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On a move towards harmonization

Historical-institutional perspectives on the evolution of
renewable energy policy in the EU

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Abstract

The promotion of renewable energy sources (RES) has become a key option within the EU to improve energy security and to mitigate climate change while offering opportunities for industrial development and job creation. Over time this has put pressure for EU-level coordination and harmonization of national RES policy measures in order to improve effectiveness and market efficiency. This study advances a historical-institutional framework to explain how such forces have been conducive for the emergence and further evolution of RES policy as a new policy domain at the EU level.

The main theoretical finding relates to the framework on path dependency, which emphasize how mechanisms of reproduction conducive of institutional stability simultaneously can be conducive for institutional evolution and policy change and, hence, be applied to explain ‘path creation’ as well. This underpins the main argument of this study, that EU RES policy, in spite of various impediments, is a result of ‘functional spillover’ from the Single Market project conducive of further integration and, eventually, harmonization of national RES policies.

Key words: renewable energy sources (RES); energy policy; European integration; historical institutionalism; spillover; path dependency

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1 Introduction

1.1 Scope

The EU has compelling reasons for setting up an enabling framework to promote renewables. They are largely indigenous, they do not rely on uncertain projections on the future availability of fuels, and their predominantly decentralised nature makes our societies less vulnerable. It is thus undisputed that renewable energies constitute a key element of a sustainable future. (Renewable Energy Road Map; CEC, 2007: 3)

The promotion of renewable energy sources (RES) has become a key option for European countries to improve energy security and mitigate climate change while offering new opportunities for industrial development and job creation. That is, as illuminated in the initial quote from the Renewable Energy Road Map (CEC, 2007), renewables offer a compelling path towards sustainable development. However, although coordinated efforts have great potential to fulfil a multitude of politically highly salient objectives of the European Community, the way towards European integration in this field has been a rather ‘long and windy road’ characterised by slow, step-wise progress towards a coordinated framework and harmonization of Member state policies. This process has been associated with a range of conflicts and serious disagreements, yet to be settled, that have hampered the development of a harmonised regulatory framework (Rowlands, 2005).

The current debate around the draft new RES Directive (CEC, 2008a), proposed by the Commission as part of the new ‘20 20 by 2020’ Energy and Climate legislative package issued in January 2008, proves that such conflicts over national efforts (targets) and the harmonization of national policies have far from eased. The fierce debate have rather started anew and once again forced the Commission to await the introduction of a harmonised pan-European regime for renewables (see Ch. 3.4.2). The conflicts between key actors and stakeholders and, indeed, between EU institutions, on issues about how to advance European integration in this particular field, raises a set of interesting dilemmas about European integration and governance; between conflicting objectives (e.g. energy security and climate security vs. ecological sustainability); between Community activities and national policies (i.e. coordination vs. subsidiarity); between coordination and harmonization (i.e. national sovereignty vs. supranationalism); and between various instruments of choice (notably the so-called feed-in tariffs and tradable green certificates). In particular, the controversy over which model for harmonization that seems most conducive for accelerating renewables have

received a lot of attention and induced a rich debate in recent years (see for example Munoz et al, 2007 vs. Söderholm, 2008). Such attempts offer, however, rather isolated analyses and ‘snapshot views’ (Pierson, 2000a) of the policy development (i.e. on the RES-E or Biofuels Directives) and of the positions of various actors and coalitions. Subsequently, such studies fail to grapple with the historical processes that unfold over time and underpin contemporary policy developments.

To my account, the most interesting issue occurs if we tilt the mentioned dilemmas around a bit. Beyond the prevailing conflicts on specific issues and elements, there are hardly any opposition against the ‘compelling reasons’ for a coordinated and common regulatory ‘enabling framework’ for renewable energy in the EU, even though such a framework may have serious implications for the coordination and harmonization of national energy policy measures, at least in the long run. Thus, how can we understand this ‘duality’ of simultaneous support and opposition to a common RES policy framework in the EU? And, in light of this dilemma, how can we explain the emergence and evolution of a coherent (be it still fragmented) policy and regulatory framework for the promotion of renewable energies in Europe? And, what can this particular case, possibly, learn us about the forces behind attempts to further advance European integration?

Earlier theorizing about European integration leaves us with two contrasting views about how the European Community came about in the first place and why it have proceeded towards the present polity or regime. However, both of these ‘sagas’ about European integration do to me, at least as a starting point for this inquiry, fail to sufficiently offer an explanation for how a new policy issue emerges on the EU agenda and continues to move upstream the European governance system towards ever-deeper forms of coordination.

There is a rich and diversified literature on renewables available ranging from technology specific inquiries to economic and policy analyses. However, from a political scientists’ point of view this literature is problematic in several respects. First and foremost, a lot of the contributions are simply descriptive and atheoretical, be it detailed and informative. Second, the vast majority emanates out of technological and/or economic disciplines. Last, but not least, there are few contributions to be found from within the realm of political science (Lauber, 2004; 2005b; and Rowlands, 2005, being two exceptions). This might be unexpected due to the high saliency of energy security and climate change debates, or for that sake, on sustainability and environmental governance. This applies as well to the field of European studies, where analyses of renewable energy policy are almost absent.

In fact, renewable energy policy is a remarkably unexamined field of inquiry in political science in general and in European studies in particular. One reason may be that it is perceived a rather new policy domain. As I hope to show, this is not a completely accurate account. RES policy has been an issue on the EU agenda for at least 20 years and is now approaching a highly regulated EU policy domain. Another reason may be, that this field of inquiry has been left to other disciplines such as technological science and economic theory or the diverse field of various forms of policy analysis. The vast majority of the literature on

renewable energy policies emanates from such disciplines. Without any ambitions of being comprehensive (that's just too broad a task) I will in this thesis review some contributions in this stream of literature in order to understand the rationales for EU level regulation in this policy field.

1.1.1 Research question

The overall purpose of this thesis is to study the driving forces behind European integration in the particular field of EU level RES policy in order to better understand the current debate about the development of a coordinated, coherent and, possibly, harmonised regulatory framework in the EU for the promotion of renewable energy sources. Over the years we have witnessed how the development and market introduction of renewable energy technologies have emerged as an issue on the EU agenda and, of various reasons, put pressure for coordination of Member state activities in this field. This study sets out to understand how and why this issue have gradually moved upstream the European governance system towards ever-deepened forms of coordination and integration. Notably, this process has not been linear, but rather lined with complications, constraints and conflicting views, which adds to the challenging task of explaining the particular process of integration.

The main objective of this study is to expand our understanding of the process of integration in European renewable energy policy and in particular how this development unfolded over time. The main question for the further research is: *How can we explain the emergence and evolution of renewable energy policy as a new policy domain at the EU level?* That is, to ask what have been the driving forces for the policy development in this particular field. This relates to issues about which processes and mechanisms that can explain the pressures for further integration and harmonization and, inversely, that so far have constrained and prevented the adoption of a truly harmonised regime for promoting renewables. The historical-institutional framework applied (see Ch. 2) add two, more detailed questions to guide the empirical analysis:

1. Which external events or processes, e.g. in terms of an initial impetus for coordination, can possibly explain the emergence of renewable energy policy as a new field for EU policy/coordination?
2. Which mechanisms have been conducive for, or impediment to, the further evolution of European renewable energy policy once the first step was taken along the path towards coordination? That is, which mechanisms have put pressure for (or hindered) the further integration in this policy area?

1.2 Methodological approach

1.2.1 Theory

The theoretical ambition of this thesis is to link up with existing theories and theoretical concepts on European integration and governance in order to advance our understanding of the process of integration, at least in the particular policy field studied. In order to develop an analytical framework I will in the next chapter shortly review some of the main lines of thinking about integration and governance in the European polity. Starting out in the two ‘sagas’ about European integration and shortly halting at more recent ‘fairytales’ about European governance, I will arrive at a historical-institutional framework that will guide the empirical inquiry of this study. Building on Pierson (1996) and Thelen (1999), I will bring forward the argument that a historical-institutional analysis seems more able to grapple with the historical dynamics over a longer period of time than other theories about the integration process. That is not to revert to the historical-materialist roots of this approach, which tend to over-emphasize structural factors and to be too deterministic in understanding processes of institutional evolution and change. Neither my point is to neglect other accounts of value. Quite reverse, I will consider claims and concepts that emanate out of other lines of thought, e.g. the neofunctionalist idea of spillover or the role of national interests in energy policy, in order to capture processes and mechanisms that seem to have been influential for the specific policy development and that can expand our understanding of institutional evolution and policy change in this field.

The theoretical abode of this analytical framework is fairly in line with the ontological and epistemological positions of mine. There is however no given ontological approach within the realms of historical institutionalism, it simply incorporates various meta-theoretical standpoints ranging from realist accounts of institutions and policy as the instruments of calculus agents to constructivist accounts about how shared cultural understandings form and frame institutions and the meanings of agency. What signifies the historical-institutional approach is rather the epistemological claim that it is the history of policy and institutional processes that matters in understanding societal change and politics. To my account, such a position to the study of institutions in politics offers room for the strategic behaviour of intentional actors, however constrained and shaped by the shared meanings embedded in institutional arrangements, and allow us to incorporate provisions for both ‘institutions as structures’ and ‘institutions as actors’, i.e. a structure-agency approach, in studying processes of institutional evolution and policy change.

