WindEurope feedback on the Inception Impact Assessment for the revision of Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources

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WindEurope, representing the entire European wind power value chain with more than 400 members, welcomes the European Commission's proposal to increase the 2030 climate ambition level and the possibility of providing feedback on the revision of the Renewable Energy Directive through this first consultation.

WindEurope strongly supports the new target of at least 55% Greenhouse Gas (GHG) emission reduction by 2030 as an urgent measure to comply with the Paris Agreement and its ambition to limit global warming to 1.5°C. Reaching this target is crucial to avoid postponing the bulk of efforts to the post-2030 period which would create a risk of missing the 2050 climate-neutrality objective.

Renewable energy sources are scalable and ready-to-use technologies that will play the most crucial role in the energy transition. Wind energy is a source of clean electricity and is local, reliable and affordable. It adds significant value to the European economy while contributing to the objectives of energy independence and security. With 196 GW installed across the EU-28[1], wind energy today supplies already 15% of the total European electricity demand and helps save €10bn/year in fossil fuel imports. The sector employs 300,000 people across all regions of Europe[2].

To ensure the optimal deployment of renewable energy technologies and grasp all the benefits they bring along, it is fundamental for the **EU and its Member States to provide regulatory stability, incentives and long-term visibility to investors**. Well-designed and implemented policies remain critical to unlock the necessary investments in renewable technologies for delivering the EU Climate & Energy objectives. This means providing clear information on timeline, volumes and budget of the pipeline of renewable energy installations. It also means **overcoming barriers to renewable energy deployment such as long and complex permitting processes that today represent the biggest bottlenecks to wind and other renewable energy installations**. It means planning ahead how to electrify with renewables buildings, industrial processes, and the transport sector.

The Renewable Energy Directive will be critical to delivering on the EU's climate and energy targets and should reflect the increased ambition on greenhouse gas emissions reductions to 2030. The Directive is

[1] Data refer to H1 2020, EU–27 + UK. Source: WindEurope. For cumulative installations EU-28, end of 2019 see *Wind energy in Europe in 2019*, WindEurope (2020).

[2] *Local Impact, Global Leadership*, WindEurope and Deloitte (2017). Estimates on jobs creation are the latest WindEurope figures.

a fundamental component of a broader set of European policies and legislation that need to be fully aligned with the Green Deal objectives.

We appreciate the possibility to re-open some articles of the Renewable Energy Directive (i.e. 3, 7, 15, 23, 24, 25, 27) as indicated in the Inception Impact Assessment subject to this first consultation.

Nevertheless, other Articles of the Directive need strengthening as they are crucial to ensure the achievement of the 2030 targets, such as (but not limited to) Art. 16 on permitting of renewable energy installations, Art. 19 on **Guarantees of Origin**, Art. 15 on corporate renewable Power Purchase Agreements. The European Commission should lean on Member States on their robust implementation at the national level.

WindEurope recommendations for a revision of the Renewable Energy Directive:

- The **higher renewable energy target** that will support the achievement of (at least) 55% GHG emission reduction by 2030 needs to be enshrined in the revised text [*Reference to Art. 3*].

- **Renewable-based direct electrification is the primary enabler for decarbonising the economy**. Today electricity covers only 24% of the final energy uses and most of it is fossil fuel generated. Only 32% of this electricity is provided by renewables in the EU-27[3].

  Replacing fossil fuels with renewable electricity is the most cost effective and energy efficient way of reducing CO2 emissions in sectors such as transport, heating and most of industry. Adopting policies that support an active demand for renewable energy from the consumption side will be also crucial to ensure the targets are reached.

  Policymakers should pursue direct electrification using renewable electricity wherever it is available and whenever it is possible. Our assessment shows that it is technically and economically possible to achieve 62% direct electrification by 2050. This will deliver the bulk of decarbonisation of the economy[4]:
  - Heating and cooling could reach a 64% direct electrification rate by 2050[5]
  - Transport could reach a 51% direct electrification rate by 2050[6]
  - Industrial processes could reach an 86% direct electrification rate by 2050[7]

  [*Reference primarily to Articles 7, 15, 23, 24, 25, 27 of the Renewable Energy Directive*]

[3] *2020 Energy Statistics Country Datasheet*, Eurostat. Data refer to EU-28, year 2018. The Excel file is accessible at: https://ec.europa.eu/energy/data-analysis/energy-statistical-pocketbook_en [April 2020]
[4] Please refer to *Wind-to-X* (position paper), WindEurope, 2019 – accessible at: https://windeurope.org/wp-content/uploads/files/policy/position-papers/WindEurope-Wind-to-X-position-paper.pdf?v=2 [April 2020]
[5] *Breaking New Ground*, WindEurope (2018), https://windeurope.org/wp - content/uploads/files/aboutwind/reports/WindEurope-breaking-new-ground.pdf
[6] Ibid
[7] Ibid

- In order to reach net-zero emissions, indirect electrification with renewables will play a crucial role in the hard-to-abate economic sectors such as cement, steel, chemicals heavy-duty road transport, aviation and deep-sea shipping. Renewable hydrogen (i.e. electrolysed hydrogen powered by 100% renewable electricity – reference to point below) can help decarbonise these sectors.

