

European Commission proposal to revise the Renewable Energy Directive

EURELECTRIC proposals for amendments

June 2017

EURELECTRIC is the voice of the electricity industry in Europe.

We speak for more than 3,500 companies in power generation, distribution, and supply.

We Stand For:

Carbon-neutral electricity by 2050

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

Competitive electricity for our customers

We support well-functioning, distortion-free **energy and carbon markets** as the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

Continent-wide electricity through a coherent European approach

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

EURELECTRIC. Electricity for Europe.

Dépôt légal: D/2017/12.105/30

Amendment Proposals

Recital-sustainability criteria for biomass

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 1

Recital 76 (a) new

Risk-based approach is carried out starting at country level. If requirements of a single criterion cannot be fulfilled by national and/or sub-national legislation or monitoring systems, more information of that part should be provided at supply base level in order to reduce the risk of using unsustainable forest biomass production.

Justification

Risk-based approach is carried out criterion by criterion and the lack of legislation or monitoring systems for one criterion still allows country-based approach to other criteria.

Definition-repowering

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 2

Article 2 paragraph (z)

(z) 'repowering' means renewing power plants producing renewable energy, including the full or partial replacement of installations or operation systems and equipment, in order to replace capacity or increase efficiency

(z) 'repowering' means renewing power plants producing renewable energy, including the full or partial replacement of installations or operation systems and equipment, in order to replace **or increase** capacity or increase efficiency

Justification

Repowering is an essential tool to reach the 2020 and 2030 targets at the minimum cost and to maintain the EU's leadership in RES. Technological advancement in RES allows to increase capacity in already developed sites.

Definition-renewable self-consumer

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 3

Article 2 paragraph (aa)

(aa) ‘renewable self-consumer’ means an active customer as defined in Directive [MDI Directive] who consumes and may store and sell renewable electricity which is generated ***within his or its premises***, including a multi-apartment block, a commercial or shared services site or a closed distribution system, provided that, for non-household renewable self-consumers, those activities do not constitute their primary commercial or professional activity;

(aa) ‘renewable self-consumer’ means an active customer as defined in Directive [MDI Directive] who consumes and may store and sell renewable electricity which is generated ***behind the point of his or its connection to the grid***, including a multi-apartment block, a commercial or shared services site or a closed distribution system, provided that, for non-household renewable self-consumers, those activities do not constitute their primary commercial or professional activity;

Justification

The phrase “his or its premises” could be interpreted to mean that these provisions could apply to different assets owned by the same consumer at different locations. Instead, the definition should clearly refer to generation and consumption of electricity behind the grid connection point.

Definition of corporate power purchase agreements (PPA)

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 4

Article 2 paragraph (cc)

(cc) 'power purchase agreement' means a contract under which a legal person agrees to purchase renewable electricity directly from an energy generator

(cc) 'power purchase agreement' means a contract under which a legal **or natural** person agrees to purchase renewable electricity directly from an energy generator

Justification

PPAs are generally signed between generators and residential/commercial/industrial consumers that can be legal or natural persons.

Definition harvesting permit

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 5

Article 2 paragraph (jj)

(jj) 'harvesting permit' means ***an official document giving the*** right to harvest the forest biomass;

(jj) 'harvesting permit' ***procedure or equivalent proof of legal right to harvest*** means ***a*** right to harvest the forest biomass ***based on national circumstances***;

Justification

Not all Member States use a "permit" system.

Definition forest holding

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 6

Article 2 paragraph (mm)

(mm) **'forest holding'** means ***one or more parcels of forest and other wooded land which constitute a single unit from the point of view of management or utilisation***

(mm) **'supply base'** means ***the geographic region from which the biomass originates***

Justification

The wording could inadvertently place responsibilities on those that hold the forest rather than the utilities which source the product (and receive subsidies).

Financial support

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 7

Article 4 paragraph 3

3. Member States shall ensure that support for renewable electricity is granted in an open, transparent, competitive, non-discriminatory and cost-effective manner.

3. Member States shall ensure that support for renewable electricity is granted in an open, transparent, competitive, non-discriminatory and cost-effective manner, and ***through technology neutral measures. Member States may opt for technology-specific support to accommodate the maturity of technologies or to take into account the system impact of different technologies and other environmental aspects.***

Justification

Support schemes should capture elements not reflected in the electricity market price, such as conditions of RES integration into the grid and their impact on the system, as well as the consequences on employment, industrial policy, public acceptance, concentration of technologies, commercial balance, territory planning and other environmental aspects (e.g. spatial planning, land availability, environmental requirements).

Amendment 8

Article 4 paragraph 3 (a) (new)

3(a). When support for renewable electricity is granted through tendering and in order to ensure high project realisation rate, Member States shall define :

- non-discriminatory and transparent pre-qualification criteria;***
- rules on the delivery period of the project and adequate penalties for non realisation;***

Justification

Some fundamental design principles of financial support should be known to investors well ahead of 2020 and should be fixed in the Directive. These would improve the realisation rate of projects and are becoming common practice in tendering.

Amendment 9

Article 4 paragraph 5 (new)

5. Six months after the adoption of the Directive, the Commission shall review the Environment and Energy State Aid Guidelines (EEAG) for the period until 2030.

Justification

The Commission should proceed quickly with the adoption of the revised EEAG for the period post-2020 after the final adoption of the legislation under the Clean Energy Package. This will ensure consistency with the current revision of the RES legislative framework and provide increased certainty and visibility for investors up to 2030.

Opening of support schemes

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 10

Article 5

1. Member States shall open support for electricity generated from renewable sources to generators located in other Member States under the conditions laid down in this Article.

