, 2018). These baselines for each MS are outlined in the Annex I of the Directive, and there are huge differences among them. They fluctuate from 10% for Malta to 49% for Sweden; moreover, the progress made in comparison with 2005 also fluctuates from 6,6% increase in Bulgaria to 13% in Denmark (ibid.). Moreover, Article 3 (2) indicates that the Annex II provides the formula which MS can consider in calculating their contribution to the overall target (ibid.). The assessment of the drafts by the Commission of National Energy and Climate Plans will be based on the formula. It is too early to talk about the progress in line with RED II Directive and effectiveness of the legal instruments that can be used by the Commission. However, the progress made under the previous RED Directive shows that even with national targets, in 2018, five MS, namely Belgium, France, Luxembourg, the Netherlands and Poland, had implemented insufficient RES policies to reach their 2020 target (Navigant, 2020, p. 6). Therefore, the responsibility on the deployment of RES under the RED and RED II Directives is unevenly distributed across the Union.

There are also many differences among the MS in terms of support schemes used to promote RES. The introduction of harmonized support schemes across the EU has been a goal of the Commission for a long time. However, this never happened and at the end the Commission was satisfied with the usage of the 2014–2020 guidelines on state aid for environmental protection and energy (Solorio & Jörgens, 2020, p. 89). Article 4 of the RED II Directive presents general guidelines for the support schemes, emphasizing the avoidance of electricity market distortions as a priority (Directive 2018/2001, 2018). This gives the MS a great flexibility in the choice of how to achieve their national target, without violation of market rules. There are at least eight different support schemes that were used in EU-28, such as premium and feed-in tariffs, auctions, quota

schemes, tax incentives, net-metering, subsidies and loans (Navigant, 2020). The absence of precise prescribed rules on the promotion of RES domestically decreases the role of the EU governance in the field.

To help countries to meet their RE targets and facilitate cross-border cooperation, the Directive lays down the rules for the use of cooperation mechanisms, such as statistical transfers, joint support schemes and joint projects. The Commission also established a Union renewable development platform, which is aimed to complement those cooperation mechanisms (Directive 2018/2001, 2018). The same cooperation mechanisms were available under the previous RED Directive and that can help to see the potential effect of those. However, up to October 2020, in almost 10 years, the usage of those was very limited. In fact, statistical transfers were used four times - Luxembourg-Lithuania and Luxembourg-Estonia in 2017; and Netherlands-Denmark and Malta-Estonia in 2020 (European Commission, 2020 -b); support schemes have been used twice – Sweden-Norway in 2012 and Germany-Denmark in 2016 and joint projects have not been used at all (Caldés et al, 2019, p. 4). The idea of the statistical transfer is that an amount of RE is transferred from the progress of one country to the progress of another one. It is merely an accounting procedure and no actual energy is moved (European Commission, n.d. -c). Basically, this method does not improve RES development in a country, but rather helps to avoid the failure to miss the target; whereas other methods are almost not used. Hence, the introduced cooperation mechanisms were not very successful in strengthening the cross-border cooperation.

In March 2020, the Commission proposed a new European Climate Law as the part of the Green Deal. The aim of the Law is to make the EU's goal of climate-neutrality legally binding. The Law proposal does not explicitly refer to any new targets since the RED II Directive is supposed to be reviewed in line with the new objectives of the Green Deal. According to the Articles 5 and 6, the monitoring and assessment of progress made by MS is mostly based on the submission of National Energy and Climate Plans or the Biennial Progress Reports under the Regulation (EU) 2018/1999 (European Commission, 2020 -c). Since RE is one of the priorities and important targets that should be reflected in those plans and reports, it means that it will have a significant place in the framework of the Climate Law as well. However, it is early to assess how

the Climate Law will affect the governance of the RES since, as of May 2021, the proposal is still being negotiated between the Parliament and the Council.

