



Response to Inception Impact Assessment Revision of the Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources

The RE-Source Platform welcomes the initiative of the European Commission to review the Renewable Energy Directive (RED II) and allow for a faster transition to a green, smart and resilient European energy system.

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 by June 2021, before the upwards review initially established by the RED II for 2023.

Enabling corporate PPAs to play a larger role in the EU energy transition is a pre-requisite to achieve higher renewable targets by 2030 and deliver on the objectives of the European Green Deal.

Corporate renewable energy power purchase agreements (PPAs) are becoming 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 energy purchase agreements are also a pivotal tool for the competitive decarbonisation of EU businesses, providing affordable and fully sustainable electricity.

To tap into this potential, supporting further the development of corporate renewable PPAs is essential. 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. Yet, the outstanding majority of Member States have ignored these provisions in their National Energy and Climate plans, while corporate buyers will have to intensify their efforts to achieve the ambitious objectives of the European Green Deal.

In this regard, the RE-Source platform wishes to highlight important improvements for consideration related to Article 3 and 15 of the RED II, currently in the scope of the Inception Impact Assessment. Furthermore, the RE-Source platform also urges the European Commission to enlarge the scope of the upcoming review to Articles 16, 19 and 21 of the RED II, currently left out of the scope of this Impact Assessment and yet critical to enable corporate renewable PPAs to play their full part in this unprecedented transition.



Article 3. 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

- This review should be initiated by June 2021, before the 2023 upward review initially established by the RED II.

Article 15.8. Corporate buyers and sellers need better safeguards for the implementation of enabling frameworks for corporate renewable energy PPAs in the National Energy and Climate Plans (NECPs)

- Despite the good provisions highlighted in Article 15.8 of the RED II, Member States have largely ignored these requirements: of 27 national energy and climate plans submitted under the Clean Energy for All Europeans package, only four countries (Ireland, Italy, Luxembourg, Spain) detail how they will further enable and develop corporate renewable energy sourcing.
- 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:
 - In this context, the European Commission could share best practices from more ambitious Member States which have undertaken concrete measures to promote corporate renewable PPAs as part of their National Energy and Climate policies. Ireland for example recently established a non-binding target of 15% of renewable electricity coming from corporate PPAs, within their national renewable energy goals. While this alone has not reduced barriers to the corporate PPA market, it has provided the government with an incentive to remove barriers and changes are under consideration.
 - Last, we encourage stronger provisions to safeguard the explicit implementation of the provisions of Article 15.8 in the NECPs.

Article 16. To advance the development of corporate PPAs, Member States should be required to speed up and simplify permitting procedures for the deployment of renewable energy installations and their connection to the electricity grid, while maintaining environmental standards. This should be an explicit requirement in National Energy and Climate plans.

Permit-granting procedures are currently one of the major barriers to the development of renewable installations in Europe. Procedures are too complex, require reaching out to too many contact points and are very lengthy. This results in delays for the project



realization, and in higher related project development costs. It also impacts the perceived risk for projects, and thus the cost of capital.

The European Commission should develop guidelines on permit-granting procedures, based on the monitoring of the implementation of the Renewable Energy Directive. Such guidelines could include provisions on the deadline for administrative procedures to obtain construction permits for instance.

Article 19. 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. A well-functioning framework for GOs is critical to the development of corporate renewable PPAs and, therefore, we call on the inclusion of Article 19 in the RED II review.
- Corporate energy buyers and other consumers are increasingly seeking more detailed information on the origin of their energy. The framework should increase the level of transparency and information contained in GOs to support those consumers seeking to report on additional attributes.
- We suggest that certificates should display additional information to aid those consumers who seek more detail on the origin of their electricity. Information should be provided on whether or not the electricity was in receipt of a subsidy so that consumers can attest to the additionality of their energy purchase. Also, information pertaining to the time of generation could be provided at a more granular level than simply annually, to aid consumers to attest to the matching of supply and demand. The granularity of the information displayed on GOs would be aligned with the electricity market where the GO is issued. The shortest time unit for electricity trading is currently 15 minutes in Europe.
- Member States should issue GOs for all renewable electricity, reinforcing transparency, and empowering renewable energy producers to market their electricity. Rules to guarantee the traceability and to ensure issuance of GOs to all renewable electricity producers, should follow a consistent approach across all Members States.

Article 21. Enhance framework for commercial and industrial (C&I) on-site renewable energy self-consumption enabling businesses to play their full part in the energy transition.

The commercial and industrial sectors could contribute significantly to achieving Europe's 2030 renewable targets and 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 2018 the installed capacity reached 55GW, while forecasts show that cumulative installed capacity may account for 140GW by 2030.

Despite the provisions highlighted in Article 21.3 of the RED II, several Member States still apply disproportionate administrative procedures for C&I self-consumers. For example, in France, on-site self-consumption above 100kW (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 300kW, but this has not yet been implemented into national law.

- 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 30kW and above 1MW but do not address the characteristics of C&I self-consumption installations, which are commonly medium-sized.
- The RE-Source Platform encourages the active 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 multiple suppliers per meter, and iii) the possibility for C&I self-consumers to self-supply their facilities through a direct line.
- Member States must also remove barriers that inhibit GO assignment from behind-the-meter projects to building owners or operators.

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