

## **EURACOAL response to the Proposal for a Directive amending the recast Renewable Energy Directive (EU) 2018/2001**

- EURACOAL welcomes the support for electricity generated from biomass at coal power stations. However, some of the proposed restrictions go too far and risk discouraging utilities from lowering their GHG emissions in this way.
- EURACOAL rejects the indicative targets for renewables in the buildings sector. A more efficient use of fossil fuels should be equally acceptable. It would be more appropriate to deal with this issue during the revision of the Energy Performance of Buildings Directive.
- EURACOAL rejects any electricity labelling requirements.
- Recycled carbon fuels make a positive contribution to GHG targets, but the limit to “at least 70% GHG savings” appears arbitrary and needs further justification.

### ***Background***

On 14 July 2021, the European Commission proposed a revision of Directive 2018/2001 on the promotion of the use of energy from renewable sources.<sup>1</sup> This proposal is part of the larger “Fit-for-55” legislative package aimed at further reducing the European Union’s greenhouse gas (GHG) emissions by 2030. The revision mainly focuses on ensuring that the share of renewable energies in the EU’s gross final consumption is at least 40% in 2030, an increase from the current target of at least 32%. The revision also contains proposals to foster integration of renewable energies into the energy system, including improved access to district heating and cooling grids. This is accompanied by provisions to oblige member states to gradually increase their shares of renewables in the power generation, transport and buildings sectors, and encourage the use of renewable fuels in industry, including those of biological and non-biological origin.

EURACOAL welcomes the ambitious targets for the faster rollout of renewable energies. In many EU member states, coal can provide the necessary backup over the short to medium term for an increasing share of variable renewable energy sources. This can avoid costly investments in new, fossil gas-fired capacity.

## **EURACOAL Response**

### ***Electricity generation from biomass***

Of particular interest to EURACOAL members are the provisions for the use of biomass in power generation. Co-firing of biomass with coal is a viable way of reducing GHG emissions in countries with coal-fired power plants. The current proposal envisages restrictions for this model: according to the amended Article 3(3), from 2027, the production of electricity from forest biomass can only be subsidised if it is either “produced in a region identified in a territorial just transition plan approved by the European Commission” or if “it is produced applying Biomass CO<sub>2</sub> Capture and Storage” (BECCS). The article furthermore specifies:

---

<sup>1</sup> COM(2021) 557

*No later than one year after [the entry into force of this amending Directive], the Commission shall adopt a delegated act in accordance with Article 35 on how to apply the cascading principle for biomass, in particular on how to minimise the use of quality roundwood for energy production, with a focus on support schemes and with due regard to national specificities. By 2026 the Commission shall present a report on the impact of the Member States' support schemes for biomass, including on biodiversity and possible market distortions, and will assess the possibility for further limitations regarding support schemes to forest biomass.*

### **Response**

EURACOAL welcomes the general acceptance of electricity generation from biomass co-fired at coal power stations, and the recognition that this type of power generation needs state incentives. As biomass co-firing lowers the GHG emissions of coal-fired power plants, and even allows negative emissions with BECCS, it is only logical to provide for ongoing support of this approach in the coal regions in transition. This can mitigate the socio-economic impacts of the energy transition in coal regions and ensure energy security for as long as variable renewable energy sources operate without sufficient energy storage to guarantee power supply at all times.

EURACOAL rejects empowering the Commission to apply the cascading principle via a delegated act. Generally, such delegated powers should only be given under special circumstances. Moreover, any such regulation should only be discussed after the publication of the report on the impact of the Member States' support schemes for biomass in 2026.

The proposed restrictions on forest biomass would pose an additional administrative burden on the many coal power companies who have introduced co-firing as a way to reduce their GHG emissions. Such a sudden change of criteria would mean re-negotiating or terminating existing supply contracts, potentially being left with no fuel supply.

### **Renewables in buildings**

In a new Article 15a, the Commission proposal would oblige member states to set “an indicative target for the share of renewables in final energy consumption in their buildings sector in 2030 that is consistent with an indicative target of at least a 49% share of energy from renewable sources in the buildings sector in the Union’s final consumption of energy in 2030”. These targets should be included in National Energy and Climate Plans, as well as information on how member states plan to achieve them. To support this ambitious rollout, the amended directive would oblige member states to require minimum shares of renewable energies in their building codes and support schemes. It would explicitly allow “efficient district heating and cooling” to fulfil these minimum shares.

### **Response**

These extremely ambitious targets would certainly have consequences for all fossil fuels used for heating, including coal. EURACOAL welcomes the explicit support for efficient district heating and cooling, which is in line with the related support in the proposal for a revised EU ETS Directive. However, in hard-to-decarbonise sectors such as district heating, a more efficient use of fossil fuels should be as appropriate for reaching the Union’s 2030 targets as renewable energy options. The EU-wide indicative target of a at least a 49% share of renewable energies in the buildings sector by 2030 disregards the significant savings that can be achieved through the more efficient use of fossil fuels.

EURACOAL also questions the feasibility of setting indicative renewable energy targets in the buildings sector. Most member states do not have the data needed to determine such shares with the necessary precision. It would be more appropriate to deal with this issue during the revision of the Energy Performance of Buildings Directive.

### **Electricity labelling**

In a new Article 20a, the draft directive would require transmission and distribution system operators to inform consumers in real time about the renewable content and GHG footprint of their electricity:

*Member States shall require transmission system operators and distribution system operators in their territory to make available information on the share of renewable electricity and the greenhouse gas emissions content of the electricity. This information shall be made available digitally in a manner that ensures it can be used by electricity market participants, aggregators, consumers and end users, and that it can be read by electronic communication devices such as smart metering systems, electric vehicle recharging points, heating and cooling systems and building energy management systems.*

This is accompanied by a similar obligation on district heating and cooling suppliers to provide information to consumers on the share of renewable energy in their supplies (Art. 24(1)).

### **Response**

EURACOAL rejects this labelling requirement. It would be technically too hard to implement as the GHG emission of electricity is common to all users and cannot be attributed to particular users.

### **Integration of recycled carbon fuels**

According to the proposal, the targets on the share of renewable energies could also be met using recycled carbon fuels, providing GHG emissions savings from the use of such fuels are at least 70%.

### **Response**

This good, forward-looking proposal would encourage R&D into new technologies to which the coal sector is willing to contribute. However, the 70% figure appears arbitrary and needs further justification. In practice, the true GHG emissions from an activity require detailed, life-cycle analysis with results being highly dependent on the assumptions made on the upstream and downstream boundaries of a particular activity. Results are therefore highly subjective.

29 October 2021