



An electrified Europe: sovereign and decarbonised

UFE Manifesto for the 2024-2029 Mandate

To achieve carbon neutrality by 2050, the EU has adopted a European Green Deal up to the climate challenge, leading to a large number of legislative texts during the previous legislative period (2019-2024). The multiple crises that have subsequently hit the EU have increased tenfold the need for European action to have an impact on the EU's energy sector, industry and competitiveness.

Despite this, we are still largely dependent on fossil fuels for our energy needs. Decarbonising our uses and in particular accelerating electrification must therefore become a central objective of European policy over the next legislative period. The electrification of uses is a key element in the European strategy to achieve carbon neutrality and ensure the EU's energy sovereignty.

However, the figures show that over the last fifteen years, electrification has stagnated at less than a quarter of Europe's energy consumption.

The forthcoming term of office must focus on the smooth and concrete implementation of the legislative packages that have been adopted: simplification, acceleration and follow-up on objectives.

In this context, the French Electricity Industry Association recommends to focus on four priorities:

- **Accelerating electrification as a means of reducing Europe's consumption of fossil fuels;**
- **Supporting the reinforcement of electricity grids to meet the Green Deal objectives;**
- **Ensuring the resilience of the European electricity system;**
- **Develop a competitive industry in Europe and ensure European sovereignty.**



A word from the Chairwoman



Given the current geopolitical and climate context, the European elections of 2024 will be of particular importance. It is with renewed European institutions that the implementation of the Green Deal will have to combine decarbonisation with energy and industrial sovereignty in Europe. The next decade will be crucial if we are to set ourselves on the right track towards carbon neutrality.

There are political and cultural differences between EU Member States, and these must be respected. We have succeeded and we must continue to prepare ourselves to face the crises of the 21st century together, including the one of climate change.

During the last term, the EU has shown solidarity, notably through interconnections, to avoid energy shortages, both in gas and electricity. Although this period has highlighted the shortcomings of the electricity market, which UFE has been calling for to be corrected for several years, the EU has been able to respond rapidly. The current mandate has succeeded in committing Europe and its Member States to common objectives: carbon neutrality for the EU by 2050 and a 55% reduction in greenhouse gas emissions by 2030.

The signs of global warming are real in all European countries (heat waves, fires, dwindling water resources, flooding, biodiversity, etc.). It is therefore crucial that the legislative framework of the Green Deal preserves its initial and stimulating ambition to achieve carbon neutrality by 2050, but also to create opportunities for innovation, a competitive economy, quality jobs and a better life for Europeans.

UFE is convinced that now is not the time to question the objectives of decarbonisation, but that we need to work towards a fair distribution of the benefits and costs of the energy transition. Public and private funds will have to be mobilised to finance this transition, to ensure the EU's energy independence and industrial sovereignty. Finally, the challenge of the coming term of office is also to ensure that climate policies, aimed at reducing greenhouse gas emissions, are as effective as possible.

Our future and that of future generations is at stake.

Christine Goubet-Milhaud



Accelerating electrification as a means of reducing Europe's fossil fuel consumption

During the last legislative period, Member States committed to energy and climate targets as part of the Fit for 55 package and REPower EU, to answer to the climate issues.

It is now urgent to make these targets effective, which is why UFE and its members are committed to doing their utmost to achieve them. It will be crucial for the EC to assess whether the texts are suitable for achieving the objectives and, if necessary, to propose adjustments, rather than anticipating new objectives for 2040, which could have a counterproductive effect by diverting attention from the necessary implementation.

Recommendations

- Set up monitoring indicators to measure the transposition and progress of existing legislation on issues such as the electrification of uses;
- Propose adjustments if obstacles to the implementation of objectives are identified.

To achieve the targets, we will need to rely on all decarbonised energy sources for electricity production: renewables (onshore and offshore wind, solar and hydro) and nuclear. It will be critical **to ensure that technology neutrality is respected in all European texts for all low-carbon technologies** in order to produce enough electricity to support the transition.

Recommendation

- Reasoning in terms of renewable targets but also in terms of low-carbon targets, for example by tracking the rate of substitution of fossil fuels, particularly in the context of the forthcoming evaluation of the Governance Regulation.

