

Executive report, 15 December 2021

ACCELERATING OFFSHORE EXPANSION AND EFFICIENCY TO MAKE EUROPE FIT FOR 2030

The Roundtable for Europe's Energy Future (REEF) encourages the European Parliament to raise its ambition make Europe fit for 55 by 2030. On December 15 the Roundtable CEOs met with MEP and Energy Efficiency Rapporteur Niels Fuglsang. REEF highlighted the following issues: infrastructure first to ensure the uptake of renewable ocean energies and to reduce investment risks; technology deployment through reinforced R&D programmes, sustainable offshore development and digital solutions; and well-designed market rules and stable regulatory frameworks to provide sound foundations for long-term investments. REEF is a cross-sector alliance consisting of 12 companies including transmission.

Manon van Beek, as Chair of the Energy Roundtable for Europe's Energy Future (REEF) Roundtable, opened the meeting by welcoming MEP Niels Fuglsang (DK/S&D) and noting some of the important developments that had taken place since the REEF met with him for the MEP dinner in September 2019. Manon said that the implementation speed for renewable energy is too slow for the ambitious targets set, and asked Fuglsang to say a few words about his work on the Fit for 55 Energy Efficiency Directive and offshore renewable energy.

Niels Fuglsang started by explaining that that the double climate and energy price crisis has a single solution: more renewable energy and energy efficiency but that we risk the gap between policy and targets growing too wide. He stated that: "this crisis is not due to too much energy transition but too little". Fuglsang's report on the Energy Efficiency Directive is due to be discussed in Parliament in February 2022. Fuglsang said that the Commission had presented a good proposal for the Fit for 55-package with ambitious targets with ambitious targets, but the member states are not on their way to reaching them. Furthermore, he said that the proposal is not ambitious enough yet to reach the 1,5-degree target as referred to in the European Climate Law. The European Parliament also advocates for a higher offshore wind target of 70-75 GW in the EU by 2030, along with a new legislation on grid infrastructure and European coordination of member states' projects to improve grid infrastructure.

The CEOs then presented REEFs messages on offshore expansion and energy efficiency. On energy infrastructure, REEF stressed that from an electricity planning perspective 2050 is tomorrow and 2030 is today. We urgently need to build the necessary infrastructure for the energy transition offshore and onshore. However, this requires much deeper social acceptance and understanding of energy projects and more efficient use of the renewables potential. We have to ensure that countries which are short on renewable energy have access to energy from countries with large amounts. Member States need to cooperate better. In terms of offshore development this means that countries need to increase cooperation on hybrid connections and energy islands as well as zoning plans and grid infrastructure.

On market design, REEF stated that efficient and transparent markets are key to reaching the European climate targets "A speedy uptake of offshore renewable energy calls for de-risking



investments through well-designed market rules and a stable regulatory framework". While the Clean Energy For All European Package (2019) provides sound foundations for the energy transition, there is a need to operationalise transparency across borders and regions through onshore and offshore cooperation at the operational level. This requires holistic planning for system integration and dialogues between all stakeholders.

