

Position paper

Clean energy for all Europeans (2/3)

Governance regulation & RED II

Fostering renewables & flexibility solutions

EUGINE welcomes the European Commission's legislative proposals aiming at further developing the various types of renewable energies and at meeting the EU targets through a consistent governance. This position paper provides both a critical assessment and possible amendments improving these proposals.

1. The proposal on governance is key to meeting climate pledges

EUGINE fully supports the objectives of the proposals. Both appear to be key essential steps towards:

- meeting the EU target of at least 27% renewables in its energy mix by 2030,
- integrating renewables into the market,
- fostering the development of the various flexibility solutions (including engine power plants)

Moreover EUGINE is concerned about the so-called 'ambition gap' and 'delivery gap' which could hamper the achievement of the EU's targets: a clear regulatory mechanism providing predictability for investors will be key to the development of both renewable energies and flexibility solutions as well as to costs reduction.

Regarding the amendments proposed by MEPs Rivasi &

Turmes in their draft report on Governance, our association:

- Strongly supports the call on Member States to 'phase-out capacity mechanisms' (AM 85 & 154). Adopting these amendments represents a precondition for both removing market distortions and developing flexibility solutions.
- Agrees with the necessity to support 'high efficient cogeneration' for the EU to reach its energy efficiency target (AM 151)
- Welcomes the planning and reporting exercises on 'increasing system flexibility'... but the essential role of 'flexible generation' should be clearly stated in the list of flexibility solutions (AM 83 & 152). Flexible generation will provide the bulk of Europe's flexibility needs.

2. More cost-efficient renewables & flexibility

EUGINE supports the market-based approach as best solution to reach the EU targets at minimum cost, especially regarding:

- support schemes for electricity from RES (article 4, RED II)
- balancing responsibility for all & end of priority dispatch (see our position paper on market design)



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- EUGINE very much welcomes the 'Clean energy for all Europeans' proposals
- The 'governance' and RED proposals are key to meeting the Paris pledges
- Market-based approach is best solution to modernise the energy system while reducing costs
- Green gases are precondition for a secure & decarbonised system

EUGINE is the centre of knowledge for engine power plant technology and electricity market design. Its members are the leading European manufacturers of engine power plants and their key components. They provide forward-looking solutions for flexible electricity generation.

EUGINE works with EU and national institutions in order to help the European electricity system to meet the challenges of today and tomorrow.

3. Fostering green gases, making the energy transition a reality

As a fuel with a low-carbon content which is used in flexible power plants, [natural gas is today's and tomorrow's perfect solution for the energy transition](#): it both reduces carbon emissions and increases the energy system's flexibility.

In the medium to long term the whole energy system will have to almost completely decarbonise, therefore [natural gas will probably have to be progressively replaced by 'green gases' from renewable energy sources, be it green hydrogen, synthetic methane, biogas or biomethane](#). These proven but still relatively costly solutions need to be further developed before becoming mainstream.

Against this background, EUGINE:

→ Supports the proposed assessment by Member States of their 'potential of renewable energy sources' (article 15), the establishment of 'single administrative contact points' (article 16), the 'simple notification procedure' for connection to the grid of installations with an electricity capacity

of less than 50 kW (e.g. engine-based micro-cogeneration units) (article 17) and the extension of 'guarantees of origin' to energy from high-efficiency cogeneration and renewable gases (article 19): guarantees of origin offer a useful proof of the gas origin and will help foster the development of green gases;

- Highlights that engine power plants for cogeneration running on biogas are ready to contribute to mainstreaming renewable energy in the heating and cooling installations (article 23).
- Believes that the support to 'Power-to-X' technologies should not be limited to 'Power-to-Mobility' with the so-called 'renewable liquid and gaseous transport fuels of non-biological origin': renewable fuels of non-biological origin like green hydrogen would also be extremely useful for other applications like for 'Power-to-Power', i.e. production of green hydrogen from variable renewables and

reconversion of it into electricity by flexible gas-fired power plants, on-demand. EUGINE requests therefore a broader approach supporting all kinds of 'Power-to-X' solutions in a technology neutral way (article 25);

- Takes note of the proposed 'sustainability and greenhouse gas emissions saving criteria' to be applied to various fuels, incl. biogas. In view of its possible impact on environmentally sound biogas, EUGINE and the European Biogas Association (EBA) ask for the exemption for smaller installations to be slightly increased from 0,5 MW electrical capacity to 2 MW fuel capacity (equiv. to 0,7 / 0,8 MW electrical capacity): small-scale biogas-fired cogeneration plants help capture methane emissions from various types of waste, offer additional revenues to local communities across Europe and have a limited overall impact (article 26);

EUGINE would be pleased to provide additional information to EU decision-makers.

Contact

Brussels Office
Diamant Building - Boulevard Reyers 80
1030 Brussels - Belgium
Phone: +32 (0)2 706 8297
E-mail: info@eugine.eu

Head Office
Lyoner Strasse 18
60528 Frankfurt am Main - Germany
Phone: +49 (0)69 6603 1936
E-mail: info@eugine.eu

Visit www.eugine.eu for more information

