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Digital enabling smart, decarbonised energy grids: DIGITALEUROPE's views on the Renewable Energy Directive

DIGITALEUROPE welcomes the European Commission's "Fit for 55" legislative package, published on 14 July 2021. Digital solutions play a key role in achieving the climate goals and allowing grids to absorb more power from renewable energy sources whilst also helping to balance supply and demand. Furthermore, DIGITALEUROPE's members are developing and enabling significant volumes of renewable energy in Europe through their energy procurement strategies and intend to expand these efforts. In this context, we are taking the opportunity to comment on the proposal for the Renewable Energy Directive (RED III), with a focus on data centres.

As European[1] and world leaders[2] in corporate procurement of renewable electricity, the ICT industry supports the provisions in Article 15, which strengthen the role of renewable Power Purchase Agreements (PPAs). Whilst we welcome the requirement for mandatory issuance of Guarantees of Origin (GO), we believe that article 19(2) needs further amendments to accommodate more temporal granularity in GOs. We welcome steps to address bottlenecks in renewable energy permitting processes. We also support the introduction of a coordination framework that will make it easier for businesses to make their waste heat available for district heating and other heating applications.

Power Purchase Agreements

▸▸ The number of DIGITALEUROPE members engaged in renewable energy procurement is growing. Therefore, we welcome the strengthening of language in Article 15(8), which underscores the need for Member States to remove barriers to Power Purchase Agreements (PPAs), whilst

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[1] RE-Source Platform 2021, *Renewable Energy Buyers Toolkit*, <https://resource-platform.eu/buyers-toolkit/>.

[2] International Energy Agency 2020, *Data Centres and Data Transmission Networks*, <https://www.iea.org/reports/data-centres-and-data-transmission-networks>.

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establishing frameworks to facilitate their uptake. We also welcome the change of emphasis from "removing barriers to corporate PPAs" in the European Union to "actively supporting" their uptake.

▶▶ The European Commission also commits to provide additional guidance on PPA frameworks to Member States by 2024. However, this guidance is timed after the next National Energy and Climate Plans (NECPs) reporting cycle in 2023. While we welcome this commitment, we urge the Commission to release the additional guidance before 2023 for Member States to factor them into their NECP updates. PPAs are essential to accelerate the expansion of renewable energy in the European Union and to achieve the ambitious 40% renewable energy target. Therefore, the additional guidance should primarily focus on existing barriers to PPAs e.g., lengthy and complex permitting procedures, grid connection constraints and technology limitations. The European Commission should also take steps to ensure that Member States address these barriers in their NECPs. Strict implementation deadlines should also be introduced.

Permitting

▶▶ In the revised RED, the European Commission rightly acknowledges permitting as a major bottleneck to renewable energy deployment. Hence, we support revisions to Article 15, which grant the possibility to the Commission to review administrative and permitting rules within 1 year of the entry into force of the revised directive i.e., 2024.

▶▶ In that same timeline, the European Commission might take additional measures to support Member States in their implementation. In our view, the Commission should provide guidance to Member States on identifying and sharing learnings of adequate and suitable permitting and grid interconnection practices as early as 2022. We also believe that the Commission should develop a benchmark system on permit-granting procedures against which Member States can weigh their performance. This will allow close monitoring of the implementation of the RED III provisions.

Guarantee of Origin

▶▶ DIGITALEUROPE commends the European Commission's proposal to require GOs to be transferred to all renewable electricity producers. Based on the revised Article 19(2) and (8), Member States would no longer have the ability to issue guarantees of origin to a producer that receives financial support or are installed behind-the-meter. However, the Commission's proposal stops short of improving the transparency and the temporal granularity of the GO framework.

▶▶ An increasing number of corporate buyers of clean energy in the European Union are targeting energy procurement strategies that allow them to match their demand with purchases of clean energy in at least every hour on every grid. It is essential for corporate buyers of renewable energy to be able to verify the authenticity of their renewable energy purchases. This can be achieved by introducing timestamping on GOs and updating the revised Article 19(2) to ensure that GOs can be issued increments smaller than 1 MWh. At present, there is no obligation for GO issuers to do this. Moreover, they can refuse to issue GOs with hourly or sub-hourly time stamps if requested by a generator. This additional provision in the revised Article 19 would ensure that corporate electricity consumers can set and track their procurement strategies.

▶▶ Additionally, taking a step further to support grid decarbonisation, the European Commission should consider rules that enable carbon stamping of GOs (e.g., identifying the grid marginal emission rate at the specific time and place 1 MWh of clean energy is produced). This enables buyers to measure the specific carbon impact of their GO purchase in a given hour. It would also provide the transparency and the accuracy buyers need to help transform the grid. Timestamping would be compatible with and would not undermine the existing GO framework. The framework should still allow corporate buyers to continue validating their renewable energy consumption on an annual or monthly basis if they prefer. The GO framework should function in a manner that facilitates the issuance and cancellation of GOs at the level of temporal granularity requested by the corporate buyer.

Heating and cooling systems

▶▶ Article 24(6) of the revised RED foresees that Member States need to put in place a coordination framework between district heating and cooling system operators and the potential sources of waste heat and cold in the industrial and tertiary sectors. This coordination framework would facilitate the use of waste heat and cold from i.a. data centres. DIGITALEUROPE welcomes the efforts to enable and facilitate waste heat re-use from industries in which such projects are feasible. This coordination framework can help to identify and lift regulatory barriers or administrative burdens for businesses capable of making their heat available. For instance, heat producers need a framework that does not penalise them when heat is temporarily unavailable because of maintenance, seasonality, or other downtime events. Member States might require guidance on developing such coordination frameworks to ensure approaches are as harmonised as possible.

▶▶ Data centres are already implementing innovative energy projects e.g., on immersive cooling and waste heat recovery. This coordination framework would help to support more operators to make their waste heat available. However, it is important to note that the applications of waste heat are not limited to district heating. Hence, businesses should be empowered to make their waste heat available to any suitable end-use. Work by data centres to date in this area has shown that projects must be considered on a circumstantial and case-by-case basis. As the Commission considers these policies, we encourage it to ensure that rules promote regulatory certainty, project feasibility and a positive environmental impact.

Additional aspects in the revised Renewable Energy Directive

Heating and cooling systems

▶▶ DIGITALEUROPE welcomes the increase in the EU target for the share of renewables in heating and cooling to 39%-41% by 2030. However, the commitment from Member States in their National Climate and Energy Plans (NECPs) falls short of the current targets. Hence, it falls well short of the increased ambition. From this perspective, we also welcome the new Article 15(a) to set an indicative EU target for 2030 of a 49% RES share in buildings. Article 23(1a) of the proposal would newly require Member States to assess their potential for renewable heating and cooling and to report on it in their NECPs. National strategies dedicated to heating and cooling decarbonisation will significantly contribute to accelerating the decarbonisation of the EU's building stock, which accounts for 40% of energy consumption.

In conclusion, DIGITALEUROPE's members are committed to supporting the European Commission on the "Fit for 55" legislative package. We stand ready to provide additional feedback during the next legislative steps for the proposal for the revision of the Renewable Energy Directive.

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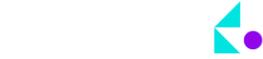
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DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

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