

Towards an increased EU RES ambition – leveraging the electric decade

A Eurelectric reaction paper to the amendments to the Renewable Energy Directive, part of the “Fit for 55” package

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.

Dépôt légal: D/2021/12.105/46

WG RES & Storage (lead)
WG EE & Electrification
WG E-mobility
WG Regulation and Network Customers
WG Wholesale Market Design & Investment Frameworks
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A Eurelectric reaction paper

November 2021

KEY MESSAGES

- **Eurelectric supports the increased 2030 EU RES target of at least 40%.** The key role of renewable electricity is recognised through different amendments, for example, MSs setting up RES-E frameworks, the issuance of GOs for every MWh of renewable energy produced upon request from producer independently of benefitting or not from a support scheme, the enhanced requirement for promoting PPAs, better coordination in offshore planning, labelling of industrial products, the promotion of charging infrastructure able to interact with the grid.
- The amended REDII proposes a new architecture of sub-targets which poses the risk of transforming this directive into a very complex piece of legislation. Further **clarification is needed on the interactions between the different sub-targets**, and it should be ensured that renewable electricity can count for the Heating and Cooling (H&C), District Heating and Cooling (DHC) and industry targets.
- Regarding transport, the way renewable electricity is accounted for concerning battery electric mobility is welcomed and should be complemented where technically possible with additional flexibilities backed by robust verification/traceability to avoid double counting. **The shift to an emissions-based target coupled with the new obligation of implementing a fuel-neutral credit mechanism needs to be further clarified.** The credit mechanism should also cover, where possible, private and semi-public charging points, and it should be possible for it to be applied to other types of transport.
- **Getting the enabling framework right** is crucial to achieving the increased RES ambition: more needs to be done on **speeding up permitting procedures**, **supporting RES-based electrification**, including through making full use of article 15 in the existing Energy Taxation Directive, and cooperation on joint RES projects should be incentivised without adverse impacts on market-based investments and made available for projects developed under international consortia or joint ventures.
- Facilitating the system integration of renewable electricity is welcome but **disclosing the RES-E and GHG content of the electricity supply is a complex exercise and should be recognised as such**, through an optional rather than mandatory provision.
- **A stable rulebook for sustainability and GHG savings criteria for bioenergy** should be ensured. Priority should be given to the implementation of existing criteria in REDII and data gathering to gain further insights into biomass markets.

1. A revision that recognises the key role of renewable electricity in the current decade

In line with our commitment to deliver a carbon neutral power supply well before 2050 and to make a key contribution to the decarbonisation of transport, buildings and industry through direct and indirect electrification, Eurelectric supports the increased 2030 RES target of at least 40%, binding at EU level, in combination with a strengthened ETS, as a major enabler for meeting the ambition of reducing GHG emissions in Europe by at least 55% by 2030. This revised RES ambition will drive electrification. A coherent policy framework must underpin this ambition and the amendments made to REDII should strive to prevent any unnecessary disruption to the current implementation at national level, while providing more enablers to achieve it and preserving the regulatory stability for long-term projects.

The new obligation for Member States to put in place a framework to ensure the deployment of renewable electricity matches Eurelectric's call¹ for establishing electrification as a golden thread across the package. Coupled with other files in the Fit for 55 package, this new provision should create the conditions for reaching the large electrification rate needed by 2050.

Eurelectric supports the obligation in art. 19.2(1) for Member States to issue GOs for every MWh of RES produced upon request of the producer, independently of benefitting or not from a support scheme, as an element that will enhance the disclosure of RES-E in the energy system, providing end-use consumers with a basic proof of their consumption of RES, hence enhancing their involvement in the decarbonisation process. To limit the risk of devaluation of GOs for unsupported plants, in the case of GOs issued for **plants benefitting from support schemes**, Member States should take into account (via the different options available to them) the market value of the GO in the support mechanism, as already required by the REDII. The information on whether those installations received support or not should be included in the GO (as already foreseen in the REDII). While the role of REDII is to establish minimum requirements for GOs and Member States must remain free to opt for more ambitious requirements, continuous efforts to harmonise the GO markets across Europe are needed. Also, on an optional and forward-looking basis, it should be made technically possible to include more information on the time of production to support players that want to do a more granular matching than on a monthly or annual basis. However, such a **granular matching should remain voluntary and not be imposed**, given its inherent complexity, risks (e.g. market fragmentation) and barriers (e.g. size of generation assets, costs, number of players at local level, etc.).

