

# EUROPEAN PARLIAMENT

1999



2004

---

*Session document*

FINAL  
**A5-0227/2001**

22 June 2001

**\*\*\*II**

## **RECOMMENDATION FOR SECOND READING**

on the Council common position for adopting a European Parliament and Council directive on the promotion of electricity produced from renewable energy sources in the internal electricity market  
(5583/1/2001 – C5-0133/2001 – 2000/0116(COD))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Mechtild Rothe

### ***Symbols for procedures***

- \* Consultation procedure  
*majority of the votes cast*
- \*\*I Cooperation procedure (first reading)  
*majority of the votes cast*
- \*\*II Cooperation procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\* Assent procedure  
*majority of Parliament's component Members except in cases  
covered by Articles 105, 107, 161 and 300 of the EC Treaty and  
Article 7 of the EU Treaty*
- \*\*\*I Codecision procedure (first reading)  
*majority of the votes cast*
- \*\*\*II Codecision procedure (second reading)  
*majority of the votes cast, to approve the common position  
majority of Parliament's component Members, to reject or amend  
the common position*
- \*\*\*III Codecision procedure (third reading)  
*majority of the votes cast, to approve the joint text*

(The type of procedure depends on the legal basis proposed by the Commission)

### ***Amendments to a legislative text***

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

## CONTENTS

	<b>Page</b>
PROCEDURAL PAGE .....	4
DRAFT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT .....	15

## PROCEDURAL PAGE

At the sitting of 16 November 2000 Parliament adopted its position at first reading on the proposal for a European Parliament and Council directive on the promotion of electricity produced from renewable energy sources in the internal electricity market (COM(2000) 279 – 2000/0116 (COD)).

At the sitting of 4 April 2001 the President of Parliament announced that the common position had been received and referred to the Committee on Industry, External Trade, Research and Energy (5583/1/2001 – C5-0133/2001).

The committee had appointed Mechtild Rothe rapporteur at its meeting of 6 June 2000.

It considered the common position and the draft recommendation for second reading at its meetings of 10 and 24 April, 14 and 18 May and 19 and 20 June 2001.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Renato Brunetta and Peter Michael Mombaur, vice-chairmen; Mechtild Rothe, rapporteur; Konstantinos Alyssandrakis, Ward Beysen (for Astrid Thors), Guido Bodrato, Massimo Carraro, Gérard Caudron, Giles Bryan Chichester, Nicholas Clegg, Dorette Corbey (for Harlem Désir), Willy C.E.H. De Clercq, Francesco Fiori (for Alejo Vidal-Quadras Roca), Colette Flesch, Christos Folias, Jacqueline Foster (for Concepció Ferrer), Pat the Cope Gallagher, Neena Gill (for Glyn Ford), Norbert Glante, Lisbeth Grönfeldt Bergman (for Marjo Matikainen-Kallström), Michel Hansenne, Malcolm Harbour (for Roger Helmer), Hans Karlsson, Bashir Khanbhai (for Konrad K. Schwaiger), Helmut Kuhne (for Rolf Linkohr), Bernd Lange (for François Zimeray), Werner Langen, Caroline Lucas, Eryl Margaret McNally, Nelly Maes, Erika Mann, Elizabeth Montfort, Angelika Niebler, Giuseppe Nisticò (for Umberto Scapagnini), Reino Paasilinna, Yves Piétrasanta, Elly Plooij-van Gorsel, John Purvis, Godelieve Quisthoudt-Rowohl, Imelda Mary Read, Christian Foldberg Rovsing, Paul Rübig, Ilka Schröder, Esko Olavi Seppänen, Helle Thorning-Schmidt (for Myrsini Zorba), Claude Turmes (for Nuala Ahern), Jaime Valdivielso de Cué, W.G. van Velzen, Dominique Vlasto, Anders Wijkman and Olga Zrihen Zaari.

The recommendation for second reading was tabled on 22 June 2001.

The deadline for tabling amendments to the common position will be indicated in the draft agenda for the relevant part-session.

## DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the Council common position for adopting a European Parliament and Council directive on the promotion of electricity produced from renewable energy sources in the internal electricity market (5583/1/2001 – C5-0133/2001 – 2000/0116(COD))**

**(Codecision procedure: second reading)**

*The European Parliament,*

- having regard to the Council common position (5583/1/2001 - C5-0133/2001),
  - having regard to its position at first reading<sup>1</sup> on the Commission proposal<sup>2</sup> (COM(2000) 279),
  - having regard to the Commission's amended proposal (COM(2000) 884<sup>3</sup>),
  - having regard to Article 251(2) of the EC Treaty,
  - having regard to Rule 80 of its Rules of Procedure,
  - having regard to the recommendation for second reading of the Committee on Industry, External Trade, Research and Energy (A5-0227/2001),
1. Amends the common position as follows;
  2. Instructs its President to forward its position to the Council and Commission.

---

<sup>1</sup> OJ C Not yet published in the Official Journal.

<sup>2</sup> OJ C 311, 31.10. 2000, p. 320.

<sup>3</sup> OJ C 154, 29.12.2000, p. 89.

---

Amendment 1  
Recital 7

The Commission should assess to what extent Member States have made progress towards achieving their national indicative targets, and to what extent the national indicative targets are consistent with the global indicative target of 12% of gross domestic energy consumption by 2010, considering that the White Paper's indicative target of 12% for the Community as a whole by 2010 provides useful guidance for increased efforts at Community level as well as in Member States, bearing in mind the need to reflect differing national circumstances.

The Commission should assess to what extent Member States have made progress towards achieving their national indicative targets, and to what extent the national indicative targets are consistent with the global indicative target of 12% of gross domestic energy consumption by 2010, considering that the White Paper's indicative target of 12% for the Community as a whole by 2010 provides useful guidance for increased efforts at Community level as well as in Member States, bearing in mind the need to reflect differing national circumstances. ***If necessary for the achievement of the targets, the Commission should submit proposals to the European Parliament and the Council which may include mandatory targets.***

*Justification*

*If Member States' efforts should prove to be inadequate for the attainment of the objectives laid down, there must be an opportunity for the targets to be made mandatory.*

Amendment 2  
Recital 8

Where they use waste as an energy source, Member States must comply with current Community legislation on waste management. The application of this Directive is without prejudice to the definitions set out in Annex 2a and 2b of Council Directive 75/442/EEC of 15 July 1975 on waste <sup>3</sup>.

Where they use waste as an energy source, Member States must comply with current Community legislation on waste management. The application of this Directive is without prejudice to the definitions set out in Annex 2a and 2b of Council Directive 75/442/EEC of 15 July 1975 on waste <sup>3</sup>.

---

<sup>3</sup> OJ L 194, 25.7.1975, p. 39. Directive as last amended by Commission Decision 96/350/EC (OJ L 135, 6.6.1996, p. 32).

***Support in favour of RES should be consistent with other Community objectives, for example respect for the waste treatment hierarchy. Therefore the incineration of non-separated municipal waste should not be promoted under this directive and under a future support system for RES.***

### *Justification*

*As the Council's definition is open to interpretation, it should be made clear at this juncture that the incineration of non-separated waste is not a renewable energy source. Promotion of such waste as a renewable energy source may well impede the raw materials circuit and the attainment of Union objectives relating to the treatment of waste. That possibility must be excluded.*

### Amendment 3 Recital 16

It is however necessary to adapt, after a sufficient transitional period, support schemes to the developing internal electricity market. It is therefore appropriate that the Commission monitor the situation and present a report on experience gained with the application of national schemes. If necessary, the Commission should, in the light of the conclusions of this report, make a proposal for a Community framework with regard to support schemes for electricity produced from renewable energy sources. That proposal should contribute to the achievement of the national indicative targets, be compatible with the principles of the internal electricity market and take into account the characteristics of the different sources of renewable energy, together with the different technologies and geographical differences. It should also promote the use of renewable energy sources in an effective way, and be simple and at the same time as efficient as possible, particularly in terms of cost, and

It is however necessary to adapt, after a sufficient transitional period, support schemes to the developing internal electricity market. It is therefore appropriate that the Commission monitor the situation and present a report on experience gained with the application of national schemes. If necessary, the Commission should, in the light of the conclusions of this report, make a proposal for a Community framework with regard to support schemes for electricity produced from renewable energy sources. That proposal should contribute to the achievement of the national indicative targets, be compatible with the principles of the internal electricity market and take into account the characteristics of the different sources of renewable energy, together with the different technologies and geographical differences. It should also promote the use of renewable energy sources in an effective way, and be simple and at the same time as efficient as possible, particularly in terms of cost, and

include sufficient transitional periods for national support systems of at least seven years *to* maintain investors' confidence. This framework would enable electricity from renewable energy sources to compete with electricity produced from non-renewable energy sources and limit the cost to the consumer, while, in the medium term, reduce the need for public support.

include sufficient transitional periods for national support systems of at least seven years *and* maintain investors' confidence. This framework would enable electricity from renewable energy sources to compete with electricity produced from non-renewable energy sources and limit the cost to the consumer, while, in the medium term, reduce the need for public support.

