

## The RED II: strengthening the role of RECs to support increased ambition on renewable energy

With its recent proposed revisions to the Renewable Energy Directive (RED II), the European Commission (Commission) has recognized the need to increase ambition on renewable energy production in order to meet 2030 and 2050 climate objectives. To meet these objectives, more action is required in all segments of society. Citizens, for their part, are increasingly mobilizing through their own community, developing initiatives around the uptake of renewable energy and the adoption of energy savings measures. The underlying goal of these initiatives vary, ranging from the pursuit of the reduction of harmful Greenhouse gas emissions, using revenues from renewables production to fund other renewable projects and benefit the local community, education and awareness raising, strengthening the local security of supply, energy solidary and addressing energy poverty. One common thread tying all these different initiatives together is the pursuit of a democratic transition to clean, decarbonised energy system.

Such initiatives were recently acknowledged in the Clean Energy for All Europeans legislative Package (CEP), which defined and established supportive provisions for Renewable Energy Communities (RECs) and Citizen Energy Communities (CECs). With its recent proposal for RED II, the Commission did not reopen the provisions on RECs, as it recognised the need to focus on the transposition at the national level and for enabling frameworks to be created in all Member States that will support the development of energy communities. Nevertheless, there is an opportunity to strengthen the RED II to increase ambition on renewable energy, and to enhance policy support for RECs so that they can help contribute to the achievement of such ambition. There is also an opportunity to promote synergies between the RED II, the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED), with acknowledgement and support for the role that RECs can play in delivering renewables projects in buildings and in promoting an energy efficiency first approach.

## Key recommendations

In order to maximise the potential for citizens and their communities to contribute towards the achievement of more ambitious renewable energy targets set at the EU level, the legislative process between the European Parliament and the Council should deliver the following:

1. Increase of ambition for the EU's 2030 renewable energy targets to at least 50%, supported by a long-term 100% renewables target and nationally binding targets;
2. Maintenance of existing provisions of the RED II that refer to RECs;
3. Provision of support for RECs in buildings and in collaborating with local authorities, particularly through public procurement;
4. Promotion and support for RECs in the heating & cooling sector;
5. Simplification and reduction of administrative procedures by providing further clarity, particularly on planning and approval of renewables projects;
6. Distribution and transmission operators should be capable of monitoring electricity flows in real-time, while system integration should acknowledge a larger role for district heating and cooling, particularly at the local level;
7. Promotion of participation of RECs in offshore wind projects; and
8. Making sure that the hydrogen target the proposed Article 22a(1) of the RED II for industry only refers to renewable hydrogen and does not undermine the energy efficiency first principle.

### 1. New binding RES target

Article 3 of the RED II proposal introduces a new binding 2030 EU level renewable energy target of at least 40%. While this new target is more ambitious than the previous one, it should be increased to at least 50% by 2030, and reinforced with a long term target of 100% renewable energy by 2040. Moreover, an increased target should be backed up by binding national targets, to ensure the 2030 EU target is met.

### 2. Administrative procedures, permitting and notification procedures

Articles 15, 16 and 17 of the RED II deal with administrative procedures, permitting and notification procedures. There is a need to simplify and reduce burdensome administrative procedures, by providing further clarity to the overarching rules, so that barriers at national level are removed. The revised Article 15(8) obliges Member States to remove barriers to Power Purchase Agreements (PPAs), including the transfer of Guarantees of Origin (GOs).

We support these proposed changes, though it is unfortunate that there are no fundamental improvements, particularly on Articles 16 and 17 on permit granting and notification procedures.

We also support the new Article 15(g), as it would oblige the Commission to review administrative procedures and where appropriate, propose modifications to the rules set out in Articles 15, 16 and 17 and their application by one year after the entry into force of the Directive. However, this might be too late, and it probably means that no improvements are to be expected before 2024. Such changes should be possible much earlier. Furthermore, the Commission is expected to issue guidance on permitting, which should be very useful for the Member States. We believe that this guidance should also include provisions and references to barriers that energy communities face in these areas.

### **3. Mainstreaming renewable energy in buildings**

A new proposed Article 15a would require Member States need to set an indicative target for the share of renewables in final energy consumption in their buildings sector in 2030 consistent with an indicative target of at least a 49 % share of energy from renewable sources in the buildings sector. This target is supported by proposed requirements for Member States to introduce measures in their building regulations and codes and in their support schemes, including measures to promote renewables self-consumption, RECs and local energy storage, in combination with energy efficiency improvements.

Paragraph 3 of Article 15a also requires Member States to ensure that public buildings at national, regional and local level fulfil an exemplary role regarding the share of renewable energy used. This obligation can be fulfilled by providing for the roofs of public or mixed private-public buildings to be used by third parties for installations that produce energy from renewable sources. As local authorities and RECs are natural partners in the energy transition at the local level, this provision should be reinforced with language promoting cooperation between local authorities and RECs, particularly through the use of public procurement.

