The Renewable Energy Directive – a close-up

Introduction

The European Commission made its original proposal for a Renewable Energy Directive in January 2008. The European Parliament and Council have been debating the directive and proposing amendments throughout the year and have now reached agreement.

The key principles of the initial proposal have been retained: the 20% overall EU renewables target broken down into differentiated legally binding national targets; priority access to the electricity grid for renewables, the option for Member States of using flexibility mechanisms to help reach national targets and the streamlining of administrative procedures.

The 2009 EU Renewable Energy Directive is a breakthrough piece of legislation that will enable wind power and other renewables to push past barriers and which confirms Europe as the leader of the energy revolution the world needs. The agreement reached today must be endorsed by a vote of the full European Parliament in the near future, followed by the Council of Ministers, and will enter into force 20 days after it is published in the EU's official journal.

Legally binding national targets and indicative trajectory

The EU's overall 20% renewable energy target for 2020 has been divided into legally binding targets for the 27 Member States, averaging out at 20%.

The Member States are given an ‘indicative trajectory’ to follow in the run-up to 2020. By 2011-12, they should be 20% of the way towards the target (compared to 2005); by 2013-14, 30%; by 2015-2016, 45% and by 2017-18, 65%.

In terms of electricity consumption, renewables should provide about 35% of the EU’s power by 2020. By 2020, wind energy is set to contribute the most - nearly 35% of all the power coming from renewables.

Implementation and enforcement of the directive

The directive legally obliges each EU Member State to ensure that its 2020 target is met and to outline the ‘appropriate measures’ it will take to ensure a National Renewable Energy Action Plan to be submitted by 30 June 2010 to the European Commission. EU countries have certain mechanisms they can use to help meet these targets (see below).

The European Commission will be able to initiate infringement proceedings if a Member State fails to introduce “appropriate measures” to enable it to meet its interim trajectory.
National Action Plans

The National Action Plans (NAPs) will set out how each EU country is to meet its overall national target, including elements such as sectoral targets for shares of renewable energy for transport, electricity and heating/cooling and how they will tackle administrative and grid barriers. The NAPs will have to follow a binding template to be provided by the European Commission in June 2009; if the Commission considers an NAP to be inadequate it will consider initiating infringement proceedings against that particular Member State.

If they fall significantly short of their interim trajectory over any two-year period, Member States will have to submit an amended NAP stating how they will make up for the shortfall.

Update reports from the Member States and the European Commission

Every two years Member States will submit a progress report to the European Commission, containing information on their share of renewable energy, support schemes and progress on tackling administrative and grid barriers. Based on these reports from the Member States, the European Commission will publish its own report the following year.

The Transparency Platform

The proposed online ‘Transparency Platform’ will allow Member States to access and exchange information on the directive and on achieving the targets, their NAPs, statistical transfers and joint projects. As well as increasing transparency, the Platform should facilitate and promote cooperation between Member States.

Flexibility and cooperation mechanisms

Certain measures to promote flexibility have been built into the directive in order to help countries achieve their targets in a cost-effective way, without undermining market stability. For example, Member States may agree on the statistical transfer of a specified amount of renewable energy between themselves. They can also cooperate on any type of joint project relating to the production of renewable energy, involving private operators if they like. Thirdly, two or more Member States may decide, on a voluntary basis, to join or partly coordinate their national support schemes in order to help achieve their targets. In such cases, a certain amount of energy from renewable sources produced in the territory of one participating Member State may count towards the national overall target of another participating Member State.

Imports and joint projects with non-EU countries

Under certain conditions, Member States will be able to help meet their national electricity sector target with imports from non-EU countries. The electricity will have to be produced by a newly constructed installation that became operational after the directive enters into force, or by the increased capacity of an installation that was refurbished after the Directive enters into force; and the electricity must be consumed within the Community. However, in cases where an inter-connector with a very long lead-time is being constructed (having started by 2016 and operational between 2020 and 2022) an EU country can count renewable electricity produced and consumed in a third country towards its national target if the inter-
connector is used to export at least the same amount of renewable electricity to the Community once it becomes operational, and the Commission gives its approval.

**Guarantees of origin (GOs)**

Following intense discussions, it has finally been agreed that GOs will have the sole function of proving to a customer that a given quantity of energy was produced from renewable sources.

EU countries will have to ensure that a GO is issued in response to a request from a producer of renewable electricity, and each one will have a standard size of 1 MWh.

No more than one GO can be issued for each unit of energy produced, and Member States must ensure that the same unit of energy is taken into account only once. When an electricity supplier is required to prove the share or quantity of renewable energy in its energy mix it can use its GOs.

**Administrative procedures**

EWEA is pleased that one of the articles of the directive is devoted to streamlining administrative procedures, currently one of obstacles to wind energy development. The Member States will have to make sure that the authorisation process for renewable energy projects is proportionate, necessary and transparent. This should speed up the time a new project takes to become operational and help the 2020 targets be met more easily.

**Grids**

The agreement requires EU countries to take “the appropriate steps to develop transmission and distribution grid infrastructure, intelligent networks, storage facilities and the electricity system” to help develop renewable electricity. They must also speed up authorisation procedures for grid infrastructure.

EU countries must ensure that transmission system operators and distribution system operators guarantee the transmission and distribution of renewable electricity and provide for either priority access to the grid system – meaning connected generators of renewable electricity are sure that they will be able to sell and transmit their electricity - or guaranteed access - ensuring that all electricity from renewable sources sold and supported gets access to the grid.

**Normalisation of wind power**

EWEA, together with a number of Member States, the European Commission and MEPs has worked to develop a normalisation formula to calculate the electricity produced in a particular year from wind, with a reference period of five years. This means that they will look at wind power produced over five years to establish the yearly normalised total, thus ironing out annual variability. This will mean that a Member State would not fail to reach its 2020 target solely on the basis of a poor wind year in 2020.

**Electric vehicles**
According to the directive, Member States must have 10% of their transport fuelled by renewables by 2020. To calculate how much electricity produced from renewable sources is used by electric transport, EU Member States may choose to use either the average share of renewable electricity across the EU-27 or the share of renewable electricity in their own country, whichever is higher, by way of incentive. Furthermore, the amount of renewable electricity used by electric road vehicles is to be considered to be 2.5 times the energy content of the renewable electricity input, in recognition of their greater efficiency.

**EU support for financing renewable energies**

In support of the 20% renewables target, the European Commission will publish an analysis and plan in 2009 looking at how better to use EU structural funds and framework programmes for energy from renewable sources, funds from the European Investment Bank and other public finance institutions, better access to risk capital and an improved coordination of Community and national funding in accordance with the objectives pursued by the Strategic Energy Technology Plan.

**Renewable Energy Roadmap for the post-2020 period**

EWEA welcomes the addition made in the final weeks of the negotiations stipulating that the European Commission will publish, by 2018, a Renewable Energy Roadmap for the post-2020 period. This is a very welcome development that will allow the wind power sector to ensure that a stable regulatory framework replaces the Renewable Energy Directive of 2009 when it expires at the end of 2020.