



## Commission proposal for Renewable Energy Directive for 2021-2030 (RED II)

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### 1 Background

Member States have a collective responsibility for ensuring the target of at least 27% renewables in the final energy consumption in the EU by 2030 is met. Member States set their own targets based on their national renewable energy action plans according to the governance model. In 2026, the Commission will issue a proposal for promoting the use of renewable energy post 2030.

### 2 Key content from industry perspective

RED II Directive describes the types of energy that can be included in the EU target for renewable energy, including sustainable bioenergy. Sustainability criteria and minimum greenhouse gas emission reduction criteria are given also for solid and gaseous bioenergy. Previously these only existed for liquid biofuels. The obligation for suppliers to provide renewable and low-carbon fuels is continued until 2030.

Sustainability criteria for bioenergy production does not apply for energy production from waste or residues. Sustainability criteria are applicable when solid biomass and biogas are used in large heat and power plants (above 20 MW fuel capacity) and for biogas used in power plants above 0.5 MW electricity capacity. Greenhouse gas criteria are only applied for heat and power production in new power plants that start operating after 1.1.2021.

The Directive lists the forms of renewable energy that are eligible for subsidies and allows for continued use of national state aids within the framework of state aid rules. Additionally, the Directive aims at improving regional co-operation and functionality of the electricity market. Member States are required to partially open subsidy systems for electricity produced from renewable sources in new power plants in other Member States.

The guarantees of origin are extended to cover all renewable energy. Electricity, heating and cooling are mentioned, but transport is not. Directive proposes that guarantee of origin must not be given to a producer, who has received financial support for the production.

Member States need to aim at increasing the share of renewable energy in the heating and cooling sector by at least one percentage point per year. District heating and cooling systems need to be opened up for heating and cooling produced from renewable sources or waste heat. This also needs to allow for heating or cooling to be provided directly to the end customer.



### 3 Current status

Malta (which holds the Council presidency for spring 2017) is not expected to have the resources to conclude RED II within its term. The process will continue at least until the second half of 2017, under Estonian presidency. In the European Parliament the rapporteur is José Blanco Lopez (S&D, ITRE committee).

### 4 Industry key messages

The proposal is mostly in line with the targets Finland and Finnish industry have for sustainability of bioenergy and for promoting biofuels. It is good that the greenhouse gas emissions criteria are (almost) the same for all types of bioenergy (liquid, solid, gas) and that there are limitations based on size. The 20 MW size limit for solid biomass is reasonable (and in line with the Emissions Trading Scheme).

It is good that the obligation for suppliers to provide renewable and low-carbon biofuels for transport sector is continued on EU level until 2030, even if the EU level targets are much lower than the national targets for Finland. The closed list for raw materials for biofuels is, however, limited and there is no clarity on how some raw materials will be treated. The definition for biofuels need to be as inclusive as possible, for example all biofuels based on waste or residues need to be approved for meeting the EU targets.

There are existing criteria for determining the sustainability of bioenergy and they should not be made more complicated. In Finland, the existing practices for proving the sustainability of forestry are compatible with the requirements for sustainability of bioenergy from wood based raw materials (some updates of existing laws are required). However, Finland is concerned about the LULUCF proposal regarding the climate impact of land use and forestry, which was given as part of the Energy Union summer package in 2016. The problem with this proposal is the calculation methodology for carbon sinks. The methodology discriminates against the active and sustainable Finnish forestry practices and turns actual carbon sinks into theoretical emissions, which may add significant costs to additional use of forests. The reference levels and the calculation methodologies need to be defined in a fair and balanced manner.

The proposal to increase the share of renewable energy in the heating and cooling sector by at least one percentage point per year is not good, as it does not take into account the different starting points in different Member States (in Finland already 52% of heating and cooling energy come from renewable energy in 2014, when on the EU level this share is only 18.5% in 2015). In addition, the target for increasing the use of renewable energy was set to be applied at EU level and not as requirements at national level.

Industry sees that guarantees of origin should be given also to energy producers, who have received financial support for the production. Otherwise it would be difficult to develop and sell special renewable energy products for end users.



A more thorough analysis and more clarity is required when it comes to the definitions set in the Directive. For example, biogas was included in 'biomass fuels' and it's unclear how it will be treated.

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