

## **Towards a European Green Deal Flagship Initiative for Energy Infrastructure**

T&D Europe, the voice of Europe's grid technology providers, welcomes the European Commission's initiative for the development and implementation of a European Green Deal. We look forward to working with the European Parliament, Member States, the European Commission and all stakeholders to make a real step change.

This paper outlines our recommendations for a Flagship Initiative for Energy Infrastructure; an ambitious, pragmatic and effective approach that will help deliver a demonstrable positive impact on the life of all Europeans. We focus our contribution on proposals that support the modernization and future-proofing of Europe's electricity networks.

### **Electricity – a critical resource for the European way of life**

The European Green Deal must look at how we produce, transport, distribute and use energy. Electricity networks are the backbone of Europe's energy system. Electricity has become an essential and critical resource of the daily life of Europeans. A temporary or prolonged disruption in our electricity supply touches virtually every part of our society and economy. Without electricity, everyday life is severely disrupted, creating massive impacts on essential services such as transportation, water and food supply, communications, security and health services. Given its criticality, the EU has designated electricity generation and transmission as European critical infrastructure<sup>1</sup>.

As we move on from traditional energy systems, new, smarter solutions will be required to manage the changing generation mix, whilst maintaining affordability and ensuring security of supply. This means that not only the generation sector has to undergo a fundamental transformation, but that we also need to future-proof the European transmission and distribution network and improve its resilience by ensuring the quality of service and the continuity of supply under different circumstances. Digitalisation is one of the key enablers for a successful energy transition towards a carbon emission-free energy supply. Data sharing, accompanied with a robust, effective and agile cybersecurity approach, is one of the key prerequisites to make Europe's energy system ready for the decarbonized future.

Such a future-proof network will rely on three key factors: policy, technology and investments. The European Green Deal can help make tangible progress by focusing on three pillars: 1. Delivering on ambitious climate and energy objectives, 2. Promoting European technology sovereignty and leadership, and 3. Unlocking investments in Europe's electricity networks.

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<sup>1</sup> [COUNCIL DIRECTIVE 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection](#)

## 1. Delivering on ambitious climate and energy objectives

We support the European Commission's ambition to make Europe the first climate-neutral continent. Energy infrastructure plays a central role in achieving the goal of making Europe the first climate-neutral continent. A big step has been taken with the adoption of the Clean Energy Package that supports better integration of distributed renewable energy and energy efficient solutions. A better energy system needs better grid infrastructure, too, therefore concrete actions are needed to ensure the future-preparedness of the network.

The highest potential lies in the digitalisation of the distribution network. In practice, this means investing in monitoring and control systems as well as in microgrids solutions that are needed to allow demand responding to increasingly variable generation patterns. In this regard, establishing the right market instrument to reward flexibility will be key to ensure the appropriate fit between investment and energy optimisation.

## 2. Promoting European technology sovereignty and leadership

The grid technology sector is of strategic importance for Europe's ability to maintain and future-proof its electricity system. T&D Europe members include both SMEs and large multinational corporations. Together the sector is providing the most advanced innovative grid solutions and employing around 200,000 skilled professionals in Europe.

A challenging but fair, open, rules-based market will contribute to strengthening Europe's technology leadership and competitiveness. To make a step change it is essential to develop ambitious circular economy and energy efficiency standards, while strengthening market surveillance in the EU.

The critical issue with innovation and technology in Europe is its rapid, large-scale deployment. The main challenge is to bring innovations to market. As one senior energy leader put it: "There is so much innovation in the EU, but it is all in boxes. We therefore need to get it out of the boxes and into the system." This deployment needs to be at scale and fast. In the EU there are many pilots for promising innovation, but they do not result in large-scale industrial deployment. The large-scale deployment is necessary if we take into account the relatively limited time to reach the 2030 targets and the 2050 climate ambitions. The EU Green Deal can help to address this by enabling, supporting or even requiring a swift transition from pilot to large-scale industrial deployment, thereby supporting innovation and employment in Europe. The future of the European technological know-how and innovation relies heavily on Europe's ability to educate and train high-skilled workers for the new energy sector. The EU Green Deal should take into account this fundamental aspect.

