

## Consultation response

# European Commission revision of the Renewable Energy Directive (RED III)



AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €3 trillion in 2020, directly supports more than 4.8 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

The American Chamber of Commerce to the European Union (AmCham EU) members call for coherence and consistency of all Green Deal legislative proposals and communications, including those that have yet to be released. This means that the policies contained in such legislative proposals and communications must not overlap but rather complement each other, and this can only be achieved through a consistent focus on an energy system integration approach.

In this respect, AmCham EU notes that the uncertainty for businesses as a result of any unclear interfaces between various proposals is increased by the fact that many delegated acts under the Renewable Energy Directive currently in force (RED II) have not yet been adopted. These delegated acts under the directive are essential for business on how the obligations of the directive apply in respect of them. The fact that the scope of such delegated acts still to be adopted under RED II is now covered in a more detailed manner in the new directive proposal, and that eventual adoption of such delegated acts is even often postponed until well after adoption of the new revised Directive (RED II) hinders investments in renewable energy in the EU. This has delayed further adoption of these crucial delegated acts until after the adoption of a new revised Renewable Energy Directive. It may be necessary to provide further guidance on single mandates and confines for the outstanding delegated acts under both RED II and its proposed revision.

At the same time, RED III offers an opportunity to increase consistency between rules on renewable energy deployment and EU sustainable product policy. The European Commission is currently developing several defining sustainability requirements for certain renewable energy technologies, including under the Ecodesign Directive and the Energy Labelling Regulation. Member State support schemes under RED can play an important role in valorising these requirements, promoting a level playing field across the EU. Some Member States already include sustainability selection criteria in their support schemes for renewables. This approach would be in line with the latest draft Commission guidelines on state aid for climate, environmental protection and energy, which envisions the inclusion of environmental, technological, or social criteria in competitive bidding processes provided these are not weighed more than 25% in the tender grading system.

AmCham EU commends the focus on green hydrogen in the draft proposal and looks forward to a harmonised and market-based arrangement promoting green hydrogen. We however need to reiterate that the success of mainstreaming this energy carrier will require that it can be supplied or imported affordably, given the fact that large amounts of renewable electricity would be needed and transported. This will as well depend on the facilitation of permitting procedures. It needs to be considered that green hydrogen will not be cost-competitive in the short term. Green hydrogen production via electrolysis on a large scale will require funding at EU and/or national level.

Access to competitive low carbon energy is crucial for end use sectors to reach climate neutrality in the long term. AmCham EU therefore stresses the importance of corporate power purchase agreements. Further measures need to be explored to remove hurdles for the further development of such analysis and to ensure that interested parties can count on clear and predictable price signals.

Finally, AmCham EU would request that the new revision also addresses and clarifies how imports of renewable energy or of essential infrastructure for its generation, distribution and supply are expressly dealt with in the revised directive, as an essential tool for ensuring maximum uptake of renewable energy and ensuring efficiency without losing sight of the need for domestic renewable energy infrastructure.