

The Consumer Voice in Europe

HOW TO MAKE RENEWABLE ENERGY THE OBVIOUS CHOICE FOR CONSUMERS

BEUC's preliminary views on the revision of the Renewable Energy
Directive



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Why it matters to consumers

Consumers are locked into an energy system that makes it easier and more affordable for them to use fossil fuels to move around and to heat their homes. However, these consumption patterns are harmful for the environment as well as for people's health and wallets. To tackle the climate crisis and improve consumers' quality of life, a change in the way we heat our homes and in the way we move is needed. Sustainable energy must become the easy and affordable choice for consumers, making it the obvious energy choice for them.

Summary

BEUC, The European Consumer Organisation, welcomes the revision of the Renewable Energy Directive and supports the goal of increasing the pace of the energy transition in the heating and transport sectors.

The revision should ensure that renewable energy becomes the obvious choice for consumers, while keeping the transition affordable for all. This will only be the case if:

- 1) consumers receive adequate information on the sustainability of their energy choices;
- 2) consumers receive adequate guidance and advice in their investments in renewable heating and cooling systems;
- 3) the Directive prioritises electric vehicles in road transport and sustainable district heating and smart electrification heating and cooling, as they are the most affordable renewable solutions, while keeping renewable gases and liquids for harder to electrify sectors.

1. How to empower consumers to make sustainable energy choices

1.1. Do not promote fossil-based low-carbon fuels

The Renewable Energy Directive should only promote renewable hydrogen and e-fuels produced with additional renewable electricity and only in those sectors where they represent the only viable pathway towards decarbonisation (e.g., high temperature industrial processes and some transport modes, such as aviation and maritime transport).

While several stakeholders argue that carbon capture and storage and its applications (such as for the production of blue hydrogen) will be needed to decarbonise some end use sectors, such as industry, BEUC believes that the sole objective of the Renewable Energy Directive should remain promoting sustainable renewable energy.

All subsidies to fossil fuels should be phased out, as fossil fuels should not play a role in Europe's energy mix.

This is fundamental also to ensure that consumers are not misled by unclear information or unreliable price signals, which may lead them to believe that low-carbon fuels are sustainable.

1.2. Ensure that bioenergy is sustainable and used cost-efficiently

Sustainable bioenergy will only support Europe's climate neutrality goals if all biomass used in Europe is sustainable.

Consumers would like to be certain that the biomass used is sourced sustainably. The Renewable Energy Directive today sets sustainability criteria for bioenergy, but these are mandatory for solid biomass fuels only if they are used in electricity or heating and cooling installations larger than 20 MW or, in the case of biogas, in installations larger than 2 MW. In the future, smaller installations, for instance supplying smaller district heating networks, should fall into the scope of the Directive. Policymakers should further strengthen the sustainability criteria to achieve a high level of climate change mitigation.

Biomass should be used where it can cost-efficiently contribute to the energy transition. For instance, in the electricity sector more cost-efficient renewable energy sources, such as wind and solar power, exist. Bioenergy should be preferably used where electrification does not constitute a viable solution for decarbonisation.

1.3. Set clear rules to prevent greenwashing practices in gas markets

Although they are more common for electricity, gas suppliers are also increasingly offering green contracts. However, misleading and unclear 'green' offers and claims may significantly undermine consumers' confidence and trust in gas markets. When opting for a 'green' tariff, consumers expect that their choice has a positive impact on the environment, and that they are contributing to the production of additional renewable energy. However, in reality, this is often not the case.¹

¹ For information on green tariffs in electricity markets, see BEUC, [Current practices in consumer-driven renewable electricity markets](#), 2016. For further information on consumers' perspective on green claims, see BEUC, [Getting rid of green washing](#), 2020.

To empower consumers' green choices in gas markets, in the upcoming revision of the Renewable Energy Directive, the European Commission should ensure that 'green' gas offers are:

- a. Tied to measurable criteria linked to additional environmental benefits.

The European Commission should not allow gases to receive a green label or be marketed as "green, sustainable" or any other general, non-specific claim, unless they are 100% from renewable sources and their use by consumers leads to additional generation of renewable energy.

- b. Kept simple: either an offer is sustainable, or it is not.
- c. Pre-approved by National Regulatory Authorities, to avoid greenwashing practices.

2. How to make renewable heating and cooling systems the default option for consumers?

2.1. Set a binding renewable heating and cooling target to ensure a robust implementation of the Renewable Energy Directive allowing consumers to shift to renewable systems

The Renewable Energy Directive was effective in decarbonising the power generation sector, as the share of renewable energy in this sector increased from 20% in 2009 to 34% in 2019.² The progress in the heating and cooling sector has been much slower, as the share of renewable energy only increased from 17% to 22% in the same period.³

Until the latest revision, the Renewable Energy Directive did not include specific measures aimed at the heating and cooling sector, which explains the slower progress of this sector. The Directive in force today includes a specific national target to increase the share energy in the renewable heating and cooling energy mix by 1.3% per year. However, this target is also only indicative, as Member States can decide not to comply with it, as long as they "provide the Commission with reasons".⁴

The target should become binding for Member States to ensure that the Directive is properly implemented with robust measures. This will truly enable consumers to shift to renewable heating and cooling and bring the sector on track to become carbon neutral by 2050. However, this will only happen with a binding target.