### 3. **Unlocking investments in Europe's electricity networks**

Grid investments are for the long-term and should therefore also be considered as such. Rather than focusing on short-term ROI parameters, it should consider the cost of an electricity network that is not future-proof.

The push for clean energy depends on sustainable investment from both the public and private sector. We welcome the commitment of strategy for green financing and a Sustainable Europe Investment Plan that would support EUR 1 trillion of investment over the next decade. The European Green Deal can give the necessary impetus by including concrete plans for unlocking the necessary investments and deploying the innovation into the network.

Europe needs a modern, affordable and digital energy system if it wishes to become the world's first carbon-neutral continent. The electricity grid infrastructure is at the centre of the energy system. We need therefore to ensure that it is future-proof: robust, smart and ready to adapt to new business models and green solutions. It is in the common European interest to make it happen.

### 4. **Recommendations for a European Green Deal Flagship initiative for Energy Infrastructure**

A Flagship Initiative for Energy Infrastructure under the European Green Deal is an ambitious, pragmatic and effective approach that will help deliver a demonstrable positive impact on the life of all Europeans by taking addressing following 12 key issues for the modernization and future-proofing of Europe's electricity networks:

1. Swift and correct **implementation and enforcement** of the Clean Energy Package in Member States, by increasing transparency through the provisions of the EU Electricity Directive on assessing, monitoring and future-proofing the electricity grid;
2. Review the investment framework for network operators by **removing the current regulatory CAPEX bias** and transition to a TOTEX approach, to incentivize the uptake of green technologies and solutions, which contributes to a cost-efficient operation of the network;
3. Provide system operators **regulatory certainty** that investments can be recovered via the network tariff and that the remuneration will remain at a predictable and market-based level;
4. Modernise the **energy taxation regime** to accelerate the shift towards decarbonizing electricity consumption and the increased uptake of clean electricity in end-use sectors, *inter alia*, in heating, electric vehicles and shore-side electrification;
5. Analyse and implement the best way to transform demonstration projects in **large-scale industrial investment and deployment**, thereby enabling Europe to turn innovation into employment and leadership;

6. Strengthen **market surveillance enforcement** to ensure that all grid technology on the EU market complies with the mandatory circular economy and energy efficiency criteria;
7. Encouraging an **education** environment that promotes the training of high-skilled workforce in the field of electrical engineering and green technologies related sectors;
8. Prioritise **infrastructure investment** in modernizing and future-proofing Europe's electricity networks, *inter alia*, through the inclusion in the National Energy and Climate Plan of clear investment and development plans for the electricity network;
9. Closely link the **European Investment Bank lending policy** for infrastructure to the Clean energy package objectives and the EU long-term decarbonisation strategy.
10. **Track investments** in transmission and distribution networks as part of the annual State of the Energy Union;
11. **Mainstream clean and direct electrification** in the heating & cooling and transport sectors, as the most cost-effective and energy efficient strategy to address climate change and enhance the quality of life of all Europeans. Deploy without delay the technologies that are already available to decarbonise industrial processes, transport and the heating & cooling sector;
12. Adopting EU or international rules for ownership, protection, liability and transfer of all **data** types (not just smart meter) in energy markets and grid operation.

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#### ABOUT T&D EUROPE

T&D Europe is the European Association of the Electricity Transmission & Distribution Equipment and Services Industry, which members are the European National Associations representing the interests of the electricity transmission and distribution equipment manufacturing and derived solutions. The companies represented by T&D Europe account for a production worth over € 25 billion EUR, and employ over 200,000 people in Europe. Further information on T&D Europe can be found here: <http://www.tdeurope.org>

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