



**UFE's position
on the "Fit for 55" package**



June 2021

Raising the 2030 greenhouse gas reduction target from 40% to at least 55%, as defined by the EU Climate law, is essential for the EU to achieve carbon neutrality by 2050 and comply with the Paris Agreement.

But achieving this objective will require a real **overhaul of the EU climate policy architecture**, rather than simply accelerating existing policies. The “Fit for 55” package will rightly review every existing EU climate and energy legislation.

The French Electricity Industry calls on the EU to do so in a coherent manner, maximising synergies between the highly interlinked policy instruments and always pursuing the **one overarching end goal: decarbonisation**.

It is of utmost importance to ensure that **all sectors are subject to a meaningful CO2 signal**, coming from either a market-based mechanism or a standard regulation. In this context, UFE certainly considers that an Emissions Trading System ensuring a strong CO2 price signal is an essential instrument to reach the 2030 climate targets. But UFE recalls the need to strengthen existing national GHG reduction targets in the Effort Sharing Regulation and make full use of all EU sectoral policies and legislative tools to scale up climate action such as the Energy Efficiency Directive or the Renewable Energy Directive.

To be successful, the “Fit for 55” package must **guarantee social acceptance**. To minimise the negative distributive effects of climate policies on consumers, the concept of just transition should be integrated into all the policies of the package. Along with climate action, maintaining and creating sustainable, quality jobs in Europe must be a priority.

The **power sector has a unique and crucial role** to play in enabling the decarbonisation of the economy of the EU and is ready to step up to the challenge. Generation can be decarbonised at an affordable price, and the network is adapting to a higher share of renewables generation, electrification, and new uses like electromobility.

This paper will provide detailed views on:

- ▶ The [revision of the Emissions Trading System Directive](#) which must be reinforced to send adequate signals to stimulate industrial investments in low-carbon technologies.
- ▶ The [revision of the Effort Sharing Regulation](#) which should strengthen national GHG emissions reduction targets and consequently the ambition of EU-level sectoral policies.
- ▶ The [revision of the Renewable Energy Directive](#) which must further accelerate the development of RES. But, given this Directive was very recently recast, the revision must ensure a certain stability of the regulatory framework.
- ▶ The [revision of Energy Efficiency Directive](#) which should adopt a more comprehensive climate-efficiency approach.
- ▶ The [revision of the Alternative Fuels Infrastructure Directive](#), which must set minimum binding targets for the deployment of public electric charging infrastructure, taking into account the specificities of the territories.
- ▶ The [revision of the Energy Taxation Directive](#) which must remove disparities between energy carriers by including a carbon-related component.
- ▶ The [revision of State Aid Guidelines for environmental protection and energy](#) which must be enlarged to cover all assets and technologies contributing to the achievement of climate neutrality.



Revision of the Emissions Trading System (EU ETS) and the Effort Sharing Regulation (ESR)

Key policy recommendations:

- ▶ **Reinforce the EU ETS in its current scope** by
 1. **rebasing the cap,**
 2. **increasing the linear reduction factor** and
 3. updating the feeding rate and the thresholds of the **market stability reserve (MSR).**

- ▶ **Carry out an impact assessment** comprising several scenarios based on the EU ETS scope and the **2030 renewable and energy efficiency targets** before deciding upon the future feeding rate of the MSR.

- ▶ **Introduce a carbon price floor of 30€/tCO₂,** to be regularly increased.

- ▶ **Maintain road transport and buildings in the Effort Sharing Regulation,** even if an emissions trading system were to be introduced for these sectors.

1. The EU ETS must be reinforced as a core instrument of decarbonisation in the EU

Carbon pricing is a very efficient tool to guide investment decisions and behaviours. Therefore, the carbon price level on the EU ETS market must send **adequate signals** to stimulate industrial investments in low-carbon technologies. Considering the proposed target of at least 55% of GHG emissions reduction by 2030 and carbon neutrality by 2050, an adequate and **predictable carbon price trajectory** is essential to ensure the EU ETS plays a key role in decarbonising the EU economy, while guaranteeing a smooth and efficient transition.

- To ensure **visibility** of the price signal UFE is in favour of creating a **carbon price floor of at least 30€/tCO₂, which could regularly be increased.**

2. The parameters of both the EU ETS and the MSR need to be reviewed

A review of the EU ETS parameters is needed to ensure sectors under the EU ETS are subject to a sufficient price signal to decarbonise.

- **UFE strongly recommends strengthening the cap by**
 1. **a one-off reduction (rebasing) and**
 2. **increasing the linear reduction factor (LRF),** to reflect the actual emissions level more accurately.

The operational parameters of the market stability reserve (MSR) also need to be revised, in order to allow the MSR to better address unexpected demand or supply shocks and react faster to market imbalances. **The fine tuning of the MSR will depend on multiple parameters,** including updated

renewable and energy efficiency targets, the EU ETS revision (scope, possible rebasing of the cap, increased LRF) and the introduction of a CBAM.

- **It is premature to decide upon the future feeding rate of the MSR before an impact assessment** comprising several scenarios based on the above-mentioned parameters (EU ETS scope, renewable and energy efficiency targets) is carried out.
- **Following an impact assessment, the thresholds activating the MSR (currently set at 400 and 833 million allowances) will also have to be adapted** to better reflect the future evolution of emissions.

Besides, when it comes to addressing carbon leakage for European industries, the future of free allowances in the EU ETS will need to be assessed in light of both the scope and parameters of the upcoming carbon border adjustment mechanism (CBAM).

- **In case a CBAM was implemented for the specific sectors of the EU ETS receiving free allocations**, a transition period between both mechanisms should be implemented before the necessary total phase out of free allocations can be envisioned.

