

STATEMENT

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Fit for 55: Matching climate neutrality ambition with energy infrastructure needs

Time is running out on the EU's ability to achieve its ambition to make Europe the **first climate-neutral continent** by 2050. Bold and decisive action is required in policy and infrastructure. T&D Europe welcomes the Commission's proposals to **align the main EU energy legislation** to reach the ambitious 55% emission reduction in 2030. At the same time the EU needs to invest in the electricity networks, the backbone of Europe's energy system.

In order to attain the -55% goal, **we must closely look at how we produce, transport, distribute and use energy**. 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 efficiency by modernizing its operation. At the same time, it remains essential to maintain the grid infrastructure resilience by ensuring the quality of service and the continuity of supply under different circumstances.

The **Fit for 55 package is a fundamental pillar to match the climate neutrality ambition with the infrastructure needs on the ground** - System efficiency and distributed clean energy generation being at the core of the change.

These two aspects are encompassed in particular by **the emergence of demand-side flexibility** which has significant potential to improve the energy-wide system efficiency and contribute to its decarbonisation. Flexibility from all end-use sectors supports system integration and helps stabilise an increasingly variable power system based on renewable energy.

However, to make demand-side flexibility a reality, a lot of work must be done upstream in the transmission and distribution system. In particular, **innovative smart grids technology have to be deployed extensively** to free the flow of data and allow monitoring and control of the operations.

The Clean Energy Package was a big step ahead for the energy system transformation. **The Fit for 55 review is the opportunity to deepen Europe's commitment to decarbonise its economy and prepare its energy infrastructure for the future.**

In this light, the European grid technology providers identified the following priorities in the legislation to be reviewed in the Fit for 55 Package:

Energy Efficiency Directive (EED)

- In order to reach the emission reduction target of 55% by 2030, it is essential to act first on energy efficiency. That is why **we support an increase of the overall EU energy efficiency target to 40% by 2030 and introduce binding targets by sectors**
- Sustainability and energy efficiency of electrical networks must be better recognized within the legal framework. Therefore, integrating measures to facilitate indirect efficiency gains, as one new network functionality to be monitored in the smartness monitoring process, would adequately address the indirect impact of networks on energy efficiency. **As part of the article 15 of the EED, we recommend bringing further details to the common methodology for encouraging operators to invest in energy efficient systems.** We believe the methodology should be based on a “**Smart Grid Indicator**” providing a checklist to ensure implementation at the member state level of supportive measures including all aspects of grid sustainability (decarbonization and circularity).
- The Indicator should be designed with a **reference to the smartness monitoring process for the electrical grids** established at a national level **as part of the implementation of article 59.1 (I) of the Electricity Directive.**
- Also, the Energy Efficiency Directive shall give stronger incentives to grid operators for sustainable public procurement that encourage the take up of more energy efficient and cleaner technologies.

Renewable Energy Sources Directive (RED III)

- Following the European Commission’s proposal to increase the greenhouse gases (GHG) emission reduction target from 40% to at least 55%, the current 32% renewable energy targets are not sufficient meet these goals by 2030 according to the Commission’s own calculation¹. **A 55% GHG reduction requires circa 38%-40% renewable energy share by 2030.**
- This increase in renewable energy consumption to 38-40% means doubling the share of renewables, which currently meet around 20% of the EU’s energy needs. The immediate need is therefore an expansion of large-scale renewable generation projects and a parallel increase in distributed renewable energy facilities. **In both cases a reliable and efficient connection to the main grid is essential to inject a maximum of clean energy in the system.** With less than

¹ [European Commission, 2030 Climate Target Plan Impact Assessment, Table 28, 2020](#)

10 years to reach the objective, the legislator should act to ensure grid developers obtain the necessary permits in time for the projects to be delivered so that they can contribute to the 2030 targets.

- Introducing **stronger and binding renewable targets for the transport and heating & cooling** sectors is an excellent opportunity to stimulate sector integration. There as well, the grid technology plays a role in controlling and stabilizing the energy flows.
- We see **strong potential for renewables to be used in the industry sector**. An EU benchmark for the use of renewables in industry would stimulate the adoption of best practices and lead to significant decarbonization gains. A target for renewable electrification of industry is needed to further incentivize fuel switch and decarbonization of industrial processes.

Energy Performance of Buildings Directive

- In order to reap the efficiency and decarbonization benefits in buildings, we recommend **increasing the electric vehicles smart charging points** foreseen in the legislation.
- Extensive electrification of buildings' heating and cooling as well as EV charging points in offices and homes **will have an impact on the distribution network**. Network planning and investments should adapt to this new reality.

Alternative Fuels Infrastructure Directive (AFID)

- An EU-wide harmonised development of network connectivity across borders and modes should in our view be promoted in the revised AFID. The existing system of national policy frameworks (NPF) is a good base to achieve the harmonisation and consistence. However, **the system needs to be coupled with binding targets and proper assessment by the Commission to allow a benchmarking exercise** among Member States.
- In order to link the revised AFID to the Green Deal goals, **the NPFs should be consistent with the national energy and climate plans (NECPs)** drafted by Member States.
- **Electric vehicles can be enablers of flexibility** and play an active part in improving the efficiency of the network thanks to smart charging. This requires bi-directionality components with minimum level of controls, such as shifting the start time of charging in response to price signals; intermittent recharging; or recharging with power modulation to optimize the use of those distributed energy resources. But **an important first step for this “smart charging” is to establish a common protocol and standards to enable the exchange of energy and information between vehicles, chargers and the grid**. Harmonised EU standards need to be set for car manufacturers and grid operators.

Energy Taxation Directive

The coherent and effective taxation of energy products should be the centerpiece of any successful energy and climate policy. Addressing the disparities between energy carriers should allow for a proper reflection of the externalities of fossil fuels, which still receive huge tax benefits). Taxation rules favor gas over electricity, and there are no incentives to develop renewables given that the electricity from renewables is taxed as much as electricity from fossil fuels. **To level the playing field, fossil fuel tax benefits must be abolished, and tax rates should be based on the energy and carbon contribution of each energy source.**

About T&D Europe

T&D Europe's members enable the energy transition to a climate-neutral Europe by 2050. Over 200,000 people in our industry manufacture, innovate and supply smart systems for the efficient transmission and distribution of electricity. Our technologies and services future-proof the grid and make clean electricity accessible to all Europeans. We put our collective expertise to work to craft a brighter, electric future. Ready for the Green Deal: <http://www.tdeurope.eu>