2. Member States shall ensure that support for at least 10% of the newly-supported capacity in each year between 2021 and 2025 and at least 15% of the newly-supported capacity in each year between 2026 and 2030 is open to installations located in other Member States.

1. Member States shall open support for electricity generated from renewable sources to generators located in other Member States under the conditions laid down in this Article, **and ensure that, from 2021 onwards, at least 5% of newly-supported capacity each year is open to installations located in other Member States;**

Member States may set a lower target, or be exempt from the provisions of this paragraph, on one or more of the following grounds:

- **insufficient interconnection capacity; or**
- **insufficient natural resources.**

Deleted

Justification

Opening of the national support schemes for generators located in other Member States can, if implemented properly, promote the development of projects in locations where they provide the most value for money. However, because of the differences between national regulatory frameworks (permits, taxes, levies...) this could result in competition distortions. Little experience exists to date and the opening should therefore happen progressively. There is a risk of oversupply in certain regions, especially where bottlenecks in transmission occur. There may also be issues in certain countries where most good locations are already taken, which could lead to one-sided results where winning RES projects will go abroad, creating problems with public acceptance.

Administrative barriers

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 11

Article 15 paragraph 9

9. Member States shall remove administrative barriers to corporate long-term power purchase agreements to finance renewables and facilitate their uptake.

9. Member States shall remove administrative, ***regulatory and information*** barriers to corporate long-term power purchase agreements to finance renewables and facilitate their uptake.

Justification

The article should explicitly ensure that Member States remove barriers to long-term contracts through the elimination of information, administrative and regulatory barriers to corporate long term PPAs (i.e. for industrial and commercial end users).

Permitting and notification

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 12

Article 16 paragraph 5

5. Member States shall facilitate the repowering of existing renewable energy plants by, inter alia, ensuring a simplified and swift permit granting process, which shall not exceed one year from the date on which the request for repowering is submitted to the single administrative contact point.

5. Member States shall facilitate the repowering of existing renewable energy plants by, inter alia, ensuring a simplified and swift permit granting process, which shall not exceed one year from the date on which the request for repowering is submitted to the single administrative contact point.

In the case of repowering, without prejudice to Article 11(4) of the [Electricity Regulation], Member States shall ensure that access and connection rights to the grid are maintained for the repowered project, at least for the capacity of the original project.

Justification

Article 16(1) includes associated transmission and distribution network infrastructures in the permit granting process. In the case of repowering, it should be ensured that access and connection rights to the grid are at least maintained for the original capacity. They could also be increased if needed. This should respect the rules in article 11 paragraph 4 of the proposed Electricity Regulation (where existing exemptions in relation to priority of dispatch are kept without extending the time horizon of the existing exemptions).

Amendment 13

Article 17 paragraph 1

1. Demonstration projects and installations with an electricity capacity of less than 50 kW **shall** be allowed to connect to the grid following a notification to the distribution system operator.

1. Demonstration projects and installations with an electricity capacity of less than 50 kW **may** be allowed to connect to the grid following a notification to the distribution system operator, **if an impact assessment by the distribution system operator determines that such a connection may be allowed.**

Justification

This provision, with the proposed threshold, could lead to an underestimation of the impact many small installations could have on the grid (e.g. need for grid reinforcement, operational risks). The proposed 50kW threshold is incompatible with the standard low voltage connection in some EU countries (e.g. Ireland). The size of 50kW relative to the capacity of these connections means that, in the event of a 50 kW threshold for the notify and connect approach, adherence to mandatory quality of supply standards for adjacent customers could no longer be guaranteed and the safety of customers would be placed at risk in certain cases. Distribution system operators should retain a strong role to assess the impact on the grid.

Amendment 14

Article 17 paragraph 2

2. Repowering shall be allowed following a notification to the single administrative contact point established in accordance with Article 16, where no significant negative environmental or social impact is expected. The single administrative contact point shall decide within six months of the receipt of the notification if this is sufficient.

Where the single administrative contact point decides that the notification is sufficient, it shall automatically grant the permit.

Where the single administrative contact point decides that the notification is not sufficient, it shall be necessary to apply for a new permit. In this case the time limits referred to in Article 16(5) apply.

2. Repowering shall be allowed following a notification to the single administrative contact point established in accordance with Article 16, where no **additional** significant negative environmental or social impact is expected, **based on a pre-established list of criteria**. The single administrative contact point shall decide within six months of the receipt of the notification if this is sufficient.

Where the single administrative contact point decides that the notification is sufficient, it shall automatically grant the permit.

Where the single administrative contact point decides that the notification is not sufficient, it shall be necessary to apply for a new permit. In this case the time limits referred to in Article 16(5) apply.

Justification

A transparent list of criteria for such impacts should be provided.

Guarantees of origin

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 15

Article 19 paragraph 2

2. (...) Member States shall ensure that no guarantees of origin are issued to a producer that receives financial support from a support scheme for the same production of energy from renewable sources. Member States shall issue such guarantees of origin and transfer them to the market by auctioning them. The revenues raised as a result of the auctioning shall be used to offset the costs of renewables support.

Deleted

(...)

(...)

Justification

The provision in the proposal is unclear and difficult to establish without distortions. It raises questions regarding how the auctioning of GOs is organised (whether at the national level or EU-wide). Issuing some GOs to producers and other GOs to an auction will lead to two parallel systems, and the market for GOs will therefore not be transparent. Further, it will be costly and less effective if a third party shall be responsible to issue and establish a market place at which the GOs may be auctioned. It risks hampering the development of the GOs system.

There are ways to address possible concerns over double compensation. In case financial support is granted via competitive tenders or certificate systems, there is no risk of double compensation since RES producers would take into account the value of GOs in their bids, which would lower the need for support payments. Also, in case the support level is decided administratively, ways can be found to deduct (e.g. a reference value of GOs from the support payments) in order to avoid double compensation.

