

Renewable Energy Directive (RED3)

Subject Overview

The Renewable Energy Directive sets EU-wide targets for renewable energy that the EU and its member states must achieve by 2030. Additionally, the directive defines criteria for sustainable renewable energy sources and fuels and regulates guarantees of origin. The definitions of renewable energy are crucial for chemical industry companies in terms of the acceptability of current and especially new fuel types and energy sources. The likely next update will involve setting targets for 2040.

Objective of the Chemical Industry

According to the chemical industry, setting targets for renewable energy should promote rather than hinder the carbon-neutral development of the industry.

The Renewable Energy Directive should identify new energy sources and production methods as widely renewable, such as new synthetic fuels and hydrogen technologies. It is crucial to favor all renewable and low-carbon investments as widely as possible and not inadvertently hinder investments by favoring various technologies too restrictively.

The need for investment support will be enormous. New mechanisms, such as the Carbon Contracts for Difference (CCfD), should be considered alongside existing support mechanisms. However, it is essential to maintain access to support for all member states within the EU and avoid inter-member state competition for support.

Excess heat and useful by-products such as hydrogen are often generated in industrial processes. Utilizing these sources should be acceptable and equivalent to renewables. Excessively stringent technological guidance is unnecessary. In some cases, it is justified to target legislative guidance to promote certain new technologies or climate-friendly products. For example, double-counting in the advanced biofuels category is justified to expand the use of advanced fuels. Otherwise, coefficients should be abandoned, and the focus should be on actual emissions reductions rather than calculations.

Current Situation and Timeline

The Renewable Energy Directive came into force in 2023, and member states began implementation in the same year. The directive is likely to be updated concerning the 2040 targets and rules after the summer 2024 European elections as part of the Commission's work program.

We influence Finland's position, the European Parliament, and the Commission, as well as Cefic's position. We monitor the positions of other countries.

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