### **3.2. EU institutions**

The European Commission can be considered the most active supranational institution involved in the EU's RES policies. Being the institution with a privilege to initiate legislation, it has always been the main driver of the RES policies. As Chapter 2 has shown, the Commission's policy initiation, such as White Papers, Green Papers or Directives, were at the heart of RES development since the very beginning. The Commission's technical and political expertise distinguishes it from other EU institutions, giving it more resources and increasing its cognitive power (Feldhoff & Fuchs, 2016, p. 61). The executive role of the Commission gives it a necessary capacity to be able to propose and implement relevant policies; therefore it possesses a wide range of instruments to reach these goals. Even though the Commission does not have a formal say in the adoption procedure, its participation as a mediator in the decision-making process increases its informal role. Therefore, the role of the European Commission in RES policies is shaped largely by its general position in the European policy-making process.

The role of the Commission in the RES policy consists of initiation of the policy, participation in the negotiations and assessment of the implementation. With every new Directive the Commission attempted to strengthen the supranational approach and ensure that the targets are reached, for example, after reviewing the results of the 2001 RES-E directive with indicative targets, the Commission acknowledged that mandatory target are necessary to reach the climate mitigation goals (Solorio & Jörgens, 2020, p. 84). Therefore, taking into account the previous legislation and its results, the Commission has introduced new agendas improving its approach. Another major issue in the negotiations of the Directives on RES was the introduction of the EU-wide model support schemes for RE. Even though the Commission was unsuccessful in during the negotiations of RES-E and RED Directives, the contestation was solved with the RED II Directive. Instead of harmonized support schemes, the state aid guidelines for environmental protection and energy 2014-2020 were used, which is a softer form of governance (ibid.). Moreover, the Commission is the institution which assesses the

plans submitted by the MS to achieve their share of the goal and their implementation. This gives the Commission additional power to correct and maintain MS's RES policies. Hence, even though there are some limits to what the Commission can reach in its attempts, it actively pursues higher ambitions and monitors the results.

The new Commission, formed in 2019 under the Presidency of Ursula von der Leyen, started a new era in the EU's climate policy. Von der Leyen stated that the goal of becoming first climate-neutral continent is at the heart of her Commission. The introduction of the Green Deal and consequent reforms in all relevant policy sectors indicates the crucial role of the Commission in the EU policy formulation. The primary role of climate policy was underlined by the appointment of Frans Timmermans as Executive Vice-President for the European Green Deal and Climate Action Commissioner, who also continued to serve as First Vice President, the second-in-command in the Commission (Euractiv, 2019). The stronger emphasis on the climate policy is closely interlinked with the energy policy and particularly RES policy. Addressing Kadri Simson, the new Commissioner for Energy, von der Leyen underlined her responsibility to accelerate the introduction of RES in MS (ibid.). The strong emphasis on climate policy in the Commission's agenda is a significant shift compared to previous Juncker's and Barroso's Commissions. Overall, the new Commission and its activities prove that the Commission can establish its own agenda and successfully pursue more ambitious climate policy goals.

Generally, the Parliament's participation in the ordinary legislative procedure (OLP) gives it a huge opportunity to promote its view on the RES policy in the EU. Research conducted by Wendler (2019) showed that the Parliament can be characterized by being broadly positive toward EU's climate policy and that it is not intensely polarized in this field. Moreover, the increasing amount of Green parties in the Parliament contributes to this support. The same was observed after the proposition of the Green Deal by the Commission. In its resolution in January of 2020, the Parliament actively supported the Commission's far-reaching aim to make the EU climate neutral. It also underlined the importance of the energy sector in the decarbonization process, and called for more action in this domain, including the revision of the Renewable Energy Directive RED II, adopted in 2018, to be revised to be in line with new targets (European Parliament, 2020

-a). It also emphasized that the increased use of RE is necessary to reach EU's new climate goals (ibid.). This open support and general interest in climate policy indicate the ability of the Parliament maintain its own agenda as a supranational institution, regardless the position of the MS.