3. The Effort Sharing Regulation (ESR) must be maintained for road transport and building

It is of utmost importance to ensure that all sectors are subject to a meaningful CO₂ signal, coming from either a market-based mechanism or a standard regulation.

UFE believes that **a market-based carbon pricing system to foster decarbonisation in all sectors, in particular decentralised ones, requires several conditions that are difficult to fulfil simultaneously**. Applying a carbon-pricing system to **road transport and building** sectors which are by nature decentralised, would risk being ineffective and would not yield to a sufficient price level.

Indeed, only a carbon price of around 150-200€/tCO₂¹ in 2030 would drive substantial behavioural changes in road transport and building. But introducing a CO₂ price and increasing it sharply to reach this level would be very difficult due to lock-in effect in these sectors: this would hardly be acceptable to consumers, especially low-income households.

This particularly holds true for the building sector, where **those deciding on CO₂ performance of building (owners) are not those who would bear the cost of a carbon pricing system (tenants)**. This is all the more problematic as the housing rental market is, most of the time, imperfect and poor households are over-represented among tenants: it highlights that **only legislations targeted at owners will be efficient**.

Moreover, the carbon price in the EU ETS is not expected to reach such a high level in the coming years, **whereas sectoral legislations² have proven successful in decarbonising road transport and building**. Therefore, it is unlikely that introducing a carbon-pricing system would induce a significant additional reduction in GHG emissions, and the extension of the EU ETS to these sectors would risk destabilising the existing system.

- In this context, **it is more efficient to strengthen existing CO₂ standard regulations to decarbonise road transport and building**.
- UFE also stresses the **key role that existing national targets in the ESR play** in ensuring Member States' commitment and accountability in the decarbonisation process, which should not be neglected.

¹¹ As highlighted by several reports, e.g. [Quinet report](#) from February 2019 (in French), [Agora Energiewende and Ecologic Institute](#) from March 2021, or [I.C.I.S.](#) from March 2021.

² Such as the implementation of CO₂ emission standards for road transport.

- Therefore, UFE is **in favour of maintaining the road transport and building sectors in the Effort Sharing Regulation, even if an ETS were to be introduced for these sectors.** If and only if the carbon price for these sectors were to reach a level of 150-200 €/tCO₂, it could be considered to fully integrate these sectors in a separate ETS system. In any case, before any sector introduction into an ETS, a specific prior assessment must be undertaken.

When it comes to **maritime transport and aviation**, UFE is **in favour of their inclusion in the EU ETS**, given the CO₂ price level needed to decarbonise these sectors as well as their structure (comprising few stakeholders).

Revision of the Renewable Energy Directive (RED)

Key policy recommendations:

- ▶ **Increase the binding EU target to reach at least 38% and up to 40% of RES in final energy consumption by 2030 and strictly apply the Governance Regulation.**
- ▶ **To ensure a smooth and balanced development of RES**
 1. consider **technology-specific calls for tender** as the general rule (art. 4),
 2. keep **optional, limited and based on reciprocity cross-border support schemes** (art. 5(2)) and
 3. maintain the current provisions on the simplification of **repowering permitting procedures** (art. 16).
- ▶ **Buildings** (art. 23 & 24):
 1. **support the development of RES applications for existing buildings as a replacement for fossil-fuels** and
 2. **increase the current annual average targets in heating and cooling and in district heating and cooling systems.**
- ▶ **Transport** (art. 25):
 1. **increase the sub-target up to a level under 24%,**
 2. apply on a voluntary basis the **fuel-neutral credit mechanism** and
 3. recognise the role **renewable hydrogen can play in decarbonising the heavy transport segment** when direct electrification is not feasible.

Preliminary comments

UFE supports revising the Directive on renewable energy sources (2018/2001/EU, RED II) in line with the 2030 Climate Target Plan and the EU Green Deal. The revision of RED II is necessary for the development of renewable energy sources (RES) in the EU thus contributing to the EU's ultimate objective of achieving climate neutrality by 2050. However, the French electricity industry believes the EC should carefully assess to what extent the RED II needs to be revised to prevent a risk of over-regulation. This assessment should be done in light of the ongoing implementation into national law of the last version of the Directive by Member States, which may have experienced extended delays due to the context of COVID-19.

1. The revised Renewable Energy Directive (RED) must contribute to the decarbonisation of the EU (Article 3)

To reach the target of 55% reduction in GHG emissions by 2030 enshrined by the European Union, EU Member States must ramp up their efforts towards the development of renewable energy sources.

- **UFE supports an increase in the EU target to reach at least 38% and up to 40% of RES in final energy consumption by 2030 as indicated in the 2030 Climate Target Plan.**
- **The EU RES target must remain binding. To ensure that the strengthened EU objective is achieved as well as ambitious National Energy and Climate Plans (NECPs), the Governance Regulation must play a key role and be strictly applied.**

2. The revised RED needs to ensure a smooth and balanced development of RES

The role of technology-specific calls for tender should be enhanced (Article 4)

To foster the development of RES, priority should be given to removing market barriers that may exist to the development of these new technologies. However, if market failure cannot be solved by any other means, UFE believes technology-specific calls for tender are the most efficient solution to foster the development of a given renewable technology. They guarantee a coherent development of RES that can contribute to balancing the power system, while maintaining a competitive drive to lower costs per technology.

- **UFE calls on the Commission to modify article 4 of the current Directive to consider technology-specific calls for tender as the general rule.**

Cross-border support schemes should remain optional (Article 5)

UFE welcomes the right for Member States to decide to which extent they support electricity from renewable sources which is produced in another Member State. **To ensure the efficiency of cross-border support schemes, their design must guarantee a level playing field between national and cross-border calls for tender.**

- **Cross-border support schemes in article 5(2) should remain optional, limited and based on reciprocity.** They must be based on the same standards as for national schemes in terms of connection requirements, administrative costs and regulatory framework.