1.2.2 Method and material

Methodologically, historical institutionalism is based on attempts to grapple with the temporal dimension of the evolution of institutions and political processes. This can be accomplished using different operative methods and materials. I have, however, applied a methodology typical for historical-institutional analysis (cf. Thelen, 1999) in terms of historical process tracing. This method tries to track the historical processes that seem to have been influential, e.g. decisive events and moments at various points in time as well as factors and processes in related fields, to the particular object of study, in this case of the policy development and institutionalization of the RES policy domain at the EU level. Tracing the historical roots of such policy and institutional processes offer possibilities to grapple with the empirical puzzle that emerges to us from observed processes (cf. Thelen 1999: 373). In contrast to analyses of isolated events or processes, such a method allows us to capture “how institutions emerge and are embedded in concrete temporal processes” (Thelen, 1999: 371) by “shifting from snapshots to moving pictures” (Pierson, 2000a: 72).

In contrast to e.g. rational choice approaches, for which deduction is a dominant feature, the historical-institutional analysis have been criticized of being simply inductive and too empirical in focus (cf. Hall and Taylor, 1996: 954f). This is in my opinion an exaggeration; as Hall and Taylor states (*ibid*) good pieces of work are both theoretically and empirically grounded, i.e. entail elements of both deduction and induction. In my case, the ideas of spillover and other feedback mechanisms have functioned as ‘operational’ hypotheses, will holding my eyes open for other possible explanations.

Regarding the material I have made use of both primary and secondary material in this study. The empirical analysis has been based on documentary analysis of primary material (EU law and public documents) as well as a literature review of previous works about European renewable energy policy. As indicated, this material is extensive and I have been forced to make critical selections. Regarding the public material I have applied a classical ‘process-tracing’ method. Reviewing the rich RES literature is an arduous task why I have tried to opt for policy oriented works (i.e. excluding literature with an explicit technological or economic focus) assessing RES policy of relevance for the European level (i.e. excluding purely domestic analyses). I have deliberately also searched for works on the subject within the realm of political science but, as mentioned, have found remarkably few.

2 Theories about European integration

In an ambition to understand the particular case studied and to find plausible explanations to the empirical puzzle observed, this inquiry have been characterised by an examination and comparisons of various theoretical claims about European integration and governance. In this chapter a selection of such theoretical claims are reviewed in order to inform an analytical framework for this study. While my approach clearly heels towards historical institutionalism (almost by the nature of the problem), the aim is to derive a set of analytical devices about mechanisms conducive for institutional evolution and policy change. My aim is, however, not to review such theories in any length (see elsewhere, e.g. Rosamond, 2000; Jachtenfuchs, 2001; Hall and Taylor, 1996), but rather to distil some core concepts from different theoretical strands that can possibly be ‘borrowed’ into the historical-institutional framework, or be left as alternative explanations. In doing this, let’s start out with the classics; the two ‘sagas’ of European integration.

2.1 The two ‘sagas’ about European integration

On the macro-level, the study of European integration theory present us with two different ‘sagas’ about regional integration in Europe, its roots and causes and the driving forces behind its further evolution. The first tells us a story about the ‘supranational’ character of the integration process creating a new political entity at the pan-European level. The other depicts the ‘intergovernmental’ nature of EU decision-making were sovereign nation states have agreed an international regime for pooling of joint interests.

The first saga – *neofunctionalism* – regards the European Community as a critical example, not to say role model, of a new supranational entity emerging in the European political landscape. To early neofunctionalists (e.g. Haas, 1958; Lindberg, 1963; and Schmitter, 1971) regional integration in Europe evolved through an almost self-reinforcing process mainly driven and facilitated by supranational institutions (Rosamond, 2000; cf. Tallberg, 1999: ch. 2).

The second saga – *intergovernmentalism* – contrast with much of the former and opposes to “this picture of the supranational institutions as engines and facilitators of European integration” (Tallberg, 1999: 31). Intergovernmentalists (e.g. Hoffmann, 1966), corresponding with realist ways of thinking in IR theory, argued that the EC was merely a multilateral instrument deliberately designed by and in the control of its principals, i.e. a group of sovereign nation states joined to resolve critical problems of collective action.

Those two sagas framed a long-standing scholarly debate during the 1960's and 1970's about regional integration. This debate fizzled out after one of the most prominent neofunctionalists, Ernst Haas, in 1975 proclaimed the 'obsolescence' of regional integration theory (Haas, 1975). Even if this turned out to be too early an exaggeration, in the mirror it can be seen a logic statement after a long period of stalemate in European integration. However, the Single European Act (SEA) bargain of 1986 and the associated launch of the Internal Market programme (CEC, 1985) brought revitalization to European integration again, and the debate started anew from the late 1980's onwards.

The re-emergence of neofunctionalism, be it not as a coherent theory about regional integration per se, implied a 'recycling' and renewal of key neofunctionalist claims by a range of scholars (e.g. Sandholz and Zysman, 1989; Tranholm-Mikkelsen, 1991) such as the spillover concept and the autonomy of supranational institutions (see below). This induced renewed critique from its realist counterpart revived in the form of Moravcsikan liberal intergovernmentalism (e.g. Moravcsik, 1993; 1998), which argued against neofunctionalist claims that the 'grand bargain' of the SEA was nothing more than a "normal" outcome of international relations. Thus, the two 'sagas' returned salient again. Indeed, they still are, latest demonstrated in the debate on a 'EU Constitution', i.e. the Lisbon Treaty.

2.1.1 Neofunctionalism and the concept of spillover

A central claim in neofunctionalist thinking is related to the concept of spillover. The essence of this idea is that the driving mechanisms for integration in one sectoral domain create pressure for further integration in other interrelated sectors. In accordance with the seminal work of Ernst Haas (1958), such processes of *functional spillover* are conducive to regional integration if "the ends already agreed upon cannot be attained without further unified steps" (p. 484; cit. in Tallberg, 1999:29).¹ The potential for spillovers, however, varies between sectors. Typically, neofunctionalists expected integration to evolve through a series of uncontroversial decisions in areas of 'low' politics, given that the task was of (economic) significance and of an 'inherently integrative' nature (cf. Haas, 1961:376, cit. in Rosamond, 2000:62). That is, to see the integration process as a systemic outcome of 'unintended consequences' of previous decisions.

To neofunctionalists, functional spillover is not the only mechanism conducive for further integration. The spillover concept relates to another idea about loyalty transfer, or *political spillover*. That is, the process of functional integration, which results in increased transnational activity and exchange between political actors, may induce transfers in loyalties from the national

¹ Similar to Leon Lindberg's (1963) definition of spillover as "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 taken further actions, which in turn create a further condition and a need for more action and so forth" (cit. in Rosamond, 2000: 60).

towards the supranational level. National political actors may be “persuaded to shift their loyalties, expectations and political activities toward a new centre” and as a result change their preferences in favour of further integration. (Haas, 1958: 16, cit. in Rosamond, 2000:66). Hence, political integration will follow from progress in functional (e.g. economic) integration and put pressure for even further ‘deepening’ and ‘widening’.

There is clearly an element of viewing integration as a self-reinforcing process in these accounts, a point that has received a lot of critique from realists. However, in contrast to the ‘technocratic automaticity’ presumed in Mitrany’s functionalism, Haas and other neofunctionalists, understood that mechanisms of spillover require a certain amount of political activism to give “a push in the right direction” (Tranholm-Mikkelsen, 1991:5). Such political activism originates from actors in supranational institutions, such as the Commission, with a certain degree of autonomy. For example, the Commission may employ its authority over initiation in EU policy-making (incl. its agenda setting powers) to exercise integrative entrepreneurship in order to ‘upgrade the common interest’ of the community (Rosamond, 2000:61). Tranholm-Mikkelsen (1991) tends to see this as a third kind of spillover mechanism, which he terms *cultivated spillover*.

Neofunctionalist claims about functional spillover and the autonomy of transnational actors offer compelling hypotheses about the driving forces behind European integration. Yet, these concepts are problematic in other respects. Pierson (1996: 147) points to two critical points. First, while the logics of unintended consequences, including spillover, “are likely to be significant for institutional development”, the self-reinforcing nature of such mechanisms presumed can be exaggerated and neglect the prevalence of counteracting processes. Second, while neofunctionalists tend to see “political control as a zero-sum phenomenon, with authority gradually transferred from member-states to supranational actors” (ibid) they tend to oversee the strong provisions for member-state authority in the EU institutional framework.

2.1.2 Intergovernmentalist emphasis on national interests

Intergovernmentalism developed in sharp response to the first saga’s claim about the ‘supranational’ nature of European integration. To Moravcsik (1993, 1998) and other intergovernmentalists the EU and the problems of integration is not a *sin uniqueness* but rather a standard case of international relations between nation states striving to retain their sovereignty in an anarchic world system. Subsequently, they contribute with a state-centric view on the integration process (i.e. international regime). In this, they share much in common with rational choice institutionalism, and principal-agent theory (see further section 2.2.1).

To simplify, the main contribution of intergovernmentalist/rationalist theory can be summarized in two claims. First, nation states are the main principals of European integration and the process of integration will not be forwarded unless it is in the (collective) interests of member state governments, which tend to be preoccupied with concerns about their sovereignty. Second, the EU institutions

are merely instruments in the hands of its principals deliberately designed to fulfil the purposes of their founders. The implication of this functional view on institutions is that the room for maneuver for institutions such as the Commission is limited to the authority delegated, i.e. to facilitate co-operation between nation-states and ensure the implementation of reached agreements. For example, Hoffmann (1966) emphasized, based on the de Gaulle ‘empty chair’ dilemma, that the influence of supranational institutions was “limited, conditional, dependent and reversible” (p. 909, cit. in Tallberg, 1999:31).

