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powering people

Delegated Act on Additionality

A Eurelectric response paper

June 2022

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Eurelectric's response on the Delegated Act on Additionality

The EU needs to prioritize faster electrification to achieve decarbonization and energy independence. In this context, accelerating the deployment of renewables is of strategic importance, which is why enabling faster permitting is key. Eurelectric welcomes the proposal for a comprehensive framework for accelerating permitting procedures, as proposed by the European Commission in the RePowerEU package. Its swift implementation is a precondition to enable the industry to deliver the massive volumes of RES-E needed both for decarbonizing the electricity system and for producing RFNBOs. Direct electrification, complemented by indirect electrification in hard to electrify sectors, is key to meet Europe's decarbonisation targets, but also to ensure energy sovereignty, thanks to the expansion of renewable and low-carbon installations.

Indeed, renewable H2, whose use should be directed towards hard to electrify sectors (e.g. steel, ammonia, refineries, heavy-duty transport), needs electricity from renewable sources, therefore RES-E generation must be stepped up accordingly. The Delegated Act defining the rules for producing green hydrogen in the transport sector should make sure that, while guaranteeing the renewable origin of RFNBOs in a clear and transparent manner, the scale up of renewable hydrogen production and E-fuels is enabled.

We remind that, in its position paper on the REDIII file, Eurelectric recommends adopting a system-wide approach to additionality (as suggested in article 3.4a of the revised REDII proposal), rather than imposing a project-based approach which would be unnecessarily restrictive. At the same time, **we require further clarity with respect to the implications of this DA over the use of hydrogen in other sectors (e.g. industry), given the proposal for a revised REDII which extends the definition of RFNBOs to all uses**. It is key that legal certainty and visibility over the regulatory framework is ensured in order to allow for a successful development of the hydrogen economy in Europe.

On the proposed delegated act, **we believe that:**

- **The proposed transitional period for phasing in the additionality and the hourly temporal matching requirements until the end of 2026 will support the ramp-up of the hydrogen market**. However, we believe that **this provision should be reviewed after the publication of the updated NECPs** and their analysis by the European Commission, in order to reflect the real rhythm of RES deployment on the ground. Unless the issue of permitting is fixed with urgency at country level, deploying the needed volume of renewables will continue to be a challenge. Additionally, the transition period should also apply to the additionality for electricity sourced from a direct connection to a RES installation.
- In case of **extension of electrolyser's capacity, the period under which the added capacity is considered as being part of the initial installation should be the same** (36 months) in the case where the RES-E plant is connected to the grid and where there is a direct connection.
- **The threshold of 90% RES** in the bidding zone where H2 is produced is a good addition. In this situation, it must be ensured that double counting of renewable electricity is avoided.
- **All RES installations that do not receive support** at the time of the electricity generation used for the production of RFNBOs should be eligible under this delegated act. This would open up an alternative business case for older RES installations that have once received support but do not anymore.
- **The geographical correlation** placed at the **bidding zone level** should be mindful of the fact that very few countries (IT, NO, SE, DK) are split in bidding zones. This induces the lack of a

real playing field between different member states in Europe, which would be subject to different geographical compliance criteria. **Hence, we recommend that the bidding zone is defined at the country level**. Furthermore, the possibility for Member States to introduce additional criteria for geographical correlation introduces further uncertainty for investors, hence should be better defined, while making sure that a level playing field is preserved among member states.

- **Applying the same rules to RFNBOs imports is of key importance**, hence we support the provision ensuring a level playing field between European production and imports of RFNBOs. Clarifying the certification system for imports is important.
- When GOs are associated with the production of electricity used to produce RFNBOs, they should be cancelled once the electricity is consumed, to avoid double counting.
- Finally, we would also like to understand whether the proposed 3 ways of accounting for 100% RES-E for the production of RNFBOs in the case of a connection to the grid are cumulative.

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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