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# CEDEC Brief News | September 2021

- **Save the date! CEDEC Annual Congress 2021**
- EC presents: The huge “Fit for 55” package
- Sustainable Finance: Taxonomy round 2
- European Parliament: Report on EPBD implementation
- Spotlight on: Which energy and climate policy after the German federal elections?

→ [Reading of the month](#) → [Ongoing consultations](#) → [Upcoming meetings & events](#)

## Save the date! CEDEC Annual Congress 2021

On the **10 November 2021**, under the title **“Fit for 55: Who paves the way? Who pays the bill?”**, join EU-Institutions’ representatives, local and regional energy companies, and energy & climate experts and get ready to discuss the new Commission legislative package, what’s at stake for DSOs around Europe and for their customers. For more info and registration [here](#).

## EC presents: The huge “Fit for 55” package

The Commission has finally published the long expected “Fit for 55” package on the 14th of July. The package includes a comprehensive and unprecedented review of EU energy and climate legislation, proposing the revision, among others, of the **Renewable Energy Directive (RED II)**, the **Energy Efficiency Directive (EED)**, the **EU ETS**, the **Energy Taxation Directive** and the **Alternative Fuels of Infrastructure Directive**, and the creation of an **EU ETS for the buildings and road transport**, a **Carbon Border Adjustment Mechanism**, and a **Social Climate Fund** to address the societal distributional effects of the proposed policies and measures.

The key purpose of the package is to align existing legislation with the new 2030 climate target of 55% of GHG emissions reduction and to introduce new initiatives to deliver on the Green Deal objectives. In line with the “electrification-at-all-means” trend we saw lately supported by a multitude of interested electricity-based industries, the “Fit for 55” will have very strong indirect effects on gas-related activities, DHC, CHP, bioenergy, and will require more than proportionate efforts from the public sector.

More concretely, on most important provisions for CEDEC members:

- The review of the **RED II** aims at further increasing the share and the integration of RES for a total share of at least 40% in 2030. Special attention is given to mainstreaming renewables in heating and cooling, to develop and promote efficient district heating and cooling – fuelled with an increasing share of RES and waste heat and cold – and to ensure that public buildings at all levels fulfill an exemplary role. New provisions are introduced to promote the uptake of hydrogen in transport and industry but the definitions still lack to provide a clear terminology on the different types of renewable gases.
- With the recast of the **EED** the EC proposes a binding energy efficiency target to be ensured collectively by Member States, who will have to set national contributions. For achieving the energy efficiency targets a wide package of measures will have to be implemented. Member States shall achieve end-use energy savings of 1,5% per year, as from 2024. Energy efficiency measures shall be implemented as a priority among the energy vulnerable population. Public bodies shall lead by example, by ensuring a reduction of final energy consumption by 1,7% annually as well as an annual 3% renovation rate of their floor area. Important changes concern the requirement for high-efficiency cogeneration to comply with the taxonomy criterium of 270g CO<sub>2</sub> per kWh energy output as well as the gradual increase of requirements for efficient district heating and cooling systems until 2050. Critical are also the new efficiency provisions concerning DSOs, in particular on investments in stranded assets, the limitation of the possibility to recover avoidable network losses from grid tariffs and the removal of incentives in grid tariffs that are detrimental to energy efficiency.
- Regarding the **Energy Taxation Directive**, laying down the rules for the taxation of motor fuels, heating fuels and electricity in the EU, the EC objective is to align taxes on energy products with the more ambitious EU’s climate goals, and to remove alleged barriers for massive electrification in heating and transport. Thus, a new structure of minimum tax rates based on energy content and environmental performance of the fuels is proposed, whereby electricity is set to be always the least taxed one.
- The bigger news concerning the **EU ETS** is the proposal to create a **separate emissions trading system for building and road transport sector**. The new system would be fully operational from 2026 and create an obligation on fuel suppliers. No free allocation of allowances is foreseen as the two sectors are not considered at risk of carbon leakage. The potential negative effects this CO<sub>2</sub>-pricing might have on the energy prices for households and car drivers should be mitigated by the Social Climate Fund and by redirecting the ETS revenues to financially support the most affected ones.
- As regards the **Alternative Infrastructure Directive**, the EC proposes to transform the Directive into a Regulation, establishing clearly binding and directly applicable obligations for Member States. The proposal introduces provisions on the minimum coverage of publicly accessible recharging stations to be ensured at national level. Certain provisions also concern DSOs, for example as regards the interplay between the deployment of recharging points and energy system flexibility, and with DSOs having to provide input to the regulatory authority on the potential of bidirectional charging to promote the penetration of renewable electricity.

