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REPowerEU chapter in RRPs

Trilogue priorities for future-proof investments in the electricity grid

The trilogue discussions on the proposal for a Regulation aimed at funding the implementation of the RePowerEU plan will pave the way for speeding up the development of renewables and reducing our overall reliance on fossil fuels. The electricity grid infrastructure is at the center of these urgent investment needs. We therefore must ensure our grid is future-proof: robust, smart, flexible, and ready to adapt to the upcoming transition.

With this in mind, we would like to highlight three priorities to consider during the trilogue discussions.

1. Ensure energy security by taking a holistic approach to resilient electricity grids

The European Union (EU) can ensure energy security only if the proposed framework enables and prioritises energy efficiency, also at the system level, the expansion and interoperability of electricity transmission & distribution networks, and the increase of the renewable energy share. Such a holistic approach has the potential to achieve the EU's energy independence and preserve energy security by improving the resilience of the energy system, with the electricity grid infrastructure at its core, and maintain the security of supply under different circumstances.

We also support including consistently throughout the legislative text references to **electricity** transmission and distribution networks, and to increasing the share of renewable energy, which are the key elements of a resilient and clean energy system.

2. Align REPowerEU chapters with NECPs

In principle, we value the proposed EP amendment under Recital 13(a) to ensure alignment between key instruments for the energy transition such as the NECPs and the REPowerEU chapters. However, it should be ensured that the NECPs themselves are consistent with the European Climate Law and only the feasible targets of the REPowerEU plan once adopted by the EU co-legislators. For this, a strong feasibility assessment of different options and a comparative analysis of alternative pathways should be conducted by the European Commission. Such a proposal would avoid relying fully on the NECPs, which have experienced challenges as regards delays & inconsistency with EU climate and energy targets, and potentially incorporate even higher RES ambition.

3. Invest in electricity grid modernisation and prevent DNSH exemption to avoid stranded assets

a. Addressing bottlenecks for electricity grid connection to new renewable energy sources (RES)

We support the inclusion and prioritisation of the electricity grid, including interconnectors and connections to new RES, when addressing energy interconnectors and cross-border energy transmission bottlenecks. Among others, this would enable the integration of higher shares of RES and of the internal EU energy market, offer the necessary flexibility to the energy system, optimise resources and result in lower costs for the society and the energy transition at large.

To achieve the REPowerEU objectives, the scope of reforms and investments, Member States should outline in their REPowerEU chapter a clear reference to **increasing the share of renewable energy**. Such a reference would ensure that renewable electricity is used to decrease and eventually phase out the demand for fossil fuels, including gas, and that investments are in line with the climate targets and energy priorities of the EU.

To help achieve the REPowerEU's climate and energy ambition to reduce reliance on fossil fuels, we will need to decarbonise industry and other key sectors by increasing the production of renewable energy, speeding up permitting for plants producing renewable energy, and improving related electricity generation and infrastructure including their efficient use when applicable.

To achieve such a transformation, the electricity grids & networks will need to be prepared and upscaled to integrate the increased renewable needs in line with the REPowerEU targets.

As part of the REPowerEU plan, the Commission has calculatedⁱ¹ that an additional 500 TWh of renewable electricity per year, which is about half the amount of the current EU renewable electricity generation including hydropower, will be needed to produce the 10 million tons target for renewable hydrogen within the EU by 2030. This need for increased electricity is challenging and if pursued in an uncoordinated way and within unrealistic timeframes, it will pose threats to the energy system, hamper the energy transition, and deplete the natural environment even further.

ⁱ¹ European Commission (2022), Staff Working Document: Investment needs, hydrogen accelerator and biomethane plan, p.28

Instead, direct electrification offers the opportunity to avoid conversion losses and reach a very high energy-system efficiency at a low cost, where this is technologically feasible and cost-effective, with mature technologies such as wind and solar. This implies the support and rollout of heat pumps and electric vehicles, among others. Only for sectors that are currently difficult to electrify, such as high-temperature processes, other climate-neutral options should be assessed to achieve their decarbonisation.

b. Electricity grid modernisation as part of urgent infrastructure and investment needs

The proposal for the Commission to develop a supra-national assessment of the most urgent infrastructure and investment needs would help foster transparency and future planning to secure energy supply and ensure energy security.

Electricity grids are at the core of infrastructure & investment needs to secure energy supply and should be clearly referenced as such. Failing to assess the needs of the networks and grids, in an integrated manner and in line with the 2030 climate targets and the 2050 EU objective for climate neutrality, would risk hampering the Union's ambition to develop cross-border and multi-country energy projects, as laid out in the Trans-European Networks for Energy (TEN-E) Regulation.

Such an assessment should seek to boost investment in electricity transmission and distribution infrastructure, including upgrades and reinforcements of the grid. This grid modernisation would unlock the REPowerEU objectives to integrate more renewables, diversify origins of supply, and safeguard energy security across key industrial sectors and the society as a whole. Immediate grid optimisation projects should be assessed and fast-tracked in addition to ongoing grid expansion and reinforcement.

c. Boosting investments in system efficiency, energy efficiency, energy savings, electricity smart grids deployment

Alongside investments in the electricity grid, the Commission's proposal to ensure diversification of energy supply can only be successfully achieved by boosting investments into energy system efficiency, energy efficiency, energy savings, flexibility options, electricity smart grids, innovative grid enhancing technologies, and renewable energy generation, to avoid further lock-ins and stranded assets.

d. Prevent Do No Significant Harm (DNSH) criteria exemption for fossil fuels projects

In addition, we are concerned that the '**do no significant harm**' (DNSH) principle does not apply to projects safeguarding the EU's immediate energy security concerns, under the Commission's proposal Recital 13. Although the European Parliament's amendments narrowed the rules compared to the Commission's proposal (under EP AM Art. 21c§4), the Member States will still be allowed to exempt investments in fossil fuels,



including LNG infrastructure and gas pipelines, from compliance with the DNSH principle. To this end, we recommend ensuring that supported projects are assessed through the lens of the DNSH principle and sustainability criteria, covering socio-economic and environmental aspects, to restrict the risk of increased emissions, stranded assets, and increased costs.

We call upon the EU co-legislators, at the trilogue negotiations, to take a stronger stance on **upgrading and expanding the electricity infrastructure and grids**, in line with nature, to ensure the acceleration and integration of RES, thus achieving the feasible goals of the REPowerEU plan.



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