Auctioning GOs will increase RES producers' as well as retailers' risks when marketing green electricity, as if they cannot be sure that they will be able to buy, for example, a certain amount of wind GOs from the auction, they cannot guarantee to their customers that an equivalent volume to their consumption has been produced with wind power even if they own wind production themselves. In practice, it would no longer be possible to link the RES production of a specific installation to a client who is interested in that specific RES production installation. It would stop a development where (corporate) clients or local communities enter into longer-term partnerships with energy companies in order to develop specific renewables projects together (e.g. via PPAs). This may hinder the development of public acceptance for renewable energy projects.

Amendment 16

Article 19 paragraph 8

8. Where an electricity supplier is required to prove the share or quantity of energy from renewable sources in its energy mix for the purposes of Article 3 of Directive 2009/72/EC, it shall do so by using guarantees of origin. Likewise, guarantees of origin created pursuant to Article 14(10) of Directive 2012/27/EC shall be used to substantiate any requirement to prove the quantity of electricity produced from high-efficiency cogeneration. **Member States shall ensure that transmission losses are fully taken into account when guarantees of origin are used to demonstrate consumption of renewable energy or electricity from high efficiency cogeneration.**

8. Where an electricity supplier is required to prove the share or quantity of energy from renewable sources in its energy mix for the purposes of Article 3 of Directive 2009/72/EC, it shall do so by using guarantees of origin. Likewise, guarantees of origin created pursuant to Article 14(10) of Directive 2012/27/EC shall be used to substantiate any requirement to prove the quantity of electricity produced from high-efficiency cogeneration.

Justification

Taking into account transmission losses when GOs are used to demonstrate consumption of electricity blurs the distinction between financial physical aspects of the energy system, will be unnecessarily complex and with unclear benefits.

Renewable self-consumers

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 17

Article 21 paragraph 1 (a)

1. Member States shall ensure that renewable self-consumers, individually or through aggregators:

(a) are entitled to carry out self-consumption and sell, including through power purchase agreements, their excess production of renewable electricity without being subject to disproportionate procedures and charges that are not cost-reflective;

1. Member States shall ensure that renewable self-consumers, individually or through aggregators:

(a) are entitled to carry out self-consumption and sell, including through power purchase agreements, their excess production of renewable electricity without being subject to disproportionate procedures and **without being subject to or benefiting from** charges that are not cost-reflective;

Justification

Renewable self-consumers should be subject to cost-reflective network charges like other consumers. These self-consumers are still dependent on the grid because their generators only generate electricity when the sun shines or the wind blows. Consequently, fixed costs of the power supply system have to be paid by a smaller amount of consumers, leading to a multiple burden for those who are being charged. A proper distribution of network fees, taxes and levies is essential

Amendment 18

Article 21 paragraph 1

1. Member States shall ensure that renewable self-consumers, individually or through aggregators:

(a) are entitled to carry out self-consumption and sell, including through power purchase agreements, their excess production of renewable electricity without being subject to disproportionate procedures and charges that are not cost-reflective;

(b) maintain their rights as consumers;

(c) ***are not considered as energy suppliers according to Union or national legislation in relation to the renewable electricity they feed into the grid not exceeding 10 MWh for households and 500 MWh for legal persons on an annual basis;*** and

(d) receive a remuneration for the self-generated renewable electricity they feed into the grid which reflects the market value of the electricity fed in.

Member States may set a higher threshold than the one set out in point (c).

1. Member States shall ensure that renewable self-consumers, individually or through aggregators:

(a) are entitled to carry out self-consumption and sell, including through power purchase agreements, their excess production of renewable electricity without being subject to disproportionate procedures and charges that are not cost-reflective;

(b) maintain their rights as consumers; and

(c) receive a remuneration for the self-generated renewable electricity they feed into the grid which reflects the market value of the electricity fed in.

Justification

The implications of being classified as an “energy supplier” are not defined. For the future renewable self-consumers should not be exempted from balancing responsibilities. This does not mean that they should become Balance Responsible Parties (BRP) themselves but they can outsource this obligation e.g. to their supplier or aggregator who will play an important role to facilitate market integration of renewable self-consumers.

Amendment 19

Article 21 paragraph 2

2. Member States shall ensure that renewable self-consumers living in the same multi-apartment block, or located in the same commercial, or shared services, site or closed distribution system, are allowed to jointly engage in self-consumption as if they were an individual renewable self-consumer. ***In this case, the threshold set out in paragraph 1(c) shall apply to each renewable self-consumer concerned.***

2. Member States shall ensure that renewable self-consumers living in the same multi-apartment block, or located in the same commercial, or shared services, site or closed distribution system, are allowed to jointly engage in self-consumption as if they were an individual renewable self-consumer.

Justification

Combined with paragraphs 1 and 3 of Article 21, these thresholds could lead to very large exemptions: entities providing services to several customers “living in the same multi-apartment block, or located in the same commercial, or shared services, site or closed distribution system” could qualify as renewable self-consumers while selling big amounts of electricity to the grid as amounts mentioned in sub-paragraph (1)(c) would be multiplied by the number of customers. Moreover, Member States are allowed to increase these thresholds which could lead to even larger amounts.

Renewable energy communities (REC)

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 20

Article 22 paragraph 1

1. Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.

1. ***Without prejudice to Article 16(2) of the Directive on common rules for the internal market in electricity***, Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.

Justification

As foreseen in the Commission's proposal for an Electricity Directive, the regulatory framework shall ensure that: participation is voluntary; shareholders or members of a REC shall not lose their rights as household customers or active customers; shareholders or members are allowed to leave a renewable energy community

Amendment 21

Article 22 paragraph 1

1. Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.

