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9 March 2017
 First edition
 The 'EU Legislation in Progress' briefings are updated at key stages throughout the legislative procedure. Please note this document has been designed for on-line viewing.

Promoting renewable energy sources in the EU after 2020

On 30 November 2016, the European Commission launched a legislative package entitled 'Clean energy for all Europeans'. This includes a recast of the existing Directive on the promotion of renewable energy sources ('RES Directive') to help meet the goals of the 2030 EU Climate and Energy Framework, in particular the binding target of a 27 % EU share of RES in final energy consumption by 2030. The recast directive would be aligned to related legislation on governance of the energy union and electricity market design, also proposed as part of the clean energy package.

The recast RES directive provides guiding principles on future financial support schemes for RES, renewable energy self-consumption, renewable energy communities, and district heating and cooling systems. The directive enhances mechanisms for cross-border cooperation, simplifies administrative processes, strengthens the sustainability and greenhouse gas emissions savings criteria for biofuels, and outlines measures to mainstream the use of RES in the transport and heating and cooling sector.

Proposal for a Directive of the European Parliament and the Council on the promotion of the use of energy from renewable sources (recast)

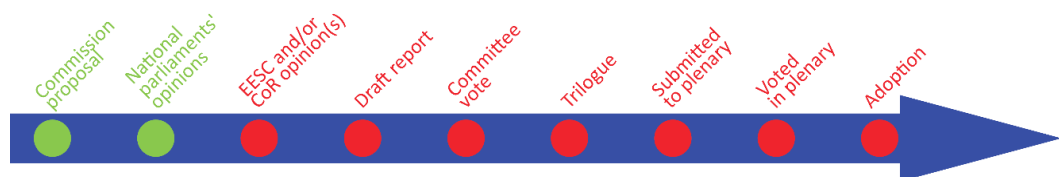
COM(2016) 767, 30.11.2016, 2016/0382 (COD), Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')

Committee responsible: Industry, Research and Energy (ITRE)

Rapporteur: José Blanco López (S&D, Spain)

Shadow rapporteurs: Seán Kelly (EPP, Ireland)
 Hans-Olaf Henkel (ECR, Germany)
 Fredrick Federley (ALDE, Sweden)
 Paloma López Bermejo (GUE/NGL)
 Claude Turmes (Greens/EFA, Luxembourg)
 Nicolas Bay (ENF, France)

Next steps expected: Initial discussions in committee



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Introduction

On 30 November 2016, the European Commission published a legislative package entitled '[Clean energy for all Europeans](#)', including a [recast of the Directive on the promotion of the use of energy from renewable sources](#) (approved in 2009, partially revised in 2015). The legal basis for the recast directive is Article 194(2) of the Treaty on the Functioning of the European Union, which provides an explicit basis for the EU to legislate in the energy field and a particular role in supporting deployment of renewable energy sources (RES). The latter is discussed in an [EPRS In-depth Analysis](#) (June 2016).

Revising the Directive on promotion of RES forms part of the broader [Energy Union](#) strategy, which was proposed by the Commission (February 2015) and later [endorsed](#) by the European Council (March 2015). The revised RES Directive seeks to contribute towards the key EU goal of attaining a share of at least **27 % of EU energy from renewable sources in final consumption by 2030**. The revised RES directive is closely linked to other parts of the clean energy package, in particular the regulation on energy union governance and the recast [regulation](#) and [directive](#) on electricity markets. The revised RES directive envisages that all monitoring and reporting obligations are transferred to the proposed regulation on [energy union governance](#), whereas existing provisions relating to grid access are transferred to the [regulation on electricity markets](#).

Existing situation

The existing RES Directive (formally [Directive 2009/28/EC](#) as amended by [Directive \(EU\) 2015/1513](#)) sets binding targets for the share of RES in the final energy consumption of each EU Member State. These targets range from 10 % (Malta) to 49 % (Sweden) and amount to an EU share of at least 20 % RES in final energy consumption by 2020. The 20 % EU target was endorsed by the European Council (March 2007) as part of the [2020 EU climate and energy package](#). To achieve their targets, Member States are required to prepare and fully implement national renewable energy action plans. The Commission monitors implementation of the RES Directive and issues a progress report every two years. The [latest report](#) (June 2015) notes that the vast majority of Member States appear to be on track to meet their overall RES goals by 2020, although additional efforts are needed in some Member States to progress beyond their interim targets. Furthermore, the RES Directive sets the target of a 10 % share of RES in the transport sector by 2020 (limited progress in most Member States), introduces a series of cross-border cooperation mechanisms and joint projects to promote RES (low take-up so far), and sets out the EU sustainability criteria for biofuels.