Although such claims reminds us of the strong oversight powers of the Member states in the institutional settings of the EU, they are associated with clear shortcomings. In the words of Pierson (1996), it is challenging for intergovernmentalists to offer convincing analysis of why member states loose control and finds them selves stuck in developments they cannot control or revert, without undermining the key pillars of their approach. Further, the state-centric view on international regimes has resulted in an exclusive focus on interstate bargaining, notably ‘grand bargains’, and a lack of interest for post-bargain periods of consolidation. Thus, such accounts fail to incorporate the historical and institutional dynamics beyond an isolated course of events. A benevolent interpretation is, that the intergovernmentalist saga offers us with a set of alternative explanations of the impediments to further integration, which neofunctionalist claims fails to capture. Subsequent indicators of intergovernmentalist claims at work can be observations of converging or pooled interests in favour of further integration as well as of constraints or opposition to the authority of the EU institutions. However, a historical-institutional framework can just as well capture such constraints.

2.2 European governance approaches

Recently European studies have undergone a “governance turn” (Jachtenfuchs, 2001; cf. Rosamond, 2000), which has brought a series of new fairytales to the study of European integration and decision-making. They share in common an approach to European integration that, in contrast to the classical integration theories, takes the EU more or less for given as a new polity (be it fragmented) at the European level. In contrast to European integration theory, which sought to explain why the EU-polity/regime emerged in the first place and occasionally been further advanced (i.e. the EU being the independent variable), European governance approaches strives to explain the impacts of the EU-polity on the further institutional and policy development (i.e. the EC/EU being the dependent variable) (Jachtenfuchs, 2001). Further, these new stories do not rest on IR theory, but rather emanate from comparative politics, institutional theory and policy analysis.

The governance turn did bring a set of new concepts into the field of study, such as the ‘Europeanization’ of domestic policy (Jachtenfuchs, 2001), the ‘multi-level governance’ nature of European policy-making (Hooghe and Marks, 2001;

Bache and Flinders et al, 2004) or the recourse to ‘new modes of governance’ (e.g. Trieb et al, 2007) emphasizing how hierarchical steering is complemented by new forms of coordination through the ‘marketization’ of policy (e.g. Eckersley et al, 1995) and open methods of coordination (OMC) in terms of network governance and management (e.g. Schout and Jordan, 2006). Such concepts help us to better understand ‘the nature of the beast’ (Risse, 1996), for example the multitiered nature of the EU governance system or its ‘regulatory state’ characteristics (Majone, 1994). They are, however, of limited use in understanding the integration process or how a particular policy domain emerges and evolves over time. The similar goes for much in the broad stream of actor-based models such as ‘advocacy coalitions’ (Sabatier, 1988) and ‘policy network’ analyses (Richardson, 1996; Peterson, 1995), which helpfully contribute to describe and understand the web of actors and interaction between various stakeholders in European policy-making. But, still, they seem to “leave out the driving forces of integration and institutionalization in the European Union” (Nylander, 2001: 292).

For example, the ‘multi-level governance’ (MLG) approach advances the argument about the ‘multi-level’ nature of European governance. For the study of European RES policy the implication is that, the EU level actions are influenced by and dependent on domestic policies as well as by transnational policy networks and coalitions cutting across the boundaries of the nation states. This is particularly true for RES and energy policy, which first developed at national level and where the domestic (and micro) level harbours the sites of implementation of a coordinated policy framework. However, the MLG contributions offer no coherent theory to explain or understand why a polity develops or how it evolves over time or in which direction. Rather it is just an approach to *depict* a critical characteristic of the EU-polity. That is, to remind us about the complexity of ‘the beast’, but not to explain it.

2.2.1 New-institutional approaches

The ‘governance turn’ in European studies coincided with another turn in institutional theory; the emergence of ‘new’ institutionalism (March and Olsen, 1984) associated with the revival and renewal of institutional theory to the study of politics. The evolving EU-polity offered an interesting case for such institutional analysis. The ‘new-institutional turn’ did however not result in any single theory about institutions and their role in politics and policy-making. Rather it is legion to distinguish between three various approaches (Hall and Taylor, 1996). That ‘institutions matters’ is a shared concern for these approaches that “all seek to elucidate the role that institutions play for the determination of social and political outcomes” (ibid, p 936). Although they differ considerably on fundamental assumptions and positions (ontological as well as epistemological), the boundaries are not clear-cut and there has been a lot of ‘borrowing and cross-fertilization’ (Thelen, 1999). Therefore, it may be more accurate to describe those three schools of institutional theory along a continuum ranging from *rational*

choice institutionalism, on the one end, to *sociological institutionalism* on the other – or, in the words of Hall and Taylor (1996:939), from a “calculus approach” to a “cultural approach” – with *historical institutionalism* eclectically moving in between as a distinct ‘temporal approach’.

Rational choice institutionalism corresponds well to the core assumptions of intergovernmentalist thinking, i.e. about self-conscious, utility maximising, calculating actors with fixed preferences exogenous to the integration process. In rational choice theory institutions are “coordination mechanisms that generate or sustain equilibria” (Thelen, 1999; 369) and merely instruments deliberately designed to resolve collective action problems and to smooth the processes of decision-making (cf. Pierson, 1996). This instrumental view on institutions they share with liberal intergovernmentalists, rooted in functional regime theory, which sees “international institutions as passive, transaction-cost reducing sets of rules” (Moravcsik, 1993: 508). However, rational choice institutionalists are yet institutionalist in emphasizing the significance of the institutional context, i.e. rules and procedures (‘the rules of the game’; North, 1990), as constraints for the strategic and rational behaviour of intentional actors. Mark Pollack (1997) offers an illustration. In modelling the *principal-agency* (PA) relationship within the EU, a key concept of rational choice theory, he finds that EU institutions (agents) such as the Commission and the ECJ act largely as expected by its principals (i.e. the Member states), but that the PA framework “underestimates the importance of unintended consequences and supranational agency” (p 128), e.g. the formal and informal agenda-setting power of the Commission. He concludes “while supranational institutions cannot act without the regard to the preferences of the member governments, they can operate creatively within the constraints of those preferences” (p 129). What Pollack actually strikes at is that the EU decision-making system is not characterised by instrumental but rather ‘bounded rationality’ (Simon, 1979).

In contrast to rationalistic approaches, historical and sociological institutionalism make use of wider definitions of institutions “not just as strategic context but as a set of shared understandings that affect the way problems are perceived and solutions are sought” (Thelen, 1999:371). *Sociological institutionalism*, the ‘interpretive’ counterpart to rational choice institutionalism, emphasizes how social norms, or cultural frames (e.g. Nylander, 2001), form institutions into “symbolic guidance functions” (Jachtenfuchs, 1997:46, ref. in Rosamond, 2000:) that shape our perceptions, interests and identities. That is, in line with social constructivism, institutions are socially constructed and “embody shared cultural understandings... of the way the world works” (Thelen, 1999:386) and contribute to give meaning to and legitimize certain behaviours. Hence, interests become endogenous to the process of interaction and to the institutional settings. In particular, sociological institutionalists points to the role of belief systems, ideas and discourses in shaping institutions, forming policy and binding actors together (Rosamond, 2000: 120), while not perceiving such discourses as normative structures ‘out there’. Rather discursive approaches that allow provisions for agency (e.g. Hajer, 1995) have proved how “the capacity to shape and deploy these ideas is a powerful strategic tool” (Rosamond, 2000:120).

Thomas Risse has, along Habermasian lines of thought, emphasized how processes of communicative action have formed and institutionalized the European Union. In his seminal article about ‘the nature of the beast’ (1996), he emphasizes the EU as an evolving polity ‘held together by the binding power of normative consensus’ (Rosamond, 2000:121). In general, sociological institutionalists tend to focus on the reproduction of institutions through processes of ‘socialization’, but provides for dimensions of cognition as well. However, the assumed ‘isomorphic’ nature of institutional evolution results in a rather deterministic emphasis on path dependency (Thelen, 1999: 387). A sociological institutional approach to the RES policy case would, hypothetically, advance our understanding of the role of communicative action in developing shared understandings that underpins this policy field (e.g. the internal market idea); the contrasting views on how to define what is a ‘renewable’ energy source (cf. Reiche, 2003 and 2005 for an overview of the rich variation in definitions across the EU), or the very idea of renewables as a solution to the sustainability problem.

Historical institutionalism is, as mentioned, positioned somewhere in between these two ontologically counterparts. The essential feature of this approach is its emphasis on the historical dynamics of political processes and institutional developments. The particular focus on “how institutions emerge from and are embedded in concrete temporal processes” (Thelen, 1999:371) emphasizes, for example, the historical logic of unintended consequences (cf. Pierson, 1996; see below). In other words, it is not only the institutional settings that matter, but the history that brought them about as well (cf. Pierson, 2000b).

Historical institutionalists apply a broader definition of institutions as “the formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy” (Hall and Taylor, 1996: 938). There are, however, distinctly different versions of historical institutionalism, some appeal more closely to rationalist ontology (e.g. Pierson, 1996) while others (e.g. Armstrong and Bulmer, 1998) are more constructivist and in line with March and Olsen (1984) conceive institutions as ‘normative vessels’ that carry beliefs, knowledge, understandings, values and established ways of doing things (Rosamond, 2000: 118). In contrast to rationalist accounts, these approaches share a common view on preference formation as endogenous to the process of interaction, since to historical institutionalists “the definition of interests and objectives is created in institutional contexts and is not separable from them” (Zysman, 1994:244, cit. in Thelen, 1999:375).

In historical analysis there are other traditions aligned with the historical-materialist roots emphasizing structural factors of decisive and deterministic influence over the institutional development. In such a view institutions are very stable and only reformed or overthrown during highly turbulent times (i.e. ‘critical conjunctures’; cf. below Thelen, 1999). However, recent works (e.g. Pierson, 1996, 2000a, 2000b; Thelen, 1999) have departed from such ‘structural’ accounts and advanced the theory away from determinism depicting institutional stability towards a more comprehensive understanding of institutional evolution and policy change. It is to those latter accounts I resort in this thesis.

