

RED II Compromise

EBA summary

Targets and obligations:

- A Union binding target of **32% by 2030** (Art 3(1))
- Increase the share of RES supplied for **heating and cooling by an indicative 1.3% as a yearly average** for the periods 2021-2025 and 2026-2030 (Art 23(1))
- Obligation on **fuel suppliers** to ensure the share of RES supplied for final consumption in the **transport** sector of **at least 14% by 2030** (Art 25(1))

Definitions

- **'energy from renewable sources'** means energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and, geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, **landfill gas, sewage treatment plant gas and biogases**; (Article 2(a))
- **'biomass'** means the biodegradable fraction of products, waste and residues from biological origin from agriculture, including vegetal and animal substances, forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of waste, including industrial and municipal waste of biological origin; (Article 2(c))
- **'biofuels'** means *liquid* fuel for transport produced from biomass; (Article 2(g))
- **'non-food cellulosic material'** means feedstocks mainly composed of cellulose and hemicellulose, and having a lower lignin content than ligno-cellulosic material; it includes **food and feed crop residues** (such as straw, stover, husks and shells), **grassy energy crops with a low starch content (such as ryegrass, switchgrass, miscanthus, giant cane), cover crops before and after main crops, ley crops**, industrial residues (including from food and feed crops after vegetal oils, sugars, starches and protein have been extracted), and material from biowaste. Ley and cover crops have to be understood as temporary, short-term sown pastures comprising grass-legume mixture with a low starch content to get fodder for livestock and improve soil fertility for obtaining higher yields of arable main crops; (Article 2(q))
- **'low indirect land-use change-risk biofuels and bioliquids'** means biofuels and bioliquids, the feedstocks of which were produced within schemes which avoid displacement effects of food and feed crop based biofuels, bioliquids and biomass fuels through improved agricultural practices, as well as the cultivation of crops on areas which were previously not used for cultivation of crops and which were produced in accordance with the sustainability criteria for biofuels and bioliquids set out in Article 26. (Article 2(u))
- **'advanced biofuels'** means biofuels that are produced from feedstocks listed in part A of Annex IX; (Article 2 (ee))
- **'biomass fuels'** means **gaseous and solid fuels produced from biomass**; (Article 2 (pp))
- **'biogas'** means gaseous fuels produced from biomass; (Article 2 (qq))

Support schemes

- Member States allowed to grant exemptions from competitive bidding and direct marketing for small scale installations and demonstration projects (Recital 16)
- Member States may limit bidding processes to specific technologies where this is needed to avoid sub-optimal results in terms of network constraints, grid stability, system integration costs, the need to diversify the energy mix, and the long term potential of technologies (Recital 16, Article 4 (3bis))
- When developing support schemes for renewable sources of energy, Member States shall consider [] the available sustainable supply of biomass and take due account of the principles of the Circular Economy and of the waste hierarchy established in Directive 2008/98/EC of the European Parliament and of the Council in order to avoid unnecessary distortions of raw material markets. Waste prevention and recycling of waste should be the priority option. (Recital 16b)
- This Directive should facilitate cross-border support of energy from renewable sources without affecting national support schemes in a disproportionate manner. (Recital 16bis, Article 5)
- Without prejudice to the obligations of Member States under Article 5, two or more Member States may decide, on a voluntary basis, to join or partly coordinate their national support schemes. (Article 13)
- Member States shall ensure that the level of, and the conditions attached to, the support granted to renewable energy projects are not revised in a way that negatively impacts the rights conferred thereunder and undermines the economic viability of already supported projects (Article 6)

Cooperation mechanisms

- To create opportunities for reducing the cost of meeting the Union target laid down in this Directive and to give flexibility to Member States to comply with their obligation not to go below their 2020 national targets after 2020 , it is appropriate both to facilitate the consumption in Member States of energy produced from renewable sources in other Member States, and to enable Member States to count energy from renewable sources consumed in other Member States towards their own renewable energy share. For this reason, a European Union Renewable Energy Platform (“ERDP”) will be put in place, enabling trading renewable energy shares between Member States, in addition to bilateral cooperation agreements. (Recital 26)

Guarantees of Origin

- Member States shall ensure that a guarantee of origin is issued in response to a request from a producer of energy from renewable sources, unless for the purposes of accounting for the market value of the guarantee of origin Member States decide not to issue one to a producer that receives financial support from a support scheme. [...] Member States shall ensure that when a producer receives financial support from a support scheme for the production of energy from renewable sources, the market value of the guarantee of origin for the same production is appropriately taken into account in the relevant support scheme. (Article 19(2))
- A guarantee of origin shall specify at least:
 - (a) the energy source from which the energy was produced and the start and end dates of production;

