REVISION OF THE RENEWABLE ENERGY DIRECTIVE - Q3 2021

 CONTENT

The EU Renewable Energy Directive (RED) was adopted in 2009 to deliver a minimum 20% share of renewable energy sources (RES) in EU final energy consumption by 2020. The RED was substantially revised (recast) in 2018 to deliver the EU objective of a minimum 32% share of RES in final energy consumption by 2030. On 14 July 2021, the Commission adopted the ‘fit for 55’ package, part of the European Green Deal, which included a significant revision of the RED.

The Commission’s proposal for a revised RED would increase the binding EU minimum share of RES in final energy consumption to 40% by 2030, in effect doubling the share of RES in the energy mix over the course of a single decade (2021-30). The proposal would also set a comprehensive framework for the deployment of RES across all sectors of the economy, with a particular focus on sectors where progress has been slow (transport, buildings and industry). The binding EU headline target of 40% would be supported by a series of higher EU and national targets for these different sectors, and the promotion of hydrogen consumption in transport and industry. The proposal would also create a new credit mechanism to boost the use of renewable electricity in transport, and would remove barriers in permitting procedures for new RES installations. The proposal includes new provisions to facilitate collective Power Purchase Agreements for renewable energy; introduce an EU labelling methodology for industrial products produced using renewable energy; and set up a cross-border pilot project to foster regional cooperation on renewables (e.g. offshore wind hub). It would also further strengthen the sustainability of biofuels, prohibiting the use of all biomass from primary and highly biodiverse forests and the use of stumps and roots, and would oblige Member States to design RES support schemes in accordance with the biomass cascading principle. Furthermore, the revised RED would apply more ambitious GHG reduction criteria, agreed as part of the 2018 RED, to existing biomass-based installations and not just to new installations. Finally, it would lower the threshold for applying sustainability criteria for small-scale RES installations to 5 MW (rather than the 20MW level set out in the 2018 RED).

The Parliament referred this file to the Committee on Industry, Research and Energy (ITRE), which appointed MEP Markus Pieper (Germany, EPP) as rapporteur. The Committee on the Environment, Public Health and Food Safety (ENVI) is an associated committee under Rule 57 (European Parliament Rules of Procedure) and focused on provisions relating to the sustainability and GHG emissions saving criteria of biofuels. The ITRE report (incorporating the ENVI opinion) was eventually adopted on 13 July 2022 and endorsed in the September 2022 plenary session, together with a mandate to enter into interinstitutional negotiations.

The ITRE report proposes a more ambitious target of 45% RES in final energy consumption by 2030, which is consistent with the more recent legislative proposal put forward by the European Commission as part of its RepowerEU plan (May 2022) to phase out energy
imports from Russia while accelerating the clean energy transition. According to the ITRE report, Member States should aim for 5% of newly installed RES capacity to come from innovative renewable energy technologies, with a further indicative target for storage technologies that can improve demand-side flexibility and deliver a 5% reduction in peak electricity demand by 2030. The ITRE report tightens the sustainability criteria for biomass and accelerates the permit granting process for RES installations, and would require each Member State to develop at least two cross-border RES projects by the end of 2025. The report proposes a series of targets for key sectors that are generally more ambitious than those contained in the original Commission proposal. The transport sector would need to deliver a 16% reduction in GHG intensity by 2030, and take more active measures to promote hydrogen, including in the ‘hard to abate’ maritime sector.

The Council of the EU eventually adopted a general approach on 29 June 2022. This supports the original 40% RES target proposed by the Commission in July 2021. In terms of the transport sector, the general approach would give Member States the flexibility to choose between a 13% reduction in GHG intensity or a 29% RES share in the FEC of the transport sector by 2030. The general approach sets less ambitious sectoral targets than the Commission proposal (or the ITRE report), but does support tightening biomass sustainability criteria and accelerating the RES permit granting process.

Trilogue negotiations between the Parliament, the Council and the Commission concluded with a provisional agreement on 30 March 2023. The colegislators agreed to raise the share of renewables in the EU’s overall energy consumption to 42.5% by 2030, with an additional 2.5% indicative top up that would allow the overall share to reach 45%. Additionally, Parliament and Council agreed a series of sectoral targets (industry, transport, buildings, heating and cooling), some of which are of a binding nature while others are only indicative. The rules on sustainability of biofuels were tightened, while renewable permit granting processes are to be accelerated, in line with the REPowerEU plan and legislative proposal.

The Council formally endorsed the final text on 16 June 2023. The ITRE committee voted on the provisional agreement on 28 June, while a plenary vote is expected in September.

References:


- Directive (EU) 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources
Further Reading:

- European Parliament, EPRS, Renewable energy in the EU, At-a-glance, March 2023

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