

Position Paper on Renewable Energy Directive #REDIII

European Enterprise Alliance and the Union of Entrepreneurs and Employers (ZPP) join hands to present our position on the Amended Renewable Energy Directive (#REDIII) in the European Union. Our collective commitment lies in advancing a sustainable and environmentally responsible energy future for Europe. In this context, we firmly endorse the directive, recognizing its significance in achieving the European Union's ambitious renewable energy goals, combating climate change, and fostering economic stability. However, in this respect we should not lose sight of the diversified situation of individual member states, which must be appropriately addressed in the process of the REDIII directive implementation.

Background

On October 9, 2023, the Council of the European Union adopted the amended Renewable Energy Directive (#REDIII) as part of the comprehensive "Fit for 55" package¹. #REDIII is a pivotal step in increasing the share of renewable energy in the EU's overall energy consumption to 42.5% by 2030, accompanied by an additional indicative target of 2.5% (Council of the European Union). This directive introduces specific targets for Member States in the industry, transport, and building sectors.

1. Ambitious Renewable Energy Targets:

#REDIII sets forth highly ambitious targets for renewable energy adoption. The EU's commitment to achieve 42.5% renewable energy consumption by 2030, complemented by the indicative target of 2.5%, underscores the Union's determination to accelerate the transition towards renewable energy. These objectives are pivotal in aligning with the

¹ "Renewable Energy: Council Adopts New Rules." Council of the European Union, 9 Oct. 2023, www.consilium.europa.eu/en/press/press-releases/2023/10/09/renewable-energy-council-adopts-new-rules/#:~:text=The%20Council%20today%20adopted%20the,contribute%20to%20this%20common%20target.

Paris Agreement and meeting global climate objectives.

2. Sector-Specific Targets:

The directive's focus on sector-specific targets is commendable. It recognizes that each sector faces unique challenges and opportunities, requiring tailored strategies and the optimization of renewable energy adoption. This aspect in our opinion should be developed further, involving in the discussion interested parties, including sectors' representatives.

3. Transition to Renewable Hydrogen in Industry:

#REDIII particularly emphasizes the transition to renewable hydrogen in the industrial sector. Member States are required to achieve a 1.6% annual increase in renewable energy usage. Furthermore, the directive mandates that at least 42% of hydrogen used for energy and non-energy purposes in the industry must originate from renewable fuels of non-biological origin ("RFONBOs") by 2030, rising to 60% by 2035 (Council of the European Union). This needs to be examined whether such a roadmap for decarbonizing energy-intensive industries is realistic and what other steps need to be taken in order to achieve these goals (check our position paper: <https://enterprisealliance.eu/position-paper-on-the-importance-of-carbon-capture-and-storage-ccs/>).

4. Flexibility in Transport Sector Decarbonization:

In the transport sector, #REDIII provides flexibility to Member States by allowing them to choose between two binding options. They can opt for a target of at least 29% renewables in final energy consumption or a binding target to reduce greenhouse gas intensity by 14.5% by 2030 (Council of the European Union). Does this flexibility empower Member States to select strategies that align with their unique energy landscapes or rather sets challenges hard to solve? The automotive and transport sectors have been doing a lot to decarbonize for years, but they encounter barriers in both technical and infrastructural areas.

5. Encouraging Advanced Biofuels and Renewable Hydrogen:

The directive introduces a binding secondary target for advanced biofuels and renewable fuels of non-biological origin in the share of renewable energy supplied to the transport sector. This target, which includes renewable hydrogen, promotes the development of sustainable, non-food-derived biofuels and synthetic hydrogen fuels. It encourages

innovation in technology to drive the adoption of renewable energy in transport, but on the other hand skips the technical neutrality rule.

