



Response to the Public Consultation on the Revision of the Renewable Energy Directive (RED II)

The RE-Source Platform supports and commends the European Union on its leadership in revising its 2030 target for greenhouse gas emission reductions upwards to at least 55%.

Achieving this goal will require even greater ambition on renewable energy. Member States will seek to harness new and creative ways to drive the development of renewable energy assets to meet this ambition.

Until now, public tendering schemes have represented the primary means of driving new renewable energy deployment in Member States. With Europe's revised ambition for 2030, corporate renewable energy procurement can play a much bigger role in supporting Member States to deliver the additional renewable resources that are needed, complementing the contributions made by existing public tendering schemes.

To tap into this potential, enabling frameworks for the development of corporate renewable procurement must be introduced. The Clean Energy Package has been a positive step in this direction and established explicit requirements for the removal of administrative and regulatory barriers to corporate renewable PPAs. However, few Member States have addressed these provisions in their National Energy and Climate Plans, and much more can be done to go beyond removing barriers, to actively facilitating corporate procurement as a means of supporting renewable uptake.

Enabling corporate PPAs to play a larger role in the EU energy transition is already a prerequisite to achieve the pre-existing targets for 2030. With renewed ambition, the imperative to unlock the potential of corporate renewable energy procurement becomes even stronger.

The Fit for 55 package represents a unique opportunity to update the EU's regulatory framework and ensure that Member States are empowered to implement the policies and measures needed to meet their revised targets. It is essential that the Renewable Energy Directive and other texts under review in the Fit for 55 package are updated to allow corporate renewable energy procurement to reach its full potential and make a significant contribution towards Europe's 2030 targets.

The RE-Source Platform supports the upward revision of the EU 2030 renewable target, to align with the increased ambition to achieve at least 55% CO2 emission reduction by 2030.



- The European Union has a unique opportunity to take decisive steps towards climate neutrality by 2050. The revised Renewable Energy Directive must fully reflect and support the EU's higher climate ambition envisaged in the Climate Law.
- For this reason, the EU 2030 renewable energy target should be increased to a minimum of 38%, in line with the European Commission's Impact Assessment, effective as of June 2021.

Corporate buyers and sellers of renewable energy need committed policies for the implementation of enabling frameworks for corporate renewable energy power purchase agreements (PPAs) in the National Energy and Climate Plans (NECPs).

Corporate renewable PPAs are becoming a key driver for investments in new renewable energy installations in Europe and the achievement of the Union's climate-neutrality target.

- Many corporate energy consumers have set ambitious targets for sourcing clean energy. These voluntary commitments contribute to advance Member States' goals under the Renewable Energy Directive by adding new renewable energy projects to the European electricity grid. The capacities added so far are significant: in Europe, more than 11 GW of corporate renewable PPAs have been signed so far, from 2.2 GW in 2016.
- Corporate renewable PPAs provide financial certainty for renewable energy providers, complementing existing market-based revenue stabilisation mechanisms.
- They also contribute to a market that is economically and environmentally efficient, liquid, and transparent, enabling energy consumer access to cost-competitive clean electricity supply.
- Moreover, the investment from private capital into renewable energy projects complement Member States' revenue stabilisation mechanisms, minimising the costs for society.

These benefits make corporate renewable energy PPAs an essential tool to drive a cost-effective energy transition.

In this context, Article 15.8 of the Renewable Energy Directive calls on Member States to remove all barriers to support the market uptake of corporate renewable PPAs. However, Member States have largely ignored this requirement: of 27 NECPs submitted under the Clean Energy for All Europeans package, 19 do not include any evaluation of the current barriers to PPAs nor propose dedicated measures to facilitate their uptake. Several barriers still remain across Europe, mainly:



- Administrative barriers around the retention and retirement of guarantees of origin create unnecessary burdens to renewable energy purchasing for private companies.
- Regulatory barriers that prevent public support schemes from coexisting with the corporate PPA market and therefore act as a barrier to corporate PPAs.

Given the growing importance of corporate renewable energy PPAs in reaching the climate ambition, the RE-Source Platform calls on the European Union to solve this “implementation gap”, and transition from “removing barriers to corporate PPAs” in Europe to “actively supporting” the ambitious development of this business model across EU countries:

- While we welcome some direction taken by some Member States, the European Commission needs to encourage those Member States which have undertaken concrete measures to promote corporate renewable PPAs as part of their National Energy and Climate policies to do more.

Some developments from the NECPs we welcome include:

- Setting a trajectory or target for PPAs: done by Italy, Spain, and Ireland, e.g., define a percentage of renewable electricity coming from corporate PPAs in the national renewable energy goals.
- Setting dedicated procurement procedures: done by Italy for Green Public Procurements.
- Establishing model contracts: done by Spain.
- Setting up financing/de-risking facilities: done by Luxemburg.
- National policymakers consulting with corporate buyers and renewable developers to understand what is needed to unlock the potential for corporate procurement

We support the creation of efficient renewable energy markets. This means working towards markets that allow the broadest set of participants and are designed to ensure economic and environmental efficiencies, liquidity, and transparency. We encourage stronger provisions in Article 15.8 of the Renewable Energy Directive and the Governance Regulation to ensure the roll-out of ambitious frameworks for corporate renewable PPAs in the NECPs.

Member States should also be required to speed up and simplify permitting procedures for the deployment of renewable energy and storage installations and their connection to the electricity grid, while maintaining environmental standards.



