



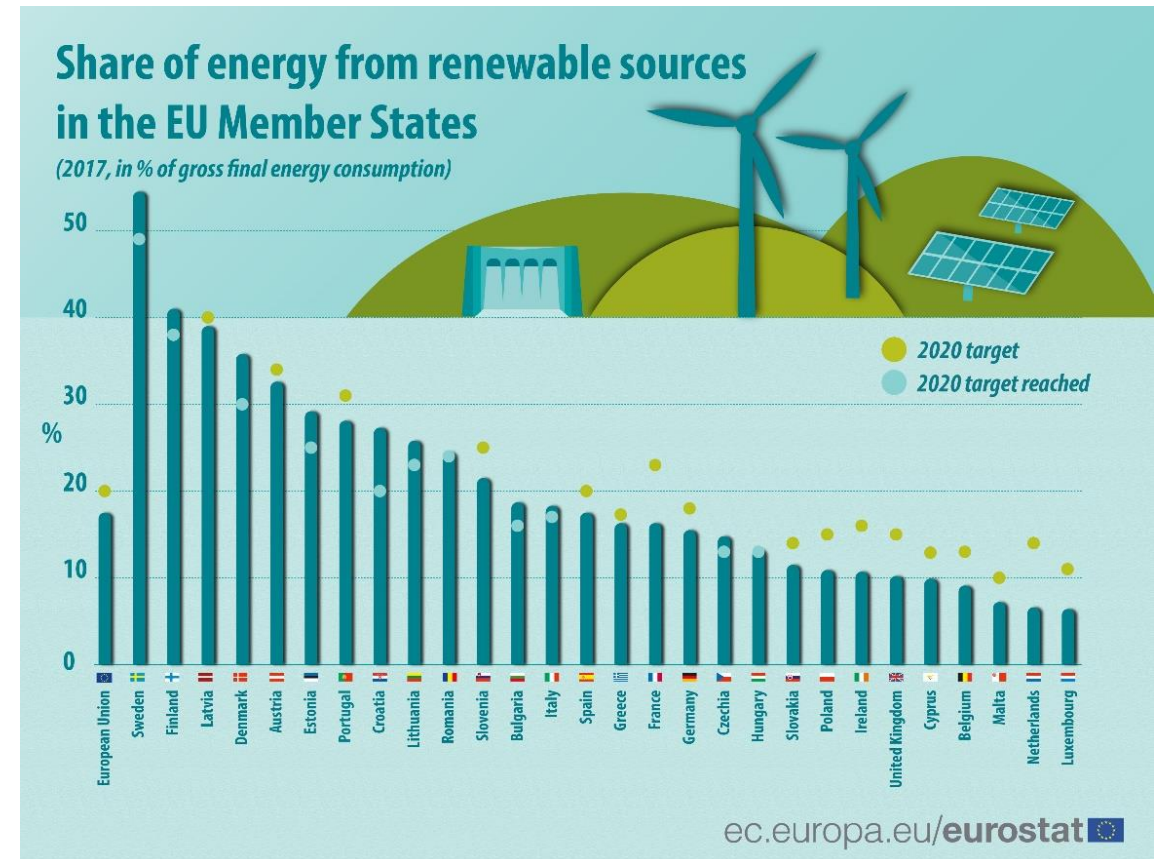
Revised Renewables Directive paving the way for the future heat markets

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Renewables directive

Promoting renewable energy sources in the EU after 2020

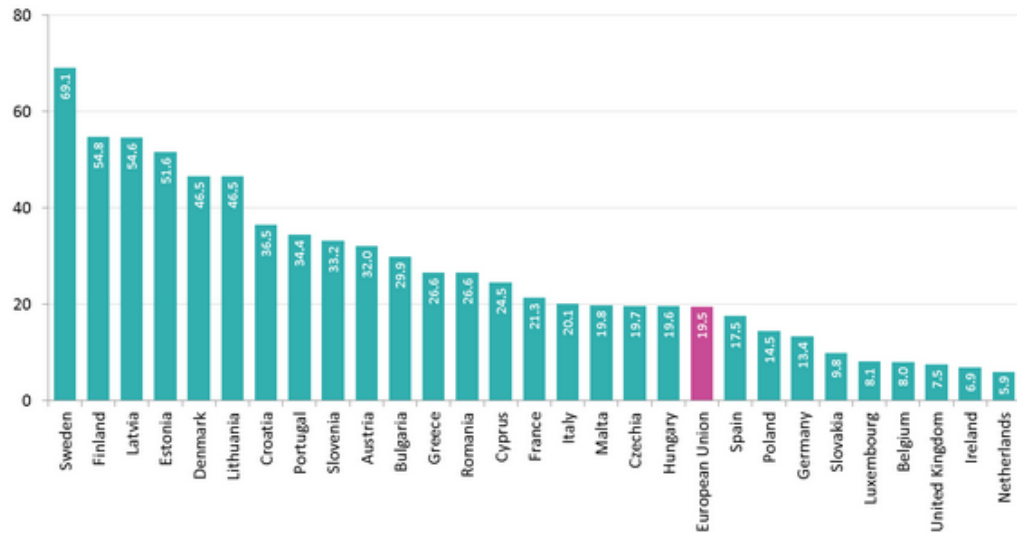
- In November 2016, the European Commission launched the **Clean Energy Package**, including a recast of the Directive on the promotion of renewable energy sources ('RES Directive'), with the objective of increasing the share of RES in final energy consumption by 2030.
- RES II was published in the Official Journal on 21 December 2018 and entered into force three days later. It shall be **transposed into the national legislation by 30.06.2021**



