

## **Position Paper on Commission's Recommendation on Speeding up Permit-granting Procedures for Renewable Energy Projects and Facilitating Power Purchase Agreements**

### ***Background***

On May 18, 2022, the European Commission distributed to Member States a staff working document describing best practices for expediting permit-granting procedures for renewable energy projects and simplifying Power Purchase Agreements. The European Commission has disseminated this paper<sup>1</sup>. The document offers a variety of suggestions, including the following:

- The development of PPAs can be facilitated by the Member States, among other ways, by permitting the issuance of Guarantees of origin in public support schemes. This will allow the proceeds from the Guarantees of origin to be used to reduce the amount of public financing required.
- The Member States can help develop cross-border PPAs by removing regulatory barriers to the transfer of guarantees of origin to off-takers, making the rules for using guarantees of origin in different countries more similar, and helping the governments of third-world countries build guarantees of origin systems that are reliable, accurate, and resistant to fraud.

For the Union to meet its 2030 target of lowering greenhouse gas (GHG) emissions by at least 55%, the development and deployment of renewable energy must be accelerated. To reduce the European Union's reliance on fossil fuels and gradually phase out the usage of Russian gas, it is essential to use renewable energy sources. The REpowerEU strategy includes actions targeted at achieving this as well as country-specific suggestions on permits customized to the needs of each Member State. The authorisation and permit-granting procedures for renewable energy projects have been asked for by the European Commission to be streamlined by the Member States. According to the Commission, the excessive length of these processes is a significant obstacle to the use of renewable energy. The Commission offers Member States specialized technical assistance to develop and carry out reform measures.

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<sup>1</sup> "COMMISSION RECOMMENDATION of 18.5.2022 on Speeding up Permit-granting Procedures for Renewable Energy Projects and Facilitating Power Purchase Agreements." European Commission, 18 May 2022, [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI\\_COM:C\(2022\)3219&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2022)3219&from=EN).

At every stage of their development, renewable energy projects' demands and requirements, as well as those of citizens and other societal stakeholders, should be considered. Another important obstacle to its implementation in many Member States is a lack of popular support. To fund such projects, the European Parliament and the Council are urging the creation of a Technical Support Instrument (TSI). The increase of electricity/gas priced forced much more future prosumers to check the possibilities in the market. As an example, suppose a small business owner receives different offers for PV panels at the beginning of 2022, the fall of 2020, and the beginning of 2023—same technology, same contractor—based on the market situation. It may be the cause of the supply and demand rule, but if we talk about pan-European acceleration of renewables investments, we need to be sure they will be realized under reasonable (also financial) conditions. Therefore, it is important to investigate the long-term development of the energy market and the pricing of renewable technologies to ensure that investments are made in a manner that is both reasonable and financially viable. Particular interests of owners of transmission and distributions networks. Rules of its development should be correlated with the plan of renewables development. But we should ensure somehow that there won't be a clinch in the process of distributed energy resources development because of lack of coordination in development of the electric grid. To ensure successful coordination between the electric grid and distributed energy resources, there should be incentives for owners of transmission and distribution networks to invest in new technologies and infrastructure that promote the efficient use of renewables. It is crucial to develop domestic technology, competences in workforce, our own components production lines. We should insist on additional regulations organizing the environment for investments in Europe in renewable technology sub-services. This can be achieved by creating an environment that incentivizes research and development of renewable technologies, encouraging companies to invest in those technologies, and establishing standards and regulations that ensure the highest quality products.

Recommendation by the EU Commission<sup>2</sup>: In accordance with Article 15b of the proposal for amendment to Directive (EU) 2018/2001 on permits, Member States shall begin identifying eligible land and marine regions for renewable energy projects as soon as practicable. It does not conflict with Union law, particularly when it comes to the environment and energy. The Maritime Spatial Planning Directive (MSP Directive) must be fully implemented by the Member States by the end of March 2022, according to the European Commission. The MSP Directive aims to facilitate different uses of marine space and identify potential locations for the deployment of renewable energy. Another recommendation on the swift implementation of renewable energy projects in Europe has been released by the European Commission. It suggests that Member States make sure that new renewable energy plant planning, building, and operation are eligible for the most advantageous approach possible in their planning and permit-granting procedures. Member States should set up timeframes for approving permits to construct and run renewable energy projects that are precisely specified, expedited, and as brief as possible. A maximum of three months should be allowed for the permit-granting process for installing solar equipment in man-made structures. Members of the public, including those from low- and middle-income households, should be encouraged to participate in renewable energy projects. In order to increase public acceptability and engagement, they should also take steps to support the transfer of

<sup>2</sup> "COMMISSION RECOMMENDATION of 18.5.2022 on Speeding up Permit-granting Procedures for Renewable Energy Projects and Facilitating Power Purchase Agreements." European Commission, 18 May 2022, [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI\\_COM:C\(2022\)3219&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2022)3219&from=EN).the advantages of the

energy transition to local communities. Provide applicants for renewable energy projects with information that is transparent, thorough, and unambiguous.