In 2015 the RES Directive and the [Fuel Quality Directive](#) (FQD) were revised to recognise and mitigate the negative environmental impact that biofuels production can have in terms of indirect land-use change and related greenhouse gas (GHG) emissions. These revisions to the RES Directive and the FQD strengthen the sustainability criteria for biofuels, and impose more stringent requirements in terms of reducing GHG emissions.¹

Since the RES Directive is designed to meet the EU's 2020 targets, it needs to be revised to meet the EU target of at least 27 % RES share in final energy consumption by 2030. The latter target was endorsed by

¹ The FQD expires at the end of 2020. The Commission has not proposed to extend its application beyond this period.



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the European Council (October 2014) as part of the [2030 EU climate and energy framework](#). The European Council specified that the 27 % target should be binding on the EU as a whole, but this should be achieved without setting legally binding national targets, in order to provide more flexibility for individual Member States.

European Parliament's starting position

The resolution of 5 February 2014 on a [2030 framework for climate and energy policies](#) called for a binding target of at least 30 % of final energy consumption from renewable sources in 2030, which should be implemented by means of individual national targets (see below for divergent position of **European Council**). This European Parliament position was reaffirmed in several resolutions passed under the current legislature, including the resolution of 14 October 2014, [Towards a new international climate change agreement in Paris](#), and the resolution of 15 December 2015, [Towards a European Energy Union](#). The latter also asks EU countries to 'avoid retroactive changes in economic conditions of investments ... to contribute to a cost-efficient deployment of renewable energy across the EU regions (and) stresses the need for better coordination of support schemes ... in order to avoid potential market distortion'. Furthermore, it 'notes that the current EU biofuels policy has been widely criticised for not taking into account greenhouse gas emissions associated with indirect land-use change (ILUC), which can be triggered when existing agricultural production shifts to uncultivated land' and considers that the EU 'should not further expand the use of biofuels grown on land'.

The resolution of 23 June 2016 on the [Renewable energy progress report](#) highlights the importance of increased regional cooperation, and asks for the 'implementation of a European renewables-based model of energy production, consumption and self-consumption'. It 'calls on the Commission to present a more ambitious climate and energy package 2030, which increases the EU target for RES to at least 30 % to be implemented by means of individual national targets', and 'stresses that the targets already agreed for 2020 must be taken as the minimum baseline when revising the Renewable Energy Directive', while continued use of national benchmarks is necessary for effective monitoring by the Commission. The resolution also supports a Citizen and Community Energy chapter in the Renewables Directive to 'provide a more conducive investment environment for self-generation and self-consumption' and 'asks Member States to suppress administrative and market barriers to new self-generation capacity, to replace lengthy authorisation procedures with a simple notification requirement and to put in place efficient one-stop shops'.

The resolution of 13 September 2016, [Towards a New Energy Market Design](#), calls for a common understanding of the definition of prosumers at EU level and 'a new chapter on prosumers in the revised Renewable Energy Directive in order to address the main barriers and boost investment in self-generation and self-consumption of renewables'.



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The [European Council of 23-24 October 2014](#) set out the 2030 Climate and Energy Framework, which sets an EU goal of at least 27 % share of renewables in final energy consumption. This target is binding only at EU level. Individual Member States remain free to set more ambitious targets and support them in line with state aid guidelines.



Proposal

Preparation of the proposal

The Commission [proposal](#) was accompanied by a [REFIT evaluation](#) of the existing RES Directive (see [executive summary](#)) and a four-part [impact assessment](#) analysing the different reform options (see [executive summary](#)).

