EASE reply to European Commission's Public Consultation – "Renewable Energy Projects – Permit-Granting Processes & Power Purchase Agreements"

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INTRODUCTION

The Commission opened a public consultation for the 'Renewable Energy Projects – Permit-Granting Processes & Power Purchase Agreements': feedback was opened until the 12 April 2022.

An approach at European level is needed to provide the right incentives to Member States to accelerate, in a coordinated way, the energy transition from the traditional fossil fuel-based energy system towards a more integrated and more energy-efficient energy system based on generation via renewables. Additional EU action to swiftly remove remaining bottlenecks in permit procedures and to reach the potential of Power Purchase Agreements (PPA) is part of addressing the challenge of significantly accelerating the deployment of renewables.

This initiative will focus on the key permit-related and administrative barriers to the implementation of renewable energy projects and corresponding good practice solutions to tackle them. As regards PPAs, the guidance will identify the main barriers to PPA deployment in Europe. It will identify best practices across the Member States, including in a cross-border context.

EASE prepared a reply to this consultation to contribute to the efficient development and deployment of renewable energy projects in the EU Member States in a way that is favourable to the energy storage sector.

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Public Consultation

Give your feedback on: permit-granting processes & power purchase agreements

4000 characters maximum

EASE – The European Association for Storage of Energy believes that removing barriers to the permitting and PPAs issues is absolutely essential for decarbonisation, clean energy transition, and energy security. To achieve more efficient permitting procedures, EASE recommends the following.

Firstly, EASE recognises the need for suitable **permitting procedures** for flexibility and options for flexible connection agreements for energy storage. Additionally, prioritisation of interconnection for batteries should be considered. EASE also acknowledges that many EU Member States' authorities do not have nationally harmonised permitting processes for energy storage. Therefore, EU-wide minimum standards, e.g., safety and first safety to prevent the fire risk of batteries, should be established.

Secondly, in terms of **legislation**, EASE found that several Member States do not have a specific categorisation and permitting regime for either standalone or co-located storage exists. Therefore, sharing the harmonised categorisation for energy storage among the Member States is essential.

Thirdly, an accurate and accessible **guideline for permitting** is necessary. Based on the proper definition and categorisation, the local authority should provide a permitting guide. EASE suggests cooperation between European and national governments to set up a guideline with details to stimulate incoming newcomers in the industry. It is because that unclarity on procedures/contact point often causes difficulties, e.g., shared permitting responsibility between regional/national authorities. In addition, a specific guideline and priority for co-located renewable + storage assets could improve their system supporting capability. Hence EASE recommends a streamlined process for permitting and connecting storage to a renewable plant, which already has received permitting in the past, to speed up the hybridisation process.

In practice, **better training for government staff** is crucial. The key barriers are the delay derived from the understaffed local authorities and national/regional government staff without sufficient knowledge on permitting new storage technologies. Therefore, national government should avoid overlapping competencies between government bodies. Moreover, all of the **procedures** should be shortened and digitalised. Current required documents and fees for the permitting are burdensome. A simplified permitting procedure could apply to Europe-bases/sourced BESS projects to support the growth of the European storage industry and its supply chain.

Besides, **permitting should not be blocked while new legislation is elaborated**. As new legislation on energy storage is under discussion, some legal uncertainty/permitting

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processes are fully blocked until a new law is launched, e.g., Greek law 4819/2021. Such decisions discriminate against storage technologies by placing a competitive disadvantage impacting investors' confidence in the markets.

Regarding to PPAs, EASE strongly advocates for the recognition of **hybrid (RES + storage) PPAs** in the EU legislation, to allow the Member States to set up enabling regulatory, administrative, and fiscal **frameworks** (including a proper framework for state guarantees) for: 1) PPAs for co-located storage facilities (that allow providing renewable energy for an extended period of time), 2) corporate PPAs providing 24/7 RES energy, and 3) private wire PPAs with storage. Long-term contracts (10+ years) should be encouraged.

Lastly, EASE believes all the mentioned changes shall be based on the solid and steady **political willingness for active renewable deployment**, especially on energy storage, at the European and the national level. Moreover, EASE suggests an initiative under the REPowerEU package focusing on flexibility assets, including an emphasis on renewable co-located assets to ensure grid-friendly integration of those additional renewable assets and prevent renewable energy curtailment.

3947 out of 4000 characters used.