For the purposes of this Directive, a renewable energy community shall be an SME or a not-for-profit organisation, the shareholders or members of which cooperate in the generation, distribution, storage or supply of energy from renewable sources, fulfilling at least four out of the following criteria:

(a) shareholders or members are natural persons, local authorities, including municipalities, or SMEs operating in the fields or renewable energy;

(b) at least 51% of the shareholders or members with voting rights of the entity are natural persons;

(c) at least 51% of the shares or participation rights of the entity are owned by local members, i.e. representatives of local public and local private socio-economic interests or citizen having a direct interest in the community activity and its impacts;

(d) at least 51% of the seats in the board of directors or managing bodies of the entity are reserved to local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;

(e) the community has not installed more than **18** MW of renewable capacity for electricity, heating and cooling and transport as a yearly average in the previous 5 year.

1. Member States shall ensure that renewable energy communities are entitled to generate, consume, store and sell renewable energy, including through power purchase agreements, without being subject to disproportionate procedures and charges that are not cost-reflective.

For the purposes of this Directive, a renewable energy community shall be an SME or a not-for-profit organisation, the shareholders or members of which cooperate in the generation, distribution, storage or supply of energy from renewable sources, fulfilling at least four out of the following criteria:

(a) shareholders or members are natural persons, local authorities, including municipalities, or SMEs operating in the fields or renewable energy;

(b) at least 51% of the shareholders or members with voting rights of the entity are natural persons;

(c) at least 51% of the shares or participation rights of the entity are owned by local members, i.e. representatives of local public and local private socio-economic interests or citizen having a direct interest in the community activity and its impacts;

(d) at least 51% of the seats in the board of directors or managing bodies of the entity are reserved to local members, i.e. representatives of local public and local private socio-economic interests or citizens having a direct interest in the community activity and its impacts;

(e) the community has not installed more than **5** MW of renewable capacity for electricity, heating and cooling and transport as a yearly average in the previous 5 year.

Justification

The specificities of renewable energy communities (REC) should be recognised and they should not face undue administrative barriers, but the threshold of 18 MW is too high, particularly in certain Member States. There could be issues of level playing field with other market players.

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 22

Article 22 paragraph 2

2. Without prejudice to State aid rules, when designing support schemes, Member States shall take into account the specificities of renewable energy communities.

2. Without prejudice to State aid rules, when designing support schemes, Member States shall take into account the specificities of renewable energy communities ***while ensuring a level playing field between all generators of electricity from renewable energy sources.***

Justification

Support schemes should ensure a level playing between market players independent of their size, ownership structure or legal form. Other options to reduce the risks for renewable energy communities (REC) should be found, for example through a special form of insurance.

RES in heating and cooling

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 23

Article 23 paragraph 1

1. In order to facilitate the penetration of renewable energy in the heating and cooling sector, each Member State shall endeavour to increase the share of renewable energy supplied for heating and cooling by at least 1 percentage point (pp) every year, expressed in terms of national share of final energy consumption and calculated according to the methodology set out in Article 7.

1. In order to facilitate the penetration of renewable energy in the heating and cooling sector, each Member State shall endeavour to increase the share of renewable energy supplied for heating and cooling by at least 1 percentage point (pp) every year, expressed in terms of national share of final energy consumption and calculated according to the methodology set out in Article 7. ***This shall not apply to heating and cooling sources in the scope of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community, as amended.***

Justification

Based on the proposed 2030 targets, around 50% of electricity generation should come from RES sources by 2030. The electrification of the non-ETS sectors is a technically and economically effective way to further enhance the contribution of renewables to the EU's decarbonisation objectives. As electricity becomes increasingly decarbonised, under a decreasing ETS cap, replacing fossil based systems with technologies which utilise electricity will provide a promising pathway to decarbonise these sectors.

The heating, cooling and transport sectors have great and as yet untapped potential to integrate larger shares of renewable and carbon neutral energy through increased electrification but review of the RES Directive should have a balanced approach for RES in these sectors and electricity should not be penalised by bearing most of the renewable generation costs. The requirement in Article 20 should be limited to non-ETS sector.

District heating and cooling

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 24

Article 24

1. Member States shall ensure that district heating and cooling suppliers provide information to **end-consumers** on their energy performance and the share of renewable energy in their systems. Such information shall be in accordance with standards used under Directive 2010/31/EU.

2. Member States shall lay down the necessary measures to allow customers of those district heating or cooling systems which are not 'efficient district heating and cooling' within the meaning of Article 2(41) of Directive 2012/27/EU to disconnect from the system in order to produce heating or cooling from renewable energy sources themselves, **or to switch to another supplier of heat or cold which has access to the system referred to in paragraph 4.**

3. Member States may restrict the right to disconnect **or switch supplier to** customers who can prove that the planned alternative supply solution for heating or cooling results in a significantly better energy performance. The performance assessment of the alternative supply solution may be based on the Energy Performance Certificate as defined in Directive 2010/31/EU.

1. Member States shall ensure that district heating and cooling suppliers provide information to **customers** on their energy performance and the share of renewable energy **and waste heat or cold** in their systems. Such information shall be in accordance with standards used under Directive 2010/31/EU.

2. Member States shall lay down the necessary measures to allow customers of those district heating or cooling systems which are not 'efficient district heating and cooling' within the meaning of Article 2(41) of Directive 2012/27/EU to disconnect from the system in order to produce heating or cooling from renewable energy sources themselves.

3. Member States may restrict the right to disconnect customers who can prove that the planned alternative supply solution for heating or cooling results in a significantly better energy performance. The performance assessment of the alternative supply solution may be based on the Energy Performance Certificate as defined in Directive 2010/31/EU.

