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## UFE's reply to the consultation of the European Commission on the revision of the Renewable Energy Directive

In general, UFE, the association representing the French electricity industry, supports the proposal for a revision by the European Commission of the Directive on the promotion of the use of energy from renewable sources. In particular, the French power industry supports the increase of the overall target to 40% of energy from renewable sources in the EU's gross final energy consumption in 2030 (art.3.1).

Nevertheless, UFE believes that some issues still need to be addressed, that is why UFE sets a series of recommendations.

### **Recommendations on the new sectoral targets introduced for buildings, the industry and the reinforcement of the existing targets for heating and cooling, district heating and cooling (art.15a, 22a, 23.1 and 24.4)**

UFE believes that the EU RES target will play its role in driving the use of renewable energy sources in the different end-use sectors without the need to set sub-targets per sector which could create lock-in effects and constrain Member States choices regarding their national energy policy. In addition, UFE recalls that it is difficult to trace production from renewable energy sources.

UFE has some concerns over the framework of the new REDIII.

UFE believes the multiplication of sectoral targets, not all submitted to the same metric (i.e. metrics in average increase and final energy consumption, plus a specific for transport based on GHG emissions), creates a cumbersome framework for renewables. This complexity could lead to delays in the transposition and implementation of the directive across Member States, therefore putting at risk the achievement of the RES national contributions and the EU RES target by 2030. UFE also expresses concerns over the lack of concrete calculation methods on how the electricity will be accounted for in the new building and industry targets.

- Therefore, UFE asks for the calculation methods to be further detailed in the REDIII in order to ensure that renewable electricity from the networks can be counted.
- Smart meters can provide relevant data, especially for accounting for self-consumed renewable energy.
- The interaction of the building target with those for heating and cooling and district heating and cooling networks also needs to be clarified to avoid overlaps.
- Any provisions regarding these three targets should be aligned **with the revision of article 24 of the Energy Efficiency Directive**, in particular the new provisions on highly efficient heating and cooling.

### **Recommendations on transport**

#### **On the new GHG-emission target for transport (art.25 and 27)**

While UFE supports the strengthening of the RES target for the transport segment to be aligned with the EU's climate agenda, the French electricity sector is concerned over the switch from an energy-based target to a GHG-emission based target (art.25.1). **If UFE supports the fact that a threshold expressed in terms of GHG emissions is a relevant tool to appreciate the decarbonisation of transport while guaranteeing technology neutrality among low-carbon technologies, it may, within the framework of RED, add complexity to the transport metric and to the whole RES framework (i.e. the RES sectoral targets do not follow the same metric).**

Indeed, UFE is sceptical about the added value of the Commission's proposal which seem to bring a lot of changes to achieve the same results. Indeed, the 13% GHG-emission target proposed by the Commission corresponds, in terms of ambition, to a level of 24-26% in final energy consumption, which is the objective initially considered by the Commission in its public consultation. Therefore, **the switch to a GHG emission-based target does not further boost renewable energies compared to what a reinforced energy-based target would achieve**. Furthermore, while UFE is very favourable to maintaining the multipliers (i.e. they are still incorporated within the new EC<sub>F(e)</sub> indicator when calculating the GHG-emission savings of each energy), we are less supportive of doing it with additional complexity compared to what exists in the current REDII. To conclude, it appears that the changes proposed do not lead to a more efficient promotion of renewable energies but rather achieve, with increased regulatory complexity, the same results than the current RES framework.

24 Member States out of 27 already implement an energy-based target and the three other countries have put in place a different system than the one proposed by the Commission. For instance, France will soon implement its national fuel-neutral credit mechanism which has been developed in a regulatory framework based on an energy-based RES target for transport. **Its implementation is planned for 2023 and it would have to be revised almost immediately after its entry into force to ensure compliance with**

the new emission-based transport target.

- UFE recommends keeping an energy-based target for transport to ensure a coherent and simpler regulatory framework for the use of renewables in the sector and to avoid possible delays in achieving the RES targets by 2030. In complement, UFE proposes to indicate the level of GHG-emission savings achieved thanks to the use of RES.