The role of the Parliament in the negotiations of the Directive (EU) 2018/2001 – RED II - illustrates the general supportive position of the Parliament for more ambitious RES policy. The negotiations in the field of RES were the most polarized ones among other fields negotiated in the framework of climate and energy policy (Wendler, 2019, p. 335). The initial target proposed by the Commission, European Council and the Council was 27% of RES share in total energy consumption, whereas on the plenary session Parliament supported 35% (European Parliamentary Research Service, 2019). As a result, the directive set a 32% binding Union target. Moreover, the Parliament proposed corrective mechanisms to ensure that the EU meets its 2030 goals, but indicative national contributions from MS were adopted instead (ibid.). This was a softer approach to the integration in RES domain (Wendler, 2019, p. 336). Still, several initiatives of the Parliament were reflected in the final version, such as long-term schedules of national RES support schemes and their reporting (ibid.). This indicates how the Parliament as a supranational institution pushes for higher and more ambitious targets during negotiations, even though it does not have an opportunity to initiate legislation.

Due to its specific function European supranational institution - Court of Justice of the European Union – is not an active actor in the formulation of EU's RES policy. The CJEU is not involved in the policy-making process, does not set policy agendas and does not participate in the decision-making procedure. However, the preliminary rulings made by the CJEU have contributed to the development of RES policy, specifically support schemes. In its ruling on *PreussenElektra* case in 2001 the CJEU decided that feed-in tariffs did not violate EU State Aid rules, and the Commission which was trying to introduce EU-wide tradeable green certificates had to give up on its initiative to harmonize RES support (Hildingsson et al., 2012, p. 21). However, its later ruling on *Essent Netwerk Noord BV* case in 2008 paved the way for further case law development supporting the Commission's increasing role in the EU-wide support schemes. In 2014, it resulted in Commission's new guidelines on state aid for

environment protection and energy, strengthening the authority of the Commission over the development of RES support schemes in the EU (Boasson, 2019). Therefore, despite influencing the RES policy indirectly, the CJEU ruling gave more authority to the Commission and strengthened the supranational aspects in the support schemes issue in RES.

In contrast to the Commission and the Parliament, the interests of MS in the establishment of supranational regime in the field of RES are heterogeneous. The negotiations of all three Directives on RES (RES-E, RED and RED II) were surrounded by authority conflicts between MS and the Commission, and this has even resulted in some examples of decreasing authority of the EU in the field (Solorio & Jörgens, 2020). The countries that traditionally do not have increased deployment of RES in their energy system might oppose EU's ambitious RE targets. For example, Poland and Italy argued against high RES targets during RED II negotiation process (Bürgin, 2015, p. 696). However, even MS, such as Germany, which are considered the pioneers in RES, can also hinder the increase in the Commission's authority. To safeguard its successful feed-in-tariffs schemes, Germany, and other states that used similar system, opposed the harmonized scheme by the EU (Vogelpohl et al., 2017). Moreover, Poland decided to opt-out from the Green Deal, and was granted the exemption; the Green Deal proceeded without it. It was supposed to return to the climate issues in June of 2020; however its commitment was postponed again (Nicolás Sánchez, 2020). Therefore, despite the strong opposition from some MS, the EU has to soften its approach, but continues to pursue its RES policy.

### **3.3. Transnational society**

Since RES policy which is located on the intersection of climate and energy policy, the activities of transnational society are also located on an intersection. The case of RE is different from those, for example, analyzed by O'Reilly & Stone Sweet (1998) or Sandholtz (1998), where transnational activity in one sector influenced integration in the same sector, in the field of air transport and telecommunications, respectively. As analyzed in the previous chapter, the concerns about the climate change, both in the society within the EU and in a broader international scene, pressured the EU institutions to commit to more ambitious emission reduction goals. Hence, the role of transnational

society is not limited to those groups benefitting directly from the integration in RE domain, but also the general interest in climate change mitigation. Nowadays, the transnational society actively influencing the integration in RE includes climate activists, trade associations, scientists, NGOs, lobbyists, business elites – both in fossil fuels and RE spheres, and so on. However, the interests of those are not always in line and often contradict each other. Moreover, the interests are not always based on direct benefits. Therefore, the role of transnational society in RE integration needs to be analyzed from different aspects.

