



## **Renewable Energy Directive Revision Briefing**

Brussels, August 2024



# Renewable Energy Directive Revision Briefing

## Preface

This briefing provides an analysis to the revision of the Renewable Energy Directive (RED III and RED III.5), which entered into force on 20 November 2023. It is structured as follows:

- Chapter 1 provides an overview of the Renewable Energy Directive recast
- Chapter 2 presents amendments from previous frameworks key to the energy storage sector
- Chapter 3 provides updated definitions and outlines amendments pertinent to the energy storage sector
- The Annex lists provisions not analysed in this document due to their marginal and indirect impact on energy storage

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## **Chapter 1: Overview**

## 1.1 Introduction

The Renewable Energy Directive III (RED III) and RED III.5, represent pivotal legislation in the European Union's decarbonisation efforts. Building upon previous Directives, RED III and RED III.5 mark a significant evolution in renewable energy policy, setting more stringent renewables' targets and introducing innovative mechanisms to accelerate the energy transition.

These updates significantly impact the energy storage sector by encouraging the development and deployment of energy storage. They also highlight the importance of smart grids and demand response systems. By supporting a robust storage infrastructure, RED III and RED III.5 aim to improve grid stability, optimise renewable energy use, and enhance energy security across the EU.

Throughout this analysis, RED III and RED III.5 will be referred to collectively as "the Directive".

## 1.2 Background

The Renewable Energy Directive (RED) was first introduced in 2009 and revised in 2018 (RED II) as part of the Clean Energy Package (CEP). In response to the European Commission's goal of reducing EU emissions by 55% by 2030, the Directive was updated under the Fit-for-55 Package to RED III, initially setting a 40% renewable energy target. Following the Russian invasion of Ukraine, the European Commission proposed an increased target of 45% and additional measures to reduce Europe's dependence on Russian gas, leading to the further revision of the Directive into RED III.5.

## 1.3 Scope

RED III establishes a comprehensive framework aimed at increasing the share of renewable energy in the EU. It sets binding national targets for Member States, mandating specific contributions from sectors such as electricity, heating and cooling, and transport. The Directive addresses the integration of renewable energy sources, enhances grid infrastructure, and promotes energy storage solutions. It also addresses biofuels, renewable hydrogen, and other innovative technologies. RED III.5 serves as an update to RED III, refining and expanding its scope to ensure continued progress towards the EU's renewable energy objectives. It enhances monitoring and reporting mechanisms to track Member States' progress more accurately, facilitates cross-border renewable energy projects, and incentivises the adoption of new technologies. Together, RED III and RED III.5 aim to create a robust and adaptable regulatory environment to advance the EU's renewable energy and climate objectives.

# Chapter 2: Connecting Topics to Provisions

The following table lists the key provisions per topic.

Торіс	Provision
Definitions	Article 2
RES targets	Article 3
Renewable acceleration areas	Article 15c
Areas for grid and storage infrastructure	Article 15e
Organisation and main principles of permit- granting	Article 16
Credit mechanism for EV recharging points	Article 25
Heating and cooling	Article 15a(3), 23, 24
Batteries and data transparency	Article 20a (3)
Simplification of administrative procedures	Article 15, 16
Distributed and small storage assets	Recital (52) and (57)
Renewable PPAs	Article 4a
Cross-border cooperation	Article 9a

Note that this briefing focuses on provisions impacting energy storage technologies. The remaining provisions, with both marginal and indirect impact on energy storage, are detailed in the Annex section of this document.

# Chapter 3: Key RED III Definitions

Please note: the "Current Legislation" section is provided to highlight new features introduced by the Renewable Energy Directive recast. They do not offer exhaustive analyses of the existing legislative framework.

## 3.1 Classifications and Definitions

Notion	Definition	Article
"energy from renewable sources" or "renewable energy"	renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, osmotic energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;'	2(1)
domestic battery	as defined in Battery Regulation	2(14g)
electric vehicle battery	as defined in Battery Regulation	2(14h)
industrial battery	as defined in Battery Regulation	2(14i)
state of health	as defined in Battery Regulation	2(14j)
state of charge	as defined in Battery Regulation	2(14k)
power set point	the dynamic information held in a battery's management system prescribing the electric power settings at which the battery should optimally operate during a recharging or a discharging operation, so that its state of health and operational use are optimised;	2(14I)
co-located energy storage	means a combined energy storage facility and a facility producing renewable energy connected to the same grid access point;	2(44d)

