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Dear Energy Ministers,

The coronavirus pandemic is impacting all European citizens, businesses and local authorities, including the thousands of workers and SMEs in the solar industry. While the priority must be addressing the immediate health consequences of the population, it is also essential to take strong political action, and make significant investments in order to restart Europe's economies.

As requested by the Joint Statement of the Members of the European Council from 26 March, the European recovery package should support the European green and digital transition, putting the continent back on track for green and prosperous growth. The solar industry stands ready to contribute to a green economic recovery.

Solar is set to become the dominant source of electricity generation in a climate-neutral Europe, with the potential to power over 60% of electricity generated in Europe by 2050.[1] Solar energy in Europe has entered an unprecedented era of growth, with 16,7 GW of new installed capacity in 2019, corresponding to an increase of more than 100% compared to 2018. Between 2019 and 2023, nearly 100 GW new solar capacity could be installed in Europe. Such important market prospects also generate a new momentum for manufacturing projects in the solar segment, sustained by the EU leadership in cutting-edge technologies such as heterojunction cells, perovskite tandem cells, and inverters.

The solar value chain could create 1.5 million jobs across Europe by 2030, including in regions undergoing economic restructuring, where workers can be easily up skilled to ensure the installation, operation, and maintenance of solar projects.

The current coronavirus pandemic jeopardises these promising solar developments in the short- to medium-term.

As of today, solar PV projects are significantly delayed due to supply chain disruptions, restrictions on the movement of workers, and impeded administrative procedures. The development of new projects, or closing of ongoing project proposals, is hampered by the fact that financing is currently more difficult to access.

In the medium term, the economic crisis could negatively impact the small-scale solar market – affecting local SMEs active in project development, installation, O&M, home battery storage, and manufacturing. The announcements of delays and cancellations of national renewable tenders might also slow down the deployment of new installations, with a drop of around 8 GW in 2020 compared to earlier forecasts, according to the most pessimistic scenarios.

Finally, despite major decreases in cost of solar technology – which has resulted in it already being the lowest-cost power generation source today in many European regions – the competitiveness of solar in Europe might be put at risk by lower fossil fuel prices, lower EU carbon prices, and higher financing costs, which can represent more than 50% of the solar electricity cost.

SolarPower Europe is confident that **with the right measures in place, the recovery of the solar industry, and installation rates for both small-scale and larger segments, could be reached by 2021, supporting the timely achievement of the EU 2030 climate and energy targets, contributing to the European economic recovery.**

[1] SolarPower Europe (2020). 100% Renewable Europe. How to make Europe's energy system climate-neutral before 2050

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The immediate priority is to support the European solar sector through the crisis. To this end, we urge European Member States to consider the following recommendations:

1. Ensuring the continuity of solar projects, from engineering to construction and final delivery, by adapting construction project deadlines, and developing compensation schemes for project developers and equipment suppliers affected by the crisis.

2. Supporting access to finance for ongoing and new solar projects in the crisis period, by creating direct repayable loans or loan guarantees to secure financing deals, or providing new financing sources, possibly through the EIB.

3. Enabling a smooth and safe return to normal for solar workers. A fast return to normal for workers active in the project construction and installation sectors should be enabled with clear guidance on the sanitary practices that should be put in place. A smooth reestablishment of the Single Market is critical to ensure the internal circulation of solar PV equipment and workers.

A sound European green recovery plan must channel investments towards future-proof and high-growth potential activities, such as:

4. Launch a pan-European solar rooftop program to boost the demand for small-scale PV and unlock its job creation potential.[2] This rooftop program should be integrated with the upcoming Renovation Wave and include:

- Mandatory installation rates on existing EU buildings, supported by adapted incentives such as tax exemptions for small-scale PV owners;
- Grants / loans / fiscal incentives for SMEs, commercial and industrial sectors, cities and public authorities to invest into solar energy sourcing (solar rooftops or PPAs), as part of upcoming recovery funds and through the EIB.

5. Boost the deployment of large-scale solar projects, which will be paramount to delivering the volume of energy needed in a climate-neutral economy:

- Additional funding (5-10bn) for Connection Europe Facility to boost investments in electricity infrastructure, interconnections, digitalisation, and smart grids;
- Smoother administrative procedures through the delivery of robust National Energy and Climate Plans (NECPs) and the establishment of a Clean Energy Package Implementation Body;
- An initiative to solve current permitting bottlenecks for large projects would also be extremely beneficial to the sector.

6. Ensure an agile EU State Aid framework, to enable a smooth and quick adoption of green recovery measures.

7. Put forward a solar industrial strategy for cutting-edge solar and equipment manufacturing facilities, pursuant to the publication of the New Industrial Strategy.

- Provide financing support (grants, loans) in order to scale up cutting-edge solar and equipment manufacturing facilities in Europe;
- Support the implementation of a “lighthouse European project” for the manufacturing of European solar technologies.

8. Develop an EU-wide training and reskilling programme to ensure a favourable ecosystem for PV projects. The EU should set up a platform to facilitate matchmaking between social partners, training institutes, and the industry’s needs for skills, dedicating funding to develop training or reskilling programmes.

[2] According to a study by SolarPower Europe and E&Y, rooftop solar installations create three times more jobs per generation unit than larger ones.

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