2.2.2 Historical-institutional claims about European integration

In an analysis of European social policy Paul Pierson (1996) advance, in response to key intergovernmentalist claims, an historical-institutional framework for explaining why “gaps” in member-state controls emerge and why they are difficult to close once anticipated. Building on neofunctionalist claims about spillover and the partial autonomy of institutional actors he emphasizes the ‘historical logics of unintended consequences’ for member-state loss of control. Related explanations to such unanticipated consequences are the asymmetrical access to information, the high discount rates (i.e. short time horizons) applied in decision-making that discount long term effects away, and changing preferences among national political actors over time due to new knowledge or electoral turnovers. Pierson’s core argument is that, in order to grapple with such logics “we must examine patterns unfolding over time” (Skocpol, 1992, cit. in Pierson, 1996: 131). Moreover, once such unexpected consequences are anticipated, they tend to be difficult to revert. Pierson points to three potential explanations to this.

Resistance from supranational actors: A key account of neo-functional thinking was that the development of a supranational polity would strengthen and delegate powers to supranational actors with ‘supranational’ preferences different to their principals (i.e. Member state governments). Exercising such powers by supranational ‘entrepreneurs’ would be conducive to the process of ‘political spillover’ (i.e. changing preferences among the principals and other stakeholders). EU institutions such as the Commission, the Court and the Parliament have gathered significant political resources, which can be used for pressure, or even resistance, against member-state efforts to reassert control, for example by playing off member-states against each other in the agenda-setting process or by exploiting information asymmetries. According to Pierson (1996), this argument is, however, insufficient to explain member-state constraint: “Member states, after all, have substantial oversight powers, along with control over budgets and appointments... [and] they possess the legal authority to determine (and alter) the basic rules of the game” (p 142). Still, this mechanism at least indicates some room for transnational political activism. Thus, a potential indicator for analysing spillover is to search for the presence of transnational actors advocating further coordination and integration. Such actors and networks have been clearly active recently in the EU RES policy domain. Although it is difficult – at least by the framework used here – to depict the actual influence of those actors over RES policy, there is no doubt such interests have been influential.

Institutional barriers: In rational choice theory it is assumed that the principals of institutional agents can easily redesign policies and institutions as soon as unexpected consequences occur and are anticipated. In real politics, however, “continuous institutional control is unlikely” (Pierson, 1996: 143). This has implications for the design of institutions and the prospects for reform. In particular, the founders of institutions must take into account the possibility that their successors (e.g. their current opponents) may want to change and reverse their original designs, or even redirect the very purpose of the created institution. In a democracy, the only way for the institution builders to safeguard against

radical change is to build in some form of hinder for reform in the institutional design, e.g. through rules about decision-making and delegation of authority (cf. Pollack, 1997). This will, however, constrain also their own abilities for revisions, or as Moe (1990:125, ref in Pierson, 1996: 143) has put it, institutional designers “often can only shut out their opponents by shutting themselves out”.

Thus, it becomes crucial to emphasize that the EC, in fact, were designed to inhibit reform or “even modest changes of course” (Pierson, 1996: 143). The unanimity, as well as the qualified majority voting (QMV), rules for EU decision-making have put European policy-makers in what Scharpf (1988) has termed a “joint decision-trap” difficult to surmount. Although the latest treaty reforms have increased the range of issues under QMV rule (Hix, 200X: 76ff), this problem has not eased but is still apparent. On the contrary, for example the wider scope of the cooperation and co-decision procedure have strengthen the powers of the European Parliament, a recurrent feature since the Single European Act (1987) and over the Maastricht (1993) and Amsterdam Treaties (1999), have added to this complexity of EU decision-making (ibid, p 77-79). In effect, these reforms have transformed the EP from a forum for consultations into a second legislative chamber (at least in areas under the first pillar, i.e. the EC). In rational choice terms, the EP has turned into yet another principal of the EC (cf. Pollack 1997: 107). These decision-rules have created a complex and largely restrictive *acquis communautaire* that constrains, or even prevents, change by making “previously enacted reforms *hard to undo*, even if those reforms turn out to be unexpectedly costly or to infringe on member-state sovereignty” (Pierson, 1996:143; emphasis added). In the case study we will see how this restrict national influence over the RES policy framework and how Member states become one, be it powerful, player amongst others in the game.

Sunk costs: Thirdly, path dependency are a result of the prevalence of ‘sunk costs’ that originates from processes of individual and social adaptation to existing institutions and policies. Such adaptations “increases the cost of exit from existing arrangements” (p 145) and makes policy reform unattractive, why member states may be locked-in to policy options previously decided. This offers an explanation to “the ways in which initial institutional or policy designs – even suboptimal ones – can become self-reinforcing over time” (ibid). Hence, institutional or policy reform will be enacted only if the anticipated benefits of reform are greater than the costs of reform, presumable much greater due to uncertainties.

Thus, the institutional ‘dead weight’ in terms of change-resistant rules and sunk costs explains path dependency and why the member state room for maneuver turns out to be seriously circumscribed. In fact, that applies to other actors as well since “the evolution of rules and policies along with social adaptations creates an increasingly structured polity that restricts the options available to *all* political actors” (Pierson, 1996: 147; emphasis added).

2.2.3 Historical-institutional perspectives on institutional evolution

Kathleen Thelen argues, “the key to understanding institutional evolution and change lies in specifying more precisely the reproduction and feedback mechanisms on which particular institutions rest” (1999:400). Such a historical-institutional perspective offers possibilities to analyse the underlying reasons, or intervening variables, behind contemporary policy developments. By tracking the historical process to a phenomena observed, such a temporal approach allow us to grapple with the ways institutions (or policies) emerge, are institutionalized and continue to evolve and change over time. Such an evolutionary approach to institutional developments offers opportunities to analyse patterns and mechanisms that both constrain and prevent social and political change and those causing institutions and policy to change. In other words, to explain both path dependency and what Berkhout (2008) labels ‘path creation’.

In this sense, a historical-institutional approach to path dependency differs from economic-technological (rationalist) and sociological accounts. Thelen (1999) argues such an approach that builds on two distinct claims. The first claim builds on the literature about ‘critical junctures’ (e.g. Skocpol, 1979) that emphasize how institutions are created and changed during “crucial founding moments of institutional formation” (Thelen, 1999: 387). The second claim suggests that “institutions continue to evolve in response to changing environmental conditions and ongoing political maneuvering but in ways that are constrained by past trajectories” (ibid). The first is mainly an account for discontinuity, sequencing and timing (cf. Pierson, 2000a), while the second focus on mechanisms for continuity, i.e. various feedback mechanisms.

Regarding the latter, continuity, both rationalist and sociological accounts of path dependency direct the attention towards mechanisms for reproduction of institutional stability. The rationalist version has emphasized how societal actors adapt to a given technological paths and get ‘locked-in’ to certain patterns of behaviour. The sociological version has rather emphasized processes of socialization and ‘isomorphism’ for the reproduction of institutions and certain behaviour perceived appropriate. However, both these approaches offer limited accounts to explain how institutions change over time (Thelen, 1999: 387).

Pierson’s analysis of ‘gaps’ mentioned above offers provisions for a historical-institutional account of path dependency and institutional evolution. Taking stock of recent works on technological change can advance this further. Indeed, that is exactly what Pierson (1996) does. Drawing on insights about mechanisms conducive to path dependency of technological processes, he argues that similar mechanisms operate in the fields of politics to generate sunk costs and vested interests to particular policy paths. He builds on works in economic history (e.g. North, 1990; Arthur, 1994) that emphasize how a set of *self-reinforcing feedback* mechanisms generate increasing returns once a given path is chosen. These mechanisms are (Pierson, 2000: 254); large set-up or fixed costs; learning effects (learning-by-doing); coordination effects; and adaptive expectations.

More recently a related body of literature have emphasized ‘systems of innovation’ (Edquist, 1997; cf. Porter, 1998) to grapple with the role of

organizations, institutional frameworks and socio-technological systems for inducing technological development and deployment. In particular, the innovation system approach of e.g. Staffan Jacobsson and Marko Hekkert (Jacobsson and Bergek, 2003; Hekkert et al, 2007; Bergek and Jacobsson, 2008) offer an evolutionary approach to technological transformations.² This approach combines insights from economic theory with institutional and policy analysis in order to understand the structures and dynamics of innovation systems and to explain critical factors ('functions') for success (or failure), e.g. institutional changes, market formation and the role of various coalitions and networks. The ambition is clearly to positively capture mechanisms that support paths of technological transformations conducive for the progress from early phases of innovation during the formative stage towards the 'take-off' during later growth phases.

Thelen argues that combining insights from those bodies of literature about positive feedback mechanisms and critical junctures may develop historical-institutional analysis towards a comprehensive understanding of how institutions emerge, paths are created and further evolve over time. She suggests "the kinds of openings that particular institutional configurations offer depends on the particular mechanisms that sustain them". That's a compelling proposition; the key to institutional change may lie in its own impediment.

That proposition offers an impetus to the empirical analysis of this inquiry, which is outlined in a retrospect over the latest 35 years of European (renewable) energy policy in the next chapter (Ch. 3). In my attempt to capture with the emergence and further evolution of the European RES policy domain, I will make use of the concepts and mechanisms of the analytical framework brought forward in this chapter as a starting point.

² By coincidence, the empirical evidence for those scholars relates mainly to renewable energy technologies (e.g. Jacobsson and Lauber, 2006; Jacobsson, 2008; Negro, Hekkert and Smits, 2007).

3 Renewable energy policy in the EU in retrospect

3.1 The first impetus: the quest for energy security

The oil supply crises during the 1970's represent a milestone in the history of contemporary energy policy. They mark the beginning of a "modern" era for energy policy and, in particular, a first impetus for supporting renewable energy sources (RES). While large-scale hydropower and individual combustion of domestic wood had been important energy sources for centuries, the oil crises induced an increased interest in 'new energy sources', e.g. renewable energy, that offered opportunities in terms of improved energy security and balances of trade.

