



PKEE

Polski Komitet Energii Elektrycznej
Polish Electricity Association

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The position of the Polish Electricity Association on the result of the negotiations on the form of the Directive on the promotion of the use of energy from renewable sources

On 14 June 2018, the agreement was reached as to the form of the provisions of the amended Directive on the promotion of the use of energy from renewable sources (the RES Directive). The overall European binding target for 2030 **will be a 32% share of energy from renewable sources in the gross final energy consumption**. In the opinion of the Polish Electricity Association, **it is a very ambitious target**, i.e. significantly above the 27% threshold agreed politically in 2014 in form of the conclusions adopted by the European Council¹. Achievement of the general target of 32% will most likely require achieving a ca. 50% share of the RES in electricity generation by 2030, constituting a very significant increase with respect to the present situation. The necessity for such a significant growth of the RES in a short time may negatively impact the security of electricity supply and will also impose a burden on the economies of those Member States that have a lower growth potential for such sources.

The new Directive does not provide for the national targets and the PKEE is in favour of it, thus its achievement will depend on two key factors – 1) **the pace of decrease of the RES technology costs after 2020**, 2) **the tools for enforcement of the pace of growth of the RES in the country concerned by the European Commission**. At present, it seems that the tools for regulatory enforcement of the growth of the RES at the national levels will be indicative, while the final assessment may be expected only after the completion of the negotiations on the Energy Union Governance Regulation that is related to the RES Directive. The ultimate solutions will most likely provide for a formula used for calculation of the percentage of the “fair national contribution”; however **the RES Directive agreed upon states that the formula will not be applied automatically**.²

In consideration of the above, we are of the opinion that the main factor determining the growth of the RES after 2020 will be the pace of reduction of technology costs and market adoption of the renewable sources rather than a specific percentage figure of the target. In fact, not all the Member States will be willing to keep significantly contributing financially to the growth of the RES and burden their consumers with the cost. It is worth stressing that the RES Directive contains several solutions increasing the market competition for the RES, among others by discontinuing the priority grid access for the bigger RES sources – which we welcome.

Also **the solutions aimed at preserving the acquired rights of the RES investments should be acclaimed**, which were adopted based on the existing support mechanisms, thus allowing preservation of a stable regulatory environment for the projects in progress. In our opinion **the ultimate solutions of the Market Regulation in the context of respecting the capacity contracts that were concluded should also observe the principle of preservation of the acquired rights** after the entry into force of

¹ Conclusions adopted by the European Council on 24 October 2014, EUCO 169/14

² The exact legislative solutions concerning the national contributions to the EU target will be known after completion of the legislative process concerning this legal act.



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the new Regulation, so as to assure the abovementioned stability (particularly necessary in case of long-term investments) and to avoid introducing a double standard for individual industries of the sector.

The RES Directive introduces limitations concerning the use of the biomass. Firstly, there will be no possibilities to obtain support for the new build co-firing installations. Moreover, the mid-sized units (from 50 to 100MW³) will have to achieve the efficiency levels defined in the BAT and the big units (above 100 MW) will have to meet the net electrical efficiency of at least 36%. In such cases, there will also be a requirement to demonstrate that there is no potential for the use of high-efficiency cogeneration. Achievement of the above efficiencies **will not, however, be required in case of the units utilising high-efficiency cogeneration**. In the opinion of the PKEE, the above requirements are introducing an overregulation of the segment. In fact, the Directive introduces several other regulations assuring that the biomass will be utilised in a sustainable way, leading to the GHG emissions reductions.

The target for the annual increase of the share of the RES in heating and cooling industry was defined at 1.3 p.p. for countries including the waste heat and 1.1 p.p. for the others. This target, however, is of indicative nature. In our opinion the provisions of the Directive concerning the heating sector will be contributing to the growth of high-efficiency sources of heat fired with the biomass, feeding the heat to district heating systems. We think that measures oriented at the growth of district heating systems will contribute towards a long-term reduction of emissions coming to the largest extent from the process of burning poor quality fuels, and even waste, in low-efficiency boilers in private households, which to the overarching extent are responsible for poor air quality in the Polish cities.

³ The values concern the rated power supplied in fuel.