2.2. Set a requirement to develop national heating and cooling decarbonisation plans to support consumers' choice

Consumers today are often not aware that the way they heat their home is harmful for the climate and that it will need to change so that their country and the EU can meet their carbon neutrality goals and society can successfully tackle climate change.

Even if they are aware, they often do not know what investments in heating and cooling systems are future-proof, as there is a lack of clarity on what energy infrastructure will be available to them until the end of life of the appliance.

² Eurostat, *Share of energy from renewable sources in gross electricity consumption*, nrg_ind_ren.

³ Eurostat, *Share of energy from renewable sources for heating and cooling*, nrg_ind_ren.

⁴ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast), art. 23(2) para 2.

The risk is that consumers may invest, for example, in a gas boiler in an area where the gas network is decommissioned before the appliance's end of life or in any individual heating system in an area set to be reached by a district heating and cooling network in the following decade.

The Renewable Energy Directive should require Member States to develop clear national heating and cooling decarbonisation plans:⁵

- 1) Based on a thorough assessment of the characteristics of the existing building stock and its occupants
- 2) Clearly specifying energy infrastructure choices, covering electricity, gas and district heating networks, including clear timelines for the deployment of new infrastructure and for the phase out of fossil fuels in heating.
When local authorities decide to roll out district heating networks, they should always ensure that consumers have the option to opt-out.
- 3) Accompanied by communication and awareness raising activities informing consumers of the change and what it means for them
- 4) Foreseeing incentives and financing mechanisms to support the switch to low-carbon heating and cooling, including specific support to low-income and middle-income households
- 5) Ensuring that consumers have access to skilled and adequately trained installers and advisors.

3. How to achieve a transition to renewable energy at the lowest cost to consumers

3.1. Do not promote renewable hydrogen and renewable gases as a solution to decarbonise residential heating and prioritise a shift to smart electrification and sustainable district heating

Decarbonisation of renewable heating through renewable gases raises a number of serious concerns, including on future costs:

- 1) Almost all the gas boilers on sale and in consumers' homes today can function with a gas mix containing a maximum 10% share of hydrogen. If retrofitted, they can accommodate a maximum of 20%. Similarly, gas pipes in homes today can safely accommodate a gas mix containing only up to 10% hydrogen. If hydrogen represents a higher share of the gas supplied to consumers, boilers and gas pipes will need to be retrofitted or replaced, leading to high costs and disruption.⁶
- 2) Heating with hydrogen boilers is very inefficient compared to smart electrification with heat pumps, due to inefficiencies in hydrogen production from renewable electricity and to the low efficiency of boilers compared to heat pumps.⁷

⁵ For further information, please see BEUC, [How to make the home heating and cooling revolution consumer-friendly](#), 2021, BEUC-X-2021-017.

⁶ Marcogaz, [Overview of available test results and regulatory limits for hydrogen admission into existing natural gas infrastructure and end use](#), 2019.

⁷ London Energy Transition Initiative, [Hydrogen. A decarbonisation route in buildings?](#), 2020.

- 3) Renewable gases will be scarce and will be needed for some industrial processes (such as energy intensive sectors) and transport modes (such as maritime and aviation) where they are the only viable carbon neutral option.
- 4) If widely used in residential heating, high competition for scarce volumes of green gases may lead to very high prices and very high energy bills for households.⁸

Hence, EU and national policy makers should:

- 1) Support consumers (especially vulnerable ones) to switch to proven and easily scalable clean heating technologies, primarily smart electrification through heat pumps and sustainable district heating.
- 2) Not set a target promoting blending renewable gases in the gas supply in the upcoming legislative revisions. This would lead to investments in an unproven technology and risk locking-in into fossil fuel infrastructure. Reliance on renewable gases should be promoted only in those sectors in which they are the only viable or most cost-effective decarbonisation option.

3.2. Maintain specific support for electromobility as it is the most cost-effective way to reduce emissions from passenger cars

Electrification of cars and vans should be promoted, as it is the most efficient and the fastest way to decarbonise road transport. Since electric vehicles have low running costs and their price is expected to significantly drop in the coming years, a switch to electromobility means that consumers will be able to make significant savings, as illustrated by a new BEUC report.⁹

Coherence with other Directives and Regulations such as CO2 emission standards for cars and vans or the Alternative Fuels Infrastructure Directive must ensure that investments from the industry and public funding are directed towards electrification. Hence, the Renewable Energy Directive should specifically promote electromobility by keeping a strong multiplier for renewable electricity.

The multiplier included in today's Renewable Energy Directive allows electricity to count four times its energy content towards the renewable energy target when it is used in road vehicles. A multiplier should be kept to give the economy a clear signal that electromobility should be prioritised in the decarbonisation of passenger cars and vans.

Sustainably produced renewable liquid and gaseous fuels are only a sustainable and affordable option when they are used in harder-to-electrify transport modes, such as maritime and aviation. They are not a viable option for passenger cars, as their production and use are inefficient and linked to much higher costs to consumers compared to electromobility.

The production of low-carbon (or "blue") hydrogen should not be encouraged as only sustainable fuels should receive public support. Low-carbon hydrogen is produced from fossil natural gas and still produces greenhouse gas emissions. All subsidies to fossil fuels should be phased out, as fossil fuels should not play a role in Europe's energy mix.

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⁸ E3G, [EU gas infrastructure does not need more subsidies](#), 2020.

⁹ For further information, please see BEUC, [Electric car ownership: an affordable option for all consumers](#), 2021.



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