The following table describes updated energy storage-related definitions:

smart recharging	a recharging operation in which the intensity of electricity delivered to the battery is adjusted dynamically, based on information received through electronic communication	2(14m)
bi-directional charging	a smart charging operation where the direction of the electricity flow may be reversed, allowing electricity to flow from the battery to the recharging point it is connected to	2(14o)
renewable energy purchasea contract under which a natural or legal person agrees to purchase renewable energy directly from a producer, which encompasses, but is not limited to, renewables power purchase agreements and renewables heating and cooling purchase agreements;		2(14q)
renewable acceleration area	a specific location or area, whether on land, sea or inland waters, which a Member State designated as particularly suitable for the installation of renewable energy plants	2(9a)

Check: Article 2

## 3.2 **RES Targets**

#### 3.2.1 Overall target

#### **Previous legislation**

Directive 2018/2001 contained a collective overall binding target of 32% share of renewable energy in the Union's gross final consumption of energy by 2030. In 2021, in the context of the revision of the Directive, the target was raised to 40%.

#### Current legislation

The new Directive updates the targets on a threefold for Member States to collectively:

- Ensure at least 42.5% renewable energy in the Union's gross final energy consumption by 2030.
- "Endeavour" to increase renewable energy share to 45% by 2030.
- Set an indicative target of at least 5% innovative renewable energy technology in new installations by 2030.

While the overall target is binding at the Union level, Member States do not have individual legally binding targets. Rather, such targets are reflected in the National Climate Action Plans (NECPs) and may be enforced by the Commission by way of monitoring and issuing recommendations.

#### Not to overlook

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#### Timeline

Ву	Target
2030	42.5% share of energy from renewable sources in the EU's gross final energy consumption.

Check: Article 3

### 3.2.2 Sector-specific targets

#### Previous legislation

The table below outlines the sector-specific targets under previous legislation:

Heating and cooling	Member States were encouraged to aim for an indicative annual increase of 1.3 percentage points in the share of renewable energy.
Industry sector	No specific target for this sector.
Transport sector	The target for the share of renewable energy in the transport sector was 14%.

#### **Current legislation**

The focus remains on annual increases in the share of renewable energy. The updated sectorspecific targets are detailed in the table below:

Heating and cooling	Minimum annual increase of: 0.8 percentage points (2021–2025) 1.1 percentage points (2026–2030) additional increases to achieve an average of 1.8 percentage points at the Union level.
Industry sector	Member States to aim for an indicative annual increase of at least <b>1.6 percentage</b> points in the share of renewable sources for final and non-energy purposes (2021-2025 and 2026-2030).

Transport Ta	Target increased to 29% renewable energy, with a 14.5% reduction in carbon	
sector in	ntensity. Scope includes all fuels and electricity for transport, including viation and shipping.	

Despite the lack of a dedicated target for energy storage, the mandated increase in renewable energy in different sectors may lead to higher energy storage uptake. The focus on specific sectors signals a change in approach from the EU policymakers.

#### Not to overlook

RED III introduces specific annual increase targets for sectors such as heating and cooling and industry, which were not detailed in RED II.

#### Timeline

Sector	Target	Deadline
Heating and	"Minimum annual binding" increase of 0,8 percentage points in comparison with the 2021 levels.	2025
cooling	"Minimum annual binding" increase of 1,6 percentage points in comparison with the 2026 levels.	2030
Industry	Indicative increase of at least 1,6 percentage points as an annual average in comparison with the 2021 levels.	2025
	Indicative increase of at least 1,6 percentage points as an annual average in comparison with the 2026 levels.	2030
Transport	Share of renewable in the transport sector to reach 29%.	2030

Check: Article 3, 22a, 23, 27

## 3.3 Renewable PPAs

#### **Previous legislation**

Under the RED II regime, the specifics and support mechanisms for Power Purchase Agreements (PPAs) varied significantly across the Member States. Member States were encouraged to facilitate the uptake of such agreements but no detailed, binding requirements for their implementation or support were provided.

#### Current legislation

The framework for renewable PPAs is strengthened:

- The scope is extended to encompass renewable heating and cooling.
- Member States are required to streamline the uptake of PPAs by establishing relevant frameworks, such as credit guarantees.
- Member States may include a summary of the policies and measures under the framework and an assessment of their implementation in their integrated National Energy and Climate Plans (NECPs) and respective progress reports.