4. Member States shall lay down the necessary measures to ensure ***non-discriminatory access to district heating or cooling systems for*** heat or cold produced from renewable energy sources and ***for*** waste heat or cold. ***This non-discriminatory access shall enable direct supply of heating or cooling from such sources to customers connected to the district heating or cooling system by suppliers other than the operator of the district heating or cooling system.***

5. An operator of a district heating or cooling system may refuse access to suppliers where the system lacks the necessary capacity due to other supplies of waste heat or cold, of heat or cold from renewable energy sources or of heat or cold produced by high-efficiency cogeneration. Member States shall ensure that where such a refusal takes place the operator of the district heating or cooling system provides relevant information to the competent authority according to paragraph 9 on measures that would be necessary to reinforce the system.

4. Member States shall lay down the necessary measures to ensure ***that there are no regulatory barriers for district heating and cooling operators to buy*** heat or cold produced from renewable energy sources and waste heat or cold ***if it is economically and technically feasible.***

5. An operator of a district heating or cooling system may refuse access to suppliers where the system lacks the necessary capacity due to other supplies of waste heat or cold, of heat or cold from renewable energy sources or of heat or cold produced by high-efficiency cogeneration ***where the system fulfils the criteria of Efficient District Heating and Cooling (within the meaning of Article 2(41) of Directive 2012/27/EU, where the technical parameters of the energy carrier do not match those of the system at the connection point or where the proposed access of additional supply to the network would lead to an increase of the costs for customers or district heating companies.*** Member States shall ensure that where such a refusal takes place the operator of the district heating or cooling system provides relevant information to the competent authority according to paragraph 9 on measures that would be necessary to reinforce the system.

6. New district heating or cooling systems may, upon request, be exempted from the application of paragraph 4 for a defined period of time. The competent authority shall decide on such exemption requests on a case-by-case basis. An exemption shall only be granted if the new district heating or cooling system constitutes 'efficient district heating and cooling' within the meaning of Article 2(41) of Directive 2012/27/EU and if it exploits the potential for the use of renewable energy sources and of waste heat or cold identified in the comprehensive assessment made in accordance with Article 14 of Directive 2012/27/EU.

Deleted

7. The right to disconnect **or switch supplier** may be exercised by individual customers, by joint undertakings formed by customers or by parties acting on the behalf of customers. For multi-apartment blocks, such disconnection may only be exercised at whole building level.

7. The right to disconnect may be exercised by individual customers, by joint undertakings formed by customers or by parties acting on the behalf of customers. For multi-apartment blocks, such disconnection may only be exercised at whole building level.

8. Member States shall require electricity distribution system operators to assess **at least biennially**, in cooperation with the operators of district heating or cooling systems in their respective area, the potential of district heating or cooling systems to provide balancing and other system services, including demand response and storing of excess electricity produced from renewable sources and if the use of the identified potential would be more resource- and cost-efficient than alternative solutions.

8. Member States shall require electricity distribution system operators to assess, in cooperation with the operators of district heating or cooling systems in their respective area, the potential of district heating or cooling systems to provide balancing and other system services, including demand response and storing of excess electricity produced from renewable sources and if the use of the identified potential would be more resource- and cost-efficient than alternative solutions.

Justification

In light of the objective of the Directive, this Article goes one step too far by granting access for third parties to their customers via the network. Such an approach has been investigated by German and Swedish Authorities in the past with a view to assessing whether it would a) decrease heat prices and b) lead to an increase in the use of waste heat. In both cases, the option was discarded as it was found that a new complex regulatory regime would be necessary and would increase the costs of heat production (compliance costs and sub-optimisation of the network) and deterring the further use of waste heat. Instead, in line with the practice in some Member States, the Article should encourage the use of RES/waste heat without creating a disproportionate burden for operators.

Share of renewable energy in transport fuels

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 25

Article 25 – paragraph 1

1. With effect from 1 January 2021, Member States shall require fuel suppliers to include a minimum share of energy from advanced biofuels and other biofuels and biogas produced from feedstock listed in Annex IX, from renewable liquid and gaseous transport fuels of nonbiological origin, from waste-based fossil fuels and from renewable electricity in the total amount of transport fuels they supply for consumption or use on the market in the course of a calendar year.

The minimum share shall be at least equal to 1.5% in 2021, increasing up to at least 6.8% in 2030, following the trajectory set out in part B of Annex X. ***Within this total share, the contribution of advanced biofuels and biogas produced from feedstock listed in part A of Annex IX shall be at least 0.5% of the transport fuels supplied for consumption or use on the market as of 1 January 2021, increasing up to at least 3.6% by 2030, following the trajectory set out in part C of Annex X.***

1. With effect from 1 January 2021, Member States shall require fuel suppliers to include a minimum share of energy from advanced biofuels and other biofuels and biogas produced from feedstock listed in Annex IX, from renewable liquid and gaseous transport fuels of nonbiological origin, from waste-based fossil fuels and from renewable electricity in the total amount of transport fuels they supply for consumption or use on the market in the course of a calendar year.

2. The minimum share shall be at least equal to 1.5% in 2021, increasing up to at least 6.8% in 2030, following the trajectory set out in part B of Annex X.

Justification

EURELECTRIC advocates for a technology neutral approach: Fuel suppliers should be able to fulfil their obligation to have a certain share of renewable transport fuels in their fuel mix, by all renewable transport fuels available. Furthermore and in any case, operators of charging stations for electric vehicles should not be forced to offer advanced biofuels or similar fuels. This would be the case if the current text is kept without clarification.

