

REPowerEU

15 concrete measures that can be implemented right now

More Renewables and Grids Faster

1. **Accelerate permitting for renewable energy and clean energy infrastructure:** Use the review of the Renewable Energy Directive (RED III) to create more flexibility in the rulebook of the 1992 Habitats Directive for renewable energy and clean energy infrastructure projects. Classify such projects as overriding public interest meaning that permitting processes cannot be delayed unless the projects endanger the entirety of specimen within a natural habitat within national borders.
2. **Reduce investment risk for hybrid offshore wind projects:** Create a temporary derogation in the Renewable Energy Directive for hybrid offshore wind projects from the 70% rule on interconnection capacity as outlined in Article 16 of the regulation on the internal market for electricity. Define offshore hybrid projects as a new stand-alone asset category in RED III.

Creating Sustainable Markets for Clean Hydrogen

3. **Fully leverage the Fit-for-55 Package to ramp up the clean hydrogen market:** Bring forward the 2.6% RFNBO quota for transport to 2027 and increase the 2030 quota to at least 4%. Make the 50% RFNBO quota for industry binding. Together, this creates an 80 GW market for clean hydrogen.
4. **Kick off mature green hydrogen projects with a pragmatic delegated act on electricity-based hydrogen:** Create a first-mover period for hydrogen investments commissioned until the end of 2027 without additionality requirements and provide grandfathering for these projects until 2030. The principle of equivalence should apply to RFNBO imports. RED III should then provide that additionality can be achieved over the EU Governance Regulation and imports from outside the EU. To ensure imports are eligible for regulatory compliance we strongly recommend extending the certification system ISCC EU to RFNBOs, incl. imports, within 1 month after the delegated act on electricity-based hydrogen is published to clarify that imports of independent third-party ISCC EU certified RFNBOs comply with regulatory requirements.
5. **Simplify the GHG intensity methodology for RFNBO investments:** For this decade, the Commission should propose a simple three-step approach: (1) GHG emissions from processing and logistics should be calculated in parallel to the existing biofuels certification. (2) GHG emissions from the electricity consumption should be based on the delegated act on electricity-based hydrogen. (3) CO₂ used to produce hydrogen-derived fuels should be considered zero, independent of its source with the exemption of CO₂ stemming from solid fossil fuels.
6. **Strengthen carbon pricing signals to accelerate the shift away from fossil fuel dependency:** Rate RFNBOs from new installations (both inside and outside the EU) commissioned before the end of 2027 with zero emissions in the EU ETS and grant them a grandfathering period of 10 years. This will provide currently missing price signals to shift from fossil fuels to RFNBOs. Strengthen carbon price signals further by granting twice the amount of free allocation for each amount of RFNBO supplied to the

aviation and shipping sector. This will create strong investment incentives to go beyond the requirements in ReFuelAviation and FuelMaritime.

7. **Place impact over principles in energy taxation:** Member States should make use of the *passerelle clause* (Art 192 (2) TEUF) to allow QMV for reducing taxation levels for RFNBOs to zero.
8. **Legal clarity for low carbon hydrogen now:** The Commission should come forward with a pragmatic definition of low carbon hydrogen that can be integrated by the co-legislators directly into the gas market regulation. Determining the methodology for low carbon hydrogen by the end of 2024 in a separate delegated act is too late.