The Commission is set to further analyse the barriers to long-term renewable energy PPAs, in particular cross-border PPAs which may lead to further measures.

#### Not to overlook

The framework for PPAs is further detailed in the newest Electricity Market Design Regulation 2024/1747, which addresses the promotion of PPAs by removing disproportionate barriers. For more information, you can access the EASE Analysis on the revised Electricity Market Design.

#### Timeline

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Check: Article 4a

## 3.4 Renewable Acceleration Areas

#### **Previous legislation**

There was no such provision in the preceding legislation.

#### **Current legislation**

RED III introduces "renewables acceleration areas" for deploying certain types of renewable energy sources. These areas, defined by competent authorities based on environmental suitability, will benefit from streamlined permitting processes to promote rapid deployment. Designed to foster renewable energy growth without significant environmental impact, these areas are subject to environmental impact assessments.

Member States also need to establish specific rules for renewables acceleration areas to effectively mitigate any potential adverse environmental impacts caused by the installation of renewable energy plants, also when co-located with energy storage, or associated with grid connection assets. The aim: to either prevent these impacts altogether or significantly reduce them when prevention is not feasible.

Renewable acceleration areas, entirely absent in the previous iterations of the Directive, have the potential to be especially relevant for energy storage, in particular co-located storage projects. This frees them from burdensome legal assessments and significantly shortens the permitting process.

#### Not to overlook

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#### Timeline

Member States	Ву
Can declare certain areas as renewables acceleration areas if these areas have already been designated as suitable for the rapid deployment of one or more types of renewable energy technology.	21 May 2024
Shall ensure that competent authorities adopt one or more plans designating,	21
as a sub-set of the areas referred to in Article 15b (1), renewables acceleration	February
areas for one or more types of renewable energy sources.	2026

Check: Article 15c

## 3.5 Dedicated Infrastructure Areas for the Development of Grid and Storage Infrastructure Planning

#### **Previous legislation**

In Directive 2018/2001, there was no separate, dedicated article or provision focused solely on grid and storage infrastructure planning. It addressed the matter in a broader way with articles on permit-granting (Article 16) and the access and operation of the grids (Article 20).

#### **Current legislation**

The recast adds an explicit article encouraging the Member States to designate dedicated infrastructure areas for the development of grid and storage projects that are necessary to integrate renewable energy into the electricity system. These areas must meet the environmental impact requirements; complementing the renewable acceleration areas.

Infrastructure projects in such areas may benefit from more streamlined environmental assessments. The areas shall:

- Avoid Natura 2000 sites for both storage and grid projects.
- Ensure synergies with the designation of renewables acceleration areas.

• Establish appropriate and proportionate rules, including mitigation measures to avoid adverse environmental effects.

#### Why it is important

Dedicated areas which diminish the administrative burden for the developers of energy storage are expected to significantly boost its rollout. Absent in the previous iterations of the Directive, they indicate increased focus on storage within the renewable policy framework.

#### Not to overlook

Member States have to consult national system operators in the preparation of the plans for the dedicated infrastructure areas for the development of grid and storage infrastructure planning.

#### Timeline

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Check: Article 15e

## 3.6 Electric Vehicles and Charging

#### **Previous legislation**

RED II implicitly encouraged Member States to facilitate the deployment of charging points for electric vehicles (EVs), but lacked any concrete provisions to this end.

#### **Current legislation**

The Directive aims to optimise the management of recharging operations for EVs, in order to facilitate the rollout of smart and bi-directional recharging points where vehicles are parked repeatedly for longer periods of time. Member States continue to be encouraged – but not legally bound – to promote demand response through interoperability and data exchange for heating and cooling systems, thermal energy storage units and other relevant energy related devices.

Member States should put in place a credit mechanism enabling operators to contribute towards the fulfilment of the obligation set up by Member States on fuel suppliers by supplying renewable electricity. Private recharging stations can be included in those mechanisms under certain conditions.

#### Why it is important

This provision encourages the development of smart and bi-directional recharging points, which rely on advanced storage solutions. The inclusion of private recharging stations in credit mechanisms can drive demand for innovative storage solutions, supporting the growth of the storage market.

#### Not to overlook

The provisions on EVs complement the more exhaustive rules laid down in Regulations (EU) 2023/1804 and (EU) 2023/1542 of the European Parliament and of the Council.