Eurelectric supports the provision that Member States must ensure that any GOs associated to PPAs can be transferred to the buyer of RES-E under a RES PPA. Indeed, buyers of RES-E who wish to prove they have bought RES-E should be enabled to do so. Thus, PPA sellers must have the opportunity to bundle the corresponding GOs to the PPAs, depending on the modalities available at the national level and subject to adaptation of support schemes where applicable.

Eurelectric supports the requirement for Member States to promote the uptake of renewable PPAs and considers that Member States need to remove national and cross-border obstacles to such arrangements. **Permitting remains a key barrier** to the uptake of PPAs and renewables, hence Eurelectric stresses the need for the European Commission to issue guidelines to help Member States overcome administrative and procedural difficulties

¹ <https://www.eurelectric.org/publications/eurelectric-high-level-statement-fit-for-55-eu-carbon-neutrality-by-2050-and-an-enormous-opportunity-for-all-europeans/>

tied to permitting and adopt a more active approach to monitoring the implementation of permitting rules as described in the recent “toolbox” of the European Commission on energy prices. In addition, the Commission could present best practices on PPAs, to support businesses that find it challenging to commence such cooperation. Taxation also plays an important role: **reducing taxes and levies on electricity** will incentivise electrification. Indeed, comparatively high taxes on electricity (compared to other forms of energy) are holding back many potential PPA buyers, thus constituting an important barrier for the market and for the electric decade itself. In case of cross-border PPAs, insufficient tools exist today to hedge the price differential between two countries over a longer-term (in some cases driven by different tax regimes). While it is understandable that MS need to provide an indication of the volume of RES power generation supported by PPAs, it should be ensured there is no increase in the administrative burden on companies.

We support the recognition of the role of renewable energy sources to decarbonise road transport, and in particular through electrification as the most cost-effective solution for most forms of road transport. According to our study², to reach the EU’s decarbonisation ambitions, the share of EVs in Europe must massively increase from 10% in 2020 to 60% in 2030.

Eurelectric is favourable toward the obligation for Member States who share a sea basin to cooperate on defining the amount of offshore RES energy they plan to produce by 2050 with intermediate targets for 2030 and 2040. This will provide visibility to offshore developers. Indeed, better coordination in the maritime planning of Member States and adjacent third countries, possibly supported by specific governance, can help to provide additional areas for offshore wind. Detailed governance is required to ensure that such plans are truly effective, by establishing a framework in case of deviations. However, these commitments should not undermine the key role of individual Member States to define the specific national objectives and follow their own path to develop offshore wind projects for instance via radial connection to their national power grids. Additionally, Eurelectric has already stressed³ that support for adapting the energy grid and improving the refinancing of offshore projects are also essential and should be ensured by the EU.

Eurelectric is in favour of the new provision regarding the obligation for Member States to ensure that industrial products that are labelled or claimed to be produced with RES-E and RFNBOs indicate the % of RES or RFNBOs used. Such a requirement will help to create customer awareness and demand for renewable electricity and green fuels. Eurelectric would like to stress that the underlying calculation methodologies should be based on a “single claim” approach to avoid double counting.

Eurelectric supports the promotion of charging infrastructure which is able to interact with the grid. Smart meters, when deployed by Member States, are key to enabling communication between the grid and charging points. We welcome the new requirements on data sharing for battery and vehicle manufacturers, which ask for access to in-vehicle data to be guaranteed to third parties such as electricity market participants, hence including energy suppliers. Eurelectric is in favour of the proposed amendments to REDII on smart charging obligations and bidirectional charging functionalities applied to new private recharging points. The obligation goes hand in hand with the installation of smart meters, which will also contribute to optimising grid management and promoting flexibility services.