The main rationale behind energy policy during this period was to safeguard against future supply side chocks (i.e. oil price chocks). Subsequently, security of supply concerns came to the forefront and a main policy objective was to reduce the (import) dependence on fossil fuels, notably crude oil. Many western countries oriented their attention towards domestic coal resources, natural gas deposits and nuclear power and, to a lesser extent, towards renewable energy sources. In particular, most countries introduced support programmes for research, development and demonstration (RD&D) in new and innovative energy technologies, among which renewable energy technologies such as wind, solar and biomass energy were perceived to hold great future potentials. The budgets for financial support of energy RD&D rose significantly from the mid-1970's to the mid-1980's, when those budgets started to decline again after the fall in world market oil prices (Lauber, 2005a). The policy emphasis during these years was directed towards a series of new energy technologies, notably nuclear and fossil fuel technologies. Although the support for RES technologies accounted for a minor part of the spendings, progress was made in terms of early learning and demonstration of technologies such as wind, solar and biomass energy. While this general trend applied to most IEA countries, the most substantial support for renewables were being introduced in pioneering countries such as Germany (Jacobsson and Lauber, 2006) and Denmark (Hvelplund, 2005; Meyer, 2003; Agnolucci, 2007) which both started to develop their wind power programmes around the mid-1970's. At the same time non-EC members such as Sweden and Finland (Nilsson et al, 2004; Ericson et al, 2004) introduced similar support for renewable energy RD&D, notably wind and biomass energy (ibid; Michanek and Söderholm, 2006), and the first demonstration plants were built around 1980

(Jacobsson, 2008: 1498). The levels of support to energy RD&D, and in particular to renewable energy innovation, were highest (per cap and per GDP) in the Scandinavian countries where Denmark pioneered wind power and Sweden, and later Finland (Ericsson et al, 2004), biomass energy.

At the EU level, energy issues have been on the agenda for long, at least partial with regard to coal (ECSC) and nuclear (Euratom). Concerns about oil, gas and electricity, however, have remained issues of exclusive national competence. Not even the oil crises and the increased concern about security of supply did result in any coordinated policy efforts at the EU level, but only loose forms of co-operation. Instead member states chose to ‘deal with OPEC’ in national policy rather than delegating new powers to the EC (Lauber, 2005b). This situation prevailed until the revitalization of European integration in the mid-1980’s.

This did not mean that the oil crises passed without any impact on EC energy policy. Quite the reverse, the same logic induced the early formulation of a new energy policy strategy for the community. On the request of the Heads of the States the Commission started to design a common energy policy to guarantee “the safe and lasting supplies under satisfactory economic conditions”.³ In December 1974 the Council approved this strategy and adopted a set of Community energy objectives giving priority to energy security concerns and an action programme for the ‘rational utilization of energy’.⁴ The main objective was to reduce the import dependency by limiting the rate of growth in energy consumption and improve the security of supply from in particular nuclear power, coal and gas and by increasing the share of electricity in the energy mix (!). The only point of relevance for renewables (not deliberately mentioned) was the recommendation to support RD&D to ensure “that traditional forms of energy are better exploited and, in the long term, replaced by *new sources of energy*” (ibid; emphasis added). However, this policy strategy entailed no coordinated efforts and was only a recommendation to the member states, which however retained in full discretion over their national policies. The main outcome was to introduce a procedure for loose form of co-operation (e.g. review process) in energy policy.⁵ It should take another decade before RES were given priority in the EC.

3.2 The emergence of RES policy (1986-1990)

In 1986 the Council announced renewables among its energy policy objectives for the first time by adopting the communication on ‘new Community energy policy objectives for 1995’ (COM(85) 245). The Council stated in its resolution an

³ COM(74) 1960, OJ C 153, 9.7.1975, p. 1-2.

⁴ OJ C 153, 9.7.1975, p. 2-4, 5-6

⁵ The objectives were revised in 1980 (OJ C 149, 18.6.1980, p 1) after the second oil crisis and later again in 1986 (see below). In 1980 the ‘convergence of energy policy’ was added as an objective, however without substantial implications; the means of coordination was still interstate co-operation.

objective to maintain “new and renewable energy sources in place of conventional fuels should be substantially increased, thereby enabling them to make a significant contribution to the total energy balance”.⁶ The concerns during this period was still mainly to improve energy security, while the integration of the internal energy market to improve competitiveness was introduced as a new objective. The impact of the Chernobyl meltdown earlier in 1986 is not possible to gather from the material, only that nuclear safety had been added to the objectives.

This was followed by a Council recommendation (88/349/EEC) in 1988 ‘on developing the exploitation of renewable energy sources in the Community’ confirming the desire to pursue a policy for developing RES.⁷ Prior to these aspirational decisions there was no particular policy for supporting renewables at the Community level. The policy development in the late 1980’s resulted in a couple of RD&D programmes for ‘non-nuclear energies and rational use of energy’ (Joule)⁸ and ‘the promotion of energy technology in Europe’ (Thermie)⁹, which provided for support to innovation and demonstration also in renewable energy, be it in competition with other energy technologies and measures. Although the amendments of the community energy objectives gave priority to renewables, these measures were still premature. Thus, the policy development did not yet set the scene for European RES policy as a distinct policy domain.

3.3 Towards a common policy framework (1990’s)

In the beginning of the 1990’s this situation started to change, with inspiration from national level and new concerns about sustainability and climate change. In addition, the main emphasis of national energy policy had successively shifted from supporting technological development to the promotion of market deployment for renewables. Besides continued (but declined) financial support for energy technology innovation, including investment support schemes, a diversity of market supporting mechanisms for renewables was introduced, to start with in a few pioneering countries. In Portugal the first scheme for feed-in tariffs was introduced in 1988 (Meyer, 2003: 209) followed by the prominent Feed-in laws of Germany in 1990 (Jacobsson and Lauber, 2006), Denmark in 1992 and Spain in 1994 (Meyer, 2003: 209), while the Scandinavian countries started to elaborate on energy and carbon taxes and investment subsidies in order to alter the economic incentives for e.g. renewables (cf. Nilsson et al, 2004; Ericsson et al, 2004). This provided inspiration for further coordination also at the EU level and made clear that a “common, stable policy framework to foster market penetration of RES”

⁶ OJ C 241, 25.9.1986, p 1

⁷ OJ L 160, 28. 6. 1988, p. 46-48

⁸ OJ L 98, 11.4.1989, p 13-17

⁹ Council Regulation No 2008/90 of 29 June 1990, OJ L 185, 17.7.1990, p 1-15

was needed in addition to earlier efforts to support RD&D in renewable technologies (EREC, 2004). Taken together, these developments supported the evolution of a common policy framework during the 1990's. In 1993 the first specific EU-wide initiative for renewables was introduced (Altener) and, later in 1997 the first comprehensive EU-wide policy framework was launched in the 1997 RES White Paper. In this way, the policy development successively gave birth to RES policy as a policy domain at the EU level, as apart from just being one measure among others for 'new' or 'non-nuclear' energy sources. As we will see, this was conducive for furthering the demands for the coordination and harmonization of national RES policies.

3.3.1 The Altener programme

The Altener programme introduced in 1993 provided the first specific Community wide support programme for the promotion of renewable energy sources.¹⁰ The main objective of Altener was to reduce carbon emissions through the promotion of renewable energy. Three distinct aims were set out; (a) doubling the share of renewables from 4% in 1991 to 8% in 2005; (b) tripling the production of electricity generated by renewable energy (excl. large hydropower); and (c) increasing the market share of biofuels to 5% of vehicle fuel consumption by 2005. The Altener (1993-1997), and its predecessor Altener II (1998-2002), was however no coherent RES policy strategy, but rather a financial support programme for demonstration projects and non-technical measures to stimulate the development, demonstration and dissemination of RES systems. In this sense, the Altener was clearly a measure of so-called 'open method of coordination' (OMC), which is further discussed below.

3.3.2 The 1997 RES White Paper

In November 1996 the Commission issued a Green Paper on 'Renewable Sources of Energy' in order to attract views on a common policy framework for the promotion of renewable energy. This was preceded by the 1995 White Paper on Energy Policy, which for the first time did formulate the 'triad of energy policy objectives' for the EU in terms of (i) environmental benign use of energy; (ii) security of energy supply; and (iii) improved competitiveness (CEC, 1995; cf. Ringel, 2006). This triad have ever since represented the overall aims of EU energy policy. To meet these objectives the 1995 White Paper proposed, among other things, a strategy for renewable energies. The initiative for a common policy framework, or 'specific regime' (Lauber, 2005b: 204), for renewables appears, however, to have emanated from the Parliament. The European Parliament had repeatedly endorsed coherent support for renewables and the emergent European

¹⁰ COM(92) 180. Council Decision 93/500/EEC (Altener), OJ L 235, 18.9.1993, p. 41-44.

renewable energy industry, and did in a resolution 1995 advocate a ‘Community action plan’ to advance renewables (PE 216/788). In parallel, the Commission was preparing for upcoming international negotiations on climate change (COP3 in Kyoto 1997) and in analyzing emission reduction potentials renewables was endorsed to have a ‘prominent role’ (CEC, 1997b; 1997c). Further, a study (TERESII) was prepared to analyze possible scenarios for renewables in Europe indicating potentials for additional RES investments to increase the RES share to 9.9-12.5% by 2010 (Rowlands, 2005: 970). That the new Member states Austria, Finland and Sweden, joining the Union in 1995, all had considerably higher shares of renewable energy added to this potential (cf. CEC, 1997, Annex II-III). The Green Paper was a response to such previous developments and the proposal for a common strategy for renewables was widely supported (CEC, 1997: 8-9).

