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## Finnish Energy key messages on the proposal for Renewables directive – RED II

Finnish Energy welcomes the proposal for the renewables directive. The revised proposal is more holistic when covering the main sectors of energy use (heating and cooling, electricity and transport). The proposal is a clear message for more market based electricity market in the future. On the other hand, the proposal raises some concerns on the future of district heating and cooling (DHC) and does not fully recognize the division of energy use in ETS and NON-ETS sectors.

1. In the DHC sector it is crucial that customers are in the center of the market and DHC-actors have incentives to increase the share of renewable energy in their networks. At the same time, heavy and expensive regulation must be avoided. Unfortunately, Finnish Energy is not convinced that the proposal (article 24) works towards these targets. Customers should have a freedom of choice of heating form and DHC actors should provide renewable energy for customers, driven by market demand and by many policies pushing renewables. Member States should ensure there are no restrictions or disincentives to DHC actors to buy renewable or waste heat to DHC networks from third parties when it is economically and technically feasible. Customers, DHC actors and producers will win when market or regulatory model rewards such development.
2. In the future, it is important that Guarantees of Origins will be used only for disclosing purposes. No limitation should be set to producers who are receiving financial support. We are not convinced that mixing of financial support schemes and GOs is good development.
3. Finnish Energy supports the overall approach to sustainability criteria for solid biomass (articles 26-28) taken by the Commission in its proposal.
4. Finnish Energy strongly supports the Commission target on more market orientated subsidy schemes (articles 4-6) for renewable electricity and would approve even more ambitious targets on technology neutrality and cross border opening of support schemes.
5. Renewables policy should focus on the NON-ETS sector and removal of overlapping policies. Therefore, it is important that transport and heating sectors are well recognised. Considering the CO<sub>2</sub> -emission reduction target of 30% for the NON-ETS sector, the target for transport could be higher than the proposed 6.8%. For the same reason, obligation to increase the share of RES in heating (article 23) should not apply for heating covered and already incentivised by the EU ETS.

The commission proposal is next processed by the Parliament with ITRE Committee and Jose Blanco Lopez (S&D, ES) leading the work. The council has no plans to proceed with the proposal during the Maltese presidency. Finnish Energy would very much like to provide more detailed argumentation on the points mentioned above as well as concrete proposals. We look forward to interacting with You during the process to ensure a balanced outcome. Please let us know if we can be of any assistance.

### For additional information, please contact:

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