The REFIT **evaluation** concludes that the RES Directive was highly effective on the whole. As a result of its implementation, all but one Member State is on track to achieve its overall RES targets by 2020, although several countries remain far short of their 10 % target for RES in transport by 2020. However, the evaluation found scope for improvement, noting that the RES Directive had ‘delivered more impact in the electricity sector than in the heating and cooling sector’, while the biofuels sustainability scheme had failed to anticipate and address the risk of indirect land use change (the latter problem had to some extent been addressed in the 2015 [revisions to the RES Directive and FQD](#)). Little use had been made of the RES Directive’s flexibility and support mechanisms for cross-border cooperation (including joint projects and statistical transfers), or its Guarantees of Origin scheme for consumer disclosure of RES-derived energy. The evaluation also noted that ‘many Member States have introduced support schemes which were not related to market signals ... in some cases adjustments were also made too abruptly, or even retroactively’. Whereas the existing directive had established the principle of preferential treatment (‘priority dispatch’) for RES to access the grid above other forms of energy generation (e.g. fossil fuels, nuclear), this principle now had to be re-assessed in light of the rising share and very low prices of some RES-generated electricity. To overcome administrative obstacles and delays in integrating RES capacity in the electricity grid, one stop shops for permit granting and maximum delays would need to be introduced, alongside guiding principles on the right to self-consumption.

In a **public consultation** (November 2015-February 2016), the RES Directive was identified by respondents as the most important driver for renewable energy policies and investments in many Member States. The public consultation on the RES Directive received 614 replies, whereas a related one on bioenergy sustainability (February-May 2016) received over 950 replies.

The **impact assessment** (IA) analysed many of the above issues as well as related ones in considerably more detail. However, the IA did not offer any preferred policy options, leaving this entirely as a political decision to be taken by the College of Commissioners. The Regulatory Scrutiny Board (RSB) delivered a [negative first opinion](#) of the impact assessment on 14 September 2016, as well as a [negative second opinion](#) of the resubmitted version on 4 November 2016. While acknowledging some improvements in the resubmitted version, the RSB maintained its negative opinion for several reasons. The RSB maintained that the Commission did not adequately consider the options for action at Member State level (‘subsidiarity’) or the ‘proportionality’ of its proposed actions. The RSB was unclear as to why the IA addressed the design of public support schemes for RES, since these already have to operate within the framework of existing EU state aid guidelines. Finally, the RSB felt the lack of preferred policy options in the IA made it difficult for the College to assess policy trade-offs and reach a political decision. Despite the second negative opinion, the Commission nevertheless published its legislative proposal after some revisions in response to the RSB feedback. It should also be noted that the RSB gave a [positive first opinion](#) of the impact assessment on Bioenergy sustainability policy, whose provisions were included in the recast RES directive.



The changes the proposal would bring

The Commission proposal would change many aspects of the existing RES Directive, and move some provisions to other legislation in the Clean Energy package. Obligations related to monitoring and reporting on RES are subsumed in the proposed regulation on [governance](#) of the energy union, while those relating to grid access and priority dispatch for RES generation are transferred to the [proposed regulation](#) on electricity markets.²

The recast directive sets the **binding Union target of 27 % RES in final energy consumption by 2030**, substituting the binding national targets of the existing RES Directive. However, the 2020 national targets remain in the revised directive as a **baseline** below which Member States are not allowed to go, ensuring that Member States do not weaken their commitment to promoting RES after 2020. Annex 1 of the recast directive therefore continues to list the 2020 national targets (which now become 2030 baseline levels).

Guiding principles concerning **financial support schemes** for RES-generated electricity are set out in the recast directive. These emphasise that Member States may apply support schemes so long as these avoid unnecessary distortions of electricity markets, take into account balancing and grid constraints, and respond to market signals through competitive tendering. Retroactive changes to RES support schemes are also forbidden. Each year Member States must open a minimum share of new support schemes to RES generated electricity from other Member States (10 % of new capacity 2021-2025, 15 % of new capacity 2026-2030). The energy produced counts towards the Member States funding the installation. To ensure a stable and transparent investment framework, Member States must publish a long-term schedule on their expected financial support schemes, covering at least the next three years, and including indicative timing, capacity sought and available budget.