Give your response on:

* obligatory questions

6. What are the key barriers that have prevented your project(s) from materialising in the last 5 years, if any? (Please rank their importance, 1 being the most important)

	1	2	3	4	5	no opinion
Length of administrative procedures	◉	○	○	○	○	○
Complexity of the applicable requirements or procedures	○	◉	○	○	○	○
Lack of clarity on the applicable authority(-ies) with whom to coordinate each required permit	○	○	◉	○	○	○
Regulatory changes impacting the business case	○	◉	○	○	○	○

	1	2	3	4	5	no opinion
Lack of access to capital/finance due to uncertainty	○	○	◉	○	○	○
Target conflicts with environmental regulations	○	○	◉	○	○	○
Land or sea conflicts with aviation or defence-related activities	○	○	○	○	○	◉
Land or sea conflicts with other users (e.g. farmers, fishermen)	○	◉	○	○	○	○
Lack of public acceptance / conflict between public goods	○	◉	○	○	○	○
Court proceedings	○	◉	○	○	○	○
Lack of political support	○	◉	○	○	○	○
Grid connection issues linked to lack of available grid capacity	○	◉	○	○	○	○
Grid connection issues linked to reserved but unused capacities	○	○	◉	○	○	○
Other grid connection issues (e.g. cost, unclear rules, technical issues) – please specify	○	◉	○	○	○	○
Other	◉	○	○	○	○	○

* Please specify (Grid Connection Issues)

500 characters maximum

A lengthy procedure of grid connection, e.g., Ireland, Slovakia.

Lack of grid, e.g., Portugal

95 out of 500 characters used.

* Please specify (Other)

500 character(s) maximum

In practice, the key barriers are the delay derived from the understaffed local authorities and national/regional government staff without sufficient knowledge on permitting new storage technologies.

200 out of 500 characters used.

Question 8. What good practices (if any) have you encountered in the areas of simplified permit-related and administrative procedures? (can be EU/national or international)

500 character(s) maximum

EASE identified good practices in Denmark. The Danish government was able to ensure responsiveness by relying on a single contact point system and through clear guidelines for the permitting procedure. While at the moment it is hard to access whether this system leads to faster permitting processes, it still appears to be a trustworthy, clear, and predictable procedure system.

379 out of 500 characters used.

Question 9. Has any of your renewable or electricity infrastructure projects been classified as being of "overriding public interest" as defined in Article 6(4) of the Habitats Directive?

- ○ Yes
- ◉ No

* Question 10. Are you planning lifetime extension, repowering (as defined in Art 2(10) of the Renewable Energy Directive) or decommissioning of your installations in the next 5 years?

- [ ] Lifetime extension
- [ ] Repowering
- [ ] Decommissioning
- [x] None of these

Question 13. What bad practices (if any) have you encountered in the areas of permit application/granting and administrative procedures specifically for repowering?

500 character(s) maximum

EASE would like to outline that repowering with newly built co-located storage could simplify repower when the grid connections can remain the same, and excess renewable generation is time-shifted on site. Hence, clear guidance on metering concepts and storage capacity providing flexibility to the grid and market is necessary. It is crucial to ban any taxes, levies, and other costs on energy stored on-site behind the meter, e.g., in Italy, where permitting renewable assets is a very drawn-out.

499 out of 500 characters used.

Question15. What regulatory changes at EU or national level, if any, would be beneficial to create a more supportive framework for combined technology power plants (e.g. wind combined with solar), or renewable energy power plants combined with an electrolyser for renewable hydrogen production or a storage facility?

500 character(s) maximum

EASE opposes double taxation, discriminatory grid fees and other associated taxes or levies for the storage of electricity and discrimination by type of storage. EASE encounters a lack of framework prioritising RES+storage in licensing and securing grid capacity. BESS addition should be an option for repowering of existing RES projects. Furthermore, storage should be allowed to provide ancillary services in co-located settings.

431 out of 500 characters used.

Question 16. What bad practices (if any) have you encountered in the area of early public involvement and public participation (including financial participation) in renewable energy projects?

500 character(s) maximum

In the case of Ireland, the government shortened the procedure of permitting for renewable facilities, including wind and storage, from two steps (local + national authority) to one step (national authority – EPA). However, some local public complains that the permitting procedure is not democratic enough, and often, the applications are stopped due to official complaints by the public. If the complaints are following legal systems, it can delay the process for more than years.

482 out of 500 characters used.

Question 17. What good practices, if any, have you encountered in the area of early public involvement and public participation (including financial participation) in renewable energy projects?

500 character(s) maximum

In Germany, local administrations receive a quota of RES revenues from the energy sold to the municipality where the renewable plant is operating. Similar provisions apply in Greece in the form of local compensatory fees to the municipalities where renewable energy projects are located. In Spain, project developers, upon securing grid capacity through the tendering process, should validate it through developing an industrial plan (CSV), including benefits for the local community and region.

495 out of 500 characters used.

Question 19. What good practices of public authorities, if any, have you encountered in spatial planning, helping developers in identifying suitable sites?

500 character(s) maximum

In Germany, the government coalition pledges to dedicate 2% of land to wind power development.

