

Swedenergy's position paper on the update of the EU RED directive

Swedenergy is a non-profit industry and special interest organisation for companies that supply, distribute, sell, and store energy. Mainly electricity, heating, and cooling. Swedenergy monitors and promotes the interests of its members and the Swedish energy sector in general. The organisation has a total of 400 members, which includes state-owned, municipal, and private companies as well as associations within the energy sector.

Swedenergy is a strong supporter of the 2050 climate neutrality target, and of an increased 2030 ambition of at least 55 per cent. Swedenergy considers that focus should be on prioritizing higher ambitions in the revision of the ETS Directive, rather than an increased renewable energy target. Further expansion of climate-friendly electricity, heating and cooling is an indispensable path for the EU, since reducing GHG emissions requires urgent and far-reaching action. Swedenergy believes carbon pricing to be the most efficient tool to foster growth in renewable energy. Hence, there is no need to review the minimum 32 per cent renewable energy target.

Summary

- The REDII is still being implemented in the Member States, and in many issues, it has struck very sensitive balances between interest, which is why Swedenergy is of the opinion that existing provisions should not be opened. Swedenergy would especially like to stress that it is too early to open the discussion of changing the sustainable criteria for biomass.
- With the Renewable Energy Directive having been updated as recently as 2018, and still awaiting complete national implementation. A review of the Directive should be limited to the strictly necessary elements. Swedenergy see a primary need for adjusting the rules on (district) heating and cooling as well as the usage of hydrogen produced by fossil-free electricity as, e.g., renewables in transport. A re-opening of other provisions seems not necessary right now, and a general review of the Directive should be carried out in 2026 as outlined in article 33 of the Directive.
- Swedenergy welcomes the new initiatives within REDII - in areas like marine energy, sector integration, and hydrogen. What is important to note about hydrogen that it is only relevant to include if hydrogen is produced and used in a way that leads to no or low GHG emissions along its life cycle, compared to the fossil fuel it is replacing. We also welcome an increased focus on the need of more interconnectors for transmitting an increased volume of renewable energy. The increased focus on interconnectors is a very appropriate measure for creating an energy efficient energy system with few bottlenecks.

- Parts of REDII where we would like to see amendments to existing provisions are for example increasing the indicative target (no binding) of an annual of 1.3 per cent point for renewable energy used in heating and cooling. There is also a need for making improvements in regulations on cooperation mechanisms between Member States and simplifying administrative procedures for renewables project developers.
- Swedenergy also thinks further measures should concentrate on electrification in the industry and transport sectors. In the heating sector, a broader approach is needed, where district heating should play a more prominent role. District heating can make use of different sources in a flexible way, such as waste heat, and power-to-x-solutions where electricity surplus may be used in large scale heat pumps and electricity boilers. About 50 per cent of the EU:s total energy is used for heating and cooling.
- Swedenergy believes that streamlined and shorter permitting procedures for both energy production plants and electricity transmission networks are necessary to be able to achieve higher climate ambitions in time. One aspect that should be simplified is the treatment of biodiversity aspects which today prolongs permitting procedures too much, and prioritisation of aspects to be considered is needed.
- Furthermore, there is a need to better link the information requirements in art. 24.1 in RED and Annex VIIa in the EED, as well as strengthening the link on waste heat that is also present both in the EED and RED. Also, heat from non-recyclable residual wastes, that are left after collection, sorting and material recovery and need to be treated, must be regarded as waste heat as a long transitional period.
- Swedenergys general view is that today most renewable technologies are mature enough to compete with other energy production technologies, and there is less need for specific directed measures for renewable energy apart from the general economic instruments in EU ETS and energy and carbon taxation for sectors outside EU ETS.

Detailed views

Renewable energy is necessary to reach carbon neutrality

Swedenergy is a strong supporter of increasing the use of renewable energy to be able to reach the 2050 climate neutrality target, and of an increased 2030 ambition of at least 55 per cent. For the power sector, Swedenergy strongly believes in the EU ETS framework as the main driver to reach carbon neutrality. Energy and carbon taxation is the most powerful tool outside EU ETS to drive the transition and phase-out of fossil fuels. For the Member States such as Sweden with very high existing energy and carbon taxes for many years, any further measures in RED regarding the heating sector would have a negligible impact on contributing to increased RES share. A revision of RED must consider the existing RES share in a Member State and ensure flexibility for those Member States already close to phase out fossil fuels in the heating sector.