² <https://powerbarometer.eurelectric.org/wp-content/uploads/2021/09/Full-slide-deck.pdf>

³ https://cdn.eurelectric.org/media/4728/eurelectric_position_paper-offshore_res_consultation-2020-030-0578-01-e-h-A291094F.pdf

The consistency between these new obligations and the upcoming revision of the Energy Performance of Buildings Directive will need to be ensured. Compliance with GDPR rules, the application of the right to disconnect for stationary batteries and coherence with the proposed Alternative Fuels Infrastructure Regulation should be ensured.

Finally, **we welcome the obligation to support the training for installers of RES heating & cooling technologies**, which is in line with Eurelectric's call to set up skills programmes to tackle the shortage of work power affecting building renovation.

2. A general sub-targets architecture in need of further clarification

The amended REDII proposes a new architecture of sub-targets which poses the risk of **transforming the directive into a very complex piece of legislation**, in the absence of clear indications of the interactions between the different targets and a solid enabling framework. This would allow the demonstration of RES consumption in end-use sectors and ensure that electricity based on RES is counted towards meeting these targets.

The missing link: how renewable electricity can count for the H&C, DHC and industry targets

One crucial issue is the lack of clear provisions on how RES electricity can count towards meeting the sub-targets in heating & cooling, district heating and cooling, and industry. To successfully drive electrification in these sectors, **the amended REDII should allow for electricity from renewable sources** (for example, from the grid or produced on-site or via power purchase agreement) **to be counted towards the RES sub-targets in H&C, DHC and industry, when a supplier or consumer may prove the renewable nature of the electricity**. To this end, the way the amount of RES-E supplied to the transport sector is determined could be used as a basis, including additional flexibilities provided they are backed by robust verification/traceability to avoid double counting. These changes would fit for a wider promotion of the electrification of heating and district heating especially in large systems where the potential of direct connection of RES-H sources is technically limited.

A clearer articulation of the measures for RES in buildings, heating and cooling, district heating and cooling, and industry is needed

In our assessment on *Enabling an effective Renovation Wave*⁴, Eurelectric underlined that to decarbonise the building stock in the most efficient manner, the Integrated Renovation Plans should combine energy efficiency improvements with policies that boost on-site renewable generation, promote demand-side flexibility and transition away from pure fossil-based heat supply by prioritising electrification. Hence, **Eurelectric welcomes the obligation in art. 15a-1 for Member States to introduce measures to increase the share of RES-E and RES-H&C in the building stock**.

We take note of the intention to establish an indicative sub-target of 49% RES in the building sector in the Union's final consumption of energy in 2030 and an indicative annual sub-target of 1.1 ppt increase of RES in the industry sector. In this context, we want to underline that to reach such ambitious objectives, more clarity is needed on a series of aspects. First the "building sector" should be clearly defined, as well as the methods for accounting

⁴ https://cdn.eurelectric.org/media/4707/renovation_wave_position-2020-030-0569-01-e-h-C40E865B.pdf

different energy carriers' contribution to this target. Second, the interaction of the RES sub-targets in buildings and industry with those in H&C and DHC should be explained to prevent compliance issues. Finally, the link with other files of the *Fit for 55* package must be done in such a way that enables the achievement of such targets. More precisely, the proposed new definitions of efficient district heating and cooling and high-efficiency cogeneration criteria under the recast of the Energy Efficiency Directive should not impede the contribution of existing installations to meeting the 49% RES target in the long run. In this sense, the retroactive application of these new definitions to existing installations should be avoided. Additionally, it should be made clear in which circumstances heat derived from incineration is considered renewable and hence eligible to support from Member States.