Lastly, these proposed changes should be part of a holistic approach for the building sector, through a strong coordination of the RED II, the EPBD and the EED. In order to ensure an effective penetration of renewables in the building sector, it is key to reduce energy demand in line with the energy efficiency first principle. RECs, for example through their citizen-led renovation programs<sup>1</sup>, are well positioned to assist households in taking art(collective) heating and cooling in their homes. To ensure this potential can be realised, the RED II needs to acknowledge the role of RECs and citizen-led renovation programs in Article 15a and ensure Member States develop adequate planning for renewable energy in the building sector consistent with the milestones of the national Long-Term Renovation Strategies (LTRS). This would establish a link between the new Article 15a in the RED II with the provisions of Article 2a in the EPBD.

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<sup>1</sup> See also REScoop.eu's brief "[Bringing the energy transition home: energy communities and the EPBD](#)".

## 4. System integration of renewable electricity

The new Article 20a of the RED II proposes a number of measures aiming to facilitate integration of renewable electricity into the energy system. We support more transparency in the grid, both for system operators and for users of the grid, and we would support strengthening language to ensure that system operators are able to measure what is going on in real-time. Nevertheless, we regret that most of the measures contained in this article focus on the interaction between electric vehicles and the electricity grid. This neglects a general approach to foster interaction between renewable electricity in heating and cooling and in industry. Such links need to be addressed in order to make Article 20a a more meaningful tool to promote system integration, particularly at the local level. Furthermore, paragraph 4 of Article 20a should mention the need to ensure national regulatory frameworks provide a level playing field for smaller market actors such as RECs.

## 5. Mainstreaming RES in industry

We support the Commission's choice not to re-open Article 22 or the associated provision in Article 2(16) defining RECs, as opening up these provisions at this stage would add further complexity into Member States' ongoing transposition process, which is already behind.

A new Article 22a is added on mainstreaming renewable energy in industry. It introduces a new indicative sector-specific target for an annual increase of the share of renewable energy of 1.1% in the amount of energy sources used for final energy and non-energy purposes in the industry sector in every Member State. In this renewable energy target for industry, an own sub target for the share of Renewable Fuels of non-biological origin (RFNBOs), also known as hydrogen, is integrated with the objective of reaching 50% share of all hydrogen used in industry as an energy carrier and as feedstock by 2030.

While we support requirements that encourage further renewables in industry, the RED II should only promote the use of green hydrogen. Blue hydrogen perpetuates the use of fossil technologies and stifles investment in renewable energy. It is expensive, unsafe, and incompatible with our future energy system. Hydrogen should also be primarily aimed to industries that are the most difficult to decarbonise. Lastly, this article should not hinder the energy efficiency first principle, taking into account that using hydrogen is less efficient than electrification.

## 6. New binding annual growth rate for heating and cooling

Article 23(1) of the RED II proposal states that each Member State must increase the share of renewable energy in the heating and cooling sector by at least 1.1 percentage points as an annual average calculated for the periods 2021 to 2025 and 2026 to 2030. That increase shall be 1.5 percentage points for Member States where waste heat and cold is used. In that case, Member States may count waste heat and cold up to 40 % of the average annual

increase. In addition, Member States-specific 'top-ups' should to be set (recital 23, art. 23.1). Member States shall ensure their accessibility to all consumers, in particular those in low-income or vulnerable households, who would not otherwise possess sufficient up-front capital to benefit.

Paragraph 4 also lists measures that Member States may take to achieve the targets. When adopting and implementing those measures, it should be mentioned that RECs can contribute to the achievement of these ambitious objectives, and to ensure the inclusion of vulnerable households. However, specific support is needed to reinforce their work. Therefore, among the measures listed in paragraph 4, a new measure on 'promotion of consumer-owned DHC networks, including through regulatory measures and financing arrangements" should be added.

## 7. Offshore energy

Preamble 8 of the RED II proposal states that *'The Offshore Renewable Energy Strategy introduces an ambitious objective of 300 GW of offshore wind and 40 GW of ocean energy across all the Union's sea basins by 2050. To ensure this step change, Member States will need to work together across borders at sea-basin'*. On this topic a new paragraph 7a is added to Article 9 of the RED II highlighting that Member States bordering a sea basin shall cooperate to jointly define the amount of offshore renewable energy they plan to produce in that sea basin by 2050, with intermediate steps in 2030 and 2040. They shall take into account the specificities and development in each region, the offshore renewable potential of the sea basin and the importance of ensuring the associated integrated grid planning. Member States shall notify that amount in the updated integrated national energy and climate plans. This cross-border cooperation between provides opportunities also for the cooperation of energy cooperatives in different countries to participate together in tenders.

The production of offshore renewable energy is highlighted as a priority for the Commission's agenda and is considered very important for the achievement of the ambitious renewable energy targets set at the EU level. The cooperative movement can contribute to offshore wind deployment and social acceptance of such projects. As a matter of fact, there are already some initiatives active in this field. National legislation should support citizen participation in offshore wind tenders, while there should be also a specific financing mechanism established for offshore projects that allow the participation and involvement of energy cooperatives and citizens. The RED II should also promote participation by RECs in offshore wind projects by referencing the need to include RECs in joint cooperation projects on offshore wind.