

European Commission's Guidance on accelerating the deployment of renewables & facilitating PPAs uptake

WindEurope's response to the public consultation

Permitting for renewable energy projects

The European Union wants to be **climate neutral by 2050**. Renewables-based electrification across the economy will be key to this ambition. Electricity covers only 24% of Europe's energy demand today. But the EU decarbonisation scenarios foresee it is set to cover directly 57% of final energy uses and 18% indirectly through renewable hydrogen in 2050¹. **Wind energy will play the biggest role in providing clean and competitive power: it is set to generate 50% of Europe's electricity by 2050.**

The current geopolitical situation is accelerating this trend. In its REPowerEU communication², the European Commission has increased the Green Deal's wind energy target for 2030 by 30 GW, aiming at 480 GW up from 190 GW today. And it wants faster deployment in the coming months. **This is doable: the technology and finance are available, and costs have come down.**

But **the key challenge is permitting**. Permitting procedures across the EU are long and cumbersome. Europe is not permitting enough new wind farms to meet the huge demand in renewables. Nor is it permitting them fast enough.

Even before the current crisis, the EU-27 was building only half the wind volumes it needed to reach climate neutrality. The region built only 11 GW in 2021 whereas it needed 32 GW annually to be in line with its 2030 renewables target. Permitting delays are incompatible with the EU long-term decarbonisation goals but also with the short-term REPowerEU objectives.

The EU-27 should have already implemented shorter permitting procedures as mandated by the EU Renewable Energy Directive. EU law says new renewable energy installations should be permitted within 2 years and repowered ones within 1 year. Our experience is that none of the Member States currently meets these legally binding deadlines. Therefore, the new EU Permitting Guidance is critical to support Member States with recommendations and best practice in simplifying permitting.

Our recommendations for improving the permitting situation in Europe are the following:

Administrative approval process

The following should apply for **all the different permits**: construction permits, grid connection, energy licence, transport permits for heavy components such as nacelles, etc.

- **Set up 'one-stop-shop'** model in all Member States, also for onshore wind, pilot and demonstration projects.
- **Clarify responsibilities** between permitting authorities, by defining what the different ministries or levels of administration must or must not do, and how to solve potential conflicts.

¹ WindEurope and ETIPWind, [Getting fit for 55 and set for 55: Electrifying Europe with wind energy](#), 2021

² European Commission, [REPowerEU: Joint European Action for more affordable, secure and sustainable energy](#), 8 March 2022.

- **Define the different deadlines of the process** within which each authority must act, including on processing the Environmental Impact Assessment and grid connection permits which are currently the lengthiest steps.
- **Apply the ‘rule of positive silence’**: in case of a lack of answer by the administrative authority, within the time it must do so, the permit or request are deemed to be approved.
- **Reinforce staffing** of permitting authorities and ensure staff are trained correctly and have adequate skills to process permits.
- **Digitalise** permitting processes.

Site selection & eligibility criteria

- Disseminate best practice on **spatial planning** to ensure Europe can deploy the wind farms it needs to meet its energy objectives. Industry recommendations on spatial planning include:
 - **Identifying more geographic sites for wind**, both on land and at sea, **and plan grid expansion electricity adequately**. Member States should provide easily accessible information on the available locations, as well as on existing site constraints, including online maps and (GIS) databases.
 - For offshore wind, Member States should **coordinate their approach to maritime spatial planning at sea-basin level**.
 - **Tip height restrictions should be relaxed**. They result in the inability to use the latest and most efficient wind turbine technology. Wind projects’ effects on aviation/military and on landscape must be evaluated case-by-case via the Environmental Impact Assessment and stakeholder engagement. There is in particular huge potential for national military/aviation authorities to engage with the wind industry and review existing rules to open new opportunities for wind build-out.
 - **Set-back distance to houses should be max. 500m**: From what we see across markets, a distance of maximum 500m is applied in a good number of markets. Some countries in Europe apply less than that and they should continue to do so.
 - **Wind farms should not be *a priori* excluded from Natura 2000 sites**, as explicitly stated in the European Commission’s Guidelines on the Birds and Habitats Directive³, provided that wind farm projects undergo an appropriate Environmental Impact Assessment, and adopt additional mitigation measures, when required.
- **Allow for flexibility in auctions**
 - Ensure **flexibility on technology installation** to deploy state of art technology and maximise efficiency e.g. box permit.
 - Incentivise the construction of **hybrid power plants** (wind/solar/storage). Allow an additional technology to connect at a later stage of the process without re-starting the whole procedure again.
- Implement faster permitting procedures for **repowering** projects to meet the 1 year rule:

³ European Commission, Guidance on ‘Wind energy developments and EU nature legislation’, 2020

- **Set simplified Environmental Impact Assessments** for repowering projects limited to additional negative impacts of such projects.
 - **Automatically allow existing wind sites** for repowering projects.
 - Based on the lifetime of a windfarm project, **plan ahead grid capacity increase and ensure connection priority** for repowering projects.
- Set simplified approval procedure for **life-extension projects**, with non-substantial modifications such as re-blading. Those projects should not require additional Environmental Impact Assessment and tacit approval should be granted.

