POLICY ASKS & DELIVERABLES

POLICY ASKS

EU policymakers need to:

1| Facilitate electrification and digitalisation to decarbonise the EU economy

- Adopt a **long-term EU strategy to deliver on the Paris Agreement objectives.** The strategy **should recognise the importance of electrification** and include measures to facilitate it, while ensuring consistency and cost-efficiency in the achievement of 2030 targets for reducing CO_2 emissions;

- **Ensure that National Energy and Climate Plans** play a key role in the governance of the Energy Union. They should identify levers to accelerate electrification in order to decarbonise, quantify RES deployment and assess the potential impact of policies on the EU ETS;

- **Commission a study to identify barriers to electrification** across Europe and develop a strategy to overcome those, ensuring decarbonisation best practices from the power sector are widely shared;

- **Launch an EU Electrification Observatory** to monitor consumers' uptake and inform decision making;

- **Reconcile competitiveness and sustainability** through a forward-looking sustainable finance framework and state aid rules, creating investors' confidence in renewables and transition enabling technologies;

- **Ensure that digital policies support the decarbonisation agenda**, connecting sectors, harnessing the benefits of sector coupling and ensuring the right balance between data-driven innovation and the protection of privacy;

- **Scale up and streamline financial support to climate action via MFF and structural funds**, fostering the development of electric infrastructure, smart grids and enabling sector coupling.

Sectoral recommendations

- **Revise the Alternative Fuels Directive** to support the shift to zero-emission mobility;

- **Enhance the heating and cooling legislation** to foster system efficiency and synergies, demand-side flexibility, ensuring the most suitable decentralised and centralised solutions;

- **Accelerate innovation in electrification and procure sufficient R&I funds** to improve clean e-fuels solutions for hard-to-abate sectors like industry, maritime and aviation;

- **Reassess the 2013 TEN-E Infrastructure Regulations as soon as possible** to reflect the changing infrastructure and security needs.

2| Enable the power sector to be fully carbon neutral well before mid-century

- Ensure a **rigorous implementation of the newly adopted Clean Energy Package** leading to an **integrated functioning European power market;**

- **Improve the investment environment** through predictable and stable market-based frameworks and appropriate power market design, allowing innovative business models to be tested;

- **Review energy and environment state aid guidelines** ensuring a level playing field for investments in carbon neutral sources, all transition enabling technologies and security of supply;

- Lead upcoming EU ETS reforms so that **robust carbon pricing is a main driver to decarbonise the energy sector, contributing to long term investment signals**. Further explore the need for a CO_2 price signal for transport, heating and other diffuse sectors;

- **Recognise the need for a fair balance between decarbonisation objectives and environment priorities in legislation** to avoid excessive barriers to carbon neutral generation;

- Address electricity **security of supply, cyber security, grids and climate resilience** in a regional and holistic approach, taking into account national specificities;

- **Promote the role of DSOs as neutral market facilitators, incentivise them to innovate and use flexibility** through upgraded, fair and efficient network pricing and market platforms.

3| Ensure that climate policies are fair and enable a just transition

- Ensure **effective implementation of the Clean Energy Package and Consumer Package** that enable consumer participation and protection in the transition while ensuring that all actors contribute their fair share to system costs;

- **Take into account the distributional effects of climate policies across society** and European regions, and establish a best practice sharing platform for the Member States and regulators;

- **Ensure that climate action costs are not disproportionately placed on the electricity bill**, by lowering or removing the non-energy costs such as taxes and levies in the electricity price;

- Establish a **Just Energy Transition Fund** under the next European budget to support carbon intensive regions and the Member States with a different starting point, considering the commercial availability of transition technologies and specific needs of vulnerable consumers;

- Establish **EU leadership in digital upskilling**, fostering partnerships between businesses, universities and research centres with support from the Horizon Europe programme;

- Foster **social acceptance** for the needed energy infrastructure development and the deployment of renewables.

Flagship deliverables

Eurelectric will:

1 Bring to new policymakers data and real-life examples demonstrating that electrification is the most cost-efficient way to decarbonise;

2 Monitor progress on electrification, register unexpected difficulties, lessons learned and solutions from other sectors, identify the areas of needed innovation;

3 Activate and mobilise the full set of stakeholders of the power sector and beyond to show the potential of electricity as a clean energy carrier and ensure an electricity-based transition;

4 Identify and propose solutions to eliminate barriers faced by citizens and consumers when adopting energy efficiency measures, demand-side flexibility services and e-mobility;

5 Analyse the social impacts and distributional effects of climate policies, developing recommendations to achieve carbon neutrality in the most socially acceptable way;

6 Make recommendations for an effective investment environment in the power sector, enabling the deployment of renewables and carbon neutral, flexible and firm capacity;

7 Define the investment requirements needed for the electricity distribution grids to effectively underpin further electrification and a decentralised, digitalised and decarbonised electricity system;

8 Propose innovative approaches to grid tariffs, which reflect the value of being connected to the grid and enable decarbonisation with carbon neutral electricity;

9 Support the creation of innovation sandboxes for the deployment of new solutions, such as flexibility platforms and artificial intelligence needed to manage the electricity system and open up new ways of engaging with consumers;

10 Evaluate the energy sector's specific aspects of the digital revolution and make recommendations to ensure that digitalisation fully supports decarbonisation.