

European Commission's Guidance on accelerating the deployment of renewables & facilitating PPAs uptake - Public Consultation

PERMITTING FOR RENEWABLE ENERGY PROJECTS

Increasing energy demand must be met by an electrification of society based on renewable energy from both wind and solar for the European Union to live up to the Paris Agreement and reach the goal of climate neutrality by 2050. At the same time, the indirect electrification of the hard to decarbonize sectors must be ensured through a ramp up of production of green hydrogen. The current geopolitical situation and war in Ukraine tragically underlines the extreme urgency of an independent, fossil-free European energy supply.

However, permitting is a major challenge for a faster roll out of renewable energy in Europe. Firstly, Member States are not permitting enough new solar and wind farms to meet the rising demand of renewable energy. Secondly, permitting procedures are too long and complex ultimately creating bottlenecks, despite the EU Renewable Energy Directive setting out clear deadlines for permitting.

There is a need for a general political shift in which greater importance is attached to renewables than is the case today when balancing the considerations towards nature, environment and climate both at the European level and in permitting authorities at national level. Too often nature conservation considerations bring an end to new projects thereby hampering the deployment of renewables.

European Energy welcomes the sharing of best practices in a Permitting Guidance to support Member States with recommendations to simplify permitting. European Energy recommends the following:

Improve administrative processes

- **Clear distribution of responsibilities between authorities.** Defining responsibilities and roles in the relevant authorities will entail a smoother process.
- **Enforce the 2 year deadline as set out in the EU Renewables Energy Directive.** Member States must establish and enforce permitting deadlines for renewable energy projects in accordance with current EU Regulation.
- **Adapt to latest technological developments.** Permitting authorities should to a greater extent adapt to the latest technological developments by showing flexibility in permitting procedures, e.g. as regards to sizes and power of wind turbines.
- **Increase resources for administration in Member States.** Lack of staffing in permitting authorities causes bottlenecks and prolongs processes.

Optimize and expand grid connections

- **Expand the electricity grid at the forefront.** Extension and reinforcement of the electricity grid must go hand in hand with deployment of renewables. Therefore, Member States must acknowledge expansion of the grid as a matter of public interest and ensure necessary investments.
- **Provide transparency about available electricity grid capacity.** Lack of transparency by both DSOs and TSOs constitutes a barrier for developers. Even in cases where grid companies provide capacity maps and development plans, these plans are not guarantees for actual grid availability. Providing updated information about grid availability is crucial for faster deployment of renewables.

Adopt a balanced and more flexible approach to renewable energy and nature conservation

- **Attach a greater importance to deployment of renewables.** Permitting cannot be accelerated if landscape, nature and climate considerations are seen as separate entities by authorities. Accelerating renewables is a vital part of the solution to the climate crisis, but the European Commission's guidelines on the Bird and Habitat Directive often counteracts permitting. However, nature protection and biodiversity cannot be ensured without accelerating renewables.
- **Adapt existing spatial planning to current electrification needs.** Spatial planning helps identify suitable sites, but it is increasingly challenging to find new sites due to designations of other state interest, including nature conservation designations. Hence, more flexibility should be shown in enabling prioritization of renewable energy projects.
- **Protect animal species rather than populations.** When balancing co-existence between nature and renewable energy projects, focus should be on the protection of species rather than specific populations of e.g. birds.
- **Consider renewables as part of the solution to improve biodiversity.** For example, taking agricultural land out of operation and compensating landowners by setting up solar panels has positive effects on biodiversity and groundwater resulting in a 'win win'-situation.

Local decision-making and stakeholder involvement

- **Local decision-making power with accompanying guidelines.** To take into account considerations of local interests, local authorities/municipalities should have the final decision-making power about renewable energy projects. Decision-making power left entirely to Member States will result in less agile permitting processes. However, sufficient national guidance should be provided to secure the necessary deployment of renewables.
- **Highlight good examples to increase political support.** Local authorities/municipalities that comply with national climate and energy objectives should be recognized for their efforts and serve as an inspiration to others.
- **Ensure early involvement of key stakeholders locally.** Special attention should be directed towards the nearest neighbours to pre-empt citizen concerns and resistance, ideally providing information in the early stages of the project. Other relevant stakeholders (e.g. local NGOs and associations) in the local community should also be identified and involved. Involvement is a continuous process, thus information about the project should be provided continuously and upon request.