6. Building Sector Progress:

#REDIII also sets an indicative target of at least 49% renewable energy in buildings by 2030 (Council of the European Union), which in some countries - like Poland - is simply unrealistic in this timeframe. Furthermore, it encourages gradual increases in renewable targets for heating and cooling systems, ensuring improvements in energy efficiency and carbon emissions reductions in this crucial sector. This is an extremely important process however needs to be conducted gradually due to limited funds and a scale of the investment, which need to be done over years.

7. Streamlined Permitting and Public Interest:

The directive emphasizes the acceleration of permitting for renewable energy projects and designates renewable energy deployment as being of "overriding public interest." This step significantly reduces administrative hurdles and legal objections, streamlining the construction of new installations. This streamlined approach is vital for achieving the ambitious targets set in #REDIII.

While some countries have shown support for the ambitious targets set forth in the Amended Renewable Energy Directive (#REDIII), others have expressed concerns and emphasized the need for comprehensive consideration of implications. Belgium, in particular, has raised concerns about its demographic and geographical limitations, coupled with the presence of substantial energy-intensive industries, which make it exceptionally difficult to achieve the expected national contributions within the prescribed time frame. We concur with Belgium's concerns that sectoral sub-targets may need further consideration to ensure cost-effective attainment of climate targets. Ireland acknowledges the importance of ambitious renewable energy targets for 2030 but highlights the need for comprehensive consideration of implications. It is crucial to ensure that the significant increases in renewable energy targets do not inadvertently divert public funds away from necessary investments. It's a valid point that the full impact of these targets may only become apparent once Member States complete their National Energy and Climate Plans, emphasizing the necessity of ongoing assessment and adaptation. Latvia underscores the importance of renewable energy sources in enhancing energy security, price stability, reducing greenhouse gas emissions, and fulfilling the European Union's climate objectives. However, Latvia highlights the need to consider a nation's economic and social conditions, energy balances, and starting points when

setting renewable energy requirements. This approach respects national specificities and ensures that targets are both attainable and beneficial for each Member State. Poland, as one of the fastest-growing renewable energy markets in Europe, emphasizes the importance of a realistic and balanced energy transition. While simplifying permitting procedures is laudable, it is not sufficient to meet the objectives outlined in #REDIII. Poland underscores the need for achievable and realistic targets that account for the stability of the energy grid and energy security. Romania supports the principle of technology neutrality and the complementarity of renewable and low-carbon technologies. The final text's high level of ambition may not align with Romania's realistic projections, risking uncompetitiveness. Romania urges a closer examination of national specificities, different energy mixes, and a more tailored approach. The Slovak Republic emphasizes the EU's ambitious RES target for 2030, acknowledging that it may be very challenging to achieve. It urges that targets must consider national realities, as significant increases in ambition may have counterproductive consequences and increased costs. The Slovak Republic stresses the importance of striving to meet these targets through the alignment of targets and measures in its National Energy and Climate Plans².

Upcoming Steps

The adopted directive has been formally adopted, with enforcement to follow 20 days later. EU member states are given 18 months from the directive's entry into force to transpose its provisions into national legislation.

Conclusion

The European Enterprise Alliance and the Union of Entrepreneurs and Employers (ZPP) firmly endorse the Renewable Energy Directive (#REDIII) as a transformative milestone in the EU's journey towards a sustainable, low-carbon future. However, its ambitious targets need further advanced sector-specific adjustment and national calibration to address the complex realities of EU Member States while effectively addressing the global challenge of climate change.

We wholeheartedly advocate for the swift and effective implementation of #REDIII in all EU Member States. Achieving this requires close collaboration between policymakers, industries, and civil society, fostering a united effort to tackle climate change, reduce dependence on fossil fuels, and secure a sustainable and environmentally responsible energy future for Europe.

² The country statements were interpreted by the official website of the Council of The European Union. Draft DIRECTIVE of the EUROPEAN PARLIAMENT and of the COUNCIL Amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the Promotion of Energy from Renewable Sources, and Repealing Council Directive (EU) 2015/652 (First Reading) - Adoption of the Legislative Act = Statements. Council of the European Union, 6 Oct. 2023.

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