

Energy Roundtable on the European Green Deal

Facilitating and accelerating this energy transition is at the heart of the **Roundtable for Europe's Energy Future's (REEF)** objectives. Our cross-industry forum has been active in Brussels since 2011, interacting with EU institutions as well as with regulators and other industry forums at the highest level to provide valuable inputs and help shape policy and legislation. Being at the forefront of technological advancements, the alliance contributes to the development of an interconnected grid with empowered markets and consumers. REEF comprises CEOs from leading European energy companies, Transmission System Operators (TSOs) and technology providers. Its list of current members include Elia Group, MAVIR, National Grid, RTE, Statnett, Statkraft, TenneT, ABB, GE, Amazon Web Services, IBM Europe and APG.



9–10 September, 2019, Brussels The Roundtable for Europe's Energy Future (REEF) met on 9–10 September in Brussels. Here, the REEF leaders interacted with key EU leaders to elaborate on how the energy sector and REEF can support the European Green Deal and the vision for a carbon-neutral future. In manifesto for achieving a climate-neutral Europe by 2050, issued shortly before the meeting, REEF highlighted the need for robust national energy and climate plans (NECPs) based on an efficient market design that addresses topics like security of power supply, strengthening of power grids for the energy transition, effective carbon pricing, and providing consumers with "greener" products and services. Other key focus areas, such as leveraging digital solutions while addressing cyber security concerns, fostering regional governance and tapping the potential of sector coupling were also highlighted.



During a reception dinner on **9 September**, the 12 REEF leaders met with four MEPs from across the political spectrum who engage actively with the European Green Deal and digitalization in the energy domain. The newly elected MEPs present were: **Marina Kaljurand (S&D-EE)**, **Ville Niinistö (Greens-FI)**, **Seb Dance (S&D-GB)** and **Niels Fuglsang (S&D-DK)**.

During the externally moderated dinner-discussion, cyber security emerged as a key issue of concern. Marina Kaljurand called on REEF to more actively support the Paris Call for trust and security in Cyberspace (2018), the development of common principles for securing cyberspace, and work to enhance the resilience of critical power grid infrastructure. They deliberated an acceleration of CO₂ abatement ambitions in the context of a fair, affordable and feasible transition path implemented in a socially balanced way. The representatives also discussed the creation of a level playing field for companies operating in an environment without climate legislation (e.g. a climate import tax), and the involvement of EU countries with different starting points. The discussion concluded that there was a need for support from EU/country policy makers in the following areas:

- (a) fostering a more interconnected grid
- (b) developing a functional Emissions Trading System (ETS)
- (c) ensuring sufficient capacity and flexibility in the energy market.

REEF members also urged the MEPs to keep the policy measures on the new Green Deal as simple, straight-forward and direct as possible.

September 10: the REEF leaders participated at a breakfast-meeting with EU Energy and Climate Commissioner **Miguel Arias Cañete**. They thanked him for his achievements, including his efforts to keep energy and climate issues at the forefront of the EU agenda, and his contribution to the Paris Agreement, which elevated the subject of climate neutrality to the "Heads of State" level.



Mr. Cañete highlighted the role of electrification as an accelerator for enabling the EU's next steps towards climate neutrality. He asked the roundtable to prepare for these new ambitions and gear up for a significant enhancement of the electricity grid. He further mentioned that the raised EU ambition level entails that the union will need to mobilize all existing tools such as Horizon Europe and the Innovation Fund. He also highlighted the need for innovation in key areas like energy storage and EV charging infrastructure and underlined the role of “young” consumers for the success of the Clean Energy package, including investing in education to foster public support.

The REEF team then met with the Finnish EU Presidency representative, **Deputy Director General for Energy Petteri Kuuva**. He highlighted the focus on sustainability in the context of Energy and Climate change and the potential for the EU to be a role model by adopting a long-term climate strategy (LTS) aimed at carbon neutrality by 2050. On the digital front, he emphasized the development of 5G.

The REEF team then met with senior representatives from the new European Commission and engaged in a moderated Mini Forum discussion. **Kadri Simpson**, who had just been nominated to the post of Energy Commissioner could not make it to the meeting as Ms. Ursula von der Leyen, President-elect of the European Commission, announced key appointments that morning.



