

# enza

## European Net Zero Alliance

### The “Fit for 55” package: bridging the ambition gap in 6 steps

The “Fit for 55” package is key to bridge the ambition gap towards 2030 and thus to reach climate neutrality by 2050, while creating a predictable and well-designed policy framework. Through a market-based approach, the new framework should provide end-users from all energy consuming sectors with a wider variety of reliable and flexible renewable and low-carbon options at affordable prices. Intermediate energy and climate objectives will help cost-effectively manage our common carbon budget

ENZA calls on EU policymakers to ensure that the new framework:

1. Takes a technology-neutral approach so that all sustainable energy vectors are promoted
2. Delivers on an extended principle of “energy and system efficiency first” that needs to apply across the entire energy value chain, from energy consumption, transmission, distribution and generation to cross-sectoral and cross-vectoral solutions
3. Encourages synergies among reliable, credible and tradable energy vectors to achieve a well-integrated and well-functioning decarbonised energy system
4. Builds on and promotes the utilisation of existing infrastructure across all sectors to provide reliable cost-effective decarbonisation pathways
5. Supports a system approach, fostering decarbonisation across sectors and energy vectors, through clear network access rules, infrastructure planning and accurate price signals
6. Designs an EU-wide market that encourages the development of renewable and low-carbon<sup>1</sup> energy through reliable, credible and tradable solutions.

The members of ENZA are ready to engage in a dialogue with policymakers to identify the most comprehensive, impactful, and cost-efficient solutions across all sectors and value chains to meet the European climate goals.

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<sup>1</sup> Low-carbon refers to a source of energy which allows for a significant reduction of GHG emissions through the use of CCUS and/or the conversion/transformation of taxonomy-eligible sources of energy which would not currently be considered renewable



## Energy Efficiency Directive

ENZA supports the objectives of the energy efficiency directive (EED) and believes that increased ambition is needed in reducing energy consumption and improving the efficiency of the energy system as a whole. This is key to achieving the EU's energy and climate objectives.

We believe that the reviewed EED needs to set ambitious short- and long-term targets to facilitate the decarbonisation process. These will help deliver on an extended principle of “energy and system efficiency first” that needs to apply across the entire energy value chain.

With regards to targets, we believe they must be

1. Increased from 32.5% to at least 40%, in line with the Commission's ambitious impact assessment
2. Expressed in both final and primary energy savings to ensure that both end-user and system efficiency are delivered.

In addition, we strongly believe that the EED should build on existing infrastructure to deliver a cost-effective decarbonisation pathway. This requires the identification and delivery of energy efficiency at all levels of the energy value chain, thereby extending the “energy efficiency first principle” from energy consumption, transmission, distribution and generation to cross-sectoral and cross-vectoral solutions – thus referring to “energy and system efficiency first”.

In order to promote system efficiency, synergies between energy vectors and sectors should be encouraged and facilitated through clear grid access rules for solutions enabling system integration. These solutions are key to provide resilience and flexibility to the energy system and should, therefore, be supported.

In addition, local integrated planning and operation should be encouraged through the integration of decentralised solutions. This will help ensuring that end-users receive accurate information about the availability of technological solutions, their integration and use. Specifically, we support:

1. An accelerated phase-in of sustainable and efficient residential/commercial heating solutions in buildings
2. The review of the energy savings obligation to provide a level playing field for all efficient generation solutions, including district heating and cogeneration, and spanning across renewable and low-carbon energy sources.

To guarantee investor confidence, we believe that a set of measures should be based on a predictable and well-designed policy framework. This framework should rely on and strengthen Europe's well-functioning energy and carbon market, to underpin an accelerated and cost-effective uptake of renewable and low-carbon energy technologies. As such, reliable and tradable solutions should be provided to help reach decarbonisation, whereby all sustainable renewable and low-carbon solutions are able to compete and contribute towards the EU climate and energy objectives.

The EED should also ensure:

1. Stability of support schemes provisions for decarbonisation technologies, subject to clear sunset clauses that limit market distortion
2. Easy/simplified access to permitting and licensing for clean energy projects that improve system efficiency
3. Further promotion and development of flexibility services provided by all types of energy carriers and technologies, procured via the market and delivered following a competitive, open, fair, and transparent tendering process.

## Renewable Energy Directive

ENZA welcomes the revision of the Renewable Energy Directive (REDII) to align it with more ambitious GHG emission reduction targets on the path towards climate-neutrality by 2050. We believe that to reach this aim, a technology-neutral approach should be pursued whereby all sustainable energy vectors are promoted and where synergies among them are encouraged as a way to achieve a well-integrated and well-functioning decarbonised energy system.

To reach this goal, the EU needs to set ambitious short, medium, and long-term targets for renewable energy, accompanied by a supportive framework and measures to achieve them. We therefore welcome the Commission's ambition to increase the overall target to 38-40% and take note of the ambition to reintroduce a binding clause at both EU and national level.

We strongly believe that the revision of REDII should follow a market-based approach to provide end-users with a wider variety of options at affordable prices. To reach this aim, the utilisation of existing infrastructure should be promoted, while encouraging the roll-out of sustainable solutions that can be used across all sectors and provide system integration and reliability. In addition, the market design should

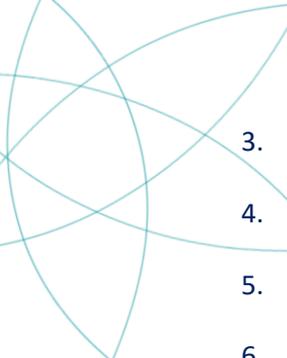
1. Ensure a fast uptake of a liquid market for renewable energy through appropriate measures and clear certification schemes.
2. Certification schemes designed to evidence the origin, carbon content and other sustainability attributes of energy underpinned by robust rules and standards to ensure tradability at EU level
3. Provide coherence with the upcoming revision of the carbon market and other relevant legislative texts expected in the context of the "Fit for 55" package.

Specific measures should be designed to further incentivise the deployment and shift to renewable energy across sectors. These could take the form of higher objectives for both heating and cooling and transport, two sectors which have so far proven hard to decarbonise. In particular, we support:

1. The increase of the target for renewable heating and cooling to 2.1 (Art. 23) percentage points yearly, to be reached with the help of efficient and renewable technologies and all energy vectors
2. The revision of the current obligation on fuel suppliers for transport (Art. 25), which the Commission's impact assessment considered insufficient to achieve the updated 2030 objectives. This target should be increased from 14% to at least 24% and sub-targets could be consequently reviewed in light of this and technological developments.

When looking at the potential for further synergies across sectors and energy vectors, we suggest the following improvements to help successfully implement sector integration across energy consuming sectors and energy vectors:

1. Continuing the deployment of waste-based and advanced biofuels, building on existing legislation and industry, to secure investor confidence, which is a prerequisite to any new investment into renewable fuels.
2. Tackling regulatory barriers imposed by additionality in a Delegated Act to implement the criteria in a constructive way that allows unlocking the market for Renewable Fuels of Non-Biological Origins.



12<sup>th</sup> July 2021

3. Removing obstacles to corporate renewable energy sourcing (PPAs/HPAs), for both electricity and heat supply, thereby strengthening vector integration.
4. Accepting GOs alongside PPAs to prove the sustainable character of the electricity used in the production of hydrogen.
5. Enabling the use of Carbon Capture and Storage/Usage/Reutilisation technologies notably by considering the contribution which Bioenergy + CCS can make (BECCS)
6. Continuing to rely on the risk-based approach for the forest biomass and avoiding retroactive applications of GHG emission savings requirements for solid biomass.