Calculation of renewable energy share per fuel supplier (transport)

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 26

Article 25 – paragraph 1 (b)

b) for the calculation of the numerator, the energy content of advanced biofuels and other biofuels and biogas produced from feedstock listed in Annex IX, renewable liquid and gaseous transport fuels of non-biological origin, waste based fossil fuels supplied to all transport sectors, **and renewable electricity supplied to road vehicles**, shall be taken into account.

For the calculation of the numerator, the contribution from biofuels and biogas produced from feedstock included in part B of Annex IX shall be limited to 1.7% of the energy content of transport fuels supplied for consumption or use on the market and the contribution of fuels supplied in the aviation and maritime sector shall be considered to be 1.2 times their energy content.

b) for the calculation of the numerator, the energy content of advanced biofuels and other biofuels and biogas produced from feedstock listed in Annex IX, renewable liquid and gaseous transport fuels of non-biological origin, waste based fossil fuels **and renewable electricity** supplied to all transport sectors, shall be taken into account.

For the calculation of the numerator, the contribution from biofuels and biogas produced from feedstock included in part B of Annex IX shall be limited to 1.7% of the energy content of transport fuels supplied for consumption or use on the market and the contribution of fuels supplied in the aviation and maritime sector shall be considered to be 1.2 times their energy content. **Renewable electricity shall be considered to be 5 times their energy content.**

Justification

Renewable electricity should be treated like any other renewable transport fuel. Thus, renewable electricity supplied to any transport sector should be counted against the obligation.

Electric motors are around 5 times more efficient than internal combustion engine motors. When internal combustion engine cars are replaced by electric cars, the overall energy consumption of the transport sector goes down. At the same time, the higher efficiency of an electric motor puts electricity at a disadvantage, because in terms of energy content the contribution of renewable electricity looks rather small – because for every car running 100% on biofuel we need to fuel 4 cars with 100% renewable electricity, if we would like to contribute with the same share of renewable transport fuel.

Even though this won't be a problem for electricity suppliers for meeting their 6.8% obligation (if they only sell electricity, the higher energy efficiency of electric motors is "cancelled out" by appearing both in the nominator and the denominator), this will still be a problem for electricity suppliers who either also offer other transport fuels and to all transport fuel suppliers who want to trade their "obligation certificates" (as set out in Article 25, paragraph 2) – here, certificates stemming from renewable electricity would be worth only a fourth of the value of a certificate stemming from biofuel.

Calculation of share of renewable electricity (transport)

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 27

Article 25 – paragraph 3

3.To determine the share of renewable electricity for the purposes of paragraph 1 ***either the average share of electricity from renewable energy sources in the Union or the share of electricity from renewable energy sources in the Member State where the electricity is supplied, as measured two years before the year in question may be used. In both cases,*** an equivalent amount of guarantees of origin issued in accordance with Article 19 shall be cancelled.

3.To determine the share of renewable electricity for the purposes of paragraph 1 an equivalent amount of guarantees of origin issued in accordance with Article 19 shall be cancelled.

Justification

To prove that a certain share of electricity supplied to electric vehicles is renewable, charging point operators should cancel enough GOs to comply with the obligation set out in Article 25(1). This should be done without reference to any EU or Member State renewable electricity share. Renewable targets (be they national or EU-wide) should not be mixed with measures to certify renewable electricity to final customers.

Sustainability criteria for biomass

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 28

Article 26 paragraph 5 (a) (i)

5. Biofuels, bioliquids and biomass fuels produced from forest biomass taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 shall meet the following requirements to minimise the risk of using unsustainable forest biomass production:

(a) the country in which forest biomass was harvested has national and/or sub-national laws applicable in the area of harvest as well as monitoring and enforcement systems in place ensuring that:

i) harvesting is carried out in accordance to the conditions of the harvesting **permit** within legally gazetted boundaries;

5. Biofuels, bioliquids and biomass fuels produced from forest biomass taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 shall meet the following requirements to minimise the risk of using unsustainable forest biomass production:

(a) the country in which forest biomass was harvested has national and/or sub-national laws applicable in the area of harvest as well as monitoring and enforcement systems in place ensuring that:

i) harvesting is carried out in accordance to the conditions of the harvesting **rules** within legally gazetted boundaries;

Justification

In some Member States (e.g. Denmark) there are no harvesting permits as such. The Directive must ensure that evidence is provided that harvesting is legally allowed.

Amendment 29

Article 26 paragraph 5 (b)

(b) when evidence referred to in the first subparagraph is not available, the biofuels, bioliquids and biomass fuels produced from forest biomass shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 if management systems are in place at forest holding level to ensure that:

(b) when evidence referred to in the first subparagraph is not available, the biofuels, bioliquids and biomass fuels produced from forest biomass shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 if management systems are in place at forest holding level **or supply base level** to ensure that:

Justification

The level in the value chain where the verification and application of mitigation measures takes place should be broadened and include biomass producers (e.g. pellet mill or sawmill level). The objective of the paragraph is that feedstock for biomass production is legally and sustainably harvested. To achieve that goal it is important that management systems and procedures are in place to ensure that all respective indicators in the forest are at low risk - but the level in the value chain at which the verification and mitigation is carried out is irrelevant.

An approach to include management systems at biomass production level would be more efficient and stringent: smaller forest owners who could not afford a single management system could become part of the management system of the biomass producer. By broadening to the biomass production level, feedstock within a forest that is too risky may be excluded from the supply base for biomass production, whereby other parts may be certified. This approach would meet current business practice. Since it allows for risk mitigation schemes (certification) at forest and production level, it may incentivise an overall increase of certification of feedstock for biomass production.