The 2019 European Parliament elections can be a general illustration of the rising public interest to environmental issues across the EU. The amount of elected Members of the European Parliament (MEPs) representing the European Green Party increased from 37 in 2014 and the record 47 in 2009 to 55 in 2019 (Pearson & Rüdiger, 2020). However, the increasing support for the Greens is not homogenous and there are variations across countries. The population of eastern and southern European states shows lower environmental concerns (ibid.). Therefore, transnational society, interested in the climate mitigation is not evenly developed in the whole EU. Despite this, the increased amount of Green Party members in the Parliament strengthens the voice of the Greens in the European politics. As the indicators are very interrelated, the transnational society influences the supranational organizations and institutionalizes the environmental issues more. This is especially important because of the Parliament's role in the co-decision procedure. Therefore, even though the support for Green parties is uneven, the total amount has increased on the European level.

Social movements advocating for climate mitigation are an important group representing transnational society influencing the EU institutions. One of the most popular movements in the recent years is the Fridays For Future movement started by Swedish schoolgirl Greta Thunberg in August 2018. The aim of the movement was to urge the national governments to take action and fulfill the Paris Agreement goal of limiting global warming by 1,5°C. She was soon joined by thousands of young people across Europe and the world. This movement and others similar to it has clearly raised awareness and attention to the issue of climate change. The spread of the movement across the MS indicates the development of the society regardless the borders.

Moreover, the movement targeted not only national governments, but the EU institutions directly. The European Parliament supported the movement and even invited Thunberg to address the MEPs in Environment Committee meeting in 2019 and 2020 (European Parliament, 2019; European Parliament, 2020 -b). In 2021, a group of young activists met with Frans Timmermans, Executive Vice President of the European Commission for the European Green Deal and European Commissioner for Climate Action. They were persuading him to reform the current Common Agricultural Policy because according to them it contradicts the commitments made under the Paris Agreement. The activists mentioned that Timmermans “is not alone” and MS also have a say in the matter, however, he has a big role in the negotiations process (Euractiv, 2021). Therefore, the transnational society chose to influence the Commission and the Parliament directly, but acknowledging that they are constrained by the supranational rules.

The awareness about the climate change would not be possible without the role of scientists working in the field and making their research public. New scientific knowledge was the main driver of the international call to reduce the human impact on the environment. However, these groups also use the chance to address the EU institutions directly to influence various aspects of climate and energy policy. For example, one of the major issues, the definition of RES, discussed in the subchapter 3.1, has been addressed by the scientists. In February 2021, over 500 scientists wrote a letter to several leaders, including EU Commission President Von der Leyen and European Council President Charles Michel. They advocated for the exclusion of energy gained from burning wood from the RE category (World Wide Fund for Nature (WWF), 2021). The scientists addressed the EU institutions, because the incentives for this energy source are governed by the Renewable Energy Directive. They argued that the biomass burning contributes to the global warming and that governments must stop supporting this energy source (ibid.). Therefore, to manage the problem more efficiently, the transnational society chose to influence the EU bodies directly instead of national governments.

Environmental non-governmental organizations are one of the key stakeholders in the negotiations of RES policy, actively promoting higher targets for the EU. The

interconnection of the EU and ENGOs is mutually interconnected - EU actively supports their involvement in the decision-making process. Through its financial instrument LIFE, the EU funds projects on environment and climate action, encouraging the climate activism of the ENGOs (European Commission, 2018 -b). ENGOs are also one of the stakeholders which expressed their opinion and criticism during the negotiations of the RED II Directive. Climate Action Network, Greenpeace and WWF argued that the target is not ambitious, whereas Transport & Environment, WWF and Fern criticized the support of biofuels as RE (European Parliamentary Research Service, 2019). Despite their active role, the ENGOs are found to be less influential than business actors which support opposite views (Feldhoff & Fuchs, 2016). The constant lobbying by the ENGOs, plus the support from the EU makes them one of the main stakeholders in the debate; however the influence of other actors prevail theirs.