A higher RES ambition in H&C and in DHC must be coupled with an adequate enabling framework

Subject to further assessment, Eurelectric is cautiously open to the proposed binding target for RES in heating and cooling, aimed at tackling the limited progress in terms of RES deployment in this sector, provided that electricity from renewable sources (for example, from the grid or produced on-site or via power purchase agreement) can be counted towards the RES targets in H&C and in DHC, when a supplier or consumer may prove the renewable nature of the electricity. In addition, further clarifications must be provided on Annex 1A, to make explicit whether the national targets outlined there represent the final RES share in H&C (1.1 ppt + indicative top-up) or just the indicative top-up allocated to each MS. With respect to the indicative top-up at national level, we would like to underline that achieving an increase higher than the 1.1 ppt annually in the period 2021–2025 seems hardly possible to reach, given that by the implementation date of the amended REDII, this period would soon be over, hence leading to a retroactive application of the provision.

Sustainable and cost-effective heat production needs to be preserved through an incentivising framework

According to the proposed amendments to article 24 in REDII, the indicative RES target for DHC is increased to 2.1 ppt as an annual average and a connection obligation is put in place for operators of DHC above 25MWth capacity. Eurelectric is cautiously open to an increased indicative RES target in DHC, provided that an enabling framework is ensured by the Member States in their integrated NECPs (including streamlined permitting procedures for RES projects) and that RES-E can account towards meeting this target in the DHC sector. Alike the new sub-target in H&C, an increased RES target in DHC for the period 2021–2025 seems hardly possible to reach, given that by the implementation date of the amended REDII, this period will soon be over, leading to a retroactive application of this provision.

At the same time, Eurelectric does not support the obligation for DHC network operators to connect RES and waste heat and cold from third-party suppliers. We consider that regulation should incentivise DHC companies to produce or purchase renewable heating in a way that minimises costs and increases the competitiveness of district heating, hence ensuring sustainable and cost-effective heat supply in DHC networks. As a matter of fact, the integration of third parties is already happening on the basis of voluntary bilateral contracts between DHC operators and third parties. This should remain the case, as questions

of liability, technical requirements etc. must be agreed between the parties. An obligation to integrate third parties would lead to higher system costs.

3. A stronger role for renewable energy in transport, but more clarity needed on implementation

The way renewable electricity is accounted for EV recharging (Art. 27) is welcome

First, in order to ensure the consistency of the whole EU framework with the 55% GHG emissions reduction target by 2030, Eurelectric supported an increase in the RES sub-target for transport, acknowledging that the enabling framework will be crucial to achieving a strengthened objective. We would also like to underline that, as stated in Recital 33, direct electrification – including in the transport sector – contributes to both energy efficiency and penetration of RES. Hence, Eurelectric **welcomes the removal of the requirement on additionality for electricity used in battery electric mobility in the revised RED II.**

With regards to how the amount of RES-E supplied to the transport sector is determined, the options proposed (i.e. by multiplying the amount of electricity supplied to that sector by the average share of RES-E supplied in the territory of the Member State in the two previous years; and that RES-E from a direct connection is considered fully renewable), **should be complemented wherever technically possible with additional flexibilities, provided these are backed by robust verification/traceability to avoid double counting. In this sense, similarly to the H&C sector, RED should allow for electricity supplied to the transport sector to be counted as fully renewable when suppliers can prove the renewable nature of this electricity.** These provisions will drive the development of renewables in the power sector and effectively enable the decarbonisation of transport in the most efficient manner possible.

The shift to an emissions-based target coupled with the new credit mechanism to be clarified

With respect to the -13% GHG intensity reduction target for transport, **we support the approach aimed at decarbonising transport, in particular by incentivising the uptake of renewables, in line with the European Green Deal's ambition.** However, further clarification is necessary with respect to the implications of the change in the type of target, from an energy-based to an emissions-based one. Indeed, Eurelectric is concerned by the risk of disruptions (complexity and possible delays) that it could cause to the ongoing implementation of REDII at national level and to the starting point for calculating the reductions. For instance, the choice of such a target could have an impact on the fuel-neutral credit mechanism implemented in some Member States⁵. Eurelectric asks for further clarifications regarding the rationale behind the apparent removal of the existing multipliers but their implicit integration in the calculation of the emission-based target, hence a change in the transport metric that seems to achieve the same results.

