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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2021) 622 final
Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT Accompanying the Proposal for a directive of the European Parliament and the Council amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652

Delegations will find attached document SWD(2021) 622 final.

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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the

Proposal for a directive of the European Parliament and the Council
amending Directive (EU) 2018/2001 of the European Parliament and of the Council,
Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive
98/70/EC of the European Parliament and of the Council as regards the promotion of
energy from renewable sources, and repealing Council Directive (EU) 2015/652

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Executive Summary Sheet (Max 2 pages)
Impact assessment on amending Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources
A. Need for action
What is the problem and why is it a problem at EU level?
The European Green Deal establishes the objective of becoming climate neutral in 2050 in a manner that contributes to European competitiveness, growth and jobs. This objective requires an emissions reduction target of 55% by 2030 as confirmed by the European Council in December 2020. This in turn requires significantly higher shares of renewable energy sources in an integrated energy system. The current EU target of at least 32% renewable energy by 2030, set in the Renewable Energy Directive (REDII) is not sufficient and needs to go up to 38-40%, according to the Climate Target Plan (CTP), along with new accompanying measures in different sectors in line with the Energy System Integration, the Hydrogen, the Offshore Renewable Energy and the Biodiversity Strategies.
What should be achieved?
Greater use of energy from renewable sources by 2030, better energy system integration while ensuring protection of biodiversity and climate objectives.
What is the value added of action at the EU level (subsidiarity)?
The achievement of higher shares of renewable energy sources in final EU energy consumption depends on national contributions from each Member State. These will be more ambitious and cost-effective if driven by an agreed common legal and policy framework.
B. Solutions
What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?
The main options considered are: (1) increased EU-level renewable energy target for 2030 in the range of 38-40%, with national contributions; (2) expanded menu of measures (covering also enabling measures for district heating and cooling and buildings) together with an obligation for an annual 1.1 p.p. increase at Member State level and an indicative Member State-specific top-up; (3) increased overall transport target, in line with the Climate Target Plan, including sub-targets for advanced biofuels and renewable fuels of non-biological origin; (4) EU benchmark for renewables in industry and sub-target for renewable fuels of non-biological origin; (5) promotion of renewables in electricity through: (a) promotion of power purchase agreements, (b) cross-border renewable energy pilot projects, (c) specific measures to foster deployment of offshore renewable energy; (6) Specific measures to mainstream renewable electricity in transport and heating and cooling; (7) EU certification system and promotion of renewable and low carbon fuels; (8) targeted strengthening of the REDII sustainability criteria for biomass.
What are different stakeholders' views? Who supports which option?
The majority (80%) of replies to the open public consultation showed a preference for an increased RES target in line with the CTP (43%) or higher (37%). 61% favoured a binding target both at EU and national level. Transport and heating and cooling were the two most popular sectors where additional efforts were considered necessary, with a majority supporting increased targets for both sectors at least at the level of the CTP. Replies from business in particular supported EU-wide certification and promotion of renewable and low carbon fuels. A coordinated response of more than 38,000 participants requested removing biomass from the list of renewable resources and limiting the use for bioenergy to locally available waste and residues, whereas representatives from trade unions, business and a majority of public authorities preferred not changing the sustainability criteria for biomass.
C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise of main ones)?
The preferred options effectively help the Member States increase the use of renewable energy, thus contributing to reducing GHG emissions in the EU by 55% by 2030, as well as to support other European Green Deal objectives. The increased use of energy from renewable sources is crucial to contribute to the

EU's technological and industrial leadership and the creation of jobs and growth. The increase in renewable energy would also result in a more secure and integrated EU energy system less dependent on imports. Renewable solutions for heating and cooling and transport are a main factor to improve air quality in cities. Strengthened sustainability criteria for bioenergy will have positive impacts on biodiversity, the carbon sink and air quality.
What are the costs of the preferred option (if any, otherwise of main ones)?
An increased climate target for 2030 will require considerable additional investments. All scenarios tend to converge on similar total figures. Energy expenses as a share of households' consumption grow only slightly in the core scenarios compared to the baseline. Growing expenditure (due to investments necessary for clean energy transition and the carbon price mark-up) is moderated by increased consumption linked to economic growth. As an annual average (2021-2030) and if assessed detached from other "Fit for 55" policies, investment expenditures, excluding transport, will be higher by €13 billion and energy system costs, excluding carbon pricing and disutilities, will be higher by €4 billion.
What are the impacts on SMEs and competitiveness?
Increasing renewable energy use in heating and cooling and in buildings will require building works/renovation, leading to an increase in employment in the sector. Up to 95% of construction, architecture and civil engineering firms are SMEs, so there is a likely positive economic effect on SMEs. Guidance and financial support on power purchase agreements will help SMEs who do not have the resources to deal with complex contracts. More stringent forest biomass criteria may create increased administrative costs and burden for small forest owners.
Will there be significant impacts on national budgets and administrations?
In terms of administrative costs, increases in targets are not likely to create significant impacts, as monitoring/compliance systems are already in place. On bioenergy, in some Member States, national authorities are likely to face increased monitoring costs associated with fuelwood limitations and a larger number of installations covered by sustainability criteria.
Will there be other significant impacts?
The increase of RES in the EU will contribute to increased security of supply by replacing imported fossil fuels from third countries and to reduced volatility to externalities. Strengthened sustainability criteria for forest biomass should have positive impacts on biodiversity, contribute to the carbon sink and reduce air pollution.
Proportionality?
The preferred package of options is considered proportionate and builds to the extent possible on current policy design. The balance between obligations and the flexibility left to the Member States on how to achieve the objectives is considered appropriate given the imperative of achieving climate neutrality.
D. Follow up
When will the policy be reviewed?
Under the Governance Regulation, Member States submitted their integrated national energy and climate plans, including shares of renewable energy in final energy consumption, in heating and cooling and transport sectors, as well as information on their policies and measures to achieve the targets. Updated NECPs are due in 2024.