The proposal requires Member States to set up **'one stop shops'** to coordinate the entire permit-granting process for new RES generation, transmission and distribution capacity. These must abide by a maximum permit-processing time of three years for new capacity and one year for requests related to repowering of existing renewable energy plants (only six months if such requests have no significant negative environmental and social impacts). Meanwhile a **simple notification procedure** would apply to all new RES projects and installations with a capacity of under 50 kW seeking connection to the grid.

The principles of **renewable self-consumption** and renewable **energy communities** are enshrined in specific articles of the revised directive, which provides some guidelines for their realisation. The proposal also enhances existing provisions on cross-border cooperation, in particular facilitating the application of **Guarantees of Origin schemes**.

The proposal seeks to **mainstream RES in the heating and cooling sector** (which accounts for 50 % of total energy demand in Europe), in particular by asking Member States to increase the share of renewable

2 Under the proposed regulation on electricity markets, the dispatching of power generation facilities and demand response must be market based and non-discriminatory, with a limited set of exemptions. These exemptions concern RES or high efficiency cogeneration installations with a total capacity under 500 kW (under 250 kW from 2026); demonstration projects for innovative technologies; and any RES or high efficiency cogeneration installations commissioned prior to the entry into force of the new regulation (but only where these were commissioned under priority dispatch rules and not subject thereafter to significant modifications).



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energy supplied for heating and cooling by at least 1 percentage point every year. Member States would be obliged to provide data on the energy supplied for heating and cooling, including the proportion obtained from different RES. Member States are also required to carry out a regular assessment of their use of RES and waste heat/cold in heating and cooling. The proposal also establishes guiding principles for district heating and cooling systems, including the right for consumers to disconnect from inefficient systems.

The proposal seeks to **mainstream RES in the transport sector**, which currently relies overwhelmingly (94 %) on oil-based products. In the recast directive, Member States would oblige their fuel suppliers to include a minimum share of energy derived from biofuels or biogas in the total transport fuels they supply for consumption or use on the market. This share must be at least equal to 1.5 % in 2021, increasing annually up to at least 6.8 % by 2030. Member States would be required to introduce national databases that allow the traceability of fuels and mitigate the risk of fraud. To ensure the sustainability of biofuels and prevent indirect land-use change, the proposal requires that at least 0.5 % of the fuel supply in transport must either come from advanced biofuels (also known as 'second generation' biofuels) produced from biomass, or from biogas produced from feedstock. This minimum share would increase annually up to at least 3.6 % in 2030. Furthermore, the proposed directive sets a ceiling of 7 % on the final energy consumption that is accounted for by biofuels produced from food or feed crops. This ceiling would be reduced annually to no more than 3.8 % in 2030. Although Member States would remain free to develop a higher share of such biofuels in their energy mix, anything above the ceiling would not contribute towards meeting their RES targets. The existing requirement for a 10 % share of biofuels in the transport sector would be deleted from the recast RES directive.

The recast directive explicitly recognises that gas can be produced from renewable sources, whether from biological origin ('biogas') or non-biological origin (e.g. hydrogen fuel). Such forms of **renewable gas** are to be considered an RES under the terms of the revised directive, and would therefore contribute towards calculating the share of RES in final energy consumption, as well as becoming eligible for RES support schemes such as the Guarantees of Origin.

The proposal contains detailed provisions to improve the **sustainability and greenhouse gas (GHG) emissions-saving criteria** for biofuels, bioliquids and biomass. These criteria would be aligned with the obligations of the EU and its Member States as signatories to the UNFCCC Paris Climate Change Agreement, and would reinforce the Commission's [legislative proposal](#) on land use, land use change and forestry (LULUCF) by introducing a new sustainability criterion for forest biomass. The required GHG emissions savings from biofuels and bioliquids would be increased to at least 70 % for installations starting operations from 2021 onwards, and at least 80 % for electricity, heating and cooling from biomass. The latter target would increase to 85 % for installations starting operations from 2026 onwards. However, existing or forthcoming installations would only need to meet the less stringent requirements of the existing RES Directive: at least 50 % for installations in operation before 5 October 2015; at least 60 % for installations in operation from 5 October 2015.