Renewables directive

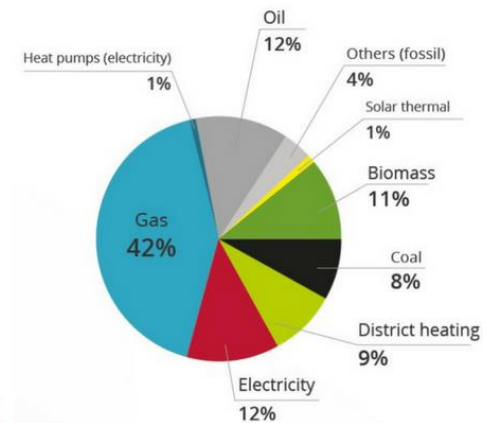
current situation in the EU heat markets

Share of total energy used for heating and cooling coming from renewable sources, 2017 (%)



ec.europa.eu/eurostat

- In four EU Member States, more than half of the total energy used for heating and cooling came from renewable energy sources in 2017: Sweden (69.1 %), Finland (54.8 %), Latvia (54.6 %) and Estonia (51.6 %)
- In contrast, the lowest shares were in: Netherlands (5.9 %), Ireland (6.9 %) and the United Kingdom (7.5 %)



Most of the thermal energy is produced from **fossil fuels (66%)** and **only 13%** comes from **renewable energies**. Electricity and district heat together supply 21% of heat, which may or may not be renewable, depending on local circumstances.

H&C final energy by energy carrier in 2015 (EU28)
Source: Heat Roadmap Europe



Renewables directive

Provisions shaping the heat markets

Addressing the untapped potential of heating & cooling

- Member States to increase the share of renewables in heating and cooling by 1.3 percent point per year over 2020- 2030
- Cost-effective contribution to the 32% target
- Help to speed up renewable heating and cooling (only 4 ppt increase since 2009)
- Flexibility for member states on choice of measures
- Regulatory guidelines on the development and operation of district heating and cooling, and increased rights for consumers
- Synergies with EED, EPBD and waste legislation



Key provisions for the DHC sector

- Definitions, including 'waste heat', **Article 2**
- Extension of the existing system of guarantees of origins for electricity to gas also for heating and cooling, **Article 19**
- Indicative target for Member States to grow the share of renewable heating and cooling by 1,1% -1,3% yearly, **Article 23**
- Provisions dedicated to DHC which intends to provide information to customers on their heat supply (efficiency and share of RES) and to ensure their rights to disconnect from a non-efficient DHC network. The article also sets out rules for the access of third parties to a DHC network to supply directly their own customers with RES/waste heat, **Article 24**
- New sustainability criteria for solid forest biomass, **Article 26**

Renewables Directive

Implementation

- **According to the governance of the energy union and climate action rules, which entered into force on 24 December 2018:**
- By December 31st 2018, EU countries' were obliged to prepare draft **National Climate and Energy (NCEPs)** plans detailing their targets and measures up to 2030.
- **Sweden, Portugal, Denmark, the Netherlands, Finland and France** went beyond the minimum required by the EU energy governance regulation, committing to net-zero emissions by 2045 or 2050 at the latest.
- **Portugal and Austria** indicate they'll boost their green energy targets.
- Deadline for the final **NCEPs** plans is set by December 31st 2019
- National energy and climate plans (NCEPs) to include:
 - RES national objectives and trajectories (e.g. overall and sectoral RES trajectories)
 - Policies and measures to promote deployment of renewables (e.g. in electricity, heating and cooling, transport)
- **Governance Regulation**, includes all the EU and national planning and reporting obligations on renewable energy over 2020-2030

Implementation of the provisions of Art. 2, 23, 24 will likely be tackled in various manners due to the specific regulatory environment in the Member States and flexible options to deliver agreed targets.

Renewables Directive

Enablers

District heating and cooling development can and should speed up the renewable transformation, provided:

- **national heat markets** to be defined as the competing platform for different supply options\solutions,
- **district heating** treated as one of the actors on the heat market,
- **commercial approach** applicable to the organization of heat network, regulatory barriers and complexity of operating environment simplified,
- investments in **modernisation** of existing networks, to **improve efficiency** and in turn reduce utilization of primary fuels, are to be encouraged and incentivized,
- unavoidable **waste heat** (recovered heat) to receive equal recognition as heat generated from renewables,
- commercial sector and district heating operators must have clear incentives to supply their **excess heat** to the district networks,
- **cities** and heat market actors to plan and execute **heat supply planning**, focusing on improved efficiency and clean energy (air pollution, climate change mitigation).





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