⁵ For instance, France currently works at implementing such a credit mechanism by 2022 and could have to revise it almost immediately after its entry into force in order to make it compliant with the emission-based transport target

Eurelectric welcomes the introduction of an obligation for Member States to put in place a **fuel-neutral credit mechanism** while leaving them flexibility to set the concrete conditions of its national implementation, provided that it effectively supports EVs using RES-E as an efficient and sustainable way to increase the share of RES in transport. We support the recognition of the role of renewable energy sources to decarbonise road transport, and in particular through electrification as the most cost-effective solution for most forms of road transport. Where technically possible, the credit mechanism should not be limited to public charging points, but also cover private and semi-public charging points, in order to ensure a level playing field in the charging services market. This will also enable the recognition of the importance of private and semi-public charging in buildings as an adequate EV charging infrastructure for Europeans. Furthermore, it should be possible for such a credit mechanism to be also applied to other types of transport like rail, aviation or shipping. Finally, further clarifications are needed, namely defining the concept of “economic operator” (in order to clarify who will receive the credits, i.e. the operator, the owner of the charging station or the supplier of the renewable electricity) and how the system interacts with GOs and the Union database, if in any way.

4. Getting the enabling framework right: simplifying and supporting permitting, better cooperation among Member States and addressing the taxation regime of electricity

More needs to be done on simplifying and speeding up permitting procedures

A significant acceleration of the pace of renewables deployment and grid development is necessary to achieve the ambitious target of 40% RES at EU level. The Climate Target Plan foresees that 65% of electricity in the power sector will have to be renewable by 2030 to stay in line with the EU’s decarbonisation ambitions, which would amount to adding almost 500 GW of new RES installed capacity. **Eurelectric has highlighted⁶ the negative impacts of slow and complex permitting processes on the building of RES capacity and grid reinforcements. This issue will become all the more important in the context of a more ambitious RES target.** While we agree that it is mainly the duty of Member States to implement quickly and thoroughly the provisions on permitting in REDII, in particular the single contact point and clear start and end dates for the permitting process, we believe that **this can be one of the biggest blocking points for RES deployment at the required speed and more can and must be done also at EU level.**

The European Commission should issue guidelines to help Member States overcome administrative and procedural difficulties tied to permitting, setting good practices and including KPIs to assess progress (e.g. average time for permitting procedures, number of resources allocated to permitting activities), and it should take a **more active approach to monitoring the implementation of permitting rules**, for example through an explicit consideration of the permitting process and their evolution at the relevant level in National Energy and Climate Plans (NECPs). Moreover, it should **specify that Member States are obliged to define and describe what steps are part of the permitting procedure**, this would help illustrate that it is not only permitting but the planning processes in general that negatively impact the deployment of renewable energy.

⁶ https://cdn.eurelectric.org/media/4750/eurelectric_statement_res_permitting-2020-030-0594-01-e-h-0C9C81A1.pdf

Also, in the light of the higher RES ambition, **the European Commission should take this opportunity to recognise that RES expansion is a matter of public interest in the context of the energy transition and commit to evaluating potential ways in which existing nature protection and environmental EU-legislation could be rendered more supportive of energy and climate objectives and simplified for application in the context of permitting procedures.** In this context, the European Commission should also **state that Member States are required to allocate the necessary funding of government institutions handling dispute resolutions to avoid unnecessary delay of renewable energy deployment and decarbonisation.**

A technical support instrument, financed by the EU budget and directed at addressing the lack of administrative capacity and human resources in the Member States, could be introduced as a complementary way to tackle the issue of the lack of human resources and technical expertise to conduct permitting processes. Finally, special focus and fast-track procedures should be applied for strategically important RES projects defined in NECPs and long-term climate strategies by 2050, especially those located in a just transition region.

