Brussels, 14 April 2021

Investments in electricity infrastructure are critical for successful climate action.

Failure to ramp up investments in electricity distribution networks risks derailing the European energy transition, as it will delay connection of the growing amount of renewable projects and create bottle necks for the adoption of electric vehicles and electric heating solutions.

We have entered a decade, where the European energy system will be changing at record speed. With increased customer engagement and climate change rising to the top of the political agenda, ambitious plans have been laid out to accelerate the shift to sustainable energy.

The European electricity industry fully supports the direction and is already in full swing. But to speed up further, a significant ramp-up of investments in the electrical distribution networks will be necessary.

To deliver on the proposed political targets, over 500 GW of renewable energy will need to be added to the system by 2030, corresponding to about half of the entire existing European power capacity. 70% of this capacity will be connected to the distribution grids. Add 40-50 million heat pumps, and anywhere between 40 and 70 million electric vehicles that are expected on the roads by the end of this decade.

We are looking at a fundamentally changing role for distribution grids in the electricity system. In the past, they were the last mile of a one-way street from power plant to customer. Going forward, distribution grids will take a much more central role in the value chain connecting distributed generation, electric cars and an increasing amount of grid edge technologies. This new, critical role requires reinforcements, and modernisation and digitization of the grids. Action is ever more urgent, since approximately one third of the EU's distribution grids is already over 40 years old today.

This decade massive investments are needed to update our grids. The time has come to reverse the receding trend of investments. We are reaching a critical moment. Unless we start ramping up grid investments now, we risk slowing down the energy transition. Electricity companies are eager to deliver the necessary investments and firmly believe that proactive investment in assets for a decarbonised future is much cheaper than underinvestment.

But electricity grids are regulated businesses and investments therefore need the green light of regulators. We urge regulators to address the climate challenge with the same urgency as we do and acknowledge that we cannot build investment projections on the basis of past experience. The 2020s will be a decade of unprecedented acceleration if we are to deliver on the political targets. Network companies need a flexible framework that enables us to invest and to act with speed and agility, to deliver on the energy transition.

Signatories:

Leonhard Birnbaum CEO, E.ON	Pat O'Doherty CEO, ESB	Antonio Cammisecra Head of Global Infrastructure & Networks, Enel
Knud Pedersen Chief Regulatory Officer, Andel	Christian Buchel Director Clients & Territories, Enedis	Anna Viklund Senior Vice President and Head of Business Area Distribution, Vattenfall
György Kóbor Chairman & CEO, MVM Group	Jozsef Beres Member of the Board, EON Hungary	Eva Maria Mancera Flores CEO, I-DE
Roberto Zangrandi Secretary General, E.DSO		Kristian Ruby Secretary General, Eurelectric