The Directive should continue to support simplified procedures (Article 16)

Although the current RED II has already brought improvements which must be maintained to ensure a balanced development of RES, permitting procedures still lack transparency and face significant delays. To address this, the monitoring carried out by local authorities must be improved to ensure a better efficiency and fewer delays. Therefore:

- The EC should encourage **the sharing of good practices** and ensure their integration in the guidelines provided by the contact points as referred to **in article 16(3)**.
- **UFE highlights that efficient permitting procedures are crucial when it comes to repowering.** To that end, current provisions of article 16 – which provide that repowering permitting process shall be simplified, swift and shall not exceed one year – should be maintained as they are.

3. How can the Renewable Energy Directive best support the renewable energy sources in the different economic sectors

Support the general decarbonisation of the power sector rather than an approach based on uses (Articles 23, 24 and 25)

In its recent public consultation, **the European Commission raised the possibility of introducing new sub-targets for different sectors.** UFE recalls that it is very difficult to trace the production from renewable energy sources, as the same power network is used for all usages. In case new sub-targets are introduced, low-carbon electricity and in particular RES shall be considered as a solution to achieve them.

- **Therefore, any sectoral target set in the revised RED II must remain indicative and based on the energy mix of electricity production to avoid any distortion or double counting.** Flexibility remains the best way to further promote and optimise the use of RES. Indeed, binding sectoral targets could lead to lock-in effects when indicative targets provide support for the electrification of sectors.

The transport sector is already subject to a sub-target of 14% share of renewable energy sources by 2030 (article 25), **UFE therefore supports an increase of the target, in line with the 2030 EU targets.**

As a reminder, the objective is to decarbonise the transport sector thanks to more environmental and climate performant engines. To do so, shifting internal combustion engines towards electric drive will play an important role.

The EC should, first and foremost, rely on existing sectoral regulations to support the increase of RES consumption in the sectors of buildings and transport. For instance, the promotion of smart charging remains the best option for enhancing the synergies between RES, EVs and buildings and also creates synergies and openings for RES by integrating them into the power grids and becoming a source of flexibility. **The RED II revision should in this regard acknowledge the key role of networks and infrastructure**, especially at distribution level, which are ready to support the electrification of end-uses in different sectors and integrate renewable energy sources to the power system.

The decarbonisation of the European power sector remains the priority and the RED is an essential instrument to reach this objective through the promotion of renewable energies. The revision of RED II should also be coherent with the ETS also under revision. Together, these policies should encourage investments allowing a transition to a low-carbon economy.

Recommendations for the building sector (Articles 23 and 24)

The revision of RED II **must support the development of RES applications for existing buildings as a replacement for fossil-fuels.**

- **UFE recommends planning the phase-out of higher-emission energies** for new buildings as a first step, and for the renovations of residential and non-residential buildings as a second step.
- **Current heating and cooling systems (which should be used in addition to a better insulation) should be replaced with low-carbon and efficient systems.** For instance, replacing a fossil-based boiler with a heat pump offers a double advantage in terms of RES integration: i) it will significantly increase the share of renewable heat in buildings (in France, it is actually the first source of renewable heat integration in buildings) and ii) it will allow buildings to benefit from the increase in RES in the electricity mix.
- The revised RED II should encourage the development of district heating and cooling which provides flexibility by allowing a high penetration of various types of renewables. Existing district heating and cooling connections fed with domestic heat pumps should also be incentivised.
- **To further intensify the decarbonisation of heating and cooling, UFE supports the increase of the indicative annual average targets in heating and cooling (currently set at 1.3%) and district heating and cooling systems (currently set at 1%) defined in art. 23(1) and art. 24(4a) of RED II.**

Recommendations for the transport sector (Article 25)

The French electricity industry believes that the proposal of a fuel-neutral trading mechanism applied to renewable electricity should be highlighted as a possible way to fulfil their obligations to the fuel suppliers referred to in article 25(1). Such a mechanism is already in place in the Netherlands and Germany and will be implemented in France from 2022, it should therefore be encouraged in all Member States considering that it contributes to accelerating the electrification of transport.

- UFE believes **the fuel-neutral trading mechanism should be applied on a voluntary basis in accordance with the subsidiarity principle** in order to guarantee the necessary flexibility to Member States on how to implement it.
- **The provisions on the mechanism shall not be too prescriptive** in order to allow Member States that so wish, to be more ambitious than the objectives of the directive and to maintain or introduce more stringent measures.
- The review of RED II should **recognise the role renewable hydrogen can play in decarbonising the heavy transport segment (e.g. maritime, waterway inland, rail, aviation, long-haul trucks), when direct electrification is not feasible.**

Revision of the Directive on the energy efficiency 2012/27/EU (EED)

Key policy recommendations:

- ▶ **Introduce a climate efficiency approach:** energy efficiency must be part of CO2 emissions reduction rationale.
- ▶ **Set a reference to final energy and primary energy for all provisions of the EED and the Energy Performance of Buildings Directive** to ensure that all buildings identified in these texts are subject to the same reference system.
- ▶ **Extend article 5 of the EED to all public buildings.**
- ▶ **Set a new target in terms of final energy consumption rather than only in terms of renovated areas** (art. 5(1)).
- ▶ **Introduce CO2 bonuses and a carbon criterion to improve the mechanism of the white certificates** (art. 7).
- ▶ **Recommend ex-ante and post-work diagnoses for the renovation of buildings** (art. 8(1)).

Preliminary comments

UFE acknowledges that more effort must be achieved in terms of energy savings and in this context, an EU binding target could play a role, considering that the EU is not on track to achieve its initial energy savings objective. But to help decarbonise the economy in the most cost-effective way, it is important to set an objective applied to energy final consumptions. Member States should keep enough flexibility to implement the necessary measures, considering their national context.