### *Justification*

*In order to maintain investor confidence, the proper protection of legitimate expectation of investments either already made or planned must be guaranteed.*

### Amendment 4 Article 2, point c

(c) "electricity produced from renewable energy sources" shall mean electricity produced by plants using only renewable energy sources, as well as the proportion of electricity produced from renewable energy sources in hybrid plants also using conventional energy sources and including renewable electricity used for filling storage systems, and excluding electricity produced as a result of storage systems;

(c) "electricity produced from renewable energy sources" shall mean electricity produced by plants using only renewable energy sources, as well as the proportion of electricity produced from renewable energy sources in hybrid plants also using conventional energy sources and including renewable electricity used for filling storage systems, and excluding electricity produced as a result of storage systems; ***electricity produced by incinerating the biodegradable component of household waste shall not be covered by this definition.***

### *Justification*

*As the Council's definition is open to interpretation, it should be made clear at this juncture that the incineration of non-separated refuse incineration is not a renewable energy source.*



Amendment 5  
Article 3, paragraph 4

On the basis of the Member States' reports referred to in paragraphs 2 and 3, the Commission shall assess to what extent:

- Member States have made progress towards achieving their national indicative targets;
- the national indicative targets are consistent with the global indicative target of 12% of gross national energy consumption by 2010 and in particular with the 22,1% indicative share of electricity produced from renewable energy sources in total Community electricity consumption by 2010.

The Commission shall publish its conclusions in a report, for the first time not later than ..... \*\* and thereafter every two years. This report shall be accompanied, as appropriate, by proposals to the European Parliament and to the Council.

On the basis of the Member States' reports referred to in paragraphs 2 and 3, the Commission shall assess to what extent:

- Member States have made progress towards achieving their national indicative targets;
- the national indicative targets are consistent with the global indicative target of 12% of gross national energy consumption by 2010 and in particular with the 22,1% indicative share of electricity produced from renewable energy sources in total Community electricity consumption by 2010.

The Commission shall publish its conclusions in a report, for the first time not later than ..... \*\* and thereafter every two years. This report shall be accompanied, as appropriate, by proposals to the European Parliament and to the Council.

***If the report referred to above concludes that the national indicative targets are likely to be inconsistent, for reasons that are unjustified and/or do not relate to new scientific evidence, with the global indicative target, these proposals shall address national targets, including possibly mandatory ones, in the appropriate form.***

*Justification*

*If Member States' efforts should prove to be inadequate for the attainment of the objectives laid down, there must be an opportunity for these targets to be made mandatory.*

Amendment 6

---

\*\* Three years after the entry into force of this Directive.

## Article 4, paragraph 2

The Commission shall, not later than ..... \*, present a well-documented report on experience gained with the application and coexistence of the different mechanisms referred to in paragraph 1. This report shall, if necessary, be accompanied by a proposal for a Community framework with regard to support schemes for electricity produced from renewable energy sources.

Any proposal for a framework should:

- (a) contribute to the achievement of the national indicative targets;
- (b) be compatible with the principles of the internal electricity market;
- (c) take into account the characteristics of different sources of renewable energy, together with the different technologies, and geographical differences;
- (d) promote the use of renewable energy sources in an effective way, and be simple and, at the same time, as efficient as possible, particularly in terms of cost;
- (e) include sufficient transitional periods of at least seven years *to* maintain investor confidence.

The Commission shall, not later than ..... \*, present a well-documented report on experience gained with the application and coexistence of the different mechanisms referred to in paragraph 1. ***The report shall assess the success, including cost-effectiveness, of the support systems referred to in Article 4(1) in promoting the consumption of electricity produced from renewable energy sources in conformity with the national indicative targets referred to in Article 3(2).*** This report shall, if necessary, be accompanied by a proposal for a Community framework with regard to support schemes for electricity produced from renewable energy sources.

