

Press Handout on the vote on the "Renewable Energy Directive" (RED III), planned for 13 July 2022 in the Committee on Industry, Research and Energy of the European Parliament

"RED III" is a legislative part of the "Fit for 55 Package" (CO2 savings by 2030) paving the way to climate neutrality by 2050. It is also intimately linked to the ETS reform, CBAM, Buildings Directive, Energy Efficiency Directive, Gas/Hydrogen package and much more.

In its revision of the Renewable Energy Directive, the Commission proposed to increase the share of renewable energies in total gross energy consumption from 32% (RED II) to 40% (RED III) by 2030 (currently around 20%). This was and is crucial for Europe's contribution to the Paris Climate Agreement. However, the Russian attack on Ukraine has required a reorientation of our European energy policy. Above all, the accelerated expansion of renewable energies will bring Europe greater independence and security. During the negotiations in the European Parliament, a majority was quickly found for the EPP rapporteur's proposal to increase the target to 45%, which is ambitious and realistic. And the Commission has also adopted the new target in its subsequent REPowerEU strategy.

In the compromises, it had been possible to develop many pragmatic solutions for achieving the increased target that go beyond the Commission's proposal.

- The number of **cross-border projects** for the expansion of green electricity is to be doubled from one (as proposed by the Commission) to two projects per Member State. In addition, all Member States with an annual electricity consumption of more than 100 TWh (DE, ESP, FR, IT, NL, PO, SW) have to adopt a third project by 2030.
- The innovation component is a new feature. The EPP proposal for **innovation quotas** for the expansion of renewables was included: "Each Member State shall set an indicative target of at least 5 % of new installed renewable energy capacity between [entry into force of the directive] and 2030 as innovative renewable energy technology."
- Green electricity components must be transparent, and hydrogen ramp-up must be uncomplicated. This includes, among other things, a simpler system for **guarantees of origin**. To this end, we call for granular systems in the directive, i.e. digital and simultaneous recording of the green electricity/H2 components in the system. The conditions for green electricity contracts are to be significantly simplified with an admissible state aid framework (Power Purchase Agreements, PPAs). Prerequisites for the indirect purchase of green hydrogen (**book and claim**) complement the existing system.
- For forest biomass (cascade principle) and **biofuels (excluding palm oil and soya)**, ecological requirements have been strengthened (earlier phase out: Instead of 2030, palm oil and soya may no longer be counted towards the quota for first-generation biofuels as soon as the directive enters into force), but at the same time availability (conventional biofuels, quota for synthetic fuels (RNFBs)) and different conditions of the Member States (**biomass cascade principle as Implementing Act**) are taken into account. However, as for the availability of biomass, I find the ENVI definitions for secondary and primary biomass too limiting.
- The 2030 sector targets for industry (50% green hydrogen, binding) and buildings (49% renewable energy, indicative) are associated with ambitious annual growth rates, but can be adjusted on the basis of availability analyses (industry).

- To ensure that the greenhouse gas reduction targets are achieved even if green electricity-based hydrogen is not available in time, a RED recital calls for the **Gas and Hydrogen Directive** to define technology-open provisions **for low-carbon solutions for hydrogen**.
- We will only be able to produce 30-40% of the required hydrogen within the EU, despite massive expansion efforts. The Commission proposal has therefore been supplemented (in an article) by the **request for a hydrogen import strategy with Member States** setting indicative milestones.
- The only remaining important critical point (to vote on) is a compromise on Article 27.3. With this directive, EPP wants to regulate **the criteria for the production of green hydrogen** more simply than it is currently planned by the Commission's proposal for a delegated act (DA) to RED II (in consultation). The legal services are still arguing, but if the EPP's proposal goes through Parliaments vote, the DA is likely to become obsolete in parts.

Specifically, we want to include all plants for the production of green hydrogen (including existing plants and previously subsidized ones). We want to equalize the proof of the purchase and consumption of green electricity in terms of time, so that in times, when there is no wind, purchasing from the grid is possible. And the indirect booking model is intended to facilitate the purchase of green hydrogen over long distances and different price zones. All very technical, but in essence it is about simplifying the specifications for the production of hydrogen and thus accelerating the ramp-up. The bottleneck is the next few years. Here we have to do everything we can, to bring hydrogen to the industry. Otherwise, industry will literally die.

- Example: I would like an electrolyser located in Hamburg to be able to obtain green electricity from Denmark without bureaucratic complications.
- RePowerEU will unfortunately lead to a further revision of the Renewable Energy Directive (RED IV) and thus a delay. RED IV is about faster permitting procedures, the term "overriding public interest" and corresponding compromises on species protection (the protection of a population instead of the individual specimen). These ideas were already part of the "Pieper Report" before the war and should have been integrated into the ongoing RED III process. Obviously, the Commission wants with the new proposal to distract from the fact that it had a very limited idea for accelerating the expansion of renewable energies.

ITRE and ENVI were able to agree on the same negotiating teams across political groups. On 26 September, Pieper's report on RED IV will be presented in ITRE. A really unnecessary time delay.

- **Conclusion and outlook:** Across all political groups, there is a great deal of acceptance of most of the compromises. Every group wants to be part when it comes to the faster and more modern expansion of renewable energies. It is now a pragmatic approach, a "driving on sight". All in all, we now have very ambitious plans, but they are achievable.
- **Criticism**
 - I would have liked to see binding import targets.
 - In my opinion, low carbon quotas in RED would also have made sense.
 - With regard to the cascade principle, I would have liked to see more restraint. I find the ENVI's definitions of secondary and primary biomass too strict.
 - Controversial votes are still to be expected in plenary.