Permit-granting procedures are currently one of the major barriers to the development of renewable and storage projects in Europe. Procedures are too complex, too restrictive, involving too many contact points, and are very lengthy. This results in delays for the project realization, in the inability to use the best available technologies and, overall, in higher related project development costs. Delayed project realisation also increases the perceived risk for projects, and thus the cost of capital, which is a significant cost component for renewable energy projects.

Article 16 of the Renewable Energy Directive requires that Member States shorten and simplify the permitting process for new and repowered projects. Despite this, very few NECPs specify what measures will be taken at the national level to reduce the permitting burdens. This will delay the deployment of new renewable installations in Europe and hamper the achievement of the EU 2030 and 2050 climate and energy targets.

- Therefore, the review of the Renewable Energy Directive should reinforce that a short and simple permitting process is key to unlock the potential of corporate PPAs in Europe, thereby harvesting the growing contribution of corporate renewable investments to the achievement of ambitious renewable targets. This requirement should also be explicit in the NECPs.
- The European Commission must develop guidelines on permit-granting procedures, using a benchmark system that is measurable and against which Member States can weight their performance. This allows to closely monitor the implementation of the Renewable Energy Directive provisions on the simplification and shortening of the permitting processes. We recommend adding these benchmarks as an Annex to the Renewable Energy Directive – complementing Article 16. For instance, benchmarks could refer to the number of staff present in the authorities that are competent for issuing the permits or number of authorities involved in the whole permitting process.

Renewable energy development is also heavily dependent on the electricity transmission system to provide interconnection points for new projects. Delays in grid infrastructure development continue to add complications to the development of new renewable energy and access to corporate PPAs.

For this reason, Member States, and more specifically those facing grid constraints, need to prioritise the development and reinforcement of the transmission grid to support the interconnection of renewable energy projects. Focus should be given to regions with high potential for renewable energy generation. By developing transmission in these areas, Member States can fully leverage their resources to decarbonise the grid and the wider economy.



- The European Commission should ask Member States to identify areas where transmission systems would benefit from reinforcement or where new infrastructure is needed to enable more renewable energy generation. Member States should also include plans and information about how such system gaps will be managed and how quickly solutions will be developed.

Provide a more transparent framework for Guarantees of Origin (GO) with additional information captured to evidence the consumption of renewable electricity.

GOs are meant to trace green electricity in the power system and therefore are critical to demonstrate the use of renewable electricity. Moreover, corporate energy buyers and other consumers are increasingly seeking more detailed information on the origin of their energy. For this reason, a well-functioning framework for GOs is critical to the development of corporate renewable PPAs.

- Member States should issue GOs to all renewable electricity producers, irrespective of whether the renewable energy projects are installed behind-the-meter or receive state support. Some Member States (like Spain, France, Ireland, and Germany) retain GOs from renewable energy projects benefiting from state aid because they fear the projects could receive double compensation. This breaks the link between renewable energy producers and consumers and prevents PPAs from being signed. Art. 19 already states that the price of the GOs needs to be factored in the level of support to avoid any double compensation.
- GOs should contain an increased level of information both to support those consumers seeking to obtain more detail on the origin of their electricity and to empower renewable energy producers to market their electricity.
- Information related to the time of generation of the GO should be provided at a more granular level than simply annually to support corporate consumers willing to attest to the matching of supply and demand. Therefore, we require all Member States to “time-stamp” the GOs issued to producers to know the precise time at which the underlying unit of energy was produced.
- Member States should harmonize environmental attributes on a single system across Europe to reduce complications for corporate renewable energy buyers operating across Europe.
- Moreover, to achieve a well-functioning framework for GOs, rules to guarantee the traceability and ensure issuance of GOs to all renewable electricity producers should follow a consistent approach across all Member States. Arbitrary rules for the retirements of GOs, such as requirements that only allow suppliers to retire GOs, or that GOs must be retired within the same month as they are generated, should be eliminated.



Enhance framework for commercial and industrial (C&I) renewable energy self-consumption enabling businesses to play their full part in the energy transition.

The C&I sector could contribute significantly to achieving Europe's 2030 renewable targets and it will be a critical component of Europe's upcoming Renovation wave initiative. The cumulative on-site renewable capacity in the C&I sector remains largely untapped in Europe: in 2019 the installed capacity reached 58 GW, while forecasts for EU-27 show that cumulative installed capacity may account for 381 GW by 2030.

Despite the provisions highlighted in Article 21 of the Renewable Energy Directive, several Member States still apply disproportionate administrative procedures for C&I self-consumers. For example, in France, on-site self-consumption for solar installations above 100 kW (C&I scale) is awarded through a tendering scheme, which presents too high of a risk for corporate buyers. The results have been an under subscription in the last tenders and a low development of C&I self-consumption in France. The French government has announced it would increase the threshold to 500 kW to better reflect the needs of businesses and avoid the requirement for installations below that size to go through a dedicated tendering process.

- Member States should define appropriate measures to facilitate the development of “medium” sized renewable installations. Such installations fall under a regulatory “grey area” in the current European framework, which defines specific provisions for installations under 30 kW and above 1 MW but do not address the characteristics of C&I self-consumption installations, which are commonly medium-sized.
- The RED II revision should remove disproportionate administrative procedures and support innovative business models for C&I self-consumption such as i) removing restrictions on third party ownership of on-site renewable installations, ii) allowing for project developers that are different from the energy supplier, and iii) the possibility for C&I self-consumers to self-supply their facilities through a direct line.

As the RE-Source Platform, we would be pleased to offer our assistance and expertise to you in revising the Renewable Energy Directive.