A year later the Commission adopted the consecutive White Paper entitled ‘Energy for the Future: Renewable Sources of Energy’ (CEC, 1997). The RES White Paper did set out an indicative community objective of doubling the share of renewables to 12% of primary energy consumption by 2010 while addressing a range of measures to meet this target in a ‘joint effort’ at both Community and national level. The potentials for reaching the target were singled out in an annex estimating the contributions by various renewable energy sources and sectors.

The White Paper mainly reoriented Community actions towards the 12% objective in order to support the ‘take-off’ of renewables. The strategy did, however, not entail any legal or regulatory provisions at this stage, but addressed a series of measures under the heading of ‘internal market measures’. For example, in the attached action plan a proposal for a new directive for “fair access for RES to the internal energy market” was announced for 1998 together with other proposals on e.g. biofuels, energy taxation, combined heat and power (CHP) and improved energy efficiency in buildings. A dedicated ‘New Bioenergy Initiative’ covering all three energy conversion sectors (electricity, heat and transport) was also addressed (but fairly implemented; Fagernäs et al, 2005). Further, reinforcement and coordination of existing community policies in e.g. research, agricultural and regional policy was endorsed as well as the need to revise the State Aid guidelines, which turned out important with regard to financial support mechanisms for renewables (later amended in 2001). Further, continued support to RD&D and an extension of the Altener were acknowledged.

Thus, in practice, the EU policy emphasis was still stuck in the field of OMC policies, for example illustrated by the strong emphasis devoted to the ‘Campaign for Take-Off’ (CTO), the only concrete outcome of the White Paper. The CTO, introduced in 1999, was a community-wide promotion campaign to support dissemination of ‘best-practices’, capacity building and networking on renewables among regional and local communities across Europe, accompanied by Altener II (CEC, 1997d) and the Energy Framework Programme (CEC, 1997e) as its financial instruments.

This type of OMC policies has continued to be an apparent feature of European RES policy, e.g. the current ‘Sustainable Energy Europe’ campaign part of the Intelligent Energy for Europe programme. Such policies are more easily to enact, since they do not necessitate any specific Treaty provisions. They can be

applied to encourage and ‘fertilize the ground’ (Jacobsson and Lauber, 2006) for further integration through supporting various initiatives, networking and exchange between actors across Europe. As such they can be supplementary to regulatory provisions in order to gaining support and build legitimacy for the wider regulatory framework to come.

3.4 Towards a regulatory framework (2000’s)

The 1997 White Paper entailed a set of provisions for advancing a regulatory framework for renewables. It was, however, not until the first half of the 2000’s that such a legislative framework started to take form. The 2001 RES-E Directive has been of crucial importance, but the framework provides also, for example, the Biofuels Directive (2003/30/EC), the Energy Taxation Directive (2003/96/EC) and the CHP Directive (2004/8/EC). The RES-E Directive was the first of these and has since its adoption reached a status as almost the defining feature of the policy domain. Hence, the directive “constitutes an important milestone in shaping the regulatory framework for RES-E generation” that “may even be a prelude to the possible future EU-wide harmonization of regulatory frameworks at the Member State level” (EREC, 2004: xxxi).

3.4.1 The 2001 RES-E Directive

In the 1997 White Paper the Commission announced its ambition to present a proposal for a directive on the “fair access for RES to the internal energy market” in 1998. It took another four years of negotiations between the EU institutions before such a directive entered into force in October 2001. The Directive (2001/77/EC) on ‘the promotion of electricity produced from renewable energy sources in the internal energy market’ (the so-called RES-E Directive)¹¹ was the first legislative outcome of the White Paper. This directive is still in force, but may eventually be replaced by a new RES Directive (CEC, 2008a), proposed in January 2008, covering other energy conversion sectors as well (heat, bifouels).

The RES-E directive sets out indicative national targets for the consumption of renewable electricity in 2010, amounting to an average 22% share for EU-15 and 21% for EU-25, along with providing some principles for national support systems and so-called ‘guarantees of origin’ (GO; Art. 5) for electricity generated from renewable energy sources. For example, in Art. 7 issues about grid access, a key feature for independent renewable energy generators, are regulated. It stipulates that operators of transmission and distribution systems (i.e. electricity suppliers) should guarantee access to the grid for renewable electricity (i.e. grid

¹¹ OJ L 283, 27.10.2001, p. 33-40.

capacity is no reason to deny access) and give priority to producers of renewable electricity when dispatching generating installations.¹² Further, Art. 6 obliges Member states to evaluate their regulatory frameworks in order to reduce regulatory and administrative barriers that impede increased renewable electricity generation, to streamline procedures and to ensure that rules are objective, transparent and non-discriminatory.

In the directive (Art. 2) renewable energy sources are defined as “non-fossil energy sources (wind, solar, geothermal, wave, tidal, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases)”. This definition was a contentious issue in the discussions preceding the directive, in particular with regard to large-scale hydropower and the definition of biomass energy (Rowlands, 2005; Lauber, 2005b). The wide definition applies to demands from Member states, in particular those having large potential in waste-to-energy (e.g. the UK, Netherlands, Italy and Spain), to incorporate a resource base as broad as possible in order to maximise flexibility (ibid, p 968). It was tacitly agreed that large-scale hydropower could be accounted for in meeting national targets, while not being eligible for support measures (EREC, 2004:xxxii). The biomass definition (Art. 2(b)) was extended throughout the process to include also “the biodegradable fraction of industrial and municipal waste” besides “the biodegradable fraction of products, waste and residues from agriculture (including vegetal and animal substances), forestry and related industries”, while rejecting peat as renewable.

Two other issues of particular controversy were resolved, at least temporarily, through compromises reached on the directive (Rowlands, 2005); harmonization of national support schemes for the promotion of renewables on the electricity market; and the nature and level of the agreed targets. We will return to the harmonization issue, the starkest line of conflict, in the next section (3.3.2).

Regarding the nature of the targets, the Commission with support from the Parliament considered binding targets but, due to Member state opposition instead opted for a ‘middle ground’ position of indicative targets. These were “still intended to be stronger than simply ‘suggestive’” (ibid, p. 969), demonstrated by the provisions for a review process in Art. 3. If Member states fail to comply with the targets, without ‘justified reasons’, the Commission are obliged to present appropriate proposals, e.g. mandatory targets (ibid; cf. Lauber, 2005b: 207). Regarding the level of the targets the Commission seems to have been more successful. National targets were calculated on the basis of a common objective to increase the share of renewable electricity to around 22% by 2010 (21% after the 2004 enlargement). This figure was derived from the White Paper and corresponds with the overall 12% RES target. Although a few Member states succeeded to reduce their target levels (Finland, the Netherlands and Portugal), a majority accepted tougher standards than declared (ENDS, 2000-05-10).

¹² The Commission, with support from the EP, proposed a provision for ‘priority access’ for RES-E generators, which was changed by the Council (cf. Lauber, 2005b). The term have reoccurred in the 2008 draft RES Directive (Art. 14(2)) and so far seems to stand the test this time, although the UK has opposed to it, however without success yet (ENDS, 2008-07-25).

While the controversies surrounding the design of the RES-E Directive indicates a strong impact of national interests through the Council amendments (a rationalist account), the case prove that the Commission exercised considerable agenda setting powers, in particular on the target issue (Rowlands, 2005). A ‘snapshot’ view on these negotiations would have supported intergovernmentalist claims, while a historical-institutional analysis analyse this unfolding over time. The latter is made clear in the controversy over harmonization (next section). This case prove, again, that member states managed to resist a harmonised regime at this stage, in support with other EU institutions (both the EP and the ECJ), while the Commission managed to advance a regulatory framework that prepared the ground for a future harmonised EU-wide scheme (cf. EREC, 2004: xxxii).

One interesting observation is that the coordination process, although a harmonised regime is yet to be implemented, already have put pressure on Member states to reform their support measures in order to improve their effectiveness and efficiency. While a selection of countries has optimized existing measures (CEC, 2008b), others have pursued a change of system, some after pressure from the Commission, e.g. Denmark and Ireland (Morhorst, 2000, ref. in Lauber, 2004 as well as Jacobsson and Lauber, 2006; Meyer, 2006), while others have aligned to signals from Brussels, e.g. Sweden. This “Brussels effect” (Agnolucci, 2008) represents an example of transnational political activism conducive for ‘cultivated’ spillover.

3.4.2 Towards harmonization?

The RES-E Directive does not prescribe any harmonization of national support schemes, but may offer a first step towards future harmonization (EREC, 2004). At the time of adoption it was stated to be too early to propose an EU-wide harmonised framework with regard to support policies. The directive (Art. 4), however, entitled the Commission to propose a harmonised renewable electricity support scheme after reviewing the progress of existing schemes (at the latest in 2005). The review report (CEC, 2005), issued in December 2005, however, further postponed this option, since the report lacked evidence for the Commission’s preferred model for harmonization.

The Commission had obviously been “keen on harmonization” (Rowlands, 2005:971), and made attempts to propose a model for harmonization. DG TREN was however forced to postpone harmonization at that time as well as in 2005 (CEC, 2005) and as late as in January 2008 (CEC, 2008b). In the latter case, the upcoming 2009 Parliaments elections seem to have been decisive for the Commission not to push harder for a particular scheme for harmonization at this stage (Toke, 2008). This debacle relates to serious uncertainties and disagreements over which choice of model for harmonization (i.e. a feed-in tariff or tradable green certificate system; cf. Munoz et al, 2007; Söderholm, 2008) that seems most conducive for accelerating renewables in a liberalised energy market, rather than to opposition of harmonization per se (see further next section). In

turn, this is associated to issues about effectiveness and cost-efficiency of various support mechanisms.