Safeguard conditions for upscaling green hydrogen production in Europe

- **Ensure a flexible regulatory framework for green hydrogen production.** The ramp up of green hydrogen production in Europe requires a flexible regulatory framework to prevent long and complex permitting procedures, but also to provide realistic conditions for green hydrogen producers, especially realistic requirements of temporal correlation between electricity consumption and production are needed.
- **Harmonize rules for classification of PtX plants/electrolysers across Member States.** A harmonized EU classification of PtX plants/electrolysers in terms of risk profile will improve permitting across EU countries.
- **Establish one-stop-shops for Power-to-X projects.** Multiple authorities are involved in the permitting process for PtX projects. One-stop-shops focusing exclusively on PtX projects will reduce processing time and lead to more transparent and flexible permitting procedures.
- **Issue more water licenses for hydrogen production.** Current water protection directives are an obstacle and could potentially slow down the green transition in hydrogen production, where large amounts of water are required.

Support repowering projects with simplified permitting rules

- **Establish fast track permitting procedures for repowering projects.** Permitting procedures for repowering projects are disproportionate in the current regulatory framework. To create a level playing field with new renewable projects, the European Commission

should assign a special status for repowering projects with a view to minimize burdens, especially relating to environmental impact assessments.

- **Focus on *additional impacts only in environmental assessments when repowering installations*.** Environmental aspects should be treated differently when repowering. Carrying out completely new environmental impact assessments of existing sites is an unnecessary burden, consequently prolonging permitting. Instead, assessments should be limited to the *additional* negative impacts of repowering projects and apply as a general rule of thumb e.g. when assessing additional interference with nature, landscape, noise pollution, etc.
- **Take into account that species adapt to existing installations.** In particular, permitting authorities should allow more flexibility regarding bird protection regulations. Environmental impact assessments should take into account that bird populations adapt to e.g. turbines at the existing sites. Repowering will therefore most likely only have a small impact, if any at all.
- **Correct the myth that repowering projects can benefit from existing grid infrastructure.** It is a misconception and misleading argument that existing infrastructure can be reused one-to-one, although it is often mentioned as an advantage by repowering. In fact, grid capacity needs significant expansions when repowering.

FACILITATING POWER PURCHASE AGREEMENTS

European Energy acknowledges the importance of Power Purchase Agreements (PPAs) as a key instrument to support and protect European industry and businesses from price volatility in the energy market. PPAs contribute to decarbonisation and accelerated renewable energy uptake whilst ensuring energy security.

European Energy does not experience substantial challenges signing PPAs. However, to support a wider deployment of PPAs in Europe, European Energy recommends the following:

- **Remove permitting bottlenecks in Member States.** Complex permitting procedures are the main barrier for the facilitation of PPAs.
- **Revise the current accounting system and allow accrual accounting for PPAs.** The current regulation classifying PPAs as financial derivatives is a big barrier due to the related tax regime. Therefore, the European Commission should propose a revision of the current accounting system standards and reporting rules allowing accrual accounting for PPAs to minimize barriers for new parties to enter the market and foster the deployment of corporate PPAs in Europe.
- **Allow credit support for long term contracts.** This would be an effective form of financial support that will foster deployment of corporate PPAs in Europe.
- **Facilitate the roll out of common PPA templates.** The PPA template produced by European Federation of Energy Traders (EFET) provides a good basis to limit burdens and reduce the length of preparing contracts for sellers of electricity. Unfortunately, the template has not been taken up by the industry yet, thus not fulfilling its full potential.
- **Promote the use of online platforms.** Platforms such as the LevelTen Marketplace are useful for advertisement of PPAs/projects across Europe.