In addition to greater efforts, UFE supports a stronger monitoring and implementation by the European Commission of energy efficiency measures in the EED. The EC should ensure a better coordination of the efforts made by Member States and ask them to fully assess whether the national policies identified in the National Energy and Climate Plans (NECPs) are sufficient to reach the 2030 energy efficiency target and contribute to reducing the CO2 emissions of the sectors concerned by the EED.

Currently, Member States run the risk of not meeting their national energy efficiency target for 2030. Furthermore, the challenge of decarbonising the EU's building stock remains important considering that buildings still represent 40% of the EU's total energy consumption and 36% of EU's related-energy GHG emissions. In France, the building sector is the furthest behind on the path to climate neutrality and exceeds by 44 million tonnes of CO2 equivalent its 2015-2018 carbon-budget.

1. Climate-efficiency approach (Articles 1, 3, 5 and 7)

Most current climate neutrality scenarios for 2050 show that total final EU energy consumption must be reduced by at least 30% and up to 60% when compared to 2017 and GHG emissions must decrease by 84% to 92% in the same period³. This means that the EU must go further than the only “energy efficiency first principle” since energy savings alone do not necessarily yield sufficient long-term reduction in GHG emissions. Moreover, as the decarbonisation scenarios demonstrate the need to rely on the development of low-carbon energy carriers such as low-carbon electricity, hydrogen⁴ or biogas, referring only to the “energy efficiency first principle” may have counterproductive effects.

Therefore, **the French electricity industry calls on the EU to complement its efforts in energy efficiency with a more comprehensive climate-efficiency approach.** The climate-efficiency approach can be **defined as the implementation of energy efficiency through the consumption of low-carbon energy, thus accelerating the reduction of GHG emissions coming from energy savings.**

The EED was recently revised as part of the Clean Energy Package, along with the EPBD. **UFE regrets that both texts did not take into account the issue of climate efficiency.** With the reopening of both directives, the EU has an opportunity to improve them, strengthen the coherence between them as well as to correct their structural weakness.

Therefore, regarding the EED, UFE proposes the following modifications:

- UFE calls for **a principle of ‘climate efficiency’ that considers an energy-efficiency approach (cf. supra) to be included in articles 1, 3 and 7** to strengthen the link between energy savings and reduction of GHG emissions. Beside energy saving objectives, the EU should define CO2 emission reduction trajectory. The EC should define carbon budgets to comply with and then determine a yearly decrease of GHG emissions. Referring to 2050 scenarios, the annual GHG emission reduction should be equal to 6-8% in order to achieve 2050 carbon neutrality. **At the very least, UFE believes that a non-regressive principle should be introduced in these articles** to ensure that the measures implemented to increase energy savings do not lead to a higher level of GHG emissions per unit of consumption.
- UFE asks for **revising article 5 to add mandatory requirements for reducing GHG emissions and energy consumption for the renovation of all public buildings.**
- **The switch from fossil fuels to low-carbon energies needs to be encouraged in article 5 in the renovation of residential and non-residential buildings.** UFE believes that renovation pathways aiming at efficiently combining active solutions with passive ones (e.g. wall and ceiling insulation) in one or more steps should be encouraged to ensure a more efficient renovation. For the active solutions, low-carbon and efficient technologies must be installed, such as heat pumps. It will help increase synergies with renewables, encourage customers to optimise their energy consumption and provide flexibility to the power system through the monitoring of heating systems.

³ [Impact Assessment of the European Commission on Europe’s 2030 climate ambition \(2020\)](#) and [JRC Report “Towards net-zero emissions in the EU energy system by 2050” \(2020\)](#)

⁴ For instance, low-carbon hydrogen produced by electrolysis may be discriminated by an approach relying only on the energy efficiency first principle (due to the efficiency of electrolyzers) whereas it is the most cost-effective way to decarbonise some sectors.

2. The EED needs to have an impact on buildings (Articles 5, 7 and 8)

First, to have an impact on all its buildings, the EU must ensure a coherent approach between the EED and the Directive on the energy performance of buildings (2010/31/EU, EPBD). **In this respect, UFE regrets that the revision of the EPBD was not planned together with the EED revision.** Nonetheless, UFE asks that:

- **All buildings identified in the EED and in the EPBD are subject to the same reference system by setting a reference to final energy and primary energy for all provisions of both texts.** Indeed, only final energy reflects the actual performance of the building envelope and the solutions and technologies installed inside. It is also consistent with the consumption measured by energy meters (and included in energy bills).
- UFE supports the proposal of the Commission to **extend article 5 of the EED to all public buildings (incl. schools and hospitals) and not only those owned or occupied by the central government.** The EC needs to strengthen the minimum energy performance requirements for public buildings by introducing an objective in terms of final energy consumption and GHG emission reduction.

The Renovation Wave sets an **objective for the renovation of up to 35 million buildings and a 60% reduction of GHG emissions in European public and private existing buildings by 2030.** But, to achieve the GHG emissions reduction objective, a simple energy efficiency target in buildings will **not be enough.** Indeed, in France, assessments have shown that building renovation will only represent a reduction in annual CO₂ emissions of 8Mt of CO₂ by 2035 (with 5Mt resulting from an enhanced and improved performance of renovations) when switching to low-carbon fuels would contribute to reducing CO₂ annual emissions by 17Mt⁵. Therefore, **setting an objective in terms of number of buildings to be renovated is not efficient** to assess the energy savings and reduction of GHG emissions of the renovation works. **Introducing an objective in terms of energy final consumption and GHG emission reduction would be a better tool.**

- The French power sector recommends **setting, in the revised article 5(1) a new target in terms of final energy consumption rather than only in terms of renovated areas by 2030** (compared to a year of reference). This target could be set in absolute or relative terms and will contribute to reducing final energy consumption and GHG emission for each building. In France, for instance, the “**Décret Tertiaire**” sets targets for reducing buildings’ final energy consumption every 10 years: -40% by 2030, -50% by 2040 and -60% by 2050.

