

The EU's “Fit for 55” package”

Opportunities and challenges for
corporate sourcing in Europe



RE-Source

European platform for corporate
renewable energy sourcing

The Fit for 55' Package



28th June 2021 – European Council adopts the **Climate Law**, enshrining a new objective to **reduce CO₂ emissions by 55% in 2030**

14th July 2021: European Commission published **Fit for 55' package**, which aims to review EU energy & climate legislation in light with this new objective:

- **Renewable Energy Directive (Recast)**
- **Energy Efficiency Directive**
- **Energy Taxation Directive**
- **Revision of EU ETS System**
- **Carbon border adjustment mechanism**



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More info at:
resource-platform.eu

A 40% Renewable Energy Target by 2030



- The Review of the Renewable Energy Directive increases Eu's 2030 renewable target from 32% to 40% of Renewable Energy in Europe's final energy demand.
- According to the European Commission's Impact assessment, at least 39% of Renewable Energy in EU final energy demand is needed by 2030 to achieve a 55% CO₂ emission reduction.

How can the Fit for 55' package unlock CPPA contribution to higher ambitions?



New targets for industry and buildings



- New indicative target to increase renewable energy use by industry by 1.1% annually
- Binding target of 50% renewables share in hydrogen consumption for industry
- New indicative target on buildings to achieve at least 49% renewable energy use as a share of gross final energy consumption by 2030

Review of EU administrative and permitting rules by 2023



- Commission acknowledges permitting as a major bottleneck to renewables deployment.
- Article 15 now grants possibility to the European Commission to review and propose modifications where necessary to the rules on administrative procedures within one year of the entry into force of the REDII Amending Directive.
- In the same timeline, the Commission may also take additional measures to support Member States in their implementation (permitting guidelines?).

A boost to renewables procurement framework

The RED III introduces new provisions which requires:

- Member States to establish frameworks to promote the uptake of RE PPAs including by exploring how to reduce financial risks, notably through credit guarantees
 - Member States to report renewable capacity contracted under PPAs in 2030 National Energy and Climate Plans
 - CPPAs to be facilitated for SME's, a key objective of the RE-Source platform.
- The Commission has committed to provide additional guidance to Member States by 2024 on how to develop these frameworks.

A critical improvement on the GO framework...



- Obligation for GOs to be transferred to renewable electricity buyer under PPAs
 - Member States can no longer retain GOs from assets receiving Government financial support
- New key markets to open for CPPA's (France, Germany)

... but more ambition needed to drive innovation



- No proposals to improve GO transparency and granularity (Ex: at least daily “time-stamp” of the GOs issued to producers to know the precise time at which the underlying unit of energy was produced)
 - Critical to enable the deployment of innovative & ever more ambitious renewable sourcing business models
 - The RE-Source platform will work further with European Parliament and EU Member States to promote these changes

Emerging **political trends** in renewable corporate sourcing

Renewable Hydrogen

- What type of support schemes for industries and producers?
- How do you trace Renewable Hydrogen?
- Do we need same system of guarantees of origin or renewable energy certificates?

Additionality

“Renewable energy certificates”, which ensure stricter link with renewable production could be key tool for accounting industry targets & avoid double counting.

24/7 RES

- How can the market design and GO/certification framework evolve to always guarantee renewable supply?
- EU electricity market lagging for flexibility & storage