



“Fit for 55” Package IV: Renewable Energy Directive

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Executive summary

The Austrian Federal Chamber of Labour (AK) supports the new, ambitious **targets for the expansion of renewable energy sources by 2030**. The targets should also be **binding** at the **Member State** level since the necessary expansion of renewable energy sources by 2030 will be difficult to achieve without binding targets at all levels.

Increased energy efficiency should be of key importance in all fields. It is therefore regrettable that the **energy efficiency first** principle is entirely lacking in the present draft amendment. Nor does it make any reference to Article 3 in the draft of the Energy Efficiency Directive, where that principle is first laid down.

Stricter requirements for **biomass** with respect to sustainability and efficient use of the raw material are important steps. However, binding provisions for effective monitoring of these criteria at the national level are lacking.

The **indicative targets for the expansion of renewable energy in the buildings sector** will only be met if, in parallel, sufficient skilled workers are available, an efficient building stock is achieved and one-stop-shops for consumers to clarify all legal, technical and financial questions concerning renewable energy sources and energy efficiency are available. **Energy-poor households in particular** require substantial support in order to be able to participate in the energy transition.

The focus of the European Commission on the lack of skilled workers, especially installers, falls short. Instead, **long-term prospects** need to be created for a **resilient labour market** according to the principle of “just transition”. Decarbonisation measures should be designed to provide optimal support for labour market policy goals. That includes training and qualification campaigns and a wide range of retraining and professional development opportunities. These necessary measures in the fields of labour market and education policy require sufficient funds and should be based on an action plan in order to ensure a coordinated approach.

By laying out an indicative **target for the expansion of renewable energy in the industrial sector** and, in particular, a **renewable hydrogen** rate, the European Commission underlines the priority use of renewable hydrogen in the industry. However, the production of hydrogen currently involves considerable uncertainties concerning rising energy prices and the availability of sufficient amounts of renewable electricity. In order to help renewable hydrogen achieving a breakthrough in the EU, the relevant framework conditions need to be thoroughly coordinated across the EU.

With regard to the increase of the **share of renewable energy sources in the heating and cooling sector**, top priority should be given to the use of waste heat. Therefore, AK rejects the exclusion of waste heat from high-efficiency cogeneration systems from 2035 onwards for both environmental and economic reasons. As long as systems, including gas-powered ones, exist on the energy market, their waste heat should be used and not dissipated into the atmosphere or into the waters. Optimal use should be made of the possibilities of sector coupling (integrated energy).

Information for customers in the district heating and cooling sector must be comprehensible so that customers gain real benefit from the information.

In the **transport sector**, the main lever for **reducing greenhouse gas emissions** is the expansion of public transport based on renewable energy sources. The use of biogenic fuels for individual transport should be minimised and tied to strict sustainability criteria and compliance with the principle of cascading.

The AK's position

“Fit for 55” package in general

AK supports the goal of EU-wide decarbonisation by 2050. The associated exit from fossil fuels will also lead to far-reaching economic and social change comparable to the Industrial Revolution. This process must be designed to be fair and in the interest of workers (“just transition”). Therefore, it is vital that, as far as possible, all measures are designed in such a way that they ensure high employment and a fair distribution of wealth. Otherwise, there is the risk that necessary changes will not be sufficiently supported by the population, resulting in failure to meet the climate targets. AK recognises that the Commission included the aspects of justice, distribution and employment when drawing up the “Fit for 55” package.

The “Fit for 55” package includes the [proposal to amend the Renewable Energy Directive](#) with the aim of contributing to a reduction of greenhouse gas emissions by 55% compared to 1990. To achieve this goal, the share of renewable energy across the EU has to increase from 32% to 40% (based on EU-wide final energy consumption) by 2030 as a binding target. For biomass, stricter criteria have to be applied with respect to sustainability and utilisation. In order to speed up the expansion of renewables, the EU Commission proposes ambitious targets in various sectors: These concern the building sector, the heating and cooling sector, district heating and cooling as well as the field of transport.

In the field of consumer protection, information rights will be improved. The shortage of skilled workers shall be counteracted by qualification measures and the mandatory publication of qualified installers.

Position of AK on individual provisions of the proposal

Article 3: Binding overall EU target to be met by 2030

The share of renewable energy in the gross final energy consumption of the EU should increase from 32% to 40% by 2030 as a binding target. However, the national targets at the Member State level are only indicative.

In AK's opinion, the proposed increase in the previous EU-wide target is necessary to provide effective support for the reduction of greenhouse gas emissions by 55% by 2030. However, AK regards the lack of binding targets at Member State level as a missed opportunity. Monitoring the contributions of the Member States towards attaining the EU target under the rules of the Governance Regulation (EU) 2018/1999 is far more onerous than setting binding targets at the national level.