The impact of the transnational society on the European RES policies is two-sided, and some interest groups are trying to halt the development of RES. The policy of decarbonization has had and, undoubtedly, will have a strong negative effect on the businesses engaged in carbon rich fossil fuels. Hence, their interest in the matter makes it necessary to influence European politics. Even though most of the trade associations state their commitment to tackling climate change, they are also the most used mechanism by businesses to influence climate policy in the EU (Fagan-Watson, Elliott & Watson, 2015, p. 17). They employ different methods to influence the policy-making process, including establishment of relationships and working with policy-makers, shaping policy agenda, writing formal letters and so on (ibid.). Hence, trade associations representing fossil fuel industry is another form of transnational activity influencing the EU institutions directly.

Trade associations use several arguments against the climate policy on the European level. One of them is that the rising price of business in carbon-intensive sector in the EU will result in investments moving to the new enterprises outside of the EU, named “carbon-leakage”. Moreover, climate policy can lead to job losses in the sector, since green energy industry would not be able to offer the same amount of jobs. It was also argued that climate policy reduces the competitiveness of the EU industry, which is one of the three main goals of European energy policy (Fagan-Watson et al., 2015). Another

example is Energy Commissioner Oettinger's advocacy for car industry which would be seriously harmed by the GHG reduction goal (Bürgin, 2015, p. 702). Therefore, economic disadvantages of fossil fuels substitution with RES have resulted in industries lobbying against it.

### **3.4. Summary and assessment**

The analysis of the RES regulatory framework has shown that the Article 194 creates the main impediment for the expansion of EU's competence. The MS are not willing to give away their control over the national energy mix. Due to Commission's endeavors several indirect mechanisms are still in place to control the deployment of RES, such as the RED II Directive and the Governance Regulation. They enable the Commission to oversee MS's energy and climate plans, which include the usage of RES as well. However, it does not allow the Commission to open infringement procedures and the main remedy is recommendation. Also, it led to the establishment of a rather flexible framework in which exploitation of RES is very uneven and different support mechanisms are used across the MS. The cooperation mechanisms offered by the EU are more lucrative to use to fit the statistics in the maintained target, rather than to develop cooperation on the energy development. Therefore, since the supranational institutions cannot overcome the obstacles raised by the Article 194, the governance in this dimension is not close to the supranational pole. However, the Climate Law proposed by the Commission in the light of the Green Deal, in case adopted, can change the position of RES and increase the supranational governance.

To sum up on the role of the supranational organizations in the RES policy, this dimension is very close to the supranational pole. First, the Commission is a successful policy innovator and does have a substantial autonomy to maintain its political agenda. It has pushed for more development of RES despite some existing disagreements from MS. Moreover, the new course of action by von der Leyen Commission shows that the President can autonomously emphasize the climate policy more than previous Commissions. Second, the general strong support of the Parliament for the Green Deal and for more ambitious legislation in the negotiations of RED II Directive indicates its commitment to climate policy and RES in particular. The role of the CJEU is limited due its generally limited participation in policy-making. In spite of this degree of

autonomy, the adoption of legislation in the field of both energy and environment is constrained by OLP. Because of the Council's co-decision right, the proposals of the Commission and amendments by the Parliament are negotiated for some time before the adoption. Hence, even though the degree of autonomy and level of supranationalism in the dimension of supranational organizations is high, the OLP procedure limits it.