#### On the obligation for Member States to put in place a fuel-neutral credit mechanism (art.25.2)

UFE supports the new obligation to put in place a fuel-neutral credit mechanism in Member States. Indeed, fuel-neutral credit trading mechanisms represent a low hanging fruit that could adequately assess the contribution of renewable-based electromobility to the decarbonisation of transport. Furthermore, they would also generate resources for the diversity of players in the electromobility sector without weighting on the State budget.

- UFE recommends not to limit the credit mechanism to public charging points but to apply it to all recharging points, including private ones.
- UFE asks to specify who are the 'economic actors' which fall under the scope of this obligation.

#### On smart charging-related definitions (art.2)

The installation of smart meters, among other solutions, plays a role in grid management optimisation and flexibility services promotion.

- UFE calls for the possibility to consider smart meters as one of the solutions allowing smart charging (definition in art.2.14l).
- This definition should be harmonised, in all legislative texts dealing with smart charging (AFIR, EPBD) and amended as follow: "recharging operation *launched, stopped or* in which the power delivered to the battery, *thanks to a variation of its intensity*, is adjusted in real-time *or in a scheduled manner, possibly via the use of smart meters or other electronic devices* based on information received through electronic communication;".
- UFE also recommends amending the definition of bidirectional recharging' (art.2.14n) as "smart charging where the direction of electric *current* may be reversed, so that electric charge flows from the battery to the recharging point it is connected to;".

#### On the access to battery-related data (art.20a.2)

UFE is in favour of the new obligation imposed on battery and vehicle manufacturers to guarantee access to in-vehicle data to third parties such as electricity market participants. It is a prerequisite for third-party operators of "smart charging services" and for the well-functioning of smart charging technologies as well as to ensure consistency with art.15 of Directive 2019/944 on common rules for the internal market for electricity.

- Concerning smart charging, UFE believes available data should include load control to charge vehicles at the best time and at the lowest cost, as well as electricity reinjection to ensure networks flexibility.
- It should be free from charge and compliant with the principles of the GDPR: **data belongs to consumers who can decide to give access to a third party.**

## Recommendations on the treatment of RFNBOs

### On sub-targets for industry (art.22a(new)) and transport (art.25.1.b)

UFE is concerned about the level of RFNBOs targets proposed by the European Commission. In transport, the level of 2,6% could lead to use RFNBOs (and specifically hydrogen) in the light-duty segment, where electrification is feasible and more competitive.

- RFNBOs should be limited to hard-to-abate sectors where it is most cost-efficient and where direct electrification is not feasible.
- UFE recommends turning the RFNBO targets into indicative targets.

Furthermore, UFE is concerned by the process followed by the European Commission, which aims to publish the RFNBO delegated act by the end of the year, i.e. before the end of the negotiations on the REDII revision.

- The delegated act should not automatically become a blueprint for criteria to be defined for RFNBOs used in other sectors than transport.

### On the additionality principle (art.4a(new))

The Commission specifies in art.4a (new) that “*Member States shall take into account the additional renewable electricity required to meet demand in the transport, industry, building and heating and cooling sectors and for the production of renewable fuels of non-biological origin.*”

- UFE recalls its opposition to a strict interpretation of additionality, which has no physical ground from an electricity system perspective and would hinder the uptake of RFNBOs.
- If additionality is applied, it should only be considered as a general principle at Member State level. Any narrow interpretation of additionality at project-level with strict temporal and geographical criteria must be avoided.

## Recommendations on new obligations for TSOs and DSOs

### On new obligations for TSOs and DSOs with regard to system integration (art.20a.1(new))

New art.20a.1 requires TSOs and DSOs to make available information on the share of renewable electricity and the GHG emissions content of the electricity supplied as close to real time as possible, in time intervals

of no more than one hour.