In AK's view, the tightening of the sustainability criteria for biomass proposed by the European Commission is a necessary step to prevent the overexploitation of forests and for the preservation of biodiversity and of landscapes with a high carbon stock such as primary forests. Compliance with these criteria has to be monitored on a binding basis at national level. In AK's experience, voluntary rules – as proposed in the draft – are not sufficient for this purpose. Furthermore, consideration should be given to the efficient use of biomass. The use of biomass for energy purposes competes with its use for non-energy purposes. The principle of cascading utilization and circular economy should therefore be observed. AK generally welcomes the European Commission's announcement that it will adopt a delegated act on the application of cascading use for biomass. However, a public consultation prior to adoption would be helpful. Therefore, AK recommends guidelines to assist interpretation.

It should also be ensured that biomass is used primarily in areas where it is most effective. This particularly applies to the generation of heat and use in high-efficiency cogeneration systems. The

European Commission's proposal stating that systems using forest biomass as fuel solely in order to generate electricity should no longer be permitted to be subsidised from 2026 onwards, is a step in the right direction. According to AK, prohibition should enter into force as soon as possible and by 2024 at the latest.

Article 15a (new): Mainstreaming renewable energy in buildings

A new, EU-wide, non-binding target is set for the building sector, according to which a renewable energy share of at least 49% based on final energy consumption has to be achieved by 2030. At national level, indicative targets are to be set that are in line with the EU target. National legislation, such as construction regulations or rules on subsidies, has to include mandatory minimum values for the use of renewable energy sources in buildings, including efficient district heating and cooling systems.

The expansion of renewable energy in the buildings sector presents considerable challenges. In particular, adequate numbers of skilled workers are required. The increasingly scarce supply of skilled workers inevitably leads to long waiting times and price rises for customers who want to replace their heating systems or install solar panels. The European Commission recognises this problem. However, in AK's opinion, the proposed solutions fall short. For further remarks, please see Article 18.

In the buildings sector, it is not sufficient to merely install or replace a heating system. The level of energy efficiency of the building must also be taken into account. Furthermore, Heating systems require professional installation and ongoing maintenance to attain maximum energy savings. Based on the energy efficiency first principle, every opportunity for energy savings or more efficient generation of energy should be used. And vice-versa: if the building is poorly insulated or the heating system is not installed correctly, too much energy will inevitably be consumed, which is problematic in both environmental and economic terms. In multi-storey housing, those costs are mostly passed onto tenants; energy-poor households in particular are detrimentally affected.

The installation or replacement of systems, such as heating systems, often involves high costs, technical issues and also legal hurdles. Households require support and independent counselling options. Especially for low-income, energy-poor households, the high costs of replacing a heating system or renovation are simply unaffordable. In order to enable

vulnerable groups to leave fossil energy systems behind, the possibility of 100% financing must be provided and ongoing support for such households must be in place.

Article 18: Information and training

The European Commission identifies the lack of installers as a particular risk in terms of meeting the decarbonisation targets in the buildings sector. However, this approach is far too narrow since the decarbonisation process involves far-reaching economic and social changes. It is not just a question of ensuring the availability of adequate numbers of skilled workers in the short term, but about creating long-term prospects for a resilient labour market according to the principle of "just transition". This implies an active, organising role of the public sector, ensuring good working conditions, the creation of high-quality workplaces, and sufficient social security and democratic codetermination at all levels (including at the company level). Decarbonisation measures should be designed to provide optimal support for labour market policy goals. This includes [job guarantees](#), which help groups at risk of exclusion, such as long-term unemployed or young people, to establish themselves in professions with future prospects by guaranteeing them financial support to meet their basic needs during the transition phase. A training and qualification campaign and a wide range of retraining and professional development schemes for acquiring additional skills should be established. There is a particularly high demand for skilled workers in the sectors of building and renovation, renewable heat and renewable electricity. The necessary measures in the fields of labour market and education policy require funds and the development of a comprehensive action plan to ensure a coordinated approach. AK therefore proposes that Member States report on their action plans and the measures as part of their progress reports on the National Energy and Climate Plan (NREAP).

Article 22a (new): Mainstreaming renewable energy in industry

For the first time, the industrial sector has been given a separate, indicative target: the share of renewable energy sources used for final energy and non-energy purposes shall be increased by at least 1.1% annually; by 2030, 50% of the hydrogen used must be produced by electrolysis from renewable electricity, instead of being of biogenic origin.

The European Commission has thereby confirmed that it prioritises the use of renewable hydrogen for industrial processes. This sends an important signal, especially with regard to long-term investment decisions. However, it must not be overlooked that the production of renewable hydrogen involves considerable uncertainties, in particular with respect to generation costs, energy prices and the availability of sufficient amounts of renewable electricity or electricity imports.