As part of their electrification framework, Member States could support electrification via taxation

As part of the proposed RES-electricity framework to be developed by Member States, it is necessary to address the taxation discrepancies between electricity and other energy carriers. Limiting the weight of taxes and levies on electricity will help make electricity more affordable for households and contribute to minimising social and distributional impacts, while providing the right signals to foster electrification as a key factor towards energy efficiency and decarbonisation and allowing for a truly internal market with a level playing field at European level. **The RED should also incentivise Member States to support RES-based electrification, including through making full use of article 15 in the existing Energy Taxation Directive (article 16 under the *Fit for 55* package proposal), and avoid taxes and levies schemes that distort the economic efficiency of market mechanisms or the ETS purpose.** In any case, Eurelectric is aware that taxation policy will be mostly covered with the provisions of the ETD Directive revision also a part of the *Fit for 55* package. For further details, please have a look at Eurelectric's position paper on the ETD review available on our website.

Incentivising joint RES projects can boost RES cooperation, including the role of the EU RES financing mechanism

Regarding the obligation for Member States to establish at least one joint project with one or more Member States for the production of renewable energy, **Eurelectric supports an incentivising approach for MSs to establish increased cooperation on RES projects, especially due to the potential to strengthen the role of the EU RES Financing Mechanism, since the different MSs' legislation are still very different and consequently RES auctions are currently difficult to carry out. This cooperation, in the long term, could bring national regimes closer in this sense, opening the deployment of a unique "renewable market". Nevertheless, this should not be an obligation and, further explanations are needed with respect to how such joint projects could be carried out (ex. rules on distribution of costs/benefits) and how it would be ensured that they do not negatively impact market-based investments. Finally, common renewable energy projects under the Renewable Energy Directive should be also**

made available for projects developed under international consortia or joint ventures. For example, right now it is the most common way for developing offshore wind projects.

5. Facilitate the integration of RES-E: disclosing RES-E share and GHG emissions content of the electricity supply is a complex exercise and should be recognised as such

Overall, Eurelectric agrees with the principle in article 20.a-1 (new), as making the information on the share of RES in electricity grids available to all market participants may be an additional impulse to stimulate consumption not only when the price is low but also when the production of renewable energy is high. This will stimulate a better usage of the network infrastructure. However, the technical possibilities of RES-E data collection can differ in the different member states. Additional information may be required from the customers to make accurate predictions.

With respect to disclosing the GHG content, the calculation of the carbon content of electricity is complex and does not fall within the scope of DSOs who do not supply and do not always have insight into the composition of the suppliers. Second, this would entail a need to develop guidelines on accounting GHG allocated to electricity coming from storage technologies.

Given these challenges, **Eurelectric believes that, with regards to this provision for network operators, it should be left to the Member States to decide to implement this.** In addition, these rules should be aligned with other relevant legislation, such as the provisions in the System Operation Guidelines. From a broader perspective, further clarification could be useful on the exact aim of this – technically complex and possibly costly – disclosure requirement.

6. The achievability of proposed RFNBOs targets depends on the final criteria for RFNBOs to be considered renewable

Renewable and low-carbon hydrogen is a key element in the transition to a net-zero economy, needed to decarbonise “harder to abate” sectors, as a complement to direct electrification. To achieve ambitious CO₂ reduction targets, the potential of renewable H₂ production must be increasingly tapped. The use of hydrogen and e-fuels from hydrogen should be encouraged in hard to abate sectors, where direct electrification is not feasible. Renewable H₂ needs electricity from renewable sources, therefore RES-E generation must be stepped up. To this end, **the expansion path of renewable energies must be raised in line also with the additional demand for RES-E from electrolyzers, as article 3.4a suggests.**

Eurelectric **welcomes the extension of the definition of RFNBOs to all end-uses** since a uniform definition supports the emergence of a broad and liquid market. We **take note of the RFNBOs targets in industry and transport proposed in the amended REDII and recall that in previous positions, Eurelectric was not in favour of quotas for RFNBOs.** An appropriate and effective complement to binding targets would be market-based support schemes such as (carbon) contracts for difference, etc. Should these targets be kept, Eurelectric asks for

further details with respect to the chosen level of the RFNBOs targets in industry and transport, to ensure these are in line with a cost-effective development of hydrogen. We also want to underline that, also considering the bottleneck represented by the permitting process, **the achievability of these targets depends on the final criteria for RFNBOs to be considered renewable.**

