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FoodDrinkEurope views on the review of the Renewable Energy Directive

FoodDrinkEurope represents the interests of Europe's food and drink industry. Food and drink manufacturers' are committed to be part of the solution to the challenges of moving towards a low carbon society. In implementing the UN Sustainable Development Goals and the Paris Agreement, European food and drink manufacturers reiterate their active commitment to mitigating and adapting to climate change and to engaging with partners along the supply chain, and other key stakeholders, to address the challenges raised by climate change. A call for climate action was made in our "A Time to Act"¹.

Food and drink manufacturers are shifting their energy consumption towards renewable energy sources, with increased procurement of electricity from renewable energy or co-generation. For example, Unilever pledges to become carbon positive by 2030, by eliminating fossil fuels from its energy mix and switching to 100% renewable energy² and Mars's goal is to ensure 100% fossil fuel free energy consumption by 2040.

In this context, FoodDrinkEurope welcomes the "Clean Energy for all"³ package including the European Commission's proposal for a reviewed Renewable Energy Directive (RED) that will help to speed up action and implementation of the Paris Agreement and is in line with our industry's actions.

FoodDrinkEurope therefore supports as a minimum the 27% binding headline target of renewable energy sources (RES) in the final EU energy consumption. Increased levels of renewable energy share will encourage the deployment of renewable energy capacities, encourage the shift to a low-carbon economy and stimulate economic growth. Ambitious but realistic targets are important tools to ensure that investments in renewable energy infrastructure and innovation are encouraged.

Recommendation:

- Set as a minimum an EU binding 27% RES target that will provide long term investment security.

¹ http://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrink_Europe_Climate_Action_Brochure.pdf

² <https://www.unilever.com/sustainable-living/reducing-environmental-impact/greenhouse-gases/>

³ <https://ec.europa.eu/energy/en/news/commission-proposes-new-rules-consumer-centred-clean-energy-transition>

Guarantees of Origin

Guarantees of Origin (GOs) are a useful and reliable tracking tool. They are needed to formally back “green” tariffs and to allow consumers to know what they pay for.

However some Member States retain GOs if they are linked to subsidies and support schemes. As a consequence companies and consumers have been prevented from claiming the contribution they make to the production of renewable energy. This situation has dissuaded companies from investing in their own production capacity or from partnering with renewable energy producers.

The reviewed RED foresees that GOs shall be given to the government for centralized auctions if the renewable energy project has received financial support from a support scheme. This provision might deter further investments in renewable capacities and will further break the link between the renewable energy production of an installation and a client that is interested in that specific production.

The Commission’s legitimate intention to prevent “double compensation” can be addressed through means other than an auction system. Ensuring that renewable energy producers are able to retain and transfer their GOs to clients when double compensation is avoided would maintain the important link between the demand for green energy and the actual production of that energy, while keeping the incentive for both consumers and producers to choose renewable energy sources.

Recommendations:

- Consider alternative solutions to prevent double compensation, aside from auction systems that will discourage private investment (article 19).
- When double compensation is avoided, Member States should be obliged to allow renewable energy producers to retain and transfer their GOs to customers (article 19).

Residues and the Circular Economy

There is a need to ensure policy coherence among the broader Commission objectives such as the Circular Economy Action Plan and legislation in place. Article 2 of the RED proposal defines “waste” and “residue”. However the term “residue” is not recognised by the European Waste Framework Directive⁴. But the terms “waste” and “by-products” are. We therefore propose that the wording in the RED review is coherent and harmonised with the EU waste acquis.

⁴ Directive 2008/98/EC of 19 November 2008 on waste.

Recommendations:

- Ensure policy coherence and a harmonised approach with the EU waste acquis.
- By products are not considered as waste, neither residues, hence this approach should be reflected in the reviewed RED.

Biofuels

FoodDrinkEurope supports the “food first” principle in the biofuels debate. Renewable energy policy should give particular attention to the availability of agricultural raw materials, in terms of quality, quantity and prices, for the production of food. In this regard, the use of biofuels should not decrease the availability of food crops for food production.

FoodDrinkEurope* supports the Commission proposal for a cap on biofuels produced from food crops, as an appropriate way to address the “food first” principle and indirect land use change.

Besides, FoodDrinkEurope supports the development of alternative renewable energy sources to decarbonise the transport sector, such as advanced biofuels and renewable electricity, which do not compete with food markets and provide higher greenhouse gas emission savings.

Recommendations:

- FoodDrinkEurope* supports the Commission proposal for a cap on biofuels produced from food crops.
- We support the development of alternative renewable energy sources to decarbonise the transport sector which do not compete with food markets.

Europe’s food and drink industry is looking forward to continuing its dialogue with the European institutions by constructively contributing to the legislative review of the Renewable Energy Directive.

FoodDrinkEurope represents Europe’s food and drink industry, Europe’s largest manufacturing sector in terms of turnover, employment and value added. FoodDrinkEurope works with European and international institutions, in order to contribute to the development of a legislative and economic framework addressing the competitiveness of industry, food quality and safety, consumer protection and respect for the environment. FoodDrinkEurope membership consists of 25 national federations, including 2 observers, 27 European sector associations and 21 major food and drink companies. For more information on FoodDrinkEurope and its activities, please visit: www.fooddrinkeurope.eu.

* With the exception of CEFS, the European Committee of Sugar Manufacturers.