Any proposal for a framework should:

- (a) contribute to the achievement of the national indicative targets;
- (b) be compatible with the principles of the internal electricity market;
- (c) take into account the characteristics of different sources of renewable energy, together with the different technologies, and geographical differences;
- (d) promote the use of renewable energy sources in an effective way, and be simple and, at the same time, as efficient as possible, particularly in terms of cost;
- (e) include sufficient transitional periods ***for national support systems*** of at least seven years ***and*** maintain investor confidence

### *Justification*

*The report to be drawn up by the Commission should review not only the aspects of an*

---

\* Four years after the entry into force of this Directive.

*operational single market and cost-efficiency but also take account of the Union's policy objectives in the field of renewable energies and existing market distortions which put renewable energy sources at a disadvantage.*

*It must be made clear that, under the treaties, a particular objective is being pursued, namely, a contribution to the proper promotion of an advanced technology by using resources efficiently in order to fulfil the commitments established in this directive itself and entered into at Kyoto.*

*In order to maintain investor confidence, the proper protection of legitimate expectation of investments either already made or planned must be guaranteed.*

Amendment 7  
Article 7, paragraph 1

Without prejudice to the maintenance of the reliability and safety of the grid, **and within the limits of the grid's capacity**, Member States shall take the necessary measures to ensure that transmission system operators and distribution system operators in their territory guarantee the transmission and distribution of electricity produced from renewable energy sources. They may also provide for priority access to the grid system of electricity produced from renewable energy sources.

Without prejudice to the maintenance of the reliability and safety of the grid, Member States shall take the necessary measures to ensure that transmission system operators and distribution system operators in their territory guarantee the transmission and distribution of electricity produced from renewable energy sources. They may also provide for priority access to the grid system of electricity produced from renewable energy sources. **When dispatching generating installations transmission system operators shall give priority to generating installations, using renewable energy sources in so far as the operation of the national electricity system permits.**

*Justification*

*Since generators of electricity from renewable energy sources are regularly denied access to the grid, an opportunity should be created for such refusal to be abolished by their being granted priority access.*

Amendment 8  
Article 7, paragraph 2a (new)

**Where appropriate, Member States may require transmission system operators and distribution system operators to bear, in**

***full or in part, the costs referred to in Article 7(2).***

*Justification*

*The cost of gaining access to the grid is crucial for the future development of renewable energy sources. As part of the guarantee of equal treatment with other forms of energy generation, grid operators must make available the requisite infrastructure. That also corresponds to the responsibility for bearing costs vis-à-vis conventional energy sources laid down in the legislation of the Member States. The laying down of specific provisions governing grid access and grid expansion costs would preclude any legal disputes and promote transparency and legal certainty.*

Amendment 9  
Article 7, paragraph 4a (new)

***Member States shall ensure that the charging of transmission and distribution fees does not discriminate against electricity from renewable energy sources, including in particular electricity from renewable energy sources produced in peripheral regions, such as island regions and regions of low population density.***

***Where appropriate, Member States shall put in place a legal framework or require transmission system operators and distribution system operators to ensure that fees charged for the transmission and distribution of electricity from plants using renewable energy sources reflect realisable cost benefits resulting from the plant's connection to the network. Such cost benefits could arise from the direct use of the low-voltage grid.***

*Justification*

*Particularly in peripheral and island regions, renewable energy sources may play a vital role in the supply of electricity. However, this is an area where problems frequently arise. That must be avoided. At present, inappropriately high transmission charges and requirements constitute a major obstacle to the expansion of trade in electricity generated from renewable*

*energy sources. What is more, in some cases, no distinction is drawn between the transmission networks used.*

*As is the case with the single-market electricity directive, a distinction must be drawn between transmission of electricity and distribution of electricity. Electricity generated from renewable energy sources fed into and distributed by distribution grids should be subject only to distribution network costs.*

#### Amendment 10 Article 8

##### Summary report

On the basis of the reports by Member States pursuant to Article 3(3) and Article 6(2), the Commission shall present to the European Parliament and the Council, no later than 31 December 2005 and thereafter every five years, a summary report on the implementation of this Directive.

This report shall:

- consider the progress made in reflecting the external costs of electricity **not** produced from renewable energy sources and the impact of **State aid** granted to electricity **produced from renewable energy sources**.
- take into account the possibility for Member States to meet the national indicative targets established in Article 3(2), the global indicative target referred to in Article 3(4) and the existence of discrimination between different energy sources.

If appropriate, the Commission shall submit with the report further proposals to the European Parliament and the Council.

##### Summary report

On the basis of the reports by Member States pursuant to Article 3(3) and Article 6(2), the Commission shall present to the European Parliament and the Council, no later than 31 December 2005 and thereafter every five years, a summary report on the implementation of this Directive.