- (b) whether it relates to:
 - (i) electricity; or
 - (ii) gas, including hydrogen, or
 - (iii) heating or cooling;
 - (c) the identity, location, type and capacity of the installation where the energy was produced;
 - (d) whether the installation has benefited from investment support and whether the unit of energy has benefited in any other way from a national support scheme, and the type of support scheme;
 - (e) the date on which the installation became operational; and
 - (f) the date and country of issue and a unique identification number.
- Simplified information may be specified on guarantees of origin from installations of less than 50 kW. (Article 19 (7))

- Member States shall recognise guarantees of origin issued by other Member States [...] A Member State may refuse to recognise a guarantee of origin only when it has well-founded doubts about its accuracy, reliability or veracity. The Member State shall notify the Commission of such a refusal and its justification. (Article 19 (9))
- The Commission shall present a report assessing options to establish an EU-wide green label with a view to promote the use of renewable energy coming from new installations. Suppliers shall use the information contained in guarantees of origin to prove compliance with the requirements of such a label. (Article 19 (13))

Fuels suppliers obligation

- In order to mainstream renewable energy use in the transport sector, each Member State shall set an obligation on fuel suppliers to ensure the share of renewable energy supplied for final consumption in the transport sector is at least 14% by 2030, following an indicative trajectory set by the Member State [...] The Commission shall assess this obligation, with a view to submit a legislative proposal by 2023 to review it upwards [...] Member States may decide to include in such a minimum share also the contribution from recycled carbon fuels. (Article 25 (1))
- Within this total share, the contribution of biofuels and biogas produced from feedstock listed in part A of Annex IX shall be at least equal to 0.2% in 2022, 1% in 2025 and, increasing up to at least 3.5% by 2030. (Article 25 (1))
- Within this total share, the *contribution of renewable electricity* shall be considered to be 4 times its energy content when supplied to road vehicles. Within this total share, the contribution of renewable electricity may be considered to be 1.5 times the energy content when supplied to rail transport. (Article 25 (1))
- For the purpose of demonstrating compliance with the obligation under the first and third sub-paragraphs of paragraph 1, **Member States may consider the contribution of biofuels and biogas produced from feedstock listed in Annex IX to be twice their energy content**. (Article 25 (1))
- **The greenhouse gas emission savings** from the use of renewable liquid and gaseous **transport** fuels of non-biological origin excluding recycled carbon fuels shall be at least **70%** as of 1 January 2021. (Article 25(1))
- the contribution from biofuels and bioliquids, as well as from biomass fuels consumed in transport, if produced from food or feed crops, shall be no more than 1 percentage point higher than the contribution from those to the gross final consumption of energy from

renewable energy sources in 2020 in that Member State, with a maximum of 7% of gross final consumption in road and rail transport in that Member State. (Article 25 (1))

- Since renewable alternatives might not be freely and cost-efficiently available for all fuel suppliers, it is appropriate to allow Member States to distinguish between them and to exempt, if necessary, types of fuel suppliers from the obligation. (Recital 63)

Grid connection

- The costs of connecting new producers of gas from renewable energy sources to the gas grids should be based on objective, transparent and non-discriminatory criteria and due account should be taken of the benefit that embedded local producers of **gas from renewable sources** bring to the gas grids. (Recital 67, Article 20 (1))
- Member States shall require transmission system operators and distribution system operators in their territory to publish technical rules in line with Article 6 of Directive 2003/55/EC of the European Parliament and of the Council, in particular regarding network connection rules that include gas quality, gas odoration and gas pressure requirements. Member States shall also require transmission and distribution system operators to publish **the connection tariffs to connect renewable gas sources** based on transparent and non-discriminatory criteria.
- European gas grids are becoming more integrated. The promotion of the production and use of **biomethane**, its injection into natural gas grid and cross-border trade create a need to ensure proper accounting of renewable energy as well as avoiding double incentives resulting from different support schemes in various Member States. The mass balance system related to verification of bioenergy sustainability and the new European database should contribute to address these issues. (Recital 96bis)

Sustainability policy

- Biomass fuels shall have to fulfil the sustainability and greenhouse gas emissions saving criteria set out in paragraphs 2 to 7 [] if used in installations producing electricity, heating and cooling or fuels with a [] total rated thermal input equal to or exceeding 20 MW in case of solid biomass fuels and with a [] **total rated thermal input capacity equal to or exceeding [] 2 MW in case of gaseous biomass fuels**. Member States may apply the sustainability and greenhouse gas emission saving criteria to installations with lower fuel capacity. (Article 26 (1))
- The greenhouse gas emission saving from the use of biofuels, bioliquids and biomass fuels taken into account for the purposes referred to in paragraph 1 shall be:
 - (a) at least **50 %** for biofuels, biogas consumed in **transport** and bioliquids produced in installations **in operation on or before 5 October 2015**;
 - (b) at least **60 %** for biofuels, biogas consumed in **transport** and bioliquids produced in installations **starting operation from 5 October 2015**;
 - (c) at least **65 %** for biofuels, biogas consumed in **transport** and bioliquids produced in installations **starting operation after 1 January 2021**;
 - (d) at least **70 %** for **electricity, heating and cooling** production from biomass fuels used in installations **starting operation after 1 January 2021 and 80 % for installations starting operation after 1 January 2026** (Article 26 (7))