If, in theory, the **white certificate mechanism** deriving from article 7 of the Directive could constitute a useful financing tool to improve energy efficiency, it lacks effectiveness and remains costly for consumers in practice. Taking France as an example, only 46% of the certificates correspond to actual energy reductions despite 4 to 5 billion annually paid by final consumers (mainly households) through their energy bill (around 4% of the total energy bill)⁶. This mechanism, which suffers from an important administrative burden, must therefore be improved to become more efficient and support high quality energy renovations. Considering the central role of the mechanism in the energy renovation policy, UFE calls for increasing the consistency of the white certificate mechanism with climate objectives.

- **UFE recommends improving the mechanism of the white certificates (article 7) by introducing CO₂ bonuses to orient actions towards operations allowing a reduction in GHG emissions per unit of final consumption.**

⁵ [In French] RTE-Ademe, [Rapport “Réduction des émissions de CO₂, impact sur le système électrique : quelles contributions de chauffage dans les bâtiments à l’horizon 2035 ?”](#) (December 2020), Synthesis, Figure 1

⁶ [In French] Ademe, [Evaluation du dispositif des certificats d’économies d’énergie](#) (2019), p. 22

- **In addition to the provisions relating to energy savings, article 7a on energy efficiency obligations schemes should also include a carbon criterion.** This criterion will provide additional incentives to reduce the energy emission factor, for example by integrating renewable energies and improving production processes.
- **At the very least, a non-regressive principle should be introduced in article 7a** to ensure that the measures implemented to increase energy savings do not lead to a higher level of GHG emissions.

Finally, to guarantee the quality and the cost-effectiveness of major renovations, Member States should set up an ex-ante and post-work diagnoses assessing the energy and GHG emission savings resulting from the renovation. Using the energy consumption data provided notably by smart meters could be an option for quickly identifying the concerned buildings in complement of an ex-ante diagnosis. A technical monitoring conducted by independent national bodies could be considered to assess the results of the renovation works in terms of energy efficiency, GHG emission reduction and comfort savings and examine their consistency with the EU climate and energy targets. Data produced by smart meters could also be used to evaluate the ex-post effectiveness of consumption savings.

- **A new point c should be introduced in article 8(1) on the energy audits to recommend to Member States the setting up of ex-ante and post-work diagnoses of the building subject to renovation.** It will enable to compare the levels of energy performance, GHG emissions and the comfort conditions of buildings before and after works in order to assess the renovation benefits.

3. The EED must address the outstanding regulatory and non-regulatory barriers (ESIF and Article 9)

The revision of the EED needs to improve and tackle the remaining gaps in the access to funds and the cost-effectiveness of projects dedicated to building renovation for enterprises and households. It will help endorsing the objectives in terms of renovation and contribute to alleviating energy poverty by providing support to them in the building works.

Funding is at the cornerstone of the renovation of buildings. **The European Structural Investment Fund (ESIF)** can greatly contribute to addressing market gaps for EPC providers in the access to finance by guaranteeing an easier access to long-term investment and reducing risks. UFE believes the ESIF should deliver loans or guarantee products at preferential conditions and with standardised contracts to improve energy efficiency in buildings. Therefore:

- **UFE calls for the revision of the European Structural Investment Fund (ESIF) to stimulate investments in energy efficiency by enhancing synergies with Energy Performance Contracting (EPC).**

Finally, the **lack of clear information** among consumers should also be addressed. **Smart meters play a crucial role in enhancing consumers access to their data and uses on final energy consumption.** Smart meters provided by DSOs can also offer detailed data on energy consumption (in accordance with the GDPR provisions), access to energy efficiency and demand response services that are key to optimise the energy bills. **Indeed, they provide a personalised assessment of inhabitants' energy consumption and thus contribute to creating an enabling environment for a more active role of citizens in the energy system.** Therefore:

- **The revision of article 9 needs to foster the development of smart meter solutions.**

Revision of the Alternative Fuels Infrastructure Directive

Key policy recommendations:

- ▶ **Review the definition of alternative fuels and extend its scope to all infrastructure accessible to the public.**
- ▶ **Set minimum binding targets for the deployment of public electric charging infrastructure per Member State and per vehicle type.**
- ▶ **Recognise the differentiation of charging power levels, to be in line with the progress made on high-power charging.**
- ▶ **Address interoperability through a consumer approach and encourage the standardisation of charging infrastructure.**
- ▶ **Assess the prospects of decarbonised hydrogen for the long-haul vehicles and maritime transport when direct electrification is not feasible.**

The French Electricity Industry (UFE) welcomes and fully supports the EU's intention to revise the Directive 2014/94/EU on the deployment of Alternative Fuels Infrastructure (AFID) to align it with the objectives of the European Green Deal.

Transport accounts for almost a third of EU GHG emissions and is the only sector where emissions keep rising. **To achieve carbon neutrality by 2050, the transport sector must reach a 90% reduction in its GHG emissions by this time, of which electrification will be a cornerstone.**

For UFE, the revision of the AFID should ensure the massive roll-out of an EU-wide harmonised and coherent charging infrastructure, adapted to the surge of the e-mobility market. UFE welcomes that both, the EU recovery plan under the Flagship "Recharge" of the EU Recovery and Resilience Facility and the French recovery plan "France Relance", have integrated aids for the deployment of charging infrastructure to help mitigate the impact of the COVID-19 crisis.

Once the revision of the Directive is adopted, it is essential that Member States **implement it quickly and ambitiously in particular the articles related to road transport infrastructure, in order to meet the EU's renewed climate objectives.**

1. The revision of the Directive must support the evolution of the EV market

2020 was a pivotal year for electromobility. The EV-sale market set a record with a market share of over 10%, a trend which is expected to continue in 2021 and beyond. The revision of the AFID must now speed up the roll-out of charging infrastructures across Member States.

