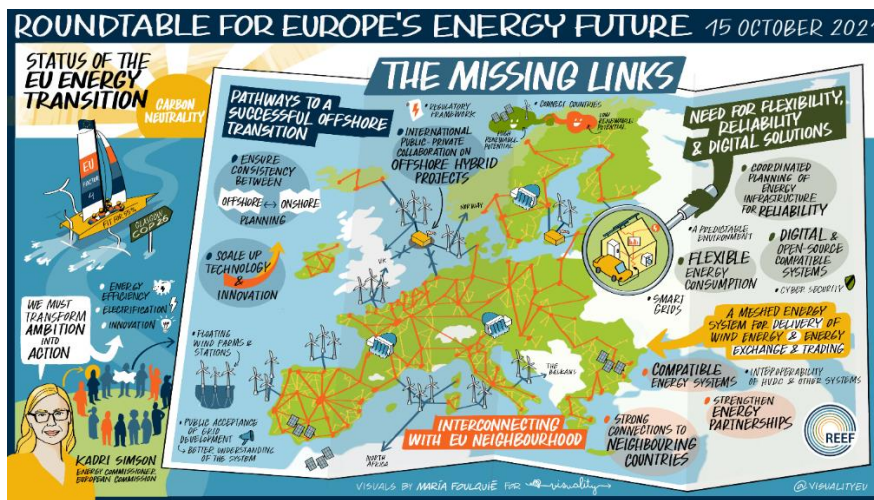


EXECUTIVE REPORT, 15 OCTOBER 2021

AHEAD OF COP 26: THE MISSING LINKS

The upcoming COP26 in Glasgow is the starting point for the Race to zero. REEF asks Energy Commissioner Kadri Simson to work across all sectors, countries, and horizons to shift to a **positive fast-forward "to-do mode"**, to ramp up offshore wind and confront the volatile renewable energy and prices. With the Fit for 55-package that the European Commission delivered last July, several key REEF recommendations were met. However, **missing links** must be addressed, e.g., barriers to offshore wind and meshed grids; better system integration to increase flexibility, reliability, and digital solutions; and improved interconnections to EU's neighbourhood to double renewables capacity energy by 2030.

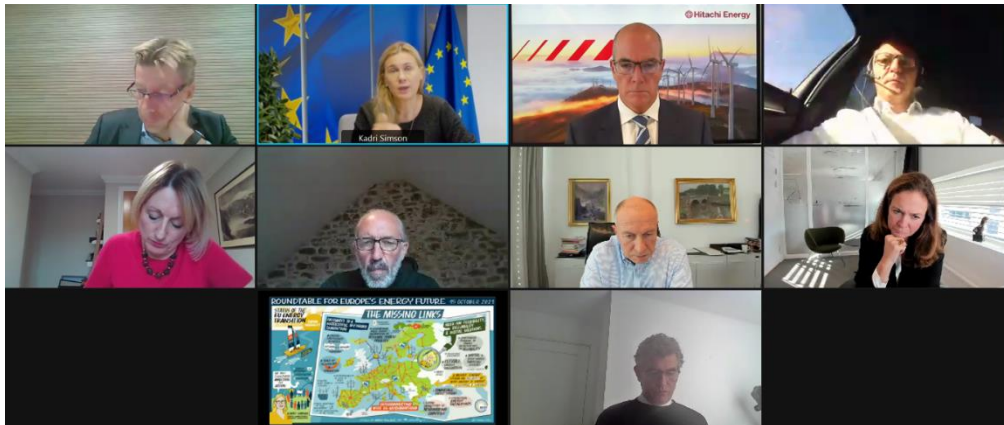
Claudio Facchin (Hitachi Energy) welcomed the Commissioner and REEF's members. He explained the purpose of the meeting: How to speed up the energy transition – especially offshore. REEF, he noted, has key players across the value chain from technology providers through green electricity producers to transmission system operators, who can give a holistic perspective on how governments can shape good regulatory frameworks for energy. Commissioner **Kadri Simson** thanked REEF for the support and two-pager on "The Missing Links" ahead of COP26 and gave an update on her recently presented "toolbox" on Energy prices, the offshore strategy, and the Fit for 55-package.



She stressed that while “last year was a year of strategies and ambitions; **this year we align our energy policy framework to our climate ambitions**”. Simson noted that the current price spike was caused by high energy demand after the pandemic, restrictions on gas supply and climate change (cold winter and hot summer). This requires both short term relief for vulnerable consumers as well as long-term solutions including a quick build-up of renewables capacity. She stressed **the importance of a well-connected single market for electricity** to combat high energy prices as well as energy poverty.

On the barriers to offshore expansion, REEF asked for **better interconnections between countries with high renewable's potential and those with a low potential**. REEF also asked for a framework that allows companies to develop **sustainable business models for cross-border hybrid connections** from both a developer and a consumer perspective. A solution to overcome potential investment risks

posed to offshore windfarms by the 70% capacity allocation requirement along with quicker permitting processes and more regional cooperation are necessary to push the offshore expansion. On this basis, REEF asked the Commission to present an electrification strategy. REEF then proposed a scale-up of innovation and digital technologies to make the electricity grid fit for the renewable revolution with sufficient flexibility, reliability, and resilience. However, this requires a radical tempo shift: **If electricity is the key enabler of the energy transition, the grids are the central prerequisite.** REEF also underlined that both digital solutions and storage will give a boost to flexibility and resilience. Commissioner Simson appreciated the input and asked REEF to contribute to the recently launched consultation on the Commission's action plan on digitalisation in the energy sector.



The necessity of interconnecting with the EU's neighbourhood to the north, south, east, and west was shown through the various advantages this gives to flexibility services, reliability, and European industry. PMI-projects also need to play a bigger role in facilitating this interconnection, especially to Northern Africa. As does a joint approach to market arrangements by EU- and non-EU countries. At the same time the interconnection within Europe is putting Central European countries under increasing pressure, and certain unintended side effects of interconnection create difficulties for those that are essentially transit countries. Often there is acceptance for renewables projects, but not for the necessary grid development. REEF therefore stressed that we need a better understanding of the system we will need towards 2050 as a whole and we must communicate this to our citizens, so they understand the connections. **Claudio** thanked the Commissioner and highlighted the need to see the energy system as a whole, not piece-meal and wished the Commissioner good luck with the final preparations ahead of COP 26. Kadri Simson thanked REEF for the input and support saying she looks forward to the REEF's input on digital energy as well as the meetings at COP26 and next year.

Summary: REEF presented the Missing Links two-pager to Kadri Simson and called for a massive tempo shift in offshore renewables expansion and better business models. The Race to Zero requires a resilient, flexible, and cyber-secure digital grid based on open-source digital solutions and strong interconnections. Stronger energy connections with the EU's neighbours can double the amount of renewable capacity by 2030. Commissioner Simson appreciated the paper as input to COP26 as well as to the current price hike in the energy sector. She agreed that the only way forwards goes through a massive renewables expansion to ensure enough renewable energy and energy independence. Last, Simson invited REEF to consult on the upcoming Action plan on the digitalisation of the energy sector and said she looked forward to the next annual meeting with REEF.