Cap on 1st generation:
- The establishment of a [crop-based biofuels] limit at Union level should not prevent Member States from providing for lower limits on the amount of biofuels and bioliquids produced

from cereal and other starch-rich crops, sugars and oil crops that can be counted at national level towards the targets set out in this Directive (Recital 62)

- The contribution from biofuels and bioliquids, as well as from biomass fuels consumed in transport, if produced from food or feed crops, shall be no more than 1 percentage point higher than the contribution from those to the gross final consumption of energy from renewable energy sources in 2020 in that Member State, with a maximum of 7% of gross final consumption in road and rail transport in that Member State. (Article 25 (1))

ILUC factors:

- While the level of greenhouse gas emissions caused by indirect land-use change cannot at present be unequivocally determined with the level of precision required to be included in the greenhouse gas emission calculation methodology, the highest risks of indirect land-use change have been identified for biofuels, bioliquids and biomass fuels produced from feedstocks for which a significant expansion of the production area into land with high carbon stock is observed. Therefore, it is appropriate to limit food and feed crop-based biofuels, bioliquids and biomass fuels promoted under this Directive in general and in addition to require Member States to set a specific and gradually decreasing limit for biofuels, bioliquids and biomass fuels produced from food and feed crops for which a significant expansion of the production area into land with high carbon stock is observed whereas low indirect land-use change-risk biofuels, bioliquids and biomass fuels should be exempted from the specific and gradually decreasing limit. (Recital 62bis)

Low iLUC risk fuels:

- Yield increases in agricultural sectors through improved agricultural practises, investments into better machinery and knowledge transfer [beyond levels which would have prevailed in the absence of productivity-promoting schemes for food and feed crop-based biofuels, bioliquids and biomass fuels, as well as the cultivation of crops on areas which were previously not used for cultivation of crops, can mitigate indirect land-use change. In case there is evidence that such measures have led to an increase of the production going beyond the expected increase in productivity, biofuels, bioliquids and biomass fuels produced from such additional feedstock should be considered as low indirect land-use change-risk biofuels. Annual yield fluctuations, should be accounted for in the process. (Recital 62ter)

Mobilisation of existing biomass resources:

- the Union and the Member States should promote greater sustainable mobilisation of existing timber and agricultural resources and the development of new forestry and agriculture production systems provided that sustainability and greenhouse gas emissions saving criteria are met (Recital 68)
- The sustainability scheme should promote the use of restored degraded land because the promotion of biofuels, bioliquids and biomass fuels will contribute to the growth in demand for agricultural commodities. (Recital 95)

Additional national criteria:

- For biomass fuels Member States should be allowed to place additional sustainability and greenhouse gas emissions savings criteria. (Recital 69)
- Member States may set a lower limit and may distinguish for the purpose of Article 26(1) between types of biofuels, bioliquids and biomass fuels produced from food and feed crops (Article 25 (1))

GHG emission calculation:

- Where the default value for greenhouse gas emission saving from a production pathway lies below the required minimum level of greenhouse gas emission saving, producers wishing to demonstrate their compliance with this minimum level should be required to show that actual emissions from their production process are lower than those that were assumed in the calculation of the default values. (Recital 84)
- Co-products from the production and use of fuels should be taken into account in the calculation of greenhouse gas emissions. (Recital 90)
- The established method of using energy allocation as a rule for dividing greenhouse gas emissions between co-products has worked well and should be continued. It is appropriate to align the methodology for calculating greenhouse gas emissions coming from the use of cogeneration of heat and electricity (CHP) when the CHP is used in processing biofuels, bioliquids and biomass fuels to the methodology applied to a CHP being the end use. (Recital 92)

Mass-balancing:

- allows consignments of raw material or fuels with differing sustainability and greenhouse gas emissions saving characteristics to be mixed for instance in a container, processing or logistical facility, transmission and distribution infrastructure or site; (Article 27 (1a))

Annex VI

- The Commission shall keep Annex V and Annex VI under review, with a view, where justified, to adding or revising values for biofuel, bioliquid and biomass fuel production pathways. (Article 29 (5))

Annex IX:

- In order to ensure that Annex IX takes into account the principles of the waste hierarchy established in Directive 2008/98/EC of the European Parliament and of the Council, the Union sustainability criteria, and the need to ensure that the Annex does not create additional demand for land while promoting the use of wastes and residues, **the Commission, when regularly evaluating the Annex, should consider the inclusion of additional feedstocks** that do not cause significant distortive effects on markets for (by-)products, wastes or residues.

Next steps

- Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 30 June 2021, at the latest. (Article 33 (1))
- In 2026, the Commission shall present a legislative proposal on the regulatory framework for the promotion of renewable energy for the post-2030 period. (Article 30 (3))