The **recast directive would enter into force on 1 January 2021**, the date on which the existing RES Directive would be repealed. The transposition date for Member States would be 30 June 2021. The recast directive asks the Commission to publish a legislative proposal in 2026 on the regulatory framework for the promotion of RES in the post-2030 period. It also provides for a Commission report reviewing application of the recast directive in 2032.



Preparation of the proposal

The changes the proposal would bring

Under the proposal, the Commission would be empowered to adopt **delegated acts** in a range of specific areas. These would automatically enter into force provided that no objection has been expressed by the Parliament or Council within a period of two months. The power to adopt delegated acts would be conferred for a period of five years starting on 1 January 2021, and could be revoked at any time by the Parliament or the Council.



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The European Economic and Social Committee is preparing a draft opinion on the Commission proposal, which is due to be adopted in the plenary session of April 2017.

National parliaments

No reasoned opinions have so far [been](#) received.

Stakeholders' views³

The Commission proposal received a mixed and at times critical response from stakeholders, who focused on particular aspects of the directive.

[Climate Action Network](#) (CAN) is critical that 'the Commission leaves it entirely up to Member States to ensure that their contributions add up to the EU target' of 27 % RES by 2030, a level it considers to be little more than business as usual. [Greenpeace](#) and [WWF](#) reiterate the same criticisms about the 27 % target and the phasing out of priority dispatch. WWF argues that Europe risks losing out to renewable energy investment in the USA and China, since the proposal 'fails to provide a strong signal to innovators and investors in the green economy'. From an industry perspective, the [European Renewable Energies Federation](#) criticises the phasing out of priority dispatch and considers the 27 % RES target as too low.

[Eurelectric](#) meanwhile supports phasing out priority dispatch because of the imbalances it creates in the functioning of the electricity market, and views the emphasis on cross-border cooperation in the revised directive as a positive development. Some industry associations such as [Orgalime](#), which represents the engineering industry, also support the proposal. [Eurogas](#), which represents the natural gas industry, welcomes the inclusion of biogas as a renewable energy source. [Solar Power Europe](#) is positive about the emphasis on consumers and renewable self-consumption in the Commission proposal. [Wind Energy Europe](#) is generally supportive of the Commission proposal for seeking to create a stable investment framework for the period until 2030, but argues that the Parliament and Council should now show greater ambition in their climate change and energy goals, including by setting a higher target for renewables (30 %) as well as requiring more clarity from national plans. The [European Biomass Association](#) credits the Commission proposal for attempting to promote fuel switching in the heating and cooling sector, but maintains that it does little to promote different types of renewable energy sources such as geothermal, solar thermal, biomass and efficient heat pumps.

³ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.



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National parliaments

Stakeholders' views

Several stakeholders focus on the biofuels dimension of the Commission proposal. Groups representing the biofuels industry, such as ePURE and the European Biodiesel Board, [criticise](#) the Commission decision to lower the ceiling on conventional biofuels as an overall share of renewables between 2021 and 2030, as well as the preference for promoting only advanced biofuels. On the other hand, environmental associations such as [Transport & Environment](#), [WWF](#) and [Fern](#) heavily criticise the Commission proposal for continuing to support the use of biofuels, which in their view have already led to significant environmental damage and will not contribute to reducing overall greenhouse gas emissions. [Birdlife International](#) is likewise critical that the Commission is not seeking to phase out the use of biofuels, given the potential damage from land-use change.



Legislative process

The proposal has been [referred to the ITRE Committee](#), which has appointed José Blanco López (S&D, Spain) as rapporteur to prepare a draft report for consideration.



References

EP supporting analysis

Policy Department B: Structural and Cohesion Policies, Directorate-General for Internal Policies, study, [The impact of biofuels on transport and the environment, and their connection with agricultural development in Europe](#), Study for Transport and Tourism Committee, February 2015.

EPRS, G. Erbach, In-depth analysis, [Promotion of renewable energy sources in the EU](#), June 2016.

Other sources

[Promotion of the use of energy from renewable sources](#), European Parliament, Legislative Observatory (OEIL).

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