Member states have introduced four types of support mechanisms as well as combinations of these (hybrid systems); feed-in tariffs (FITs); tradable green certificates based on a quota obligation (TGCs); tendering systems (bidding for investment prospects); and incentive based systems (tax differentiations, investment subsidies). The most dominant of these are feed-in tariff systems (FITs) and tradable green certificate schemes (TGCs).¹³ In general, both systems have their pros and cons with regard to effectiveness and cost-efficiency (Ringel, 2006; van den Linden, 2005). If designed properly, both systems can contribute effectively to promote renewables in cost-effective ways (Resch et al, 2007; Hvelplund, 2005; van den Linden et al, 2005; Haas et al, 2004; cf. Hepburn, 2006). A range of studies have indicated that (well-designed) FITs results in the “fastest, lowest-cost deployment of renewable energies” (Mendonca, 2007:xix; cf. Lauber, 2004; Mitchell et al, 2006; Held et al 2005; Ragwitz et al, 2005; Munoz et al, 2007), including the official evaluations by the Commission (CEC, 2005; CEC, 2008b). The most unexpected outcome of these studies is that feed-in tariffs prove to be not only the most effective mechanism for the surge in renewables, but also the most cost-effective (CEC, 2005; CEC, 2008b). This clearly contrasted with previous ‘conventional wisdom’ about tradable quota schemes as being the most optimal, ‘least-cost’ alternative of the two. In neoclassic economic theory, tradable quotas (e.g. TGCs) will favour the most cost-effective RES deployment by allocating investments to the most profitable sites (cf. Hepburn, 2006). However, TGC systems require more complicated regulations than feed-in tariffs in order to create a reliable and well-functioning market (Hvelplund, 2005). These schemes have only recently been introduced and have so far been associated with serious design problems, for example in the UK (Mitchell et al, 2006).

A main reason for the varying performance is that feed-in tariffs in general provides more stable conditions for RES-E investors by offering higher predictability and, hence, greater ‘investor security’ (Mitchell et al, 2006; Held et al, 2006). The long-term contracts (minimum price) of the FIT systems expose investors with lower financial risks, than in TGC schemes where the certificate prices are inherently volatile (as in all financial markets). This problem is more serious for independent small investors, than established power companies. This explains why major electricity suppliers, organised in EURELECTRIC, are in favour of TGC systems, while the independent renewable energy industry, organised in EREC and EREF, favours feed-in tariffs (cf. Lauber, 2005b; cf. Toke, 2008; cf. Grädler, 2008).¹⁴

¹³ In 16 Member states (Austria, Denmark, Estonia, France, Greece, Germany, Hungary, Ireland, Lithuania, Luxembourg, the Netherlands, Portugal, Slovakia, Slovenia and Spain) the main support mechanism is a feed-in tariffs, or feed-in premiums (price based). In 7 Member states (Belgium, Italy, Latvia, Poland, Romania, Sweden and the UK) tradable green certificates/quota systems (quantity based) have been introduced (e.g. CEC, 2008). See e.g. Lauber (2004), Hvelplund (2005) or van den Linden et al (2005) for explanations.

¹⁴ EURELECTRIC represents major utilities and electricity suppliers across Europe such as EDF, E.ON and Vattenfall. EREC (European Renewable Energy Council) is an umbrella organization gathering renewable energy

In the first draft proposal for the directive the Commission did advocate a harmonised framework for a tradable green certificate system that had to be withdrawn due to opposition (Lauber, 2002, ref. in Agnolucci, 2008: 149). In response to such opposition the Commission issued a working paper in March 1999 (SEC(1999) 470), in which “possible” alternative models to TGCs were reviewed. This paper clearly expressed the Commissions philosophy on harmonization and demonstrated its preference for tradable quotas (Rowlands, 2005; Lauber, 2005b). When de Palacio turned into office in 1999 she toned down the official position, a line her successor Pielbags seem to adhere to.

The former Energy Commissioner Papoutsis, however, strongly favoured harmonization of an EU-wide TGC scheme. This was made clear already in the run-up to the RES White Paper. The 1996 Green Paper, as well as the White Paper, “was clearly deregulationist in inspiration” (Lauber, 2005b: 204) by conflating the promising prospect of renewables to meet energy security, climate change and development objectives with concerns about competition, international trade and market efficiency. This related to risks that financial national support schemes “may result in significant trade distortions not related to efficiency” (CEC, 1997: 15). Advocating a least-cost approach in order to “let the market forces function to bring down the costs for producing renewable energy as rapidly and as far as possible” (CEC, 2007: 19) is a logic consequence to such concerns. According to the Commission, as expressed in the White Paper, liberalised energy markets can provide “the basis for a dynamic and secure role for renewables so long as *adequate market-based instruments* are provided” (CEC 1997: 15, emphasis added). The Green Paper was clearer on the meaning of this, namely that feed-in tariffs and other support mechanisms should be replaced by ‘more market oriented measures’ such as ‘renewable energy credits’, i.e. tradable green certificates (CEC, 2006: 34; cf. Lauber, 2002 ref. in Rowlands, 2005). This was based on the assumption that TGCs are more reliant on market forces (cf. van den Linden et al, 2005) and, hence, more compatible with a competitive liberalised energy market (cf. CEC, 2008b; cf. Ringel, 2006). As the reviews of the progress in deploying renewables have proven, this was based on mistaken perceptions (Lauber, 2004; 2005b) and neglected the fact that competition takes place also in feed-in tariff schemes (Hvelplund, 2005; cf. Meyer, 2006).

The position of the Commission was supported by member states such as the UK and Italy and the power industry, which in 2001 founded the RECS association for elaborating with a voluntary scheme for trade in green certificates. RECS and EURELECTRIC eventually introduced such a scheme in 2004, with support from the Commission (www.recs.org; Lauber, 2005b). However, these proponents of TGCs experienced a serious draw-back in March 2001, in advance to the final directive proposal, when the European Court of Justice (ECJ) notified its final judgement in the *PreussenElektra vs. Schleswag* case (Case C-379/98)

branch organizations in e.g. biomass (AEBIOM), wind (EWEA), solar energy (EPIA) and small-scale hydro power (ESHA) as well as EUREC (European Association of Renewable Energy Research Centres) and the independent EREF (European Renewable Energy Foundation), of which the latter is the main advocate for FITs.

about the early German feed-in law. DG Competition had, based on a complaint in 1996, argued that the German model with fixed feed-in tariffs was incompatible with the Treaty articles 87 and 88 on state aid, even though it did not clearly fit with the criteria of state aid (Lauber, 2005b:205f). In its ruling the ECJ did, however, not support the Commission's view that fixed feed-in tariffs violated state aid rules (Johnston et al, 2008).

3.4.3 The key rationale of the internal energy market

The central issue for understanding the ways in which the RES policy framework have evolved is related to the integration of the internal energy market. This explains the pressure for deeper coordination and why the Commission has continued to advocate harmonization, without sufficient support for the particular model endorsed. Subsequently, the deregulationist approach of the RES White Paper are best understood in the context of the internal electricity market project, in turn part of the Single Market programme launched already in the mid-1980's. This explains why European RES policy have been preoccupied with issues about renewable electricity and why a key element in the strategy has been to coordinate national support mechanisms with potential to affect the functioning of the electricity market. The underlying reasons represent two sides of a single coin. On the one side, RES advocates, among the EU institutions mainly the EP, were early concerned that the integration of the internal energy market did not place renewables at disadvantage (cf. CEC, 1997). On the other side, the Commission had struggled hard to design and get the Directive 96/92/EC on the liberalization of the internal electricity market¹⁵ adopted (Lauber, 2005b: 203), and was mainly concerned that national energy measures did not negatively affect the integration of energy markets by distorting trade and market efficiency. Continuing the internal market project into the policy field of renewable energy was a logic consequence in such a view.

Thus, the conflation of the evolution of a policy framework for renewables with the liberalization of the internal energy market was no coincidence. Quite the reverse, the latter has been the constituent rationale for coordinated efforts at the EU-level to ensure that national RES policy is coherent with and do not impede the development of the internal energy market. Post-SEA concerns about the completion of the internal (energy) market have been an 'inherently integrative' task strongly conducive for advancing European integration (see further Nylander, 2001; Armstrong and Bulmer, 1998). This is not to neglect other concerns at stake. However, they simply do not seem to have been conducive enough for the integration process. For example, although energy security has been a main concern of European energy policy for decades, it did not on own premises produce sufficient pressure for harmonization, but only resulted in rather loose forms of co-operation and coordination.

¹⁵ Amended in 2003 by Dir. 2003/54/EC.

The preoccupation with competition and international trade concerns within the Commission indicates a lot of neofunctionalist logics at work in this case. Internal energy market concerns have clearly resulted in ‘functional spillover’ into the related policy field of renewables. Further, the internal market is unquestionably a shared key objective within the Council and the entire Community, yes, even the constituent of European integration post-SEA (Nylander, 2001). Initiatives to further coordinate standards for renewable energies correspond with this rationale and are therefore welcomed and endorsed. Although the Community lacks formal competence over the particular policy area, such concerns legitimize policy coordination and regulatory harmonization. While quarrelling about elements in the institutional framework (e.g. definitions, target levels, support schemes), Member states have not opposed to the very idea of harmonization. Thereby, they have gradually found themselves bound to accept a move towards ever-deeper integration, which eventually will result in a harmonised framework. Explaining this ‘duplicity’ of national preferences in energy policy is challenging for rationalist theories, while supportive of ‘political spillover’ mechanisms. Finally, the Commission, as well as other EU institutions, has addressed a rather strong activist role, at least until 1999, when de Palacio started to practice a ‘middle ground’ approach. Thus, the Commission has exercised considerable agenda setting powers over European RES policy. Together with the strong advocacy role taken by the EP, be it sometimes in conflict with the Commission, this supports the ‘cultivated spillover’ hypothesis argued by Tranholm-Mikkelsen (1991). The emergence of strong advocacy coalitions and transnational interest groups in response to the coordination of European RES policy is a similar indication, although it may need more of elaboration than allowed here (see for example Grädler, 2008).