Roberto Viola, Director General, (DG) Connect underscored how the energy system was among the largest and most complex infrastructures in Europe. He also recognized the importance of the transition of the energy system to reflect new supply and demand forces such as the increasing share of intermittent renewable energy sources and the trend towards

greater decentralisation, digitalisation, and decarbonisation – the 3Ds of the energy system. Mr Viola further acknowledged the contribution of REEF in key areas like knowledge and data sharing, digitalization and cyber security. He also drew attention to the necessity of managing new opportunities and challenges posed by an increasingly interconnected power grid. Technology developments like Artificial Intelligence (AI) and Machine Learning (ML) were also brought up in the discussion.



Paula Pinho, Director for Energy Policy, European Commission, DG Energy highlighted that one of the key achievements of the previous Commission was to adopt a coherent approach to energy through the five dimensions of the Energy Union. She stressed clean energy's central role in the European Green Deal and brought up the issue of energy taxation and sustainable finance. According to the mission letter to Commissioner-elect Kadri Simpson, the Commission will contribute to the design of a new Carbon Border Tax, as well as reviewing the Energy Taxation Directive to ensure that it is consistent with commitments related to climate-neutrality. She warned that high divergence in national energy tax rates could lead to a fragmentation of the internal market and emphasized that gaps and inconsistencies significantly hampered EU objectives in the fields of energy, environment, climate change, and transport. She also stated that the new Commission will focus on the link between interconnectors and clean energy as well as driving greater regional interconnectivity, a more efficient energy market, and research and innovation. Moreover, she stressed the importance of investing in energy infrastructure to facilitate a European interconnection that fosters integration of renewables and cross-border cooperation.

Georg Zachman, Senior Fellow, Bruegel (a Brussels based European think tank) stressed that the choices made now will define the shape of the EU energy system in 2050. He advocated for a system based on pricing all greenhouse gases in the EU. At the same time, he highlighted the risk of a social backlash if decarbonisation and climate policies do not reflect consumer interests and societal issues. He advocated for the Commission to:

1. Create an appropriate policy framework for the swift deployment of already available no-regret options (renewables, energy efficiency, coal phase-out, transport decarbonization etc.);
2. Moderate a societal discussion to promote ambitious national climate action;
3. Prepare the political and technical ground for cutting “difficult” emissions (including industry, agriculture and aviation) in the coming decades.

Georg further suggested developing a regulatory framework that unlocks investment in a well-coordinated system of storage, networks, dispatchable supply and demand response. He then raised the point that since the EU only produced 10 percent of global emissions, the only way for the EU to exercise global leadership in climate change is to go beyond its borders. He further emphasized the added coordination required in the electricity system. There is also a need for greater co-operation between various Commission directorates-general (including energy, climate action, environment, mobility and transport), the internal market and industry. To achieve this and at the same time mitigate costly duplication, inconsistency, lack of

transparency and potential conflicts of interest, he proposed the establishment of a European Energy Centre or Agency as a go-to place for models, forecasts, indicators and data for energy and climate policy.

A key conclusion of the REEF-meetings was that the European Green Deal must be inclusive and based on trust. In order to deliver on the Green Deal, stakeholders with a shared vision, such as REEF, can make a useful contribution by providing professional input and advice, as well as facilitating the execution of actionable initiatives.

ENERGY ROUNDTABLE LETTER TO URSULA VON DER LEYEN

To align with your objectives, we propose the following focus areas that could accelerate the effort to energise Europe in a sustainable way and help achieve our common goals:

1. Integration of renewable energies facilitated by a flexible, digital and interconnected power grid is fundamental to realise the European Green Deal. We would underline that security of supply enabled by a reliable, secure and efficient energy system and maintaining critical grid infrastructure should always remain at the core of Europe's energy strategy.
2. Strengthening of markets and carbon pricing will deliver a cost efficient and affordable European Green Deal. A global carbon price and a border carbon tax mechanism would help provide a level playing field to avoid carbon leakage. Innovative technologies, eco-conception, digitalisation and due attention to cyber security all across the power value chain, would play a key role.
3. The European Green Deal needs to ensure that the energy transition is socially just and fair. Incentivisation of consumers and public acceptance of the infrastructure combined with a strong commitment from European, national and local authorities will be key success factors.
4. Political alignment and cooperation between governments, regulators, producers, transmission and distribution operators, as well as technology providers, are key to achieve the European Green Deal.
5. We fully support the "Paris Call for Trust and Security in Cyberspace" (2018) in favour of the development of common principles for securing cyberspace, as well as the improved resilience of critical infrastructure.



Our objectives and activities are very much aligned with the European Green Deal and we would be privileged to continue to work with the European Commission. Therefore we would like to invite you to an in-depth dialogue on relevant topics so we can help realise your agenda.

Europe's energy future is electric.



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