#### Timeline

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Check: Article 20a (4), Article 25
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## 3.7 Heating and Cooling

#### **Previous legislation**

RED II laid groundwork for decreasing the carbon footprint of the heating and cooling sector. It required that consumers are provided with better and more accessible information.

#### Current legislation

A specific target for the share of renewables in the heating and colling sector is put in place. The standard of transparency for the heating and cooling sector will be increased to better inform the consumers on the share of renewable energy and the energy efficiency of district heating and cooling systems.

Special emphasis is given to district heating and cooling as ways of the balancing of the electricity grid. RED III/III.5 aim to encourage the use of renewable electricity in heating, cooling, and heat storage, particularly through the deployment of heat pumps. It permits Member States to include renewable electricity used by the heat and cold generators in the calculation of the binding and indicative annual increases in renewable energy for heating, cooling, and district heating and cooling.

Furthermore, to fully integrate district heating and cooling into the energy sector, cooperation from electricity Distribution System Operators (DSOs) is extended to include electricity Transmission System Operators (TSOs). Additionally, the scope of cooperation is broadened to encompass grid investment planning and market participation, in an attempt to maximise the potential of district heating and cooling to provide flexibility services in electricity markets.

#### Why it is important

While previously overlooked in RED II, the new legislation acknowledges the role that thermal energy storage technologies can play in providing flexibility for district heating and cooling networks. Member States are encouraged to promote the integration of these technologies in heating and cooling systems.

#### Not to overlook

In its approach to the heating and cooling sector, the Directive also simplifies and fast-tracks the permit-granting process for heat pumps.

#### Timeline

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Check: Article 15a(3), 23, 24

## 3.8 Batteries and Data Transparency

#### **Previous legislation**

In RED I and II, there was no separate provision dedicated to battery data transparency.

#### **Current legislation**

Battery producers are required to provide real-time and free access to basic battery management system information, such as state of health, state of charge, capacity, and power set point, to battery owners and users, as well as third parties acting on their behalf (i.e., building energy management undertakings and electricity market participants).

#### Why it is important

More comprehensive battery information will allow energy storage operators to optimise battery performance and extend battery lifespan through real-time monitoring. Access to accurate data on battery health and charge status will help prevent system failures and reduces maintenance costs.

#### Not to overlook

This provision builds upon the transparency requirements included in the Batteries Regulation (EU) 2023/1542.

#### Timeline

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Check: Article 20a (3)

## 3.9 Simplification of Administrative Procedures

#### Previous legislation

Directive (EU) 2018/2001 simplified the administrative permit-granting process for renewable energy plants by establishing rules on how the administrative procedures should be organised and setting a maximum duration for these procedures. These rules applied to obtaining all necessary permits for building, repowering, and operating renewable energy plants, as well as for connecting these plants to the grid.

RED II shortened the time limits in comparison with RED I. It also introduced the concept of a single administrative contact point or "one-stop shop" to coordinate the entire permit-granting process, thereby reducing complexity for project developers.

#### Current legislation

In the provision concerning permitting, two types of plants are differentiated:

Renewable plants	One of the priorities of the recast is removing administrative burdens and accelerating of permit-granting processes. Member States are to ensure that the national rules concerning the authorisation, certification, and licensing procedures for RES are proportional. The time limit for the permit-granting process has been shortened: in renewable acceleration areas it must be completed within a year; outside of the areas - two years. For new installations with an electrical capacity of less than 150 kW, it should not exceed six months. These periods can be extended under particular circumstances. The Directive strengthens the role of a single administrative contact point or "one-stop shop" to coordinate the permit-granting process for renewable
	To make the permitting process more transparent and accessible, the use of digital platforms is encouraged. Online applications and status tracking are promoted to streamline the process.
Co-located plants	The permit-granting process for co-located plants is designed to be integrated, considering the combined impact and requirements of the different components (e.g., generation and storage). This approach aims to avoid duplicative procedures and reduce administrative burdens. It is also largely exempt from the requirement of environmental impact assessment.

For co-located energy storage, including power and thermal facilities, as well as for their grid connection, where located in renewables acceleration areas, the process should not exceed six months; outside of the areas - twelve months.

#### Why it is important

Similarly to the dedicated infrastructure areas for the development of grid and storage infrastructure planning, the exemption from environmental impact assessments and streamlined procedures serve to catalyse storage rollout.