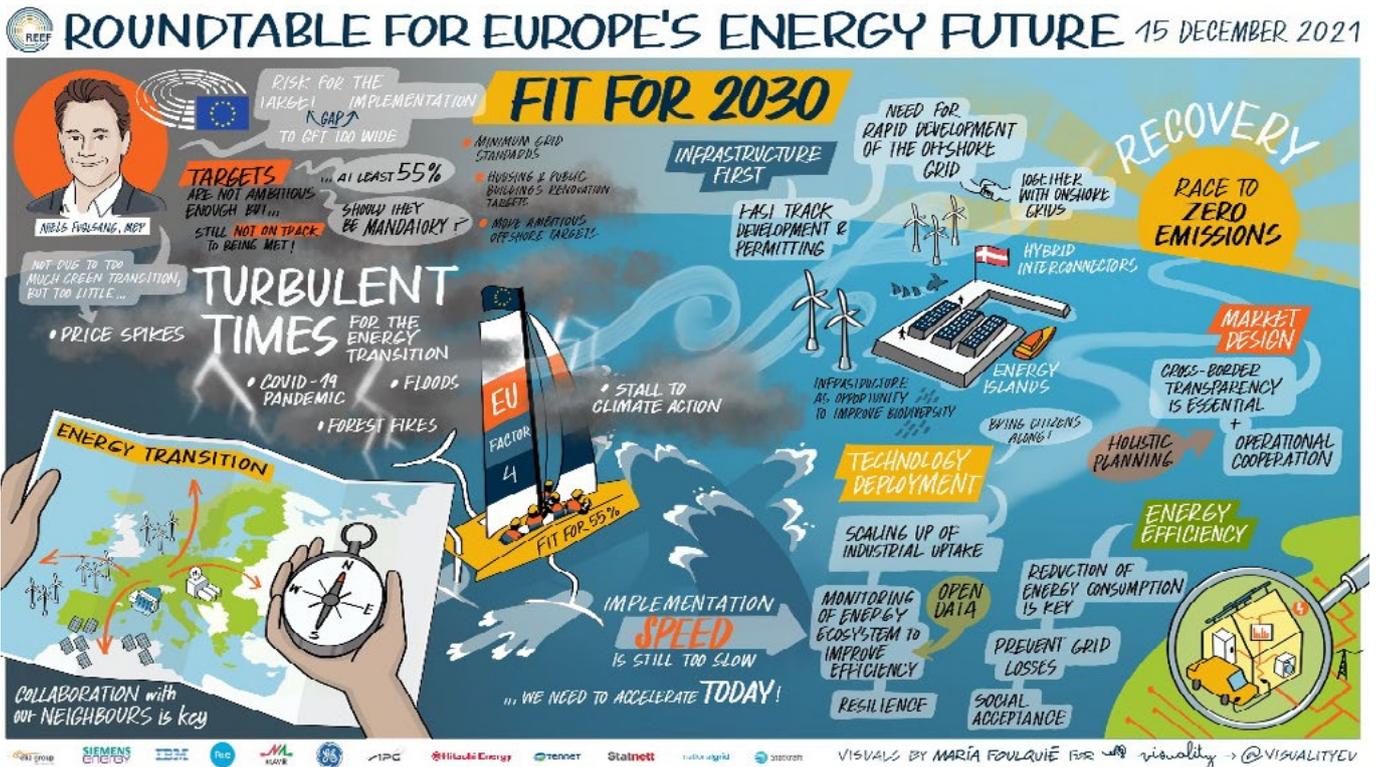
Accelerated technology deployment is necessary on three levels: Fundamental technologies for transmission, distribution and storage of electricity are well developed, but deployment needs to be accelerated and certain technologies like HVDC need further research. We need a good system-orchestration and operation for flexibility services, grid balancing and safe and secure operation. Finally, we need grid monitoring on an ever more granular level to prevent energy waste. This requires a digital environment fuelled by open-data access based on individual acceptance and public understanding.

Energy efficiency is key to the new energy according to REEF. There are strong links between renewable energy roll-out – especially electrification – and energy efficiency. Electrification and energy renovation reduces the need for imported natural gas, but this requires strong investments in renewables production and electricity grids. With increasing electrification, total grid losses will also increase. This means that while energy efficiency measures should ensure that relative grid losses decline, actors in the energy industry will need to accept higher total grid losses due to more green electricity being transported over longer distances.

Fuglsang responded to REEF's messages by expressing his agreement with REEF's central priorities – especially for acceleration, strong grids and quicker permitting. He would like to see more milestones in Fit for 55 to ensure that “action happens now”; this includes more EU support for grid development, fast-track procedures for permitting, EU-funding and national-level minimum requirements for grids. Fuglsang asked that energy companies like those in REEF participate more actively in the public debate on

energy efficiency Fuglsang concluded by inviting REEF to provide input to the European Parliament in writing after the meeting and invited REEF to meet again in 2022.

REEF Chair Manon van Beek thanked Niels Fuglsang for taking the time to meet with REEF at this important moment.



Summary: REEF met with Energy Efficiency Directive rapporteur MEP Niels Fuglsang for a discussion on the frameworks for offshore hybrid projects and energy efficiency. REEF expressed its support for the high ambitions of the European Parliament on the Race to Zero, and delivered the alliance's key recommendations on offshore energy and energy efficiency. We need massive installation of renewable energy through offshore wind and energy islands as well as energy efficiency measures to reduce energy demand and protect vulnerable households from high energy prices. Niels Fuglsang supported REEF's key recommendations and stated that the solution to the double climate and energy crisis is more energy efficiency and more renewable electricity.