Sustainability criteria on bioenergy

Swedenergy would like to stress that it is too early to amendments regarding the sustainability criteria for biomass since member States have not yet implemented the

directive. This fact makes it difficult to analyse whether and in what way the directive has contributed to EU's objectives. Any changes in the directive must be based on an analysis of the effect of the existing legislation. Securing indigenous sustainable sources is essential if climate targets are to be met. Consequently, the risk-based approach towards sustainability of forest-based biomass, which was established through the recently revised renewable energy directive, must also be safeguarded in the future. Swedenergy, therefore, opposes a revision of articles 29-31.

Clean transport

As for transport, ambitions need to increase, both regarding fuels (REDII) and vehicles (clean mobility package) since the levels are too low to deliver on the Paris commitments. Any future legislative framework also needs to take a stronger well-to-wheel perspective than is the case with the current separation of vehicles and fuels, as well as the perspective of integration of an electrified transport sector in the energy system.

Offshore renewable energy

The EU offshore renewable energy strategy should accommodate the significant increase in offshore renewable energy capacity. Swedenergy advocates an analysis of limited appropriate amendments to foster offshore renewable energy that are in the scope of REDII.

Electrification

Electrification of end-use sectors has a great potential in reducing the carbon dioxide emissions in the transport and industry sectors, as well as in buildings (when district heating is not feasible or available). Therefore, a European electrification strategy may be needed, which should contain proposals to eliminate potential barriers to electrification, such as grid constraints, while at the same time taking a holistic energy system's perspective.

To achieve the ambitious climate targets, a large part of electricity generation in Europe is likely to come from renewable weather-dependent (intermittent) sources of energy. It creates challenges to meet the demand for power at all times of the year. This fact should be specifically addressed, and any obstacles to demand flexibility, flexible fossil-free energy generation, storage and expansion of power networks both nationally but also between countries should be eliminated.

Swedenergy advocates an analysis on limited appropriate amendments to foster electrification that are in the scope of REDII, e.g., heating and cooling, transport and buildings (when district heating is not feasible or available). Other amendments to foster, e.g., electrification and a better use of waste streams might also be necessary in the energy efficiency directive and other relevant legislation.

Heating and cooling

District heating and cooling plays a pivotal role in replacing fossil fuels with renewable energy sources, while strengthening the EU's energy security and avoiding a significant amount of expenditure on importing energy. Expansion of district heating networks makes it possible to use several additional resources that could otherwise not be utilised. The different sources include surplus heat from power plants, waste incineration, industrial waste heat, geothermal heat, solar heat and heat from forest residues.

District heating networks could have a major contribution to better air quality in European cities, as compared to small scale combustion. The emission cleaning systems of CHP-plants connected to district heating networks are more efficient from an environmental, technical and economical point of view compared to household boilers and there are also better regulations and control systems for air quality control at large scale plants.

Since Sweden already have almost a fossil-free heating of buildings, Swedenergy does not see there is any need for further EU-wide measures for increasing renewable energy in buildings in the RES Directive. General economic measures such as high energy and carbon taxation for fossil fuels for heating already give very strong incentives on conversion from fossil fuels which means there is no added value of further measures directed for renewable energy in building for the Swedish context. Any further measures must consequently give flexibility for the Member States with an already high share of renewable energy. And an inclusion of the building sector in EU ETS also means there is no need of regulating the share of renewable at the building level.

Specifically speaking an increased share of renewable energy sources cannot be met with further rules on TPA (third-party-access) in district heating. We oppose any changes to art. 24 of the present Directive. A full TPA regulation as in the electricity market would only lead to increased costs for the district heat to end customer due to the local nature of DHC systems with large difficulties in establishing a well-functioning competition between heat suppliers towards end-customers due to the limited size of local DHC systems.

Carbon-capture and storage/usage in the EU should play a prominent role in creating negative emission / carbon removal, e.g., via CCS applied to bioenergy [1] (BECCS) or direct air capture and storage. District heating and cooling should be addressed as an important sector where CCS could be implemented in an energy-efficient way in comparison to other sectors. Further measures should be taken to promote a large-scale introduction of bio-CCS, at the latest in 2025, where several installations are in preparation to be in operation. A system with tradable electronic credits should be introduced (like CER within CDM). One credit should be issued for each ton of biogenic carbon dioxide that is stored using BECCS. The aim is to develop a voluntary market for negative emissions.

Hydrogen

The conversion of electricity into another energy carrier can extend the scope of electrification and, through this, reduce greenhouse gases emissions even further. Hydrogen, produced with fossil-free electricity such as renewables, is one energy carrier, which we envisage an important role to play in this context. For instance, for heavy, long-distance modes of transport that are not cost-competitive to electrify via the direct use of electricity as an energy carrier, hydrogen can be applied as transport fuel in fuel cells. Clear definitions of the various types of hydrogen are currently lacking and should be commonly defined at EU-level in order to properly integrate them into the EU policy and regulatory framework.

For more information

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