This report shall:

- consider the progress made in reflecting the external costs of electricity produced from **non-renewable** energy sources and the impact of **public support** granted to electricity **production**.
- take into account the possibility for Member States to meet the national indicative targets established in Article 3(2), the global indicative target referred to in Article 3(4) and the existence of discrimination between different energy sources.

If appropriate, the Commission shall submit with the report further proposals to the European Parliament and the Council.

#### *Justification*

*In order to create equitable market conditions between producers of electricity from renewable and conventional sources, external costs must be calculated and reflected in prices, as should other subsidies.*

## EXPLANATORY STATEMENT

On 16 November 2000, at first reading, Parliament adopted amendments which contained clear, unambiguous improvements to the Commission text. On 23 March 2001, the Council adopted a common position at first reading. It is gratifying that the Council incorporated about one-third of Parliament's amendments. However, its common position differs from Parliament's position in a number of key areas.

Although, in its common position, the Council has confirmed the objective of promoting the use of renewable energy in all Member States, some of its proposals seem too tentative. The Council's cautious approach is most clearly seen in the areas described below.

Firstly, the Council considers the national targets proposed by the Commission for the share of renewable energy in electricity consumption up to 2010 to be over-ambitious and has adjusted them downwards.

These targets would, however, simply have resulted in the doubling of that share, as already provided for in the White Paper on renewable sources of energy. The White Paper, incorporating precisely that objective, was approved by Parliament and by the Council with big majorities.

If these perfectly realistic targets are now to be adjusted downwards, then your rapporteur takes the view that they ought at least to be made binding. Yet the Council defines the targets set out in the Annex merely as 'indicative targets'. At Kyoto, the European Union accepted its responsibilities and committed itself to meeting certain targets for reducing greenhouse gas emissions.

If we actually wish to meet those targets, and we should assume that we do, why are we not committing ourselves to making the necessary measures binding? If we are serious about meeting the targets, those Member States whose efforts in this area have so far been inadequate must be required, where appropriate, to reconsider their measures. This will only be achieved, however, if there is an obligation to meet the targets set.

Another point on which Parliament and the Council differ substantially is the definition of renewable energy.

In the definition it proposes, the Council includes waste incineration as a renewable energy source. This not only runs counter to scientific facts but also harms the image of 'green electricity'. It also runs counter to the Union's efforts in the field of waste prevention and recycling. If we promote waste incineration as part of a renewable energy policy, there will be an incentive to burn rather than to prevent waste. Since waste incineration as such is not to be condemned, Parliament proposes that it be included in a directive on alternative energy sources. It goes without saying that, where waste incineration makes sense or is unavoidable, electricity should be generated, too, instead of allowing the energy to remain unused. But the aim can only be to equip existing installations so that they can generate electricity, rather than to thwart the Union's waste treatment policy as part of measures to promote renewable energy.

Other criteria for significantly increasing renewable energy's share are connection to the grid,

transit and the associated costs. Owing to its undisputed environmental benefits, renewable energy must have priority access to the grid.

We need a European convention in order to achieve this. Furthermore, Member States must be able to draw up clear rules on the apportioning of costs. The costs incurred must be established and apportioned in a fair and transparent manner. Renewable energy must not be discriminated against in this respect. The amendments proposed with a view to moving closer to the Council's position are designed to provide clarity.

If Member States commit themselves to meeting certain targets by 2010, then they must be given the possibility of taking appropriate action until then. They must therefore be given a guarantee that their national support schemes will be able to continue.

This is not the only reason why we should agree on longer transitional periods: there are two other reasons. Firstly, all support schemes, be they feed-in models or quota systems, are relatively new. There is still little experience of their efficiency and effectiveness. Before we introduce a harmonised support scheme, competition between different systems should indicate which model will be the best for the whole of Europe. We cannot afford to conduct Europe-wide experiments; rather we must first compare and then decide at leisure which model we want.

A further reason is the need for certainty for investors. Substantial investments will be made only if investors can reliably estimate the level of support over a sufficiently lengthy period. Speculation as to whether a different support scheme will be introduced in two, three or four years acts as an obstacle to such investment. We cannot afford to drive climate-friendly technologies of the future away from Europe by creating uncertainty for investors. Your rapporteur therefore considers a transitional period of at least ten years to be necessary, along with the safeguards this will provide as regards investor confidence.