The analysis showed that the transnational society dimension of the RES integration is the most controversial one. In general, the societies affecting the EU institutions are well developed and execute their influence directly on them; however, several opposite views on RES integration exist. On the one hand, the interest groups that are in favor of the integration are interested in a broader topic of climate change and deal with a wide range issues. Even though the awareness about the climate change is high, those societies are not solely concentrated on the RE, which decreases their activity in this specific field. Moreover, these groups are interested in the integration not because of their interdependence, but because of the interest in climate change mitigation. The increasing global awareness is the key motivator for their actions, not the beneficial transactions across the borders. On the other hand, other interest groups, whose interests can be damaged by the integration in the RES domain, are opposing it. These groups are using different channels to lobby and prevent the rules to become stricter, and they are also influential. Overall, the analysis unfolded two polar transnational groups that are active in the dimension and mutually decrease each other's influence. Hence, the transnational society dimension is also not on the supranational pole, even though active social groups influencing the politics exist.

## **Conclusion**

The objective of this thesis was to examine the development of the European Union's renewable energy sources policy over time and analyze the current state of affairs in the policy field. Its goal was to explore the main factors that have influenced the evolution of RES policies and its present condition. Supranational governance theory, in addition to the neofunctionalist approach, was used as a theoretical framework for this thesis. Three theoretical expectations, discussed in the next paragraphs, were derived from this framework. Document analysis method, suggested by Bowen (2009), was applied to answer two research questions posed. This method was used because EU legal documents are the main source of its policies. It was used to find out the reasoning behind the developing RES policies and current system of governance. The data was derived from EU documents, such as major EU Treaties, Directives, Regulations, Communications by Commission and White Papers. The document analysis was complemented by secondary literature on the topic.

The analysis part of present thesis was covered in two empirical chapters. In Chapter 2, the main phases of RES policy development were outlined to analyze the justifications for development of RES policies. At the same time, the major international conferences on the climate change mitigation, which are referred to in EU documents, were briefly discussed. The concept of spillover was applied to RES policy and movement was detected alongside three dimensions of integration outlined by Stone Sweet and Sandholtz (1997): supranational rules, supranational organizations and transnational society. Alongside with that, primary actors, which were driving the integration, were discovered. Hence, the reasons of the recent push for closer integration in RES domain were identified in contrast with historical development of the energy policy. In Chapter 3, the current setup of RES policies was analyzed, also across the same three dimensions. The present-day regulatory framework, activities of the EU institutions and dynamics of transnational society across the EU were analyzed. The current state of affairs was then compared to the characteristics of supranational governance to shed the light to the main obstacles to its establishment in RES domain.

This thesis had three main theoretical expectations. The first expectation was that the evolution of the EU's RES policies is the result of a spillover from climate policy of the EU. This expectation has been confirmed by the analysis. It showed that before the 1990s the RES policy was almost absent and general energy policy was mainly dictated by the concerns about the functioning of the internal market and security of supply. This has started to gradually change in the 1990s when the global awareness about the climate change began to increase. The EU's active role in climate negotiations also fueled domestic developments, and EU's RES policy emerged. This included the first RES-E Directive (2001/77/EC) on the promotion of electricity produced from renewable energy sources was adopted. Even though these developments slowed down after the Lisbon Treaty and Copenhagen Summit, Directive 2009/28/EC on RES promotion was adopted in 2009. The Energy Union, established in 2015 was still very security supply oriented. The 2015 Paris Agreement and 2018 IPCC report gave a new power to the spillover from climate policy and the Clean Planet for All package and the European Green Deal were adopted. This institutionalized has the role of RES even more. In contrast with previous decades, EU's climate policy started to shape energy policy agenda. The clean energy transition placed the RES at the centre of EU's energy policy. Document analysis has shown that the commitment to climate change mitigation was the main reasoning of RES policies adoption; hence the spillover has occurred from climate policy to RES policy. Therefore, the biggest spillover occurred in the last five years because of the ever increasing global response to the climate change.