In Italy, a decree is expected by June 2022 that will identify the criteria for suitable areas for renewable energy projects. After adopting this decree, an additional decree will be issued that will aim to map the above-mentioned suitable areas. The authorities in charge of the later decree will be the regions of Italy.

417 out of 500 characters used.

Question 22. Do you/your company/your organisation have further comments on accelerating permitting of renewable energy projects?

1000 racter(s) maximum

Mentioned in the feedback.

26 out of 1000 characters used.

* Question 23. Which of the below best describes your situation:

- ○ I am involved in PPAs as a seller of electricity
- ○ I am involved in PPAs as a purchaser / off-taker of electricity
- ○ I am involved in PPAs as an intermediary or facilitator (e.g. utility, trader, network operator)
- ◉ I am involved in several of these activities
- ○ I am not involved yet but I am planning to do
- ○ I am not involved and I am not planning to be (anymore).

Question 24. What is/was the main driver behind your willingness to engage in PPAs?
at most 3 choice(s)

- ☐ Hedging electricity price over the mid to long term
- ☑ Secure power over the mid to long term
- ☐ Demonstrating the purchase of renewable energy for disclosure purposes
- ☑ Need to find new forms of revenue stabilisation as public support decreases
- ☐ Other

Question 25. What is the main barrier you have encountered when entering into PPAs?
at most 3 choice(s)

- ☐ Market prices volatility or market price uncertainty in general
- ☐ Lack of transparency and information on PPA prices
- ☐ Restrictions from publicly-funded support schemes preventing sellers from offering attractive PPAs terms
- ☑ Length of preparing ad hoc documentation and contracts and lack of template / standard agreements
- ☐ Administrative or regulatory barriers specific to PPAs

- [ ] Lack of possibility to combine the PPA with a Guarantee of Origin or other certificates
- [ ] Lack of possibility to book capacity (physical or financial) across bidding zones
- [ ] Variable generation profile of renewable energy sources
- [ ] Lack of facilitative platforms supporting the matching of sellers with interested off-takers; lack of aggregation options
- [ ] Difficulty finding off-take volumes beyond the largest corporates
- [ ] Low credit worthiness of off-takers
- [x] Duration of the PPA typically not matching the tenor of the debt required for project financing
- [ ] Other

Question 26. Have you encountered any **good practices** in relation to solving the barriers listed in question [21] above?

500 character(s) maximum

Enabling the issuance, transfer and claim of Granular Certificates (i.e. hourly time-stamped energy attribute certificates) in order to monitor and certify the 24/7 synchronicity score of a corporate PPA while complying with the European GoOs (corporate PPA for a datacentre in Amsterdam).

289 out of 500 characters used.

Question 27. What **regulatory changes** (in current EU legislation or national-level legislation), if any, would you consider most important to foster the deployment of corporate PPAs in Europe in the next few years?

500 character(s) maximum

The establishment of transparent and well-functioning GO tracking system to facilitate tradability

A streamlined approach for carbon accounting treatment of indirect emissions as well as the promotion of product labelling, both recommendations in the direction of providing transparency and certainty for buyers.

315 out of 500 characters used.

Question 28. Which form of **financial support** (including debt or guarantee instruments) would you consider most effective in fostering the deployment of corporate PPAs in Europe in the next few years?

500 character(s) maximum

The establishment of state guarantees to reduce credit risk and render investments bankable in a harmonized way within EU.

121 out of 500 characters used.

Question29. Do you/your company/your organisation have any further comments on facilitating Power Purchase Agreements?

1000 character(s) maximum

Hybrid (RES + storage) PPAs should be recognised in EU legislation, and the Member States should be granted the possibility to set up an enabling regulatory, administrative and fiscal framework for hybrid PPAs. Storage facilities can be included in PPAs for a variety of reasons: in corporate PPAs that provide 24/7, real-time renewable energy to corporate players; PPAs that provided extended renewable energy outside production hours, and clean peaking standard PPAs, in which hours with highest carbon intensity of the grid are covered with renewable power. Furthermore, PPAs of 10+ years duration should be encouraged to ensure the return of investments for renewables and energy storage projects.

420 out of 1000 characters used

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About EASE

The European Association for Storage of Energy (EASE) is the voice of the energy storage community, actively promoting the use of energy storage in Europe and worldwide. It supports the deployment of energy storage as an indispensable instrument within the framework of the European energy and climate policy to deliver services to, and improve the flexibility of, the European energy system. EASE seeks to build a European platform for sharing and disseminating energy storage-related information and supports the transition towards a sustainable, flexible and stable energy system in Europe.

For more information please visit www.ease-storage.eu

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Disclaimer

This response was elaborated by EASE and reflects a consolidated view of its members from an energy storage point of view. Individual EASE members may adopt different positions on certain topics from their corporate standpoint.

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