



COMMODITIES | NOVEMBER 2023

RED III COMES INTO FORCE

The Council of the European Union and the European Parliament have formally adopted the text of a further revision to the Recast Renewable Energy Directive (RED III) promoting the use of renewable energy. Directive (EU) 2023/2413¹ was published in the Official Journal on 31 October 2023 and entered into force on 20 November 2023. Member States have 18 months in which to transpose RED III into national law.

RED III reflects the increasing pace of transition from fossil fuels to renewables and also a move away from more traditional biofuel feedstocks to new feedstocks which can deliver greater savings in greenhouse gas (GHG) emissions. This is a fundamental part of the EU's objective of achieving climate neutrality by 2050.

The changes introduced by RED III include:

- (i) An increased target for the overall use of renewable energy in the EU. By 2030, renewables must constitute 42.5% of the EU's overall energy consumption, with an additional 2.5% indicative top-up target bringing the total share to 45%.²
- (ii) Sub-targets apply to the use of renewables in specific sectors including transport, industry and buildings (heating and cooling systems).
- (iii) Member States must ensure that the amount of renewable fuels and renewable electricity supplied to the transport sector leads to either a share of renewable energy within the final consumption of energy in the transport sector of at least 29% by 2030; or a GHG intensity reduction of at least 14.5% by 2030 compared to the baseline³.
- (iv) There is a new secondary binding transport target. By 2030, 5.5% of renewable energy supplied to the transport sector must comprise advanced biofuels and biogas (i.e. produced from waste and residue feedstock⁴ rather than from crops) or renewable fuels of non-biological origin (RFNBOs). Within that target, there is a requirement that RFNBOs account for a minimum of 1% of fuels used in transportation. This is the first time there has been a specific target for RFNBOs.
- (v) Renewable energy use in the industry sector must increase annually by 1.6% to 2030.⁵ Member States must ensure that by 2030, at least 42% of hydrogen used for energy and non-energy purposes in industry comes from RFNBOs. That figure rises to 60% by 2035.
- (vi) A 49% indicative target is imposed for the share of renewable energy in the building sector by 2030, along with a binding annual increase of 0.8% until 2026 and 1.1% from 2026 to 2030.⁶
- (vii) By 21 February 2024 and until climate neutrality is achieved, the planning, construction and operation of renewable energy plants, the connection of such plants to the grid, the related grid itself and storage assets will be assumed to be of overriding public interest and serving public health and safety when balancing legal interests in individual cases,⁷ with the aim of limiting legal challenges to new installations and infrastructure.

¹ Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652: [EUR-Lex - 32023L2413 - EN - EUR-Lex \(europa.eu\)](#).

² Article 3(1).

³ Article 27(1).

⁴ Annex IX Part A.

⁵ Article 22a.

⁶ Article 15a.

⁷ Article 16f.

- (viii) By 21 May 2025, Member States will carry out a coordinated mapping exercise for the deployment of renewable energy in their territory⁸ and, by 21 February 2026, Member States will designate renewables acceleration areas where there will be a simplified fast track procedure for approving new renewable energy projects⁹.
- (ix) The Commission shall ensure that a Union database (UDB) is set up to enable the tracing of liquid and gaseous renewable fuels and recycled carbon fuels.¹⁰ Member States shall require the relevant economic operators to enter accurate data into the UDB in a timely manner relating to transactions made and sustainability characteristics of fuels subject to those transactions, including their lifecycle GHG emissions starting from their point of production to the moment they are placed on the market in the EU.

Member States now have 18 months from the date of publication, i.e. until 30 April 2025, to transpose RED III into national law.

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⁸ Article 15b

⁹ Article 15c

¹⁰ Article 31a

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