However, the RES case also proves difficult to fully capture by neofunctionalist claims. For example, the conflicts between member states and interest groups (major electricity suppliers vs. independent RES suppliers) on the means of coordination have clearly been an impediment that has prevented full-fledged harmonization so far. This speaks against the teleology of such claims and in favour of an analytical framework that can incorporate mechanisms of both stability and change and of emergence and evolution.

4 Discussion and Conclusions

This study shows that European renewable energy policy development is significant for understanding contemporary attempts to further European integration. I advance a historical-institutional framework to explain how such a new policy domain at the EU level emerges and evolves over time. My aim is to make an account of the driving forces of European integration in the field of renewable energy policy.

In chapter three I described and analyzed the relevant institutional evolution and policy development since the early 1970s. I show how the support of renewable energy sources (RES) emerged as an issue at the EU agenda in the early 1970's as a potential 'new energy sources' with prospects to improve the security of energy supply within Europe. Since then the issue has evolved towards the development of a framework for coordination and harmonization of national policy for the promotion of renewable energies. While the oil crises in the 1970's offered an early impetus for loose forms of co-operation between the EC Member states on energy policy issues, it was first after the second revision of the Community energy policy objectives in 1986 that Community level support was introduced and a common policy framework for coordination started to develop. After adopting such a framework for renewables in 1997, a regulatory framework for coordination of renewable electricity, transport biofuels and energy taxation (etc) was adopted and implemented during the early 2000's. In response to the new energy and climate policy objectives (e.g. to increase the share of renewables to 20% by 2020) approved by the Council in March 2007, have amendments recently been proposed (January 2008). At present, the draft RES Directive (which implies further steps towards a harmonised framework) has renewed the debate on the possible means for increased harmonization. Table 1 (see next page) summarizes the main findings of my empirical analysis and describes the evolution of European renewable energy policy.

This study contributes to this debate by emphasizing the historical dynamics of previous policy and institutional processes and the mechanisms that have been conducive for the further integration in this particular domain. In essence, I argue that EU RES policy is a typical result of 'functional spillover' related to the Single Market project. The rationale for coordination of RES policy has to be contextualised as part of the ambitions to liberalize European energy. This explains the various views on – and conflicts over – the means of coordination (market efficiency and competition vs. effectiveness in the market diffusion of renewables). Member states are likely, whether they like it or not, to find themselves bound to adapt to the successive evolution of a future harmonised regime on the promotion of renewables. There is, after all, a consensus concerning harmonization as a necessary and beneficial condition for the development of

Table 1. The evolution of RES policy at the EU level 1974-2008.

Phase	External events and processes	Institutional milestones	Main energy policy objective(s)	Main emphasis of RES policy measures	Type of EU coordination
1974-1985: 'The first impetus'	Oil crises (1973,1979)	1974 Common energy policy	Energy security (Environmental concerns?)	R&D of 'new energy sources' (domestic)	Co-operation
1986-1990: 'Emergence of RES policy'	Chernobyl meltdown (1986) IPCC (1988) UNFCCC (Rio 1992) Feed-in laws (1988-1994)	FP1 (1984) 1985 Single Market WP SEA (1986) Energy policy (1986)	Energy security Competitiveness / Internal market (Environmental concerns) Climate change (after 1992)	Financial support for RD&D of 'non-nuclear energy' (Joule, Thermie)	'Open method of coordination'
1990's: 'Towards a common policy framework'	Energy liberalization (UK, Nor.) Maastricht (1992) Kyoto Prot. (1997) Amsterdam (1998)	Altener 1993 1995 Energy Policy WP 1996 El. Market Dir 1996 RES GP 1997 RES WP	'Triad of energy policy objectives': - Energy security - Climate change - Competitiveness	RD&D support and other OMC policies (Altener) (RES market diffusion)	'Coordination of targets' (with provisions for legislative action)
2000's: 'Towards a regulatory framework'	Increasing oil prices...	CEC Working Paper 1999 2001 RES-E Directive 2001 State Aid 2002 EPBD 2003 Energy Taxation Dir 2004 Biofuels Directive 2005 RES-E review		Promotion of RES market diffusion	Regulatory coordination ('framework regulation'; Trieb et al, 2007)
2006 – 'Towards harmonization?'	Kyoto Prot in force (2005) Bali mandate (2007)	Integrated Energy & Climate policy (2007) '20 20 by 2020' (2008); draft RES Dir		Promotion of RES markets and low-carbon technologies (e.g. RES)	Amended regulatory framework (provisions for harmonization...?)

internal energy markets. In my view, irrespective of Member state interest in retaining sovereignty over domestic energy policy, the completion of the internal market puts pressure for harmonization in the long run. And, simply, there are no indications for a reversion of this central cause of European integration.

Interestingly, the latter argument clearly counteracts rationalist claims (both the realist as well as rational choice version) about the driving forces behind European integration. The early requests for co-operation between the EC Member states on a set of common energy policy objectives seem to have emanated from the national governments. These were, however, clearly a response to the oil crisis in the early 1970's, when political leaders in Europe and other OECD countries tried to catch every straw in order to counteract the energy security risks at hand and the anticipated problems for national balances of trade. That early impetus resulted in rather loose forms of coordination (exchange of information, etc), but did not pose sufficient pressure for any coordinated efforts. This may seem to support realist claims but can be accounted for in a historical-institutional framework as well.

The more recent examples of controversies and Member states' opposition to the proposed framework for harmonization may suggest rationalist logics at work. However, that does not seem to hold of several reasons. First, even if there have been a supportive consensus among Member state governments on the need for a policy framework for renewables (and for the liberalization of internal energy markets in particular), the initiatives for advancing such a framework simply have not emanated out of demands from national political actors. It has rather been EU institutions such as the Commission and the Parliament driven by either internal market concerns and/or pressure from various interest groups (i.e. indication of transnational activity) that have pushed this integration further. Second, regarding the means of coordination/harmonization the empirical evidence lacks any indication of 'converging national interests' and obviously points in another direction. The serious disagreements between various states (and interest groups) may be an explanation of the impediment to the proposed model for harmonization, rather than to harmonization per se. This implies that the contrasting views do not explain the continued efforts to advance, or at least prepare for, a future harmonised framework. Finally, the most problematic for such an account is that an isolated analysis of Member state positions in the RES case, would neglect the previous institutional and policy development that seem to have been largely conducive for the outcomes of the particular case.

In a comparative perspective, the historical-institutional framework advanced in this study seems more convincing than other theoretical rivalries. By studying the long-term processes of policy and institutional change of relevance for renewable energy it captures the historical evolution at hand. Such an 'evolutionary' approach identifies processes and mechanisms that seem to have been conducive for a path towards coordination and harmonization while, at least in this case, incorporating particularities of relevance that may constrain and slow down the further integration of renewable energy policy.

In one sense, this study suggests that there have been a lot of neofunctionalist logics at work in the RES policy case. This is illustrated by the spillover

mechanism, but also regarding the role of transnational actors for cultivating such mechanisms. The EU-level coordination of RES policy is obviously related to the internal market programme, which after SEA (1987) has supplied the Commission a key rationale to further encourage the widening and deepening of European integration in functional as well as political terms. However, to fully understand those mechanisms seconding such claims we need to capture the historical dynamics of the integration process, e.g. by emphasizing the historical logics of unintended consequences (Pierson, 1996). Hence, the neofunctionalist teleology does not seem to hold, since the spillover mechanisms are seldom as straightforward. Rather, as is demonstrated in the RES case, the spillover from one area to another is not without complications; self-reinforcing feedback mechanisms are counteracted with conflicting views and institutional realities and, hence, need to be fertilized over time in order to pay off. Institutional changes such as the internal market programme and the increased authority of the Commission and the Parliament have supported integration, while constraining Member states possibilities to revert integrative ambitions in the name of the internal market. In the RES policy domain, internal market concerns about economic efficiency and competitiveness are conflated with other concerns, in particular energy security and environmental concerns that signifies the primary objectives of promoting renewables effectively. In addition to this, the main reasons for promoting renewables, not even the definitions, are not always self-evident, but rather need to be (re)invented and advocated from time to time, especially in situations of conflicting views about the most appropriate means to accelerate renewables. Thus, the difficulties associated with integrating two policy fields with such distinctly different rationales – correcting market distortions vs. market failures in terms of environmental externalities – are not surprising. Rather, more astonishing is to notice how the coordination of RES policy already has intensified the pressures for the integration of a Common Energy Policy, an even more challenging task for the Community.

In a theoretical perspective, the most striking finding of this study relates to the historical-institutional framework on path dependency. While the idea was developed within the realm of other theoretical traditions to explain how mechanisms of reproduction ('lock-in' or 'socialization') creates institutional stability, the evolutionary approach of this study indicates its value for identifying how similar mechanisms may simultaneously support policy change. Hence, path dependency can be employed as a concept for understanding processes conducive of 'path creation' as well. In other words, historical dynamics 'matters'. They shape critical moments and processes that implicate the emergence of specific institutions and specific policy paths and they influence mechanisms conducive of institutional evolution and policy change. Whether such logics will result in a harmonised one-size-fits-all regulatory framework for renewables in the EU is a contingent issue. But, admittedly, the particular history of European RES policy development holds convincing arguments for such a future to come, eventually...

5 References

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