### Spotlight on: Which energy and climate policy after the German federal elections?

Only four days to go until the Merkel-era comes to an end and until **Germany will vote a new government** for the next 4 years. While Angela Merkel stood at the heart of European politics, being a strong partner in Europe, all eyes are now on her **potential successors**. Three candidates are making the run to shape the post-Merkel future. Voters could get a better glance of the positions of the different candidates during the TV-“Triell” (meaning a duel among three opponents), with **climate policy** being one of the contested issues. Annalena Baerbock, candidate for the Green party, pledged for a change for a social-ecological green transition. Armin Laschet of the conservative CDU/CSU drew a picture of himself and his party as guarantor of stability and reliability in challenging times. In the exchange of blows Olaf Scholz recognized the need to act along with the costs it will bring, while underlining the relevance of industry in the transition process which he considers as the greatest industrial modernization project ever.

It remains to be seen how high voters put the climate topic on their voting agenda. While the Greens and the CDU/CSU are on either end of the spectrum, the SPD is somewhere in the middle, trying to keep the votes of the workers that are affected by the coal phase-out and at the same time attracting climate conscious voters. Under Merkel, Germany has taken a very influential role in Europe, including on climate policy. The outcome of the federal elections will be a signpost for the years to come, possibly determining also the speed in Europe’s pathway toward climate-neutrality, starting with the Fit for 55 negotiation process within the Council and between the co-legislators.

For a more detailed-Europe-friendly monitoring of the election, Politico has what you need [here](#).

## Sustainable Finance: Taxonomy round 2

The core of the sustainable finance framework, the so-called [Taxonomy Regulation](#) adopted on December 2019, gives mandate to the European Commission to draft a series of “delegated acts” to define how to comply with **six environmental objectives**. While the EC already defined the “taxonomy” of sustainable investments for the first two environmental objectives - on climate change mitigation and adaptation -, the drafting of a second round of delegated acts still has to start. This will be amongst others for the environmental objectives on transition to a circular economy and on pollution prevention and control.

To this purpose, the Platform of Experts on Sustainable Finance (nominated by the Commission) has published a draft report on preliminary recommendations for the **second “taxonomy”**.

This [draft report is open for feedback](#) until 24th of September 2021. CEDEC has been asking input from members and will reply to the consultation.

The European Commission is expected to start working on drafting the second taxonomy in November 2021, after the finalization of the recommendations from the Platform of Experts.

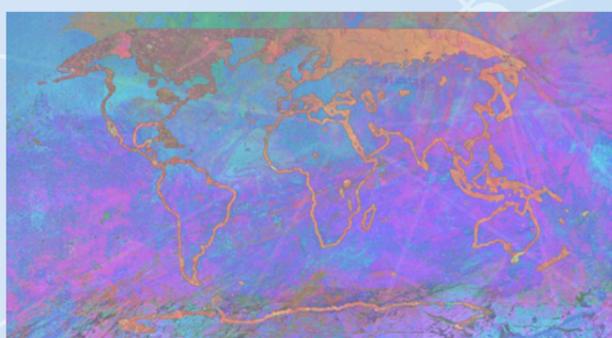
## European Parliament: Report on EPBD implementation

While the EC is currently preparing the review of the Energy Performance of Buildings Directive (EPBD), which is expected to be published on 14 December 2021, the Parliament’s Committee on Industry, Research and Energy (ITRE) is working on an [EPBD implementation report](#), lead by rapporteur Seán Kelly (EPP/IE). The report focusses on the implementation of the latest changes to the EPBD, which have been introduced by Directive (EU) 2018/844 that entered into force on 9 July 2018, in particular the requirements for Member States to present an upgraded version of their Long-Term Renovation Strategies (LTRSSs). The report notes that the renovation rate is currently low (round 1% per year) and that renovation does not always cover energy aspects. The report includes recommendations, such as calling on Member States to ensure proper implementation of the EPBD and encouraging them to introduce minimum energy performance standards. It further sees a need to review the charging infrastructure requirements in the EPBD and believes that the revision should serve to further promote smart buildings technologies and foster a data-centric approach.

ITRE members have provided their **amendments** to the report, which can be found [here](#). The final vote in the ITRE committee is scheduled for **18 November 2021**.

### Reading of the month

[UN - New IPCC Report: Climate change widespread, rapid and intensifying](#)



### Ongoing consultations

- [Call for feedback by the Platform on Sustainable Finance on preliminary recommendations for technical screening criteria for the EU taxonomy](#) – 24 September 2021
- [Public consultation on various files of the “Fit for 55” package](#) – 17 November 2021

### Upcoming meetings & Events

- CEDEC Board of Directors - 29 September 2021 - Rome
- **CEDEC Annual Congress** - 10 November 2021 - Brussels (Stanhope Hotel): *“Fit for 55: Who paves the way? Who pays the bill?”*