The EC should first push for the extension of the scope of the AFID. Therefore:

- ▶ **The scope of the Directive should be extended to all infrastructure accessible to the public, i.e. public infrastructure and recharging infrastructure on parking spaces in non-residential buildings accessible to the public (e.g. commercial properties).**

- The EC should **differentiate minimum requirements for the public infrastructure on public grounds and publicly accessible infrastructure on private grounds** (i.e. semi-public) to support fully interoperable charging points without deterring private investments. Such requirements should be higher for public infrastructure than for semi-public ones.
- Considering that around 90% of the charging takes place at home or in the workplace, **the EC should assess the existing obstacles to non-public charging points in order to guarantee an effective right-to-plug for all European citizens**. Thus, the new AFID could address the gaps related to the private infrastructure existing in the Energy Performance of Buildings Directive (2010/31/EU, EPBD), in particular regarding residential and non-residential co-properties.

The revised AFID should further meet the rapid technological developments which are not sufficiently included in the current Directive. To this end:

- **The differentiation of charging power levels, to be in line with the progress made on high-power charging, should be recognised**. This would allow charging power levels to be adapted, for instance, to the needs of the heavy-duty vehicle segment.

In addition, the revision of the AFID should also encourage the creation of incentives to foster the electrification of maritime transport. Considering several EU initiatives such as EU Fuel Maritime foresee an increase in electricity usages, the incentivisation of the electrification of maritime transport will play an important role in the decarbonisation of transport and should therefore be examined by the EC.

- The new AFID should **carefully assess the prospects of decarbonised hydrogen for the long-haul vehicles and maritime transport when direct electrification is not feasible**.

On the issue of the ports for instance, direct electrification should remain the privileged solution in the short term especially considering cold ironing. On the long term, nonetheless, indirect electrification, through low-carbon hydrogen, should be envisaged.

2. The revision of the Directive must support the decarbonisation of the transport sector by adopting a new approach

The EU must ensure **that fuels falling under the scope of the revised Directive are consistent with the targets defined in the Regulations setting CO₂ emission performance for vehicles**. In addition, the directive must allow the efficient decarbonisation of the sector while respecting technology neutrality. Therefore:

- **The definition of “alternative fuels” must be revised** and adapted to the type of vehicles.
- **A new definition should be introduced for the light-duty vehicles (LDVs)**, i.e. cars and vans, establishing a **CO₂ emission threshold to support only zero-emission fuels and to ensure technology neutrality**. This definition should be consistent with the CO₂ emission thresholds set by the European Parliament and the Council in the Regulation (EU) 2019/631.

However, although this approach contradicts the principle of technology neutrality:

- UFE recommends **maintaining an exhaustive list of “alternative fuels” to apply to the heavy-duty vehicles (HDVs)**, while guaranteeing the compatibility of the fuels with the 2030 and 2050 targets. The list should only include electricity, low-carbon hydrogen, biogas, e-fuels and biofuels.

These two new definitions must ensure that the fuels defined in the AFID comply with the EU Green Deal and remain relevant to technological progress and the state of the market.

The EU must also speed up the roll-out of charging infrastructure in Member States:

- **Minimum binding targets should be set per Member State and per vehicle type** (LDVs or HDVs as they use different type of charging points) to accelerate the deployment of recharging points throughout the EU.
- The EC will need to define **a new methodology to set deployment targets**, which should reflect the diversity of needs and uses of charging infrastructure among Member States.

The new AFID should recognise **the importance of local and regional authorities in the deployment of charging infrastructure. They should be further consulted through a global approach in the drafting of the development plans for the roll-out of charging infrastructure. The AFID should encourage local authorities to put in place policies allowing citizens to request the installation of charging infrastructure in their neighbourhood.** It should also provide transparent and accountable processes to assist the decision-taking on the approval of such requests.

- **The new metric should thus consider geographic and demographic criteria.** Taking France as an example, the French local authorities will be consulted in preparing and implementing the upcoming masterplans which will set up the deployment of charging points through the country.

The National Policy Frameworks (NPFs) remain therefore a useful tool to respond to the needs of the territories. However, more coordination is required between Member States to ensure an EU-wide and efficient roll-out of charging infrastructure. UFE points out that the current monitoring is not fully efficient and needs to be improved. Considering the importance of the local level in the deployment of charging infrastructure, the EU should not favour an EU direct monitoring.

- **The AFID monitoring should be tightened** by for instance **national ad-hoc bodies which could report on the progress of Member States to the European Commission.** These bodies could be based on the models of the national energy authorities in Member States or be designed as a specific agency.

3. Smart charging could be introduced in public charging infrastructure

The power system can integrate the significant deployment of EVs expected by 2030 and beyond.

According to a Eurelectric report from April 2021, even with 70 million EVs on the European roads in 2030 – against 2 million today⁷ – the investments to adapt the grids to electromobility will represent only 8% of EU DSOs total investments needed by 2030⁸. The same applies in France where, although further investments will be required, French DSOs have anticipated and planned the needed investments and estimated that the investments for electromobility will **not count for more than 10% of the total investments by 2030**⁹.

