

To the EU Commission / DG Energy

14.06.2021

NordEnergi's recommendations regarding the Delegated Act under Art. 27(3) of the Renewable Energy Directive and the upcoming revision of the directive

NordEnergi represents the energy sectors of Finland, Sweden, Iceland, Denmark and Norway. We all have a high degree of existing renewable and CO₂-free power production, with national roadmaps for deployment of renewable hydrogen production and other renewable fuels.

As such we welcome the opportunity to comment on the Commissions ongoing work to detail requirements for Renewable Fuels of Non-Biological Origin (RFNBOs) under Art. 27(3) of the Renewable Energy Directive 2018/2001 (REDII) as well as the upcoming revision of the RED II.

Unfortunately, we have found a number of shortcomings in the Draft Delegated Act (Draft DA), which we believe could create disproportionate barriers for setting up renewable hydrogen production for the transport sector in the Nordics. This would obstruct the hydrogen sector, which is contrary both to REDII and the Commission's Green Deal ambitions.

Additionality principle will hamper the integration of hydrogen to the energy system and market

We recommend revisiting the entire 'Additionality' definition during the revised REDII process. Hydrogen is a massive part of the Energy System Integration, as it can create flexibility on both the supply- and demand side. Implementing too stringent additionality rules, as suggested in article 3 and 4 in the Draft DA, will make hydrogen production suboptimized, and in worst case impossible. The proposed definition is unworkable, and we suggest the Commission to hold off making requirements that risks stifling the hydrogen production in Europe.

We oppose the idea that RFNBOs must be powered by new energy production sites, as production of RFNBO may give room for additional power production from existing power plants. The requirements for geographical and temporal correlation between electricity- and hydrogen production would severely hamper competition in the hydrogen market and create unnecessary costs to the projects. Instead of creating new hurdles, the focus should be to remove barriers for new RES generation, in order to enable market to increase power production based on new demand of renewable energy from RFNBO production. In total the restrictions will lead to suboptimal energy system operation, administrative burdens, and increased consumer costs.

Clarification needed for countries with a high RES share

We ask the Commission to confirm our understanding regarding the three options provided in RED II Art. 27(3) for calculating the share of renewable energy in the production of RFNBO:

- 1) The average share of electricity from renewable sources in the country of production, as measured two years before the year in question, can be used to determine the share of renewable energy, as follows from RED II 27.3.4. This is not affected by the proposed Draft DA, and means that a country with a high share of renewable electricity can produce RFNBO without the restrictions in the Draft DA.
- 2) Electricity obtained from direct connection to an installation generating renewable electricity may be fully counted as renewable electricity by fulfilling specific criteria, as suggested in the Draft DA article 3.
- 3) Electricity that has been taken from the grid may be counted as fully renewable (higher than the national average share) provided it fulfils specific criteria, suggested in the Draft DA article 4.

We ask for clear guidance on how countries with an already high share of renewable energy in the national grid can classify their hydrogen production as 'renewable' and thus be exempted from the Draft DA. We think that in all use cases Guarantees of Origin (GoO) should be a sufficient verification for classification of 'renewable hydrogen'. We also would like a clear interpretation of how the EECS system (European Energy Certificate System) with GoO would apply within the context of the Draft DA, and how the existing EECS GoO system could be amended to document the use of renewable electricity for production of 'renewable hydrogen', if amendments are needed at all.

Focus on cost efficient emission reductions in the upcoming revision of legislation

We ask the commission to focus on the CO₂ reductions through market based and cost-efficient policy instruments in the upcoming Fit for 55 package. All CO₂-free energy production should be at a level playing field after the revision of energy and climate legislation. This should also apply to hydrogen production by electrolysis and fuels produced from electricity, given that the source in hand is well documented by the guarantees of origin system.

Thank you for considering our input.

Best regards



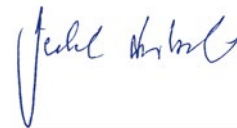
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