Member States should make sure that agencies responsible for environmental assessments and granting permits have enough qualified personnel on staff. Utilize the financing options offered by the Union and the federal government to retrain and upskill the personnel working on such initiatives. Member States should map their potential locations for renewable energy projects, avoiding environmentally valuable areas as much as feasible. By using the available recommendations from the EU's Energy and Industry Geography Lab, they should simplify the environmental impact assessment criteria for such projects as much as they can<sup>3</sup>. Member States should make sure that the development of renewable energy projects is not hampered by the death or disturbance of specific wild birds and protected species. Such projects ought to be obliged to use mitigation strategies in order to successfully reduce any potential environmental effects. Recommendations on how Member States should handle the development of renewable energy capacity, taking future demand and the goal of climate neutrality into mind, The Commission implores Member States to make sure that system operators follow a transparent and electronic procedure for grid connection requests and give details on grid capabilities. The European Commission has published several recommendations regarding how Member States should support the deployment and system integration of renewable energy, storage, and other decarbonization technologies in accordance with EU law.

Member States are urged to set up regulatory sandboxes to provide specific exemptions from local, state, and federal laws and regulations for these technologies. Recommendation (EU) 2018/1999 of the European Parliament and the Council on the Energy Union and Climate Action, dated December 11, 2018. Two years following this recommendation's approval, the Commission will evaluate how well it was put into practice. It will evaluate the need for additional measures while taking into consideration the data that the Member States have provided.

The European Union emphasizes the value of renewable energy whenever possible. The main goal of the European Green Deal is to help Europe become less reliant on imported energy and fossil fuels by promoting a clean energy transition<sup>3</sup>. The permit guarantees the security and safety of the projects. However, because of their complexity, variety, and length, it is challenging to quickly launch renewable energy, which is crucial. The varying lengths of time it takes to obtain a permit in each Member State demonstrate how difficult and time-consuming obtaining a permit is due to each nation's administrative procedures and legal requirements. In order to deal with large renewable energy projects that take a long time and are challenging to obtain permission for, the Commission makes a suggestion. The suggestion emphasizes the significance of processes that are shorter and quicker, with deadlines for each step in the permit-granting process that is clearly stated, accelerated, and as brief as possible, promoting community and citizen participation, and enhancing internal coordination between the national, regional, and municipal levels with regard to the functions and accountability of the relevant agencies as well as the relevant laws, rules, and processes for renewable energy project authorization. Sufficient skill and resource levels by

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<sup>3</sup> "Energy and Industry Geography Lab." European Commission, [joint-research-centre.ec.europa.eu/energy-and-industry-geography-lab\\_en](https://joint-research-centre.ec.europa.eu/energy-and-industry-geography-lab_en). Accessed 15 Jan. 2023.

<sup>4</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions REPowerEU: Joint European Action for more affordable, secure and sustainable energy, COM(2022)108 final.

implementing long-term grid planning and investment consistent with the planned expansion of renewable energy production capacities, taking future demand and the goal of climate neutrality into account, it will be easier to connect projects to the grid and better identify and plan locations for projects in dedicated renewable energy go-to areas. Innovative initiatives that could benefit from regulatory "sandboxes" that grant targeted exemptions from federal, state, local, or other regulations, easing the process of power purchase agreements Monitoring, reporting, and review via a point of contact that takes care of the problems encountered during the development of renewable energy projects As far as we can tell, none of the member states are currently complying with these legally mandated deadlines. The new EU Permitting Guidance is crucial for helping member states streamline the permitting procedure.

## **FACILITATING POWER PURCHASE AGREEMENTS**

The Commission helps Member States develop and carry out changes through the Technical Support Instrument, including streamlining the framework for authorizing and approving renewable energy projects and encouraging the use of corporate power granting agreements for renewable energy<sup>4</sup>. By taking this approach, the Commission seeks to provide Member States with guidance on how they can effectively implement measures that increase the deployment of renewable energy sources.