Nevertheless, even if the power system is prepared to face the integration of EVs into the grids, **the prospects for the deployment of smart charging devices should be assessed** for public normal charging points. Smart charging help strengthen the resilience of the electricity system to cope with random events or crises. In addition, it could provide cost savings and ease the integration of

⁷ 2 million electric vehicles are registered in the EU according to the EU Court of Auditors ([Report on the charging infrastructure for electric vehicles](#), p. 8)

⁸ Eurelectric, [Position Paper “Debunking the myth of the grid as a barrier to e-mobility”](#) (April 2021)

⁹ Eneadis, [Report on the integration of electromobility to the public electricity distribution network](#) (November 2019)

renewable energies into the grids. The deployment of smart charging could provide benefits in particular for **the residential district and tertiary areas where a lack of private charging infrastructure can be observed in condominiums.**

- **The scope of the new AFID could be extended to identify the prospects of smart charging technologies** by introducing a **definition of “smart charging”**. Minimum functionalities could be set for newly installed publicly accessible normal recharging points equipped with smart charging in residential and tertiary districts preferably.
- **UFE encourages the EC to evaluate the remaining regulatory obstacles to smart charging** in order to guarantee an open and non-discriminatory access to battery-related data, which is a precondition for third party operators of “smart charging services”.

4. Interoperability should be improved to ease the consumer’s experience

UFE recommends **addressing interoperability through a consumer approach** by further **guaranteeing payment solutions** (preferably payment by apps or contactless solutions) and **price information**. To ease the consumers’ travelling experience throughout the EU, **information should be made available on the location and access of charging infrastructure** by installing road signs on highways and streets, or leading public advertisement campaign to raise knowledge among consumers. In addition, **open networks based on open standards and protocols should be ensured as well as the sharing of information between all the different actors**. It is in the competitive interest of all players to ensure sufficient and high-quality information are available as it is an important aspect of the consumer experience.

UFE warns the EC that roaming must be understood as roaming of charging service and not as roaming of supply of good. By choosing a charging point operator or an e-mobility service provider, an EV driver should be able to charge easily its vehicle throughout Europe without checking the electricity provider (e.g. conventional service stations). The market rules should allow mobility service providers to have a fair and adequate access to the network of the charge point operator on the basis of commercial criteria. Thus:

- Market rules should ensure the technical interoperability between the players and infrastructure by facilitating the access to all publicly accessible charging infrastructure with for instance a RFID card or any other technological means.
- Overcharges of the network usage could be regulated by pushing for agreements to compensate it.

The **standardisation of charging infrastructure** should also be encouraged across the EU to help reduce the fragmentation of the market.

- **An EU Mid-certified meter should be promoted in the new AFID as standard for both AC and DC stations.** This will enable to avoid national specifications and mandates integrating stringent measuring requirements in existing stations (“grandfathering”).
- Considering the lack of a uniform standard for HDV charging technology, **UFE proposes to recognise the CCS-based communication protocol as the EU standard for high-power charging in the heavy-duty segment** and to make it interoperable with all types of vehicles.

5. The revised Directive is complementary to the TEN-T Core and Comprehensive Networks

The AFID contributes to the deployment of adequate charging points alongside the TEN-T roads. Therefore:

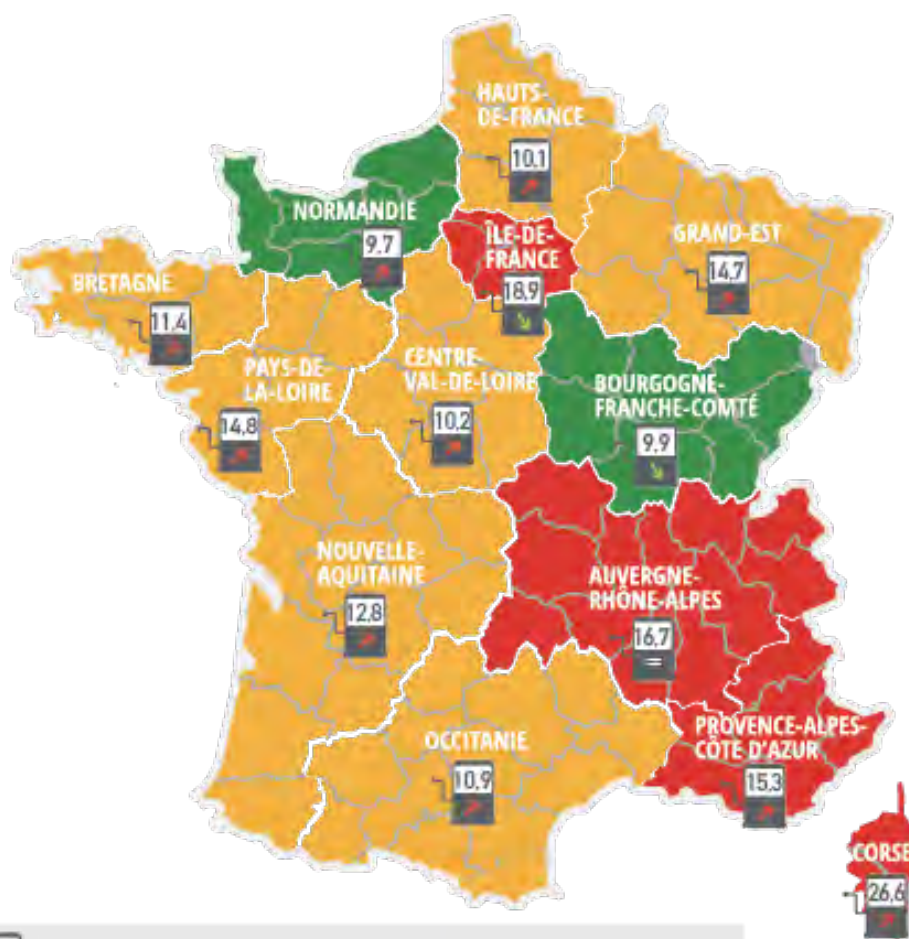
- **The EC should address the revision of the AFID in tandem with the assessment of the TEN-T Core and Comprehensive Networks.**
- **The targets enshrined into the TEN-T Core Network should be mandatory for both TEN-T Core and Comprehensive Networks** to strengthen the deployment of charging infrastructures across Member States.