  [*Reference primarily to Articles 7, 15, 23, 24, 25, 27 of the Renewable Energy Directive*]

- Importantly, the Renewable Energy Directive and other relevant EU legislation should ensure a **clear, consistent, and transparent European definition of renewable hydrogen across all European policies and laws**. This should include the different sources and routes to produce renewable hydrogen and renewable hydrogen derivatives. This is missing in the current legislation. As stated in the European Commission's 8 July Hydrogen strategy, Renewable hydrogen produced via electrolysis based on 100% renewable electricity is the hydrogen type most compatible with climate neutrality. The Renewable Energy Directive should serve to ramp up the production of renewable hydrogen towards competitiveness in the next decade.

  [*Reference primarily to Articles 2, 7, 15, 23, 24, 25, 27 of the Renewable Energy Directive*]

- The Renewable Energy Directive revision needs to provide a more transparent framework for **Guarantees of Origin** (GOs). GOs are crucial to evidence the consumption of renewable electricity. A well-functioning framework for GOs is critical also to the development of corporate renewable PPAs in Europe. Clear rules to guarantee the traceability and to ensure issuance of GOs to all renewable electricity producers, with a consistent approach across all Members States and in interconnected third countries that are part of the Continental Synchronous Area, should be implemented.

  The revision of the Directive should also aim at designing a robust certification system across the EU for renewable energy and renewable hydrogen that ensures the compatibility between renewable support schemes and GOs to enable the uptake of a European renewable hydrogen market.

  [*Reference to Art. 19 of the Renewable Energy Directive*]

- **Corporate renewable energy power purchase agreements (PPAs)** are a key driver for market-based investments in new renewable installations in Europe, complementing public tenders and providing renewable suppliers with stable and secure revenues. Corporate renewable PPAs are also an important tool to ensure a competitive decarbonisation of European businesses, providing affordable, reliable and sustainable electricity.

  In many Member States administrative and regulatory barriers to the development of corporate renewable PPAs remain, despite Art. 15.8 of the current Renewable Energy Directive asking Governments to remove these barriers. A revision of the Directive should ensure that corporate buyers and sellers have better safeguards for the implementation of renewable energy PPAs.

If this should be done through the adoption of National Energy and Climate Plans (NECPs) that are consistent with Art. 15.8 provisions, at present only 9 out of the 27 national Plans report with some detail how corporate renewable energy sourcing will be deployed. Instead of simply removing the barriers to PPAs, Member States should be encouraged to actively support the uptake of these contracts.

To increase renewable energy corporate sourcing, Member States should also simplify and speed up the permitting processes – both for renewable energy installations and for the connection to the electricity grid. A short and simple permitting process is key to unlock the potential of corporate renewable PPAs and the Renewable Energy Directive should reinforce this message.

[*Reference primarily to Articles 15.8 and 16 of the Renewable Energy Directive*]

- Attention must be drawn on the importance of a correct implementation of Art. 16 of the Renewable Energy Directive on the simplification of the process of **permitting for new and repowered wind energy projects**, shortening the lead time and creating a one-stop-shop for developers**.** Permitting rules and procedures remain too complex and lengthy despite the provisions in the reviewed Renewable Energy Directive asking Member States to simplify and shorten them. National administrations are often not properly staffed to process the amount of permits required for reaching the 2030 targets, let alone the 2050 ones. Slow processes prevent the use of the most efficient technologies available which would be able to deliver the transition at the lowest cost for the society. Unclear regulatory frameworks and delays in legislation exacerbate investor uncertainty. **Without permits, the renewable energy volumes spelled out in the National Energy and Climate Plans remain academic. This will put at huge risk the attainment of the 2030 and 2050 targets[8].**

  As previously mentioned, simplification and shortening of the permitting process for renewable installations would also strongly encourage the uptake of corporate renewable energy sourcing.

  [*Reference primarily to Art. 16 of the Renewable Energy Directive*]

Additional important considerations on the revision of the Renewable Energy Directive, taking into account its scope and the link to other relevant EU laws and policies, are the following:

- The Renewable Energy Directive should help fully align the post-COVID recovery to the European Green Deal objectives. This should be reflected in the implementation of the National Energy and Climate Plans and the priority given to renewables in the National Recovery and Resilience Plans.

- The Renewable Energy Directive should factor in and reflect the need for a build-out of the infrastructure required to deliver the energy transition, such as transmission and distribution grid, interconnectors, e-fuels transport and distribution, electric vehicles charging, storage facilities.

[8] See WindEurope letter addressed to the European Commission, May 2020, available at https://windeurope.org/wp-content/uploads/files/policy/position-papers/20200513-RES-industry-letter-on-permitting-of-new-renewables-investments.pdf

- The Directive should stress the need to phase out subsidies to fossil fuels.

- The Directive should factor in the importance of electrolysers and smart grids in developing a renewables-based energy system and the underlying R&D.

WindEurope and its members remain at full disposal for any further information needed and will be pleased to further contribute to the process of revision of the Renewable Energy Directive.