Amendment 30

Article 26 paragraph 5 (b) (i)

(b) when evidence referred to in the first subparagraph is not available, the biofuels, bioliquids and biomass fuels produced from forest biomass shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 if management systems are in place at forest holding level to ensure that:

i) the forest biomass has been harvested according to **a** legal **permit**;

(b) when evidence referred to in the first subparagraph is not available, the biofuels, bioliquids and biomass fuels produced from forest biomass shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 if management systems are in place at forest holding level to ensure that:

i) the forest biomass has been harvested according to legal **rules**;

Justification

In some Member States (e.g. Denmark) there are no harvesting permits as such. The Directive must ensure that evidence is provided that harvesting is legally allowed.

Amendment 31

Article 26 paragraph 6 (iii) second sentence

(iii) has a national system in place for reporting greenhouse gas emissions and removals from land use including forestry and agriculture, which is in accordance with the requirements set out in decisions adopted under the UNFCCC and the Paris agreement;

When evidence referred to in the first subparagraph is not available, the biofuels, bioliquids and biomass fuels produced from forest biomass shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 if **management systems are in place at forest holding level to ensure that carbon stocks and sinks levels in the forest** are maintained.

(iii) has a national system in place for reporting greenhouse gas emissions and removals from land use including forestry and agriculture, which is in accordance with the requirements set out in decisions adopted under the UNFCCC and the Paris agreement;

When evidence referred to in the first subparagraph is not available, the biofuels, bioliquids and biomass fuels produced from forest biomass shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 if **proof that national or regional forest carbon stocks are maintained can be delivered by demonstrating that carbon stocks are stable or increasing over time at the national or, regional level or supply base level.**

Justification

The level in the value chain where the verification and application of mitigation measures takes place should be broadened and include biomass producers (e.g. pellet mill or sawmill level). The objective of the paragraph is that feedstock for biomass production is legally and sustainably harvested. To achieve that goal it is important that management systems and procedures are in place to ensure that all respective indicators in the forest are at low risk - but the level in the value chain at which the verification and mitigation is carried out is irrelevant. An approach to include management systems at biomass production level would be more efficient and stringent: smaller forest owners who could not afford a single management system could become part of the management system of the biomass producer. By broadening to the biomass production level, feedstock within a forest that is too risky may be excluded from the supply base for biomass production, whereby other parts may be certified. This approach would meet current business practice. Since it allows for risk mitigation schemes (certification) at forest and production level it may incentivise an overall increase of certification of feedstock for biomass production.

Amendment 32

Article 26 paragraph 6 (iii) last paragraph

(iii) ...

By 31 December **2023**, the Commission shall assess whether the criteria set out in paragraphs 5 and 6 effectively minimise the risk of using unsustainable forest biomass and address LULUCF requirements, on the basis of available data. The Commission shall, if appropriate, present a proposal to modify the requirements laid down in paragraphs 5 and 6.

(iii) ...

By 31 December **2026**, the Commission shall assess whether the criteria set out in paragraphs 5 and 6 effectively minimise the risk of using unsustainable forest biomass and address LULUCF requirements, on the basis of available data. The Commission shall, if appropriate, present a proposal to modify the requirements laid down in paragraphs 5 and 6.

Justification

EURELECTRIC supports a stable regulatory and investment framework up to 2030. Predictability is crucial for the power sector. With a 2023 deadline, assessment could start as early as 2021-2022, shortly after the expected entry into force of the Directive. This is in contradiction with the objective of a stable regulatory framework and, in practice, the assessment will be made on too short a period of time. The review of Article 26 should be undertaken as part of the general review of the Directive in 2026 (Article 30(3)).

Amendment 33

Article 26 paragraph 8

8. Electricity from biomass fuels produced in installations with a fuel capacity equal to or exceeding 20 MW shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 only if it is produced applying high efficient cogeneration technology as defined under Article 2(34) of Directive 2012/27/EU. For the purposes of points (a) and (b) of paragraph 1, this provision shall only apply to installations starting operation after [3 years from date of adoption of this Directive]. For the purposes of point (c) of paragraph 1, this provision is without prejudice to public support provided under schemes approved by [3 years after date of adoption of this Directive].

The first sub-paragraph shall not apply to electricity from installations which are the object of a specific notification by a Member State to the Commission based on the duly substantiated existence of risks for the security of supply of electricity. ***Upon assessment of the notification, the Commission shall adopt a decision taking into account the elements included therein.***

8. Electricity from biomass fuels produced in installations with a fuel capacity equal to or exceeding 20 MW shall be taken into account for the purposes referred to in points (a), (b) and (c) of paragraph 1 only if it is produced applying high efficient cogeneration technology as defined under Article 2(34) of Directive 2012/27/EU. For the purposes of points (a) and (b) of paragraph 1, this provision shall only apply to installations starting operation after [3 years from date of adoption of this Directive]. For the purposes of point (c) of paragraph 1, this provision is without prejudice to public support provided under schemes approved by [3 years after date of adoption of this Directive].

The first sub-paragraph shall not apply to electricity ***produced from the biodegradable fraction of industrial and municipal waste of biological origin or*** from installations which are the object of a specific notification by a Member State to the Commission based on the duly substantiated existence of risks for the security of supply of electricity, ***on the role of electricity from biomass fuels in providing flexibility and system services, or if it is needed to reach the EU-wide 2030 RES target.***

By 31 December 2026, the Commission shall make an assessment of the notifications received as to whether their cumulative impact significantly affects the sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids and biomass fuels. The Commission shall, if appropriate, present a proposal to modify the requirements laid down in paragraph 8.

Justification

If the biomass used meets sustainability criteria, it is unclear why these units should be excluded from targets or support. CHP installations are only suitable where there is a significant local heat load. This high efficiency criterion would therefore effectively rule out the use of biomass in 'biopower only' plants that could be used to supply essential system services and flexible generation to complement intermittent and variable generating technologies.