Powerful Financing to Accelerate Clean Energy Uptake

9. **Use H2Global to implement the Global European Hydrogen Facility:** The facility should be based on long-term offtake agreements (10 – 15 years) with guaranteed auction-based prices to make private investments bankable and mitigate the first-mover (cost) disadvantage. Financing for this facility could be secured by tapping into three pots: (a) Repurpose resources of the Clean Hydrogen Joint Undertaking for this purpose, (b) dedicate 200 million EU ETS allowances, separate from the EU Innovation Fund, (c) prioritise enabling PCI projects in the Connecting Europe Facility.
10. **Adapt the GBER to tap into national hydrogen financing already available with four must-haves:** (1) Open Articles 36 to 41 of the GBER to make technology suppliers legally eligible for assistance, provided they support and facilitate the investment activities described in Articles 36 to 41 and take on a share of the actual investor risk. Here a contractual assumption of project risk is sufficient. (2) A significant increase in the current threshold of EUR 15 million for investment aid for environmental protection (Art. 36) and a significant increase in the aid intensity under Articles 36 (40%) and 41 (45%) of the GBER are imperative to scale up quickly. Likewise, the threshold for operating aid under Art. 43 for small installations for generating renewable energy (incl. hydrogen and its derivatives) should be raised to EUR 50 million, and the threshold for aid with competitive bidding under Article 42 should be raised from the current EUR 150 million to EUR 200 million. (3) As a general rule, aid intensity should be calculated not with reference to costs eligible for aid, but to a differential costs analysis (compared to fossil fuels). Support to cover up to 100% of the funding gap should be possible. (4) Synthetic fuels like e-fuels, e-kerosene and e-ammonia play a key role to reduce dependence on fossil fuels. Member States should be able to exempt them from energy and environmental taxes even if admixture ratios are required by law. Article 44 of the GBER should be amended accordingly.
11. **Pragmatic and Resilient Energy Partnerships:** We would like to highlight two elements (a) We recommend that the *EIB aligns their priority countries* with those regions across the globe with highly competitive resources for wind and solar energy. The financing capabilities of the EIB are limited and currently misaligned with the RePowerEU and Green Deal objectives. (b) We recommend building *strong and resilient energy partnerships across the globe* that go beyond mere declarations of intent. On the African continent, energy partnerships should focus on countries which can quickly deliver on RePowerEU and European Green Deal objectives. We consider Morocco, Algeria, Egypt, Tunisia (green energy export via grids or pipelines) and Namibia and South Africa (green energy export via H2 derivatives) as the most urgent priority countries. Regarding Morocco, we encourage the *External Action Service* to work swiftly towards a shared European position regarding the legal status of the Western Sahara. In the Middle East, developments within Saudi Arabia and UAE are well on track regarding green energy investments. In this region energy partnerships could focus on Qatar and Oman. In Latin America, Chile (<https://haruoni.com/#/en>) should be among the key priorities for the EU, as well as Australia and India in other parts of the world.

Rethink Energy Infrastructure

12. **Focus on the European Hydrogen Backbone, not market liberalization battles of the past:** The European Commission should send a clear signal to negotiators that it is open to provide more flexibility regarding vertical unbundling rules. Specifically, independent transmission system operators should be allowed to own and operate hydrogen infrastructure beyond 2030. Moreover, when it comes to horizontal unbundling, it should be allowed to leverage synergies in the operation of the hydrogen and the methane grid. This would decrease the grid costs for consumers.
13. **Start making large-scale energy storage a reality:** We recommend two approaches: (a) Build on the review of the security of gas supply regulation to require mandatory volumes of clean hydrogen storage from 2025 onwards. (b) Consider adapting the electricity market design or provide guidance for state aid-compliant national tender regimes to create investment incentives for intermittent renewable energy to deliver year-round dispatchable capacity. (c) Mandate the European Committee for Standardization (CEN) to swiftly develop H2 readiness standards for gas turbines and subsequently enforce them in EU legislation.
14. **Nominate and frontload RePowerEU PCI projects and include Moldova and Ukraine into the scope of Ten-e:** The Ukrainian and Moldovan grids have been synchronized in emergency. More investments are needed to make this synchronization reliable and permanent. Connecting and integrating the energy infrastructure of our Eastern neighbours is of European common interest. The necessary measures to complete the grid synchronization should be a priority PCI project and receive financial support even if they take place outside the EU.

In addition, select 5 PCI projects with the biggest impact on quickly reducing dependence on fossil fuels from Russia and approve these projects by January 2023. Such projects can exceptionally include natural gas infrastructure (e.g. connection between France and Spain, or clean-fuel ready LNG terminals) or investments outside the EU. Approval processes for these projects should be limited to 18 months.

Integrate Raw Material Supply Challenges

15. **Mitigate impact on raw material supply:** Europe faces a growing mismatch between accelerating clean energy investments on the one side and skyrocketing raw material costs and increasingly challenging supply shortages on the other. Implement the recommendations of the European Raw Materials Alliance, include price adjustment clauses in project funding and conclude long-term raw material partnerships, focusing among others on copper, iron and nickel.