For instance, the technical support entails exchanging pertinent best practices, harmonizing the legal frameworks, and enhancing administrative capability. The reductions in other barriers, such as technology costs, which have dropped significantly over the past ten years, or financing issues, which have been eased by the cost reductions and the rise in corporate power purchase agreements for renewable energy, have made administrative barriers more relevant. In the upcoming years, renewable power purchase agreements (PPAs), which are direct contracts between corporations and electricity suppliers, are anticipated to play a significant role in the expansion of market-based renewables deployment. The adoption of this idea has, however, been far slower than anticipated. Only eight EU nations have implemented their obligation to report on and remove any obstacles to these renewable PPAs in their national energy and climate plans (NECPs). The Commission has thus decided to offer advice on how to shorten and simplify these processes, and through this consultation, it hopes to make clear the various factors at work in existing practices. The public consultation asks questions of public authorities, project promoters, and associations, as well as, more generally, how to facilitate PPAs. It also explores key obstacles and best practices for speeding up licensing procedures for renewable energy projects.

The Renewable Energy Directive needs the following regulatory adjustment in this case: Guarantees of Origin (GOs) for renewable power producers should be permitted for capacity not covered by a support program. Because they worry that projects would obtain double compensation, member States still hold onto GOs from renewable projects that receive state financing. Without it, PPAs are unable to be signed since it destroys the connection between renewable energy providers and customers. If banks believe that the potential borrowers lack the creditworthiness to fulfil their commitments over an extended period of time, they will not lend money to them. They insist that businesses receive very high ratings from rating agencies and have guarantees from a commercial bank or parent company.

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<sup>4</sup>COMMISSION RECOMMENDATION of 18.5.2022 on Speeding up Permit-granting Procedures for Renewable Energy Projects and Facilitating Power Purchase Agreements." European Commission, 18 May 2022, [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI\\_COM:C\(2022\)3219&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2022)3219&from=EN).

This is especially accurate for SMEs. An EU-wide credit guarantee program might assist developers securing revenue from customers or assist banks by ensuring debt repayment. This would make it easier for smaller purchasers to enter PPAs, such as SMEs, public agencies, or educational institutions. Member States ought to create PPA contracts that are uniform. Furthermore, this will speed up the execution of those contracts. Today, signing a PPA can take up to a year.

As a summary, the EU Commission leads member states to remove any unjustified administrative processes along the way for the purchase of renewable energy. They also should design the support scheme that will enable corporate purchase agreements for renewable energy, and while implementing these recommendations, they should take the recommendation into consideration.

## **GRID CONNECTION**

The Commission also brings following recommendations about the Grid connection: Member States should implement long-term grid planning and investment consistent with the planned expansion of renewable energy production capacities, taking future demand and the objective of climate neutrality into account. In order to ensure that all countries have access to renewable energy sources, Member States should ensure that their long-term grid plans and investments are aligned with their energy production objectives. Member States should establish simplified procedures for repowering existing renewable energy plants, including streamlined procedures for environmental assessments, and adopt a simple notification procedure for their grid connections where no significant negative environmental or social impact is expected. Furthermore, in order to enhance access to renewable energy sources, Member States should reduce and/or eliminate administrative barriers to the expansion of renewable energy capacity. Member States should provide legal certainty for the repurposing of natural gas pipelines to hydrogen by clearly stating which authorisations will be required and allowing the grandfathering of their existing authorisations. Member States should ensure that existing renewable energy plants can benefit from repowering and that new renewable energy plants are able to connect to the grid easily.

To maximise the connection and integration of renewable energy sources into the energy system, the deployment and reinforcement of the electrical grid network, including substations, should be planned concurrently with the deployment of renewable energy sources. Planning and collaboration for cross-border infrastructure are essential, both onshore and offshore<sup>5</sup>. Member States should work together and establish specific timelines for each sea basin to build the necessary cross-border grid infrastructure to offtake the generated electricity. Accelerating the grid buildout and encouraging TSOs to cut expenses associated with congestion as well as curtailment or delayed connections by encouraging the implementation of grid optimization technologies, Implementing a streamlined process for charging stations with less than 250 kW. To achieve this, a change from conventional infrastructure investment strategies to a strategy that promotes grid flexibility is required. The transmission and distribution system operators are expected to pay for some portions of the network (or voltage levels), while network users are expected to pay for other portions. Governments should enforce stricter guarantees for grid connection payments in nations

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<sup>5</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p.1)

where developers pay for the connection in order to lower the risk of non-delivery, prevent the growth of a secondary, unofficial market for access licenses, and prevent additional expenditures.

To conclude, the recommendation<sup>6</sup> urges Member States to implement quicker and shorter procedures, facilitating community and citizen participation, bettering national coordination between various authorities, clear and digitalized procedures, enough human resources and skills, better project location identification and planning, easier grid connection, and facilitating power purchase agreements.

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<sup>5</sup> "COMMISSION RECOMMENDATION of 18.5.2022 on Speeding up Permit-granting Procedures for Renewable Energy Projects and Facilitating Power Purchase Agreements." European Commission, 18 May 2022, [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI\\_COM:C\(2022\)3219&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2022)3219&from=EN).