- UFE understands the growing need for consumer empowerment and engagement and is fully committed to address it. Nevertheless, clarification **on the final aim of this technically complex and possibly costly disclosure requirement is needed. The requirement to disclose data as close to real time as possible is a challenge, especially at distribution level. Technical feasibility of data disclosure is questioned for several reasons** including: (i) the possibility to issue information on an hourly basis; (ii) the use of balancing technologies (e.g. storage) in the network further complexifying the task. **UFE raises the issue of the dissemination of data coming from multiple system operators.** The articulation of data and the instrument used to disseminate these data must be further discussed.
- Considering the challenges that are raised by this new provision, **UFE does not support making this disclosure compulsory** but rather leaves it as a possibility for system operators.

Although aware of the increasing demand for some end-users to be able to read the share of renewable electricity and GHG emissions content of the electricity supplied on their device, this requirement will currently be costly and technically complex to implement for all stakeholders. For instance, not all EV charging points are equipped with display screens.

- **UFE calls for the removal of the obligation to make information readable by electronic communication devices.**

#### On district heating and cooling systems (art.24)

Third party access to district heating and cooling (DHC) systems contributes to enhancing the energy transition (art.24.4a). However, due to (technical and economical) specificities of this kind of networks, no “one-size-fits-all” solution is possible.

- Therefore, UFE asks for carrying out **an ex-ante cost-benefit analysis to assess whether there is an added value for the sustainability of the grid to integrate third parties.** This should be done before allowing the integration of any third party and the final decision should lay in the hands of the network operators based on the analysis carried out.

Regarding the contribution of DHC systems to balancing and other system services (art.24.8), UFE would like to highlight the following:

- Pursuant to art.6 of the Electricity Regulation (EU 2019/943), **non-discriminatory access to balancing markets shall be ensured for all market participants.** To maintain a level-playing field between flexibility sources, the **new provisions should ensure no undue entry barriers nor rules favouring the contribution of one type of consumers over others are introduced for participation in balancing and ancillary service mechanisms.**
- **Flexibility sources are already taken into account by DSOs in grid planning. Potential flexibilities**

**from DHC systems should be put at the service of the grids and not bring additional constraints in grid planning.**

### **Recommendations on the deployment of renewable PPAs (art.4a(new), art.15.8)**

Accelerating and facilitating the uptake of renewable power purchase agreements (PPAs) will be key to achieve the EU's ambition in terms of RES development. The Commission's proposal tackles two major barriers to the uptake of PPAs: lengthy permitting procedures and financial risks associated with them.

- **UFE recalls that the simplification of permitting procedures must be carried out in coordination with system operators to ensure grid stability and security. UFE supports the promotion of credit guarantees as a way to financially secure PPAs.**
- **The role that public procurement can play in the uptake of PPAs should be explicitly recognised in art.15.8.**

UFE also supports the monitoring of PPAs deployment through reporting the volume of renewable power generation supported by renewables PPAs in Member States' NECPs.

### **Recommendations on the development of joint projects (art.9.1a(new))**

According to the Commission's proposal, Member States shall agree to establish a joint project for the production of renewable energy by the end of 2025.

- **UFE does not support the prescriptive nature of this new provision. We would rather support developing joint projects on a voluntary basis,** to ensure cost-effectiveness and avoid any detrimental effect on the development of national projects.
- **A definition of joint projects must be provided,** as, apart from projects financed via the EU RES Financing Mechanism, the type of cooperation which could be included under the 'joint project' category is unclear.

### **Recommendations on guarantees of origin (art.19.2)**

Although UFE does not identify the need to revise the existing provisions on GOs, we take note of the Commission's proposal requesting Member States to issue GOs for every MWh of RES produced, upon request of a producer.

In France, GOs are already issued for assets benefiting from a support scheme. In that case, GOs can be auctioned by the State which gets the associated revenues. This **allows for traceability of the renewable electricity produced, while taking into account the market value of GOs in the design of RES support schemes.**

- **UFE supports the proposal requesting Member States to issue GOs for each MWh of renewable electricity produced**, at the request of a producer, independently of it benefitting from a support scheme.
- **The revised RED should make it clear that the issuance of GOs for every MWh of RES produced, upon request of a producer does not necessarily imply GOs to be delivered to the producer.** This will ensure that efficient national GOs systems already allowing the issuance of GOs for supported assets are not negatively impacted.