To stay in line with the ambition of the European Green Deal and the European Hydrogen Strategy, **the upcoming delegated act on RFNBOs foreseen in RED II, as well as the ongoing revision of REDII, 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 see that additionality can be a very concrete threat to the growth of H₂, so if it is confirmed and applied, we would like to propose the following modalities. Eurelectric recommends adopting a system-wide approach to additionality (as suggested in article 3.4a), rather than imposing a project-based approach which would be unnecessarily restrictive. Indeed, a strict application of the additionality principle can threaten the development of RES hydrogen production and e-fuels. In addition, for countries that have a high share of RES in their electricity mix, a threshold, above which the additionality principle should not be applied should be foreseen. **If criteria defining additionality are put forward nonetheless, they must be carefully designed** to allow to kickstart and scale up quickly the development of electrolyzers to bring down costs, to guarantee credibility, encourage investments, avoid distortions on the internal market of hydrogen and prioritise an optimised integration of renewable energy in the long run. Hence, until sufficient new renewable electricity capacity is installed thanks to streamlined permitting processes, Eurelectric proposes a transitory period to adapt the requirements for additionality, and geographic and temporal correlation and make them manageable from an operational point of view. The requirements after the transitory period should be re-evaluated, taking into account the experience and the feedback gathered on the existing RFNBO projects.

Eurelectric is also concerned by the process followed by the European Commission which aims to publish the RFNBO delegated act by the end of the year, meaning before the end of the negotiations on the REDII revision. The delegated act should not automatically become a blueprint for criteria to be defined for RFNBOs used in other sectors than transport.

7. A stable rule book for the sustainability and GHG savings criteria for bioenergy

The power sector is striving to achieve carbon-neutral electricity well before 2050 and we need more sustainably sourced energy to lead the fight against climate change and biodiversity loss. **We acknowledge⁷ the concerns that increased EU biomass demand could also have a negative impact on carbon sink and biodiversity.** Hence, while biomass should remain an option for fulfilling ambitious carbon reduction targets, robust and harmonised implementation of the sustainability criteria for biomass in REDII by Member States and economic operators is crucial. Generally, **Eurelectric believes that a constant change in**

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https://cdn.eurelectric.org/media/5291/eurelectric_comments_on_guidance_on_redii_forest_biomass_sustainability_criteria-2021-030-0193-01-e-h-9E5C8CA4.pdf

the sustainability criteria for biomass might have a negative effect on the market. Therefore, before further changes, priority should be given to the implementation of the current sustainability and GHG emissions criteria to gain experience and further insights into biomass markets.

As a matter of fact, according to our internal research, **data open to public consultation does not allow us to evaluate whether the current criteria are stringent enough**. This is **both a problem of implementation**, since only 18 of the Member States had transposed REDII as of the transposition deadline, and a **problem of transparency** in that there is **no open-source database that allows one to effectively analyse biomass use below the gross national level**. Hence, **the development of a public database providing information on biomass use at the installation level could be envisaged** in order to bridge this information and transparency gap.

While Eurelectric supports the need to strengthen the protection of biodiversity and forests in Europe, we think that **any proposed reinforced provisions on this aspect should be carefully designed, with due regard to the risk-based approach introduced by REDII**. Several points of attention can be raised with regard to the newly proposed provisions on the sustainability of bioenergy. First, **the articulation between cascading principle and waste hierarchy** should be further explained in order to give clarity over its implementation in practice. Second, **transitional arrangements must be secured for the existing biomass plants**, with a distinction being made between old power plants and new ones, given the limited potential of existing plants to adapt to new requirements. Finally, while lowering the threshold it must be kept clear that **the implementation and the verification schemes will indeed stay simple for the smaller companies – the draft proposal should take this into account**.

Regarding the **tightening of rules on support for energy from biomass**, more precisely the provision on the drafting of a **delegated act regarding the cascading principle for biomass** with a focus on minimising the use of quality roundwood for energy production, its scope **should be clearly limited to the application of this principle in the case of support schemes only, and not aim at a general definition of this principle**, which could prevent proper functioning of the market.

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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