To be successful, the electrification of uses must also be supported by consumers.

Access to electrical solutions (heat pumps, electric vehicles) needs to be supported evenly. Although economic incentives have been put in place to encourage consumers to take part in this change, these are often inadequate and not sufficiently targeted at the most economically vulnerable populations.

Recommendations

- Enable the funds provided by the European Recovery and Resilience Facility programme to provide financial assistance to consumers to support the deployment of efficient electrical solutions;
- Finalise the revision of the Energy Taxation Directive to ensure a level playing field between energies, with a view to supporting decarbonisation.



Supporting the reinforcement of electricity grids to meet the objectives of the Green Deal

While the EU has set objectives and resources to achieve its energy transition, until the recent publication of the EU Grid Action Plan, there has been a lack of consideration of the role and needs of electricity grids (transmission and distribution) in enabling this transition. **The development, modernisation and digitalisation of grids** are an integral part of the response to the challenges of electrification and energy transition. **This requires an investment policy that is up to the challenges of the transition.**

Recommendations

- Ensure a concrete follow-up of the publication of the November 2023 Grid Action Plan with regulatory provisions that reflect the needs of grids to achieve the decarbonisation objectives;
- Rethink the conditions for grids investment, bearing in mind the need to reinforce and develop grids, that would allow anticipatory investments and regular updates of tariffs considering increases in operating costs;
- Rethink EU support for European electricity grid infrastructure projects as part of the review of the 2028-2034 Multiannual Financial Framework (MFF). It is crucial to substantially increase the funds allocated to the Connecting Europe Facility (CEF), to consider the creation of a European fund dedicated to networks, to introduce a more attractive return on capital encouraging investors to finance the development of grids, as well as to introduce incentive regulation.

Ensuring the resilience of the European electricity system

The multiple crises we have just been through are a reminder that security of supply is a political priority. To ensure its energy security, the EU needs a **resilient electricity system**. This means reducing the EU's energy dependence, optimising consumption, implementing the Electricity Market Design revision and adopting a low-carbon technology-neutral approach in European legislation.

In order to optimise the electricity system, it is necessary to support, alongside renewable energies, the development of decarbonised dispatchable capacities and means of flexibility and storage in order to balance variable renewable energies, encourage energy savings and reduce the costs of the electricity system.

Recommendations

- Make capacity mechanisms permanent and systematise their processing by DG COMP;
- Gradually increase the participation of renewable energies in system and balancing services, in line with appropriate regulation;
- Publish an indicator assessing how demand and production flexibility adapts to the needs of the European electricity system, and on this basis, promote action plans for its development;
- To enable storage solutions to find their economic model, encourage in European law the development of storage projects of all sizes by issuing annual calls for tenders to market players.



Develop a competitive industry in Europe and ensure European sovereignty

Production “Made in Europe”: solar panels, wind turbines, electrolysers, cables, batteries, heat pumps, recharging infrastructures - how can we win this battle?

The European industrial dimension has been considered lately by the EU and its Member States.

The groundwork for such a policy has been laid with the Net Zero Industry Act (NZIA) and the Critical Raw Material Act (CRMA), but we need to go further in order to ensure the decarbonisation of the EU economy and make it a competitive advantage for European industry on the world stage, while ensuring our sovereignty needs.

The industry needs European funds to match the ambitions of reindustrialisation. These funds must be open to all low-carbon technologies needed for the energy transition.

Recommendations

- Increase the budget for the Strategic Technologies for Europe Platform (STEP);
- Include in texts governing State aids a criterion on a “European local content”, in the aftermath of the NZIA.

Skills are a critical issue that affects all Member States. The energy transition and the re-industrialisation of strategic sectors for the energy transition indeed call for giving a particular attention to education and training.

Recommendations

- Ensure the proper implementation of existing actions at European level, such as the “Industry Academies” under the NZIA or the “Erasmus +” programme, actions in the field of education/training under the Knowledge & Innovation Communities (KICs), etc. With this in mind, support programmes such as the Battery Academy, create an Erasmus for the energy transition, etc.;
- Open new European funds for skills, including technical ones.



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