



## KEY POLICY RECOMMENDATIONS – October 2020

With over 250 companies committed to a 100% renewable electricity supply globally, corporate renewable sourcing has become a major business opportunity, boosting economic competitiveness of corporates and reducing their carbon footprint.

Europe has played a part in the global renewable energy sourcing trend with a significant increase in onsite renewables, and growth in corporate renewable PPAs, increasing from 2.2 GW of renewable energy capacity supported by PPAs by the end of 2016 to over 9.4 GW by the start of 2020.

But Europe needs to do more if it's going to deliver on its Green Deal. The acceleration of corporate renewable sourcing will be essential to the market-driven and cost-effective delivery of the EU's goal to be the 1<sup>st</sup> climate neutral continent by 2050.

The RE-Source platform calls on EU and national policymakers to play a leading role in this transformation, and support EU businesses by realising Europe's full potential for renewable electricity sourcing. The explicit removal of regulatory barriers to corporate renewable sourcing as required by the Renewable Energy Directive is critical to this end.

### 1. Aligning EU energy and climate ambitions with the commitment to achieve climate-neutrality by 2050

- To be on a pathway consistent with achieving climate-neutrality by 2050, the RE-Source Platform supports the European Union to review upwards its 2030 greenhouse gas emissions target to at least 55% and to increase the ambition of its 2030 renewable energy target accordingly.
- Enabling corporate PPAs and other forms of corporate renewable procurement to play a larger role in the EU energy transition is a pre-requisite to achieving higher renewable targets by 2030 and delivering on the objectives of the European Green Deal.

### 2. Ensuring an effective Guarantees of Origin (GOs) system that provides transparency and traceability of green electricity

- The Renewable Energy Directive spells out guidelines to ensure the compatibility between renewable support schemes and GOs, avoiding overcompensation. GOs should therefore be issued to all renewable electricity producers irrespective of whether they benefit from a support mechanism (e.g.

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premium allocated via an auction). GOs are indispensable to meeting the transparency and traceability requirements of renewable electricity buyers.

- The upcoming review of the Renewable Energy Directive should ensure the GO system is robust and implemented in a harmonised way. The GO system should ensure adequate information for renewable energy buyers and suppliers and help trigger new renewable energy investments.

### 3. Addressing regulatory barriers to corporate renewable energy sourcing

- 13 European countries saw corporate renewable PPAs in 2019 and additional countries have legislated to facilitate corporate renewable energy sourcing: Bulgaria, Lithuania and Romania. But national implementation of the European rules in favour of corporate renewable energy sourcing remains uneven. The basic framework enabling corporate energy consumers to easily purchase power from renewable generators needs to be guaranteed and ideally harmonised across the 27 Member States. For example, national levies for the promotion of renewables should be designed to factor in and incentivise corporate renewable energy sourcing.
- To facilitate the development of cross border corporate renewable PPAs, Member States should promote liquid forward, intraday and balancing markets as well as maximise interconnector availability.
- The upcoming review of the Renewable Energy Directive should address remaining barriers to the development of corporate renewable sourcing in the EU and in particular:
  - Strengthen the provisions of Article 15 and Article 16 on the removal of administrative barriers and simplification of permitting procedures. It will be key to support further the deployment of new renewable projects and meet the growing demand of corporate buyers in the EU.
  - Strengthen the provisions of Article 21 (renewable self-consumers) to define appropriate measures facilitating the development of “medium” sized renewable installations and support of innovative business models for C&I self-consumption such as i) the removal of restrictions on third party ownership of on-site renewable installations, ii) the possibility to have a project developer that is different than the energy supplier, and iii) the possibility for C&I self-consumers to self-supply their facilities through a direct line. In line with the Electricity Market Design Directive, the right of producers and electricity supply undertakings to supply their

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own premises, subsidiaries and customers through a direct line should be guaranteed.

#### **4. Ensuring EU State aid rules do not undermine corporate renewable energy sourcing**

European competition policy must be consistent with the goals of the Green Deal and should not act as a barrier to develop corporate renewable procurement.

- The EU energy and environment State aid guidelines should ensure market-based support mechanisms and corporate renewable energy sourcing can be used side-by-side:
  - In line with the Renewable Energy Directive, the design of renewable support mechanisms must be compatible with corporate renewable PPA contracts underpinned by GOs.
  - This will lead to lower bids from renewable energy projects competing in the auctions and result in a better deal for society.
- Large energy consumers qualifying for indirect TS cost compensation under the EU Emission Trading Scheme should be able to contract corporate renewable PPAs in line with the 2020 ETS State aid guidelines.

#### **5. Amending and delivering National Energy and Climate Plans (NECPs) to 2030**

- Member States are required to identify and remove existing administrative barriers to the development of corporate renewable PPAs and direct investments in renewable energy generation as per Article 15.8 of the Renewable Energy Directive. National Energy and Climate Plans are one of the tools to take this forward but so far only a handful of Member States have addressed this issue in their plans. Member States should use all relevant processes, including the revision of their NECPs, to address the points above, unlock the potential of corporate renewable PPAs and contribute to the binding EU renewable energy target.

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