Member States should be able to choose from all renewable energy sources to produce electricity, either because it allows the best possible use of local biomass resources or because other renewable energy sources have a limited potential. Priority should be given to climate mitigation efforts. Besides, in the ETS in particular, not complying with the CHP requirement would imply that the respective biomass would not be sustainable and, therefore, the assumption of a "Zero-emission factor" could no longer be taken. As highlighted by the Commission in the context of the implementation of the sustainability criteria for liquid biomass fuels some years ago, the "zero emission assumption" is considered to be an indirect subsidy that can only be justified if the criteria are being met. Hence, the ETS plant operator would have to submit EU allowances for the CO₂ emissions of not sustainable biomass fuels used for electricity only production.

There should also be derogation for the biogenic fractions of industrial and municipal waste. The reason for the exclusion is that the CHP requirement would threaten the incineration or co-incineration of waste in municipal solid waste incinerators or other fossil fuel-fired power plants. In both cases, for obvious reasons, the incineration of waste cannot be interrupted during the summer season or other occasions of low heat demand that would not allow for feeding CHP heat into the relevant district heat networks. If at all, the requirement of permanent CHP operation can only be met by power plants supplying heat to industrial clients (such as paper mills or chemical plants), but not to district heat networks.

Furthermore, many municipal solid waste incinerators cannot comply with the criteria for high efficient cogeneration as defined under Article 2(34) of Directive 2012/27/EU due to the nature of the combusted waste (e.g. high water content and/or low calorific value) and the very strict legislative requirements for guaranteeing an environmentally safe incineration process and flue gas cleaning.

Amendment 34

Article 26 paragraph 10

10. For the purposes referred to in points (a), (b) and (c) of paragraph 1, Member States **may place additional sustainability requirements for biomass fuels.**

10. For the purposes referred to in points (a), (b) and (c) of paragraph 1, Member States **shall not refuse to take into account, on other sustainability grounds, biomass fuels obtained in compliance with this Article.**

Justification

A harmonised set of criteria should apply at the EU level. Additional criteria are explicitly prohibited for biofuels and bioliquids (Article 26(9)) and this rule should also apply to biomass fuels. Establishing new national or contradictory sets of sustainability principles and criteria will impede biomass trade and deter investment in biomass cultivation, biomass-powered electricity (dedicated and co-fired plants) and heat generation, as this would give rise to a changing and less predictable regulatory environment.

Amendment 35

Article 27 paragraph 4

4. The Commission may decide that voluntary national or international schemes setting standards for the production of biomass products contain accurate data for the purposes of Article 26(7), and/or demonstrate that consignments of biofuels bioliquids or biomass fuels comply with the sustainability criteria set out in Article 26(2), (3), (4) (5) and (6), and/or that no materials have been intentionally modified or discarded so that the consignment or part thereof would fall under Annex IX. When demonstrating that requirements set out in Article 26(5) and (6) for forest biomass are met, the operators may decide to directly provide the required evidence at the forest holding level.

4. The Commission may decide that voluntary national or international schemes setting standards for the production of biomass products contain accurate data for the purposes of Article 26(7), and/or demonstrate that consignments of biofuels bioliquids or biomass fuels comply with the sustainability criteria set out in Article 26(2), (3), (4) (5) and (6), and/or that no materials have been intentionally modified or discarded so that the consignment or part thereof would fall under Annex IX. When demonstrating that requirements set out in Article 26(5) and (6) for forest biomass are met, the operators may decide to directly provide the required evidence at the forest holding level **or at supply base level**.

Justification

The level in the value chain where the verification and application of mitigation measures takes place should be broadened and include biomass producers (e.g. pellet mill or sawmill level). The objective of the paragraph is that feedstock for biomass production is legally and sustainably harvested. To achieve that goal it is important that management systems and procedures are in place to ensure that all respective indicators in the forest are at low risk - but the level in the value chain at which the verification and mitigation is carried out is irrelevant.

An approach to include management systems at biomass production level would be more efficient and stringent: smaller forest owners who could not afford a single management system could become part of the management system of the biomass producer. By broadening to the biomass production level, feedstock within a forest that is too risky may be excluded from the supply base for biomass production, whereby other parts may be certified. This approach would meet current business practice. Since it allows for risk mitigation schemes (certification) at forest and production level it may incentivise an overall increase of certification of feedstock for biomass production.

Amendment 36

Annex VI - part B - paragraph 11 - subparagraph 2

(11) In accounting for the consumption of electricity not produced within the solid biomass fuel production plant, the greenhouse gas emission intensity of the production and distribution of that electricity shall be assumed to be equal to ***the fossil fuel comparator ECF(el) set out in paragraph 19 of this Annex.***

(11) In accounting for the consumption of electricity not produced within the solid biomass fuel production plant, the greenhouse gas emission intensity of the production and distribution of that electricity shall be assumed to be equal to ***the average emission intensity of the production and distribution of electricity in a defined region or country.***

Justification

Pellet mills should be able to use the actual value of the CO2 intensity of their regional or national electricity mix. This would make the methodology for solid biomass fuels also fully consistent with the methodology for gaseous biomass fuels. Defining the CO2 intensity of electricity consumed in the production mix to be a fixed fossil fuel comparator otherwise neglects decarbonisation efforts within countries and risks excluding pellet usage in heat-only boilers starting operation after 2021.

EURELECTRIC pursues in all its activities the application of the following sustainable development values:

Economic Development

▶ Growth, added-value, efficiency

Environmental Leadership

▶ Commitment, innovation, pro-activeness

Social Responsibility

▶ Transparency, ethics, accountability



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