

EGEC Reaction to the Clean Energy Package

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The European Geothermal Energy Council gives a tepid welcome to the EU Commission's proposals for the revision of the EU energy framework.

The European Commission unveiled the "Clean Energy Package" including, amongst other things, the revision of the directives on Renewable Energy (2009/28/EC), the Energy Performance of Buildings (2010/31/EU), Energy Efficiency (2012/27/EU), and the design of the electricity market.

The package is by no means a great leap forward. It lacks ambition and deals serious blows to renewable power, by withdrawing measures such as priority dispatch. Moreover, the current proposal suppresses the EU-wide definition of "geothermal", which is a negative step backwards for the European market in geothermal-related equipment and services.

The Commission states a strong support to increasing the share of renewables in the building and the heating and cooling sectors; yet it shies away from binding measures for faster development. Even worse, loopholes under energy efficiency legislation still allow support to new fossil-based heating equipment. EGEC therefore urges the European Parliament and the Council to build on this package to put the European Union back on track towards its commitment to becoming the world number one in renewable energy.

Definition of geothermal energy:

A EU-wide definition of what is geothermal energy is crucial to structure a European market for this technology and tackle its specific barriers. Indeed, geothermal energy suffers from diverging regulatory frameworks across Member States, which divide the markets and prevent the scaling of this energy technology. EGEC calls for the **reintroduction** in the Renewable Energy Directive of the **definition of Geothermal Energy** as "*energy stored in the form of heat beneath the surface of solid earth*". Besides, the geothermal industry regrets that the current version of the Directive does not include a common methodology to calculate the share of what is renewable-based cooling.

Licensing and authorisations:

On this regulatory issue the package yields mixed results. The Geothermal sector welcomes the provisions limiting to three years the time for issuing a license and the introduction of a one-stop-shop. This can contribute to easing the development of geothermal projects, which are exposed to significant administrative burden. However, EGEC regrets the **deletion of simplified procedures for decentralised renewable heating and cooling installations from the proposed regulation.**

Support Schemes and State Aid:

The European Commission did keep references to support schemes for renewable energy to meet the EU-wide renewable energy targets. EGEC, however, regrets that **no specific step has been taken on tailor-made support schemes for developing the next generation of renewable energy technologies**; this would have been a factor of confidence for investors in innovative geothermal projects. Overall, it seems that the new framework makes subsidies for fossil fuels easier than for emerging renewables.

Market design for electricity

In the current framework, renewable energy technologies were granted grid priority access and priority of dispatch. With the new proposal for an electricity regulation, this provision is maintained only for plants below 250kW and, in the few countries with a renewable electricity share less than 15% , also for demonstration projects. EGEC strongly encourages Council and Parliament to **extend priority of dispatch for demonstration projects to all countries and to significantly increase the threshold set for small-scale installations**. On a more positive note, the proposed electricity regulation removes the barriers to the participation in balancing markets.

Renewables in buildings:

The proposal of the European Commission confirms and makes mandatory minimum requirements for renewable energy in new buildings or buildings undertaking major renovations. Further, Member States are asked to **increase every year the share of renewables in the heat sector by at least 1%**. To boost investors' confidence, however, Member States and EU Parliament should now **make this proposal legally binding**.

Renewables in district heating and priority grid access:

The proposal for a recast RES Directive introduces several provisions that are potentially beneficial to geothermal in district heating and cooling. The current version of the text obliges district heating operators to disclose their efficiency and energy mix. It also allows consumers to disconnect from the network if they can prove that they can have a more sustainable heating off-grid. This provision should send a strong signal to district heating operators to transition their networks towards more sustainable energy sources.

Energy efficiency legislation:

EGEC welcomes the increased energy efficiency target to 30%. However, the Energy Efficiency Directive does not specify which sources and technologies are eligible to meet this target. Until now, this loophole has allowed half of the EU Member States to subsidise marginally more efficient fossil-based heating boilers, which bring about a technology lock-in incompatible with the EU's decarbonisation target. The European Parliament and the Council should work to **close these loopholes in the name of consistency against fossil fuel subsidies and regulatory support**.

Review of the Primary Energy Factor:

The Commission proposal reduced the Primary Energy Factor (PEF) for electricity from 2.5 to 2.0 (Amendment of Annex IV footnote 3). The PEF, which translates final energy into primary energy, is also the instrument of choice to compare different heating solutions and to evaluate the energy performance of buildings. Given its central role, it is of major importance that it is calculated based on a scientifically sound methodology to reflect the real progress in the average generation efficiency of the electricity sector. This is in order not to mislead consumers and distort competition in the heat sector. To avoid negative impacts on the market and unrealistic savings calculations, EGEC calls the legislators to **apply a sound methodology. These considerations should result in a Primary Energy factor for grid electricity not lower than 2.2** (as originally emerged in the Eco-design consultation group).

Contact Person: Luca Angelino (l.angelino@egec.org; +32 2 318 40 62)

The full package is available [here](#).