

# Post-Paris EU climate policy briefings

*At the Paris Climate Summit, 195 governments agreed to reduce man-made greenhouse gas emissions to zero during the second half of this century and to limit average global temperature rise to 1.5°C. As signatories to the Paris Agreement, the EU and its Member States now need to revise and strengthen their climate and energy policies, and all other relevant policies to make them coherent with the Paris objectives. Our briefing papers provide a top line overview of the processes that will contribute to the needed zero-carbon transformation.*

## The 'Renewable Energy Package'

April 2016

### What?

The EU has a target to meet 20% of its final energy consumption with renewable energy sources by 2020. This target is broken down into national binding targets. There are currently no sustainability criteria for bioenergy used for heat/cold and electricity generation, despite bioenergy representing about 2/3 of current EU renewable energy use. In October 2014, the European Council put forward a target of "at least 27%" renewable energy by 2030, but decided that this target would not be broken down in binding national ones (it is only binding at the EU level). On the other hand, the European Parliament called for a binding 30% share of renewables in energy consumption at EU level by 2030, to be implemented through individual nationally binding targets. The forthcoming 'Renewable Energy Package' will be composed of:

- A proposal for a revised/new Renewable Energy Directive for the period 2021-2030;
- A bioenergy sustainability policy;
- A (legislative) proposal on the design of the electricity market.

### What is at stake?

The current Renewable Energy Directive ends in 2020. The 2009 Renewable Energy Directive has had a positive impact on the market volumes and therefore also on cost reductions of renewable energy in the European Union. The determining success factors for this were:

- the establishment and implementation of national binding targets;
- the provision of a stable, reliable and predictable overall framework for renewable energy development;
- the inter-linkage between the renewable energy target and the overall climate mitigation targets;
- and the decision to ensure flexibility and provide opportunities for national 'adaptation'.

Bioenergy has a role to play in Europe's transition to an energy system 100% based on renewable energy and energy efficiency. However, to avoid serious negative consequences for carbon emissions, biodiversity and land conflicts, safeguards for bioenergy use have to be introduced as part of the EU's 2030 climate and energy policies. Market design is the set of arrangements that govern how market actors generate, trade, supply and consume electricity and use the electricity infrastructure. It is important that these arrangements support and not hamper the transformation of the energy system, and enable network operators, generators and consumers – both households and industry - to take full advantage of the various renewable energy sources. In other words, the (electricity) market has to be made 'fit for renewables' (and not the opposite, i.e. renewables be made 'fit for the market').

### Who are the key players?

**For the European Commission:** Vice-President Maros Šefčovič and Commissioner for Energy and Climate Action Miguel Arias Cañete, and his administration (DG Energy).



**For the European Parliament:** the Industry, Transport and Energy (ITRE) committee will likely take the lead with the Environment (ENVI) Committee playing an advisory role.

**For the Council:** the Energy Council, under the presidency of: Malta (1st half 2017), UK (2nd half), Estonia (1st half 2018) and possibly Bulgaria (2nd half).

## What has happened, will likely happen and when?

Public consultations have been held/are going on on 'a new energy market design' (October 2015), on 'a new renewable energy directive for the period after 2020' (February 2016) and on 'a sustainable bioenergy policy for the period after 2020' (ends on 10 May 2016). Work on the Impact Assessment that will accompany the Commission proposals has started and is on-going. Regarding the markets design, an exchange of views took place during the Informal Meeting of Energy Ministers on 10-11 April 2016 and the Dutch Presidency produced a set of 'Presidency messages' that will be presented at the Energy Council on 6 June 2016. The European Commission is expected to present its 'Renewable Energy package' in November/December 2016. The (legislative) nature of the proposals regarding market design and sustainability criteria for bioenergy is not known yet. Regarding the new/revised renewables directive, discussions will probably go on in the Council and the Parliament throughout 2017, so that both can agree on their respective positions. Unless the Council and Parliament reach an agreement in 1st reading in 2017 (which is unlikely), there will be a 2<sup>nd</sup> reading and trialogues (Commission-Council-Parliament) in 2017-2018 and, if successful, a vote in the European Parliament and the Council on the final compromise. Member States will then have 18 months to transpose the directive into national law.

## CAN Europe's position

On the Renewable Energy Directive:

- Revising the current directive should be the preferred option (as opposed to a new directive);
- The starting point of the 2030 targets should be the full implementation of the 2020 targets;
- The 'at least 27%' target put forward by the European Council falls well short of the potential contribution of at least 45% renewables by 2030 and should be reassessed in light of the successful outcome of the Paris Climate Summit. The directive should include a revision clause;
- For delivering on the 2030 targets, overall national binding targets remain the preferred option;
- Detailed, binding templates for planning and reporting should be foreseen;
- Provisions mandating the adoption of national support schemes should be maintained.

On the (electricity) markets design:

- Prices should reflect actual scarcity - including of available transmission capacity - and reward flexible production and consumption;
- Priority access and dispatch enshrined in the current renewables directive should be maintained;
- A framework should be created for renewable self-consumption and -generation, including fair access to the market for community energy projects and *prosumers*;
- Demand-side response, but also increased energy efficiency and savings in general, are key to facilitate the integration of renewable energy sources and move towards 100% renewable energy.

On bioenergy, the EU should introduce four main safeguards:

- A cap to limit the use of biomass for energy production to levels that can be sustainably supplied;
- Ensure efficient and optimal use of biomass resources, in line with the principle of cascading use;
- Include correct carbon accounting for biomass.

**For more information, please contact:**

**Jean-Francois Fauconnier**, Renewables Policy Coordinator, [jean-francois@caneurope.org](mailto:jean-francois@caneurope.org), + 32 (0)8944672