

## **5 Virtual stakeholder dialogue on renewable energies and energy efficiency in the European Commission's Fit for 55 Package (DG ENER and Commission Representation in Italy)**

**10 November 2021, 10.00 to 11.30, via Webex**

The EU Member States committed to reduce their greenhouse gas emissions (GHG) by 55 percent by 2030. In line with the Climate Target Plan and to deliver on the increased 2030 GHG emission reduction target, the Commission proposed the Fit-for-55 – Delivering the European Green Deal package, which includes a recast of the **Energy Efficiency Directive (EED)** and a revision of the **Renewable Energy Directive (RED III)**.

Ms Claudia Canevari, Head of the Energy Efficiency Unit at the European Commission's Directorate-General for Energy, met with stakeholders from Italy to discuss how the new directives would lead to the achievement of Green Deal's objectives and answered to their questions.

Ms Canevari first explained that, in the recast of the **Energy Efficiency Directive (EED)**, energy efficiency targets for 2030 would have to be increased from the present 32.5% to 36% for final energy consumption and 39% for primary energy consumption. Therefore, as the reference scenario developed in 2020 is being used for the recast EED, the new targets are expressed in the proposal as a 9% reduction in energy consumption by 2030 for both primary energy consumption and final energy consumption. The EED sets an obligation for Member States to achieve annual energy savings in end-use consumption. At present, the obligation is set at 0.8% per year, but the proposal seeks to raise this figure to 1.5% as of 2024, to 2030. The recast directive strengthens the specific energy saving measures for the public sector. These include the new obligation for the public sector to reduce annual energy consumption by 1.7% every year, the enhanced obligation for renovation of 3% of public building floor area, which will now apply to all levels of the public administration, and the requirement to include energy efficiency requirements in public procurement procedures, which will also be for all levels of the public administration.

Regarding the revision of the **Renewable Energy Directive (RED III)**, Ms Canevari highlighted the aim to achieve a higher share of renewables in transport, sustainable bioenergy and heating/cooling. Their overall share will have to increase to 40% by 2030. The proposal provides for an ambitious target increase in the transport sector (from 14% to 24%). Considerable investments are needed in the field of green hydrogen.

The "Energy Efficiency First" principle has to be enforced throughout the EU for policy, planning and investment decisions. Achieving the targets set by the RED III and the EED will have positive externalities such as cheaper energy, better health conditions, new jobs and increased energy security.

Thirty-nine stakeholders took part to the dialogue. Questions were posed by the representatives of Lazio Region, Emilia Romagna Region, Edison, ENEL, Autonomous Province of Trento, Turboden, Kyoto Club, Politecnico di Milano, ESG and the Ministry of Ecological Transition.

Several issues were addressed, such as the scope of the objectives, the state and local administrations' autonomy in designing effective policies aimed at achieving the new objectives, the support the Commission could offer to enterprises and public administrations. Concerns were raised over the update of the reference year for the energy efficiency targets and the difficulty to account for previously achieved energy efficiency improvements, the lack of derogations for small biomass plants and historical buildings, the absence of a clear date for phasing out fossil fuel-based boilers, the potential conflict between RED and EED brought by the electrification of buildings.

## **Q&A with the stakeholders (summarised by way of example)**

*Our region has considered the development of urban light transport to increase energy efficiency. Yet, to know if this is a perceptive choice, we need efficient evaluation parameters, can the Commission offer any?*

Transport is the only sector where energy consumption has increased. As public transport falls within the public sector, we expect Member States to identify transport as one of those sectors where the public sector could play its role in both increasing the overall energy efficiency and reducing GHGs emissions. The Energy Efficiency and the Renewables Directives are based on an impact assessment carried out for the Climate Target Plan. The impact assessment gives the technical-scientific basis to the Package and, in this case, it is common to all objectives and sectors of the Fit for 55 package. Therefore, you can refer to it for additional information.

Finally, discussions on scenarios usually start from the PRIMES model, which has been used for many years and can be used as an important point of reference.

*The new RED will impose sustainability criteria also to 5 MW bioenergy plants. Such a decision would create high additional costs just to certify the biomass of small plants. Yet, small biomass plants are already sustainable. Is there any way or possibility to keep the 20 MW threshold?*

While there is an amendment that will extend efficiency requirements to plants with at least 5MW capacity, it is also true that 25% of existing plants have a capacity between 1 and 5MW, thus only a residual share of small local biomass plants would be hit. Furthermore, residential installations are usually under 5MW, so this threshold is well suited for our objectives and keeps the smallest systems out. Finally, measures for simplified verification procedures for smaller installations are envisaged so that there are no additional administrative costs.

*Regarding energy efficiency, Article 5 of the EED is dedicated to the public bodies, yet what is it meant with public body? Can the objectives be reached across the board both for single public bodies and on a national level?*

Public bodies are defined as all entities subject to procurement legislation. The obligation to reduce energy consumption by the public sector is for each Member State and not to the single entity. The calculation is made at a general level; thus, it is the public sector as a whole that needs to achieve a 1,7% reduction in energy consumption and a 3% increase in building renovation on an annual basis.

*The prohibition to account for energy savings deriving from the use of gas and cogeneration achieved by 2024 make such targets particularly hard to achieve for Member States that, such as Italy, account for a large stock cogeneration stock.*

All Member States have developed relatively effective monitoring and accounting systems. It might not be easy, but all the tools are in principle there and there will only be the need to update some elements / aspects. In addition to this, Annex 5 of the EED recast gives a new series of rules for monitoring and implementing reductions in energy consumption. It is a complex operation, but a feasible and familiar one. The assessments we made showed that they were achievable and cost-effective.

As regards the formula to calculate national contributions, moreover, the option for all Member States to consider other factors is given, although its use requires explanations.

*Hydrogen is central in Commission's plans for the transition, but are we only talking of green hydrogen or also low carbon content one?*

Currently, we are focusing on renewable hydrogen, yet we still do not exclude that with a low carbon content, as in this phase our main goal is increasing the overall demand for hydrogen. The objective however is to get to 2030 with renewable hydrogen being the main type of hydrogen as it is better suited to our energy system integration.

*As often their conservation clashes with their refurbishment, would it be possible to keep a derogation for historical buildings?*

The Commission decided to rule such alternative out, because technical analyses underpinning our proposal demonstrated that in many cases these solutions did not lead to any result. However, during the legislative process, it will be possible to see how to intervene regarding certain specific situations, including in relation to cultural heritage.