securing competitive energy for industry

# *IFIEC feedback on: EU renewable energy rules – review*

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The EC recently published its "fit for 55" package, including a review of the renewable energy directive (RED). IFIEC supports the climate transition and considers the reduction of greenhouse gases, while ensuring the competitiveness of the European energy intensive industries (EIIs) in a global context, is key.

IFIEC believes the revision of RED II could help industry decarbonise provided access to abundant, competitive secure and low carbon energy and hydrogen ($H_2$) is assured. Alongside, the revision should further contribute to create the necessary legal certainty for investment in low-carbon and breakthrough technological solutions according to the principle of technology neutrality.

IFIEC fully supports an increasing share of RE in the form of electrons (e.g. electricity) or molecules (e.g. biogas, $H_2$, or derivates). However, as the constant energy demand of industry is not expected to decrease, the potential RE production is limited in the EU and solar and wind energy is intermittent, RE alone will not be sufficient. Furthermore, intermittent RE like wind and solar have huge impacts on the stability of the electrical network and thus on the reliability of industrial production. In addition, injection into the gas network of renewable fuels like biogas or green $H_2$ generate significant fluctuations in gas quality delivered to consumers which is likely to disturb the production processes and lower their efficiency. The development of all kinds of RE must be done in a way that does not harm the reliability of the energy supply, which is vital for the proper functioning of industrial activities.

Due to technical constraints, electrification is not always possible for decarbonising industrial activities, and where it is possible might not be the most efficient solution. Biomass, biogas, low carbon $H_2$ and other low carbon energy carriers should also be considered. Those fuels should be considered as energy carrier that enable a reduction of emissions in the production of heat or other processes. In particular, biogas should be promoted by recognizing it in the EU ETS scheme with a zero $CO_2$ emission factor, whatever way it is financially supported and regardless of the installation where it is used. It is of the utmost importance that all the pieces of regulation covered by the Green Deal are revised in a consistent manner.

IFIEC **welcomes the inclusion of RFNBOs in the targets** but also recommends including **recycled carbon fuels and other low carbon energy carriers in RED targets** and to create **an adequate framework to allow import of low carbon energy carriers.**

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IFIEC supports the development of Power Purchase Agreements (PPAs) promoting RE as well as the establishment of long-term contracts. Similar mechanism should also be implemented for biofuels like biogas. However, persisting administrative and financial barriers to RES-PPAs for energy-intensive industries should be removed.

IFIEC supports the incentives given to waste heat recovery through Article 23 and asks for recognition of conversion of waste heat to power for self-consumption to be an eligible measure. Credible claims of RE consumption are important to ensure correct incentives for consumers and industry and to avoid greenwashing. A holistic approach focussing on the reduction of the GHG intensity of the entire energy system based on the principles of **technology neutrality and cost-efficient** should be the basis of the RED.

**IFIEC welcomes the approach in the transport sector, e.g. a target based on GHG intensity, and asks the EC to consider a similar approach for the overall target, e.g. basing it on GHG intensity without sub-targets for specific sectors or energy carriers.**

The **sub-target for $H_2$** consumption is of high concern as it would endanger the competitiveness of the energy intensive industry and hamper future developments of other low carbon $H_2$. As production and consumption of renewable $H_2$ do not necessarily happen in geographically correlated areas, this target will **create unequally spread economic and technical disadvantages for industry across Europe and is not in line with a level playing field**. Early uptake of renewable $H_2$ must be accompanied by supporting measures (e.g. contracts for difference) on an EU level, especially in those regions with high risks.



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