#### Not to overlook

Member States are encouraged to adopt digital permitting platforms. This is be subject to review and may be more strongly enforced in the context of the revision in 21 November 2025. This assessment may include the development of indicative key performance indicators. Delegated acts might then follow.

#### Timeline

Provision	Deadline
The Commission shall consider if additional measures are needed to support Member States in the implementation of the permit- granting procedures provided for in this Directive, including by means of developing indicative key performance indicators.	21 November 2025

Check: Article 15, 16

## 3.10 Distributed and Small Storage Assets

#### **Previous legislation**

In the previous legislation, there was no mention of distributed and small storage assets.

#### **Current legislation**

RED III recognises that large, stationary energy storage systems hold a competitive advantage over smaller and distributed storage facilities, such as domestic batteries, batteries of EVs, heat pumps, solar panels and thermal storage. This is due to stationary storage's scale, established infrastructure, and possibly more favourable regulatory environments. In order to level the playing field, the recast encourages that regulatory provisions concerning connection and operation of the storage assets, such as tariffs, commitment times and connection specifications, be designed in a way that does not hamper the potential of all storage assets. It foresees for specific requirements addressing the outstanding barriers in addition to the general provisions preventing market discrimination laid down in Regulation (EU) 2019/943 and Directive (EU) 2019/944. RED III lacks concrete provisions laying down requirements and plans on how to realise these goals.

#### Why it is important

RED III lacks concrete provisions laying down requirements and plans on how to realise these goals. However, it may signal that specific provisions addressing distributed and small storage assets are foreseen in future legislation.

#### Not to overlook

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#### Timeline

There is no specific timeline for the implementation of this provision.

Check: Recital 52, Recital 57

### 3.11 Cross-Border Cooperation

#### **Previous legislation**

Member States were encouraged in a non-binding and non-specific manner to allow the participation of foreign companies in support schemes aimed at cross-border projects.

#### **Current legislation**

The recast puts greater emphasis on cross-border cooperation as a tool to maximise the benefits of renewable energy and enhance energy security. While not setting a legally binding framework, it strongly urges Member States to employ a range of cooperative solutions. It is recommended that they establish a framework for cooperation on joint projects by 2025 and, within it, aim at least two joint projects by 2030. Additionally, Member States exceeding 100 TWh of annual consumption should attempt to establish a third joint project by 2033.

#### Why it is important

While the opening of support schemes for international actors remains entirely voluntary for the Member States, the EU Commission has signalled the importance of these elements while approving state aid schemes.

#### Not to overlook

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#### Timeline

Provision	Deadline
Member States to establish a framework for cooperation on joint projects.	2025
At least two join projects finalised.	2033
States whose annual consumption of electricity exceeds 100 TWh should attempt to establish a third joint project.	2033

Check: Article 9(a)

# **Chapter 4: Timeline**

At the time of publication, the revised Directive is in the transposition phase. Below are the deadlines EU Member States must meet for transposition:



# **Chapter 5: Annexes**

The following table provides an overview of the most relevant provisions of the Directive.

Provision	Article
Calculation of the share of energy from renewable sources	7
Joint support schemes	13
Administrative procedures, regulations and codes	15
Organisation and duration of the permit-granting process	16
Information and training	18
Guarantees of origin for energy from renewable sources	19
Conditions for reduction of the target for the use of renewable fuels of non-biological origin in the industry sector	22b
Mainstreaming renewable energy in heating and cooling	23
Specific rules for biofuels, bioliquids and biomass fuels produced from food and feed crops	26
Calculation rules in the transport sector and with regard to renewable fuels of non-biological origin regardless of their end use	27
Other provisions on renewable energy in the transport sector	28
Sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids and biomass fuels	29
Greenhouse gas emissions saving criteria for renewable fuels of non-biological origin and recycled carbon fuels	29a
Verification of compliance with the sustainability and greenhouse gas emissions saving criteria	30
Union database	31a
Monitoring by the Commission	33
Exercise of the delegation	35

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#### About EASE:

The European Association for Storage of Energy (EASE) is the leading member - supported association representing organisations active across the entire energy storage value chain. EASE supports the deployment of energy storage to further the cost-effective transition to a resilient, carbon-neutral, and secure energy system. Together, EASE members have significant expertise across all major storage technologies and applications. This allows us to generate new ideas and policy recommendations that are essential to build a regulatory framework that is supportive of storage.

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

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Disclaimer:

This content 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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