The second expectation was that transnational society and supranational institutions are the primary reasons for the development of integration. This expectation has been confirmed only partially. Supranational institutions, especially the Commission, have indeed played a crucial role in the process, initiating the RES policies in line with the commitments to international agreements. The Commission and, later, the Parliament started to develop their own agendas and pursue a more ambitious climate policy. However, the transnational society has not played a major role in the process. Sweet & Sandholtz (1997) outlined that transnational society is the key, it demands for more integration because interest groups benefit from increased cross-border transactions. Their influence on the Commission results in further integration. However, this was not the case in RES policy. The analysis did not confirm that there were cooperation and

interdependence among the interest groups that resulted in demands for more integration. This paves the way to the contribution made by this work that the integration processes are not necessarily led by the internal dynamics, but also influenced by concerns about global problems, such as climate change. Moreover, the demands for more ambitious policy can root in general interest in climate policy rather than benefits from cooperation. Therefore, the Commission had the main role; whereas interdependence between internal interest groups did not.

The third expectation was that the MS oppose the integration in RES field and want to retain control in energy policy. The analysis has shown that despite the spillover, there are key factors that prevent the unification of the realm and establishment of supranational mode of governance. The most crucial one is Article 194 of the TFEU that constraints the Commission's interference in national energy mix. The MS have retained the control and this makes the Commission to use indirect ways to regulate the RES domain. Moreover, the heterogeneous interests of different societal groups are also a barrier for the establishment of supranational governance. The interests of business and lobbies related to fossil fuels have influenced the negotiations of Directives on RES. Even though Lisbon Treaty does not give exclusive competences on energy to the EU, the Commission has found indirect ways to ensure the compliance with the RES Directives. It has impacted national energy portfolios referring to the climate change emergency through its shared competences in both environment and energy.

The findings of this thesis have both theoretical and empirical significance. Theoretically, this thesis contributes to the research on European integration. It found out that international developments can have huge influence on the integration processes in the EU. The increasing globalization process has had its impact on the development of EU integration. EU's RES policy was evolving in accordance with international negotiations on climate change mitigation, which is an external factor. Therefore, the integration process was not driven solely by internal factors, but also by external ones. Moreover, the research has shown that there was no homogenous transnational society interested in the integration in RES domain. The groups interested in closer integration were primarily climate-oriented ones. Therefore, integration processes are not solely rooted in economic benefits, but also in striving for common

good, such as climate change mitigation. This also contributes to the understanding of integration processes.

Empirically, it offers a comprehensive review of RES policy development in the EU. EU does not have a legal to determine national energy mix in the member states. However, the thesis has demonstrated that the evolution of RES policies in line with climate change mitigation objectives, allowed the EU to influence the energy portfolio of member states. Moreover, it illustrates that due to spillover that occurred, climate policy started to shape energy policy agenda, focused on RES. It also demonstrated that, with climate change, question of security supply has become less important than before. The research has also shown that these developments are not unanimously welcomed by all member states, which highlights the expanding nature of EU competences even more. Moreover, this thesis examined RES governance from three different dimensions; whereas previous research has mostly focused on one of them – the regulatory framework. These findings are an important contribution to the understanding of future of renewable energy policy in the EU.

The present study has several limitations. First, even though it outlined the state of integration across three dimensions, it did not aim to measure and compare the exact influence of different actors, such as EU institutions or interest groups. It summarized and analyzed the dynamics in these three dimensions, but did not establish causality between them and consequences. Second, to find out justification for policy adoption, this researched focused primarily on official documents. This could have possibly neglected the importance of other aspects of rationale behind policy development. However, secondary literature has partially closed this gap. Further research can be done focusing on new developments expected under the European Green Deal. Also, similar research can be done on other aspects of EU's climate and energy policies, such as cuts in GHG emissions and energy efficiency. In light of theoretical findings of the thesis, future research can explore influence of globalization on the development of other policy fields in the EU.

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