In connection with biogenic generation, AK refers to the [study](#) it commissioned this year titled “Edelsprit für alles? Bedarf und Angebot an Grünen Gasen in Österreich” (Precious fuels for everything? The Role of Green Gases for achieving climate-neutrality in Austria). The study shows that land usage for the production of biomethane is extremely high and there is a risk of conflicts of use with the food and animal feed industries.

In AK’s view, there is an urgent need for a comprehensive, EU-wide coordination of the framework conditions for development and expansion of the production of renewable hydrogen in the EU, comparable to the ten-year network development plan (TYNDP) in the electricity sector through ENTSO-E and in the gas sector through ENTSO-G.

Article 23: Mainstreaming renewable energy in the heating and cooling sector

The share of renewable energy in the heating and cooling sector is to be increased by at least 1.1% annually – based on gross energy consumption compared to 2020. If waste heat and cooling are used, that target increases to 1.5%.

In AK’s opinion, the full use of existing waste heat should be given top priority. The use of waste heat from cogeneration systems, including the gas-powered ones, plays a pivotal role. As a matter of principle: as long as these systems or plants are in the market, for example to secure grid stability, it should be permitted to use their waste heat, regardless of whether those systems are fired by natural gas or green gas. The dissipation of waste heat into the atmosphere or water and, thus failing to exploit available waste heat, should by no means be rewarded by state funding or even simply accepted as a “side effect”.

Furthermore, AK rejects the proposal for the introduction of a certificate system to increase the share of renewable energy sources in the heating and cooling sector (f.e. through switching to a renewable

heating system). That could lead to rising costs and a higher risk of greenwashing.

Article 24: District heating and cooling

The share of renewable energy and waste heat in the heating and cooling sector has to be increased by at least 2.1% annually, based on gross final energy consumption, in the period up to 2030. If this share is already over 60%, the additional amount in excess of 60% can be counted towards the annual rate of increase. Those targets are non-binding. As already mentioned the usage of waste heat in district heating and cooling should be possible to the fully extent. The remarks on Article 23 apply here correspondingly.

Operators of district heating and cooling systems with an output exceeding 25 megawatts thermal (MWth) must grant third parties that are offering renewable energy or waste heat and cooling access to their network. The relevant authorities must ensure non-discriminatory criteria. In order to prevent points of contention, in AK’s view, these criteria should cover not only technical questions, but also questions concerning pricing – for example in relation to non-discriminatory network access.

Information for customers is only meaningful if it is provided in a consumer friendly and informative manner. Technical information, for example, about the efficiency of the heating systems only benefits heating customers if they are also informed about how these results should be interpreted. For this reason, reference values – such as benchmarks – should also be provided. In addition, these documents should also provide information about whom to turn to in case of questions or need for consultation.

Article 25: Reduction of greenhouse gas emissions in the transport sector by using renewable energy sources

AK regards the expansion of public, electric transport (including rail freight transport) as the most important measure to reduce greenhouse gas emissions. Efforts to reduce greenhouse gas emissions should focus more strongly on this sector.

By contrast, the use of biogenic fuels in the individual transport sector should be kept to an absolute minimum and tied to strict sustainability criteria.

AK refers to the [study](#) mentioned in its remarks under Article 22 titled “Edelsprit für alles? Bedarf und Angebot an Grünen Gasen in Österreich” (Precious fuels for everything? The Role of Green Gases for achieving climate-neutrality in Austria). This study shows that the land usage for the production of biomethane is extremely high and can therefore result in conflicts of use with the food and animal feed industries. This finding can also be applied to the production of biofuels. However, the potential for the production of green hydrogen is also restricted by the limited potential for renewable electricity. The costs of importing biogenic or synthetic fuels are also high.

Since biogenic and synthetic fuels will continue to be available only to a limited extent and at high prices in the future, they should only be used where no other more efficient alternative for decarbonisation is available. In many cases, the direct use of electricity is preferable to the use of green gas. This applies in particular to private heating supply and individual transport. Hydrogen and biomethane should primarily be used in fields where they are necessary for decarbonisation, for example in steel production, the chemical industry or heavy-duty vehicle transport. As an energy store that allows electricity surpluses created in the summer to be used in the winter, hydrogen will play an important role in combination with district heating gas power plants. Optimal use should be made of the possibilities of sector coupling (integrated energy). However, too little consideration is given to this aspect in the present draft.



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About us

The Austrian Federal Chamber of Labour (AK) is by law representing the interests of about 3.8 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore, the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The main objectives of the 1991 established AK EUROPA Office in Brussels are the representation of AK vis-à-vis the European Institutions and interest groups, the monitoring of EU policies and to transfer relevant information from Brussels to Austria, as well as to lobby the in Austria developed expertise and positions of the Austrian Federal Chamber of Labour in Brussels.