Grid connection

- **Grid reinforcement and deployment:**
 - Deployment and reinforcement of the electricity grid network, including substations, should be **planned hand in hand with the deployment of renewables**, to optimise their connection and integration in the energy system.
 - **Cross-border infrastructure planning and cooperation is key**, both onshore and offshore. For instance, offshore hybrid assets will represent a third to half of offshore wind capacity by 2050. Member States should cooperate per sea basin and set clear trajectories to develop the adequate cross-border grid infrastructure to offtake the energy produced.
 - Boosting the adoption of **grid optimisation technologies** complementing grid build-out that needs to accelerate urgently and incentivise TSOs to reduce congestion costs, as well as curtailment or delayed connections.
 - Implement simplified procedure for **recharging points** e.g. below 250 kW.
- **Grid connection process:**
 - The system operators need to **clearly define which parts (or voltage levels) of the network are expected to be financed by the network users** and which parts by the transmission and distribution system operators.
 - In countries where developers pay for the grid connection, Governments should impose **stricter guarantees for the grid connection payments** to reduce the risk of non-delivery, the development of secondary informal market of access license and avoid extra costs.
 - **The impact of a wind farm on the power grid and the certification of equipment model should be carried out faster.** In countries where such analysis is performed by the TSO/DSO, those analysis could be transferred to companies with the relevant expertise, which would reduce the pressure on system operators.
 - The T&D system operators should reduce the uncertainty of connection solutions, costs and deadlines that developers need to comply with.

Legal challenges

- **Maximum 2 legal appeals** during permitting process, by sending the case directly to the highest Court of Appeal or by limiting the appeals to procedure defects and not reopening the whole case.
- Reinforcing **staff** in national courts to limit delays.
- Apply a **population-based approach** when implementing EU Environmental Laws.

European Commission's role

- Publish as soon as possible the evaluation of the **transposition of Article 16** of the Renewable Energy Directive, especially detailing whether Member States are meeting the 2 years – 1 year deadlines for new / repowering projects, identifying for each country the bottlenecks that may prevent to fulfil these targets and the possible solutions for overcoming the hurdles.
- Ensure the Guidance **benchmarks the performance of Member States** vis-à-vis their peers. This “praise-and-elevate” system will incentivise buy-in and exchange of know-how between EU-27 in the delivery of the 2030 National Plans. In today's Plans only Denmark, France, Portugal, Spain outline measures to ease permitting. All countries must do so for the updated Plans due by 2023.
- Ensure the Commission plays the role of a clearing house having **material to scrutinise EU-27 comply with their legal obligations** under the Renewable Energy Directive on permitting.
- Work with Member States already now to **direct the use of EU funds**, such as the Resilience and Recovery Fund, or the Regional Funds to help Member States hire and/or up-skill new staff to process the permits and digitalise processes. Incentivise Member States to secure training for this new staff on wind energy technology and new business models e.g. hybrid power plants.

Facilitating Power Purchase Agreements (PPAs)

Energy security in Europe and 2050 climate-neutrality require a faster decarbonisation across the European economy. Notably wind is helping decarbonise industry. Companies in chemicals, steel, ICT, aluminium, transport, pharma, and food/drink are now sourcing power directly from wind farms on long-term supply agreements. This reduces the exposure to volatility of market prices and will accelerate the renewable energy uptake.

The European Commission has endorsed corporate renewable Power Purchase Agreements (PPAs) as a key instrument to protect European businesses from volatile market prices and developments, and to fast-forward renewable energy uptake.

However, several regulatory barriers to corporate renewable PPAs remain. Our recommendations for solving them are:

- Member States should **remove permitting bottlenecks**: there will be no PPAs for as long as renewable energy projects are stuck in complex permitting procedures and when unnecessarily strict set-back distances are preventing any new wind development.

- Member States should **remove barriers to PPAs as requested by the Renewable Energy Directive** (Art 15.8). This includes the items outlined below.

Allow for different financial stream within a project

- **Developers should be able to combine support schemes and PPAs**, provided that the same capacity does not benefit from the two at the same time. For example, secure revenue via a Contract for Difference (CfDs) for a part of the project's capacity, and via a PPAs for the remaining. This would unlock low-cost finance and deploy the big wind volumes at the lowest cost for society.
- Here a regulatory change in the Renewable Energy Directive is needed: **Guarantees of Origin (GOs) should be allowed to be transferred to renewable electricity producers for the capacity that does not benefit from support scheme.**
- In the current situation, Member States continue to retain GOs from renewable projects benefiting from state aid because they fear projects could receive double compensation. This breaks the link between renewable producers and consumers and without it, PPAs are simply not being signed.

Help smaller players access PPAs

- Banks do not lend money if they think the off takers are not creditworthy enough to fulfil the contracts over long periods of time. They demand companies to be rated very highly by rating agencies and to get their own guarantees via a commercial bank or parent. This is particularly true for SMEs.
- An **EU wide credit guarantee system** could support developers to secure income from buyers or support banks by guaranteeing the repayment of debt. In both cases, this would make more deals "bankable" and allow many more corporates to support wind energy projects. This would particularly enable smaller buyers, including SMEs, public authorities, or educational institutions, to enter PPAs.
- Member States should develop **standardised PPAs contracts**. This will also accelerate the signature of those contracts. Today it can take up to 1 year to sign a PPA.

Role of the European Commission and the Member States

- The European Commission and Member States should **maximise and report on the uptake for corporate renewable PPAs to improve investment certainty.**