



## Central Europe Energy Partners' recommendations for trilogues on the Directive on the promotion of the use of energy from renewable sources (RED 2)

**Brussels, 26<sup>th</sup> of March 2018**

The deployment of renewable energy sources (RES) is of paramount importance for a successful energy transition, comprising a decreased dependency on import of fossil fuels and emission of greenhouse gases. RES are becoming more performant and mature on the market and the cost of technology significantly decreased in recent years. On the other hand, within the EU, it still exists enormous differences concerning, for example, the capital costs - investments in RES in Central and Eastern Europe are much more costly in comparison with West European markets, what affects their development. Simultaneously, the cost of support schemes stimulating the development of RES is usually placed on final consumers of energy, what is objectionable in countries with a high energy poverty rate. While setting guidelines for RES promotion, CEEP emphasises also the need for a level playing field between different RES technologies, including biomass.

Having in mind the potential for further improvement of this file, Central Europe Energy Partners calls for the inclusion in the further trilogue's negotiations of the following issues:

### **EU wide target for RES in gross final energy consumption - 27% by 2030**

The Commission admitted that a political decision in this matter was taken in October 2014 in the form of the Conclusions of the European Council. Therefore, EC's legislative proposal for RED 2 opted for a binding target of at least 27% of RES of final energy consumption at the EU level by 2030 and did not foresee the introduction of national targets. Such approach is one of the reasons behind Energy Union Governance Regulation, which aims at facilitating collective achievement of the EU wide targets. Taking into account the differences in cost of RES deployment, the potential for cost-effective RES development and time needed to execute investments, **we oppose the 35% binding target proposed by the European Parliament and imposition on Member States (MS) national targets** through the back-door. The target of at least 27% does not forbid frontrunners to exceed it, while for some MS, including those from Central and South-Eastern Europe it will impose a too big financial burden for final consumers. Those MS

must be given more flexibility, including more time to prepare their energy systems to accommodate higher ratio of RES.

### **RES support schemes**

The key principle of the future market design should be the **level playing field for all market participants and technologies**. Considering the increasing maturity of the RES technology, CEEP advocates for the design of support schemes which have a minor effect on the functioning of the market, for example, market premium support mechanisms. Feed-in-tariffs shall be introduced on condition it is proved that it will not lead to downfall profits for generators and only for small-scale projects. At the same time, tools facilitating self-consumption (e.g. net-metering) shall be a priority in case of small-scale installations to keep costs for final consumers limited.

We also highlight the importance of **more elaborate provisions on the opening of support schemes for cross-border capacities, as designed in article 5**, particularly considering the current stage of development of RES in the domestic markets. We agree that the opening of support schemes enables some MS to achieve profits. On the other hand, it shall be pointed out that flexible solutions are usually best fitted, therefore MS should not be forced to open their support system, but it shall retain optional. Otherwise, there is a significant risk that participation of cross-border capacities will weaken the development of domestic RES market. Due to considerable differences in the capital costs between MS, the situation may occur where domestic projects will not have the ability to compete with projects from countries enjoying lower capital costs. The benefits from financing RES installations will then materialise in MS with already strong RES portfolios, which will widen a RES development gap between different MS.

Taking into consideration the above, **we support the wording of article 4 and 5 as agreed in the Council's General Approach**.

For the development of RES in CEE, of crucial importance is the possible use of EU funds not only for reduction of capital costs of RES investments but also the development of transmission and distribution grid infrastructure. In this regard, **we call for support of the Council's position on article 3.4**.

### **Clarification of obligations and rights of RES self-consumers and Renewable Energy Communities (RECs)**

Consumer-centric approach to future market design promotes emergence of different prosumers models. To make it successful, legal clarity regarding both definition of such market participants as well as proper means of their integration into the market are of critical importance.

**Therefore, we support Council's position on articles 21 and 22.**

## Biomass

In recent years, increasing investments (also supported with EU funds) in biomass capacity within the EU were observed. Locally harvested and sustainable biomass has already become an important element of several MS energy-mix (e.g. Poland and Lithuania). Future trends indicate that by 2030, biomass sources will not only be used to simply increase the share of green energy but will also have an important role in the transformation of the electricity system. Integrating more intermittent RES sources in the electric power system does not happen automatically and requires actions to be taken at the same time in the field of system balancing, resource adequacy and security of supply. Therefore, biomass installations generating electricity will be essential for renewable transformation: supplying balancing services and being complementary to other intermittent RES generating sources. Therefore, the most cost-effective solution is to convert existing fossil-fueled plants into biomass units – this was the direction assumed in the recent past by several MS, including UK, Denmark and Finland.

Taking the above into consideration, **we are opposing the article 26(8) of the Directive proposed by EC and EP as it introduces the restrictions towards production of electricity from biomass** and will in fact slow down the transformation to low-carbon electricity system. Not only it will weaken integration of RES, but also exclude proven and cost-effective solution for transformation towards low-carbon electricity system.

**Meanwhile, we support the wording of article 26(8) as presented in the Council's General Approach** as it allows biomass to contribute to electricity transformation.

## The target of renewable energy sources in transport

In the Impact Assessment prepared by the European Commission no justification was provided for a uniform target for transport. Setting a single target for all MS fails to take into account other significant variable factors, such as car fleet and availability of different feedstocks, determining national production capacities.

Therefore, we support European Commission's position to remove the targets for energy from renewable sources and **oppose the Council and Parliament position of re-introducing target of 12 and 14% respectively** of the renewable energy supplied to final consumption in transport.

## Biofuels

Biofuels play an important role in decarbonising the transport sector within the EU and decreasing oil import dependency. On the other hand, the current EU's biofuels production capacity should be assessed realistically. A too ambitious approach regarding targets may lead to a situation where domestic production might not meet the demand. The gap would need to be filled by imports from outside of the EU what raises questions of import dependency.

Therefore, **we support the Council's position on advanced biofuels in annex IX part A and part B**, introducing minimal shares of 1% in 2025 to 3% in 2030. Also, no additional target for the whole annex IX feedstocks should be introduced as proposed by the Parliament's amendment. Moreover, **we oppose the possibility of the deletion of the list of feedstocks from annex IX proposed by the Parliament**. Additionally, we suggest not to establish the cap for feedstock listed in Part B of Annex IX.

We are also of the position that **food and feed crops-based biofuels** will still play an important role in achieving RES targets so **we support the Council's position that the share of 7%** is closer to the market reality, also taking into account the investments taken by industry in this field.



Central Europe Energy Partners, AISBL  
Rue Froissart 123-133, Etterbeek (B-1040 Brussels) Tel: +32 2 880 72 97

Transparency Register No 87738563745-94  
brussels@ceep.be, [www.ceep.be](http://www.ceep.be)