The EC should however let the market decide the most useful power level for the minimum requirements setting the number of charging points, power and ratio to the number of EVs. As for urban nodes, their minimum quantity set across the TEN-T should be revised upwards.

In addition, the new AFID should make sure the deployment of alternative fuels infrastructure across the entire transport network is responsive to demand trends. In doing so, the EC will ensure the infrastructure deployed correspond to the actual needs on the roads, in terms of demographic density and transit traffic, as well as their use by the consumers.

State of the deployment of the publicly accessible charging infrastructure in France

Mapping of the deployment of publicly accessible charging points by French department (31st March 2021)



- Nombre de véhicules électriques par point de recharge
- Évolution du ratio par rapport aux données au 31/12/2020
- [0-5] véhicules par point de recharge ouvert au public
- [5-10] véhicules par point de recharge ouvert au public
- [10-15] véhicules par point de recharge ouvert au public
- [15-30] véhicules par point de recharge ouvert au public
- [+ de 30] véhicules par point de recharge ouvert au public

Note de lecture : La directive 2014/94/EU sur le déploiement d'une infrastructure pour carburants alternatifs fixe comme objectif indicatif un nombre moyen de 10 véhicules électriques par point de recharge ouvert au public »

Sources : AAA Data, Gireve, calcul UFE - données au 31 mars 2021

Deployment of public charging infrastructure on French highways (31st March 2021)



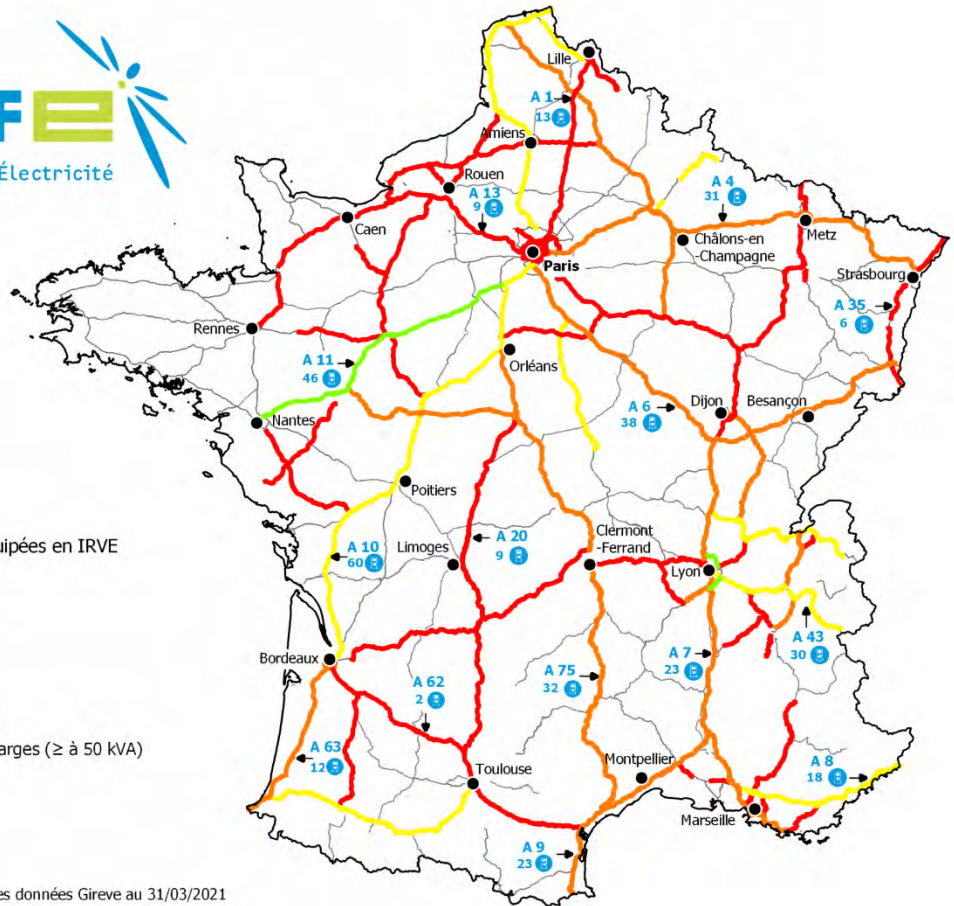
Taux d'aires de services équipées en IRVE
(puissance \geq à 50 kVA)

- Entre 0 % et 20 %
- Entre 21 % et 40 %
- Entre 41 % et 60 %
- Entre 61 % et 80 %
- Entre 81 % et 100 %

Nombre de points de charges (\geq à 50 kVA)

A 11 Nom de l'autoroute

— Route nationale



Source : UFE sur la base des données Gireve au 31/03/2021

Revision of the Energy Taxation Directive (ETD)

Key policy recommendations:

- ▶ **Include a carbon-related component** to the tax rate of energy carriers, to ensure a level-playing field between energy carriers.
- ▶ **Remove tax exemptions for fossil fuels** in all sectors.
- ▶ **Recognise the tax collecting role played by energy suppliers** on behalf of Member States.

The evaluation of the Energy Taxation Directive (ETD) published at the end of 2019 highlighted that, since the adoption of the Directive in 2003, energy markets and technologies in the EU have undergone significant developments. **The current ETD does not contribute to the EU's climate and energy policy goals, as there is no link between minimum tax rates and energy content or CO₂ emissions.** This results in inappropriate price signals to users, thereby discouraging them from choosing low-carbon energy sources. Today, the minimum levels of taxation for fossil fuels defined in the ETD are relatively low, and therefore cannot contribute to reaching the EU climate neutrality objective. On top of that, the current Directive offers too many exemptions and country-specific rates. The restructuring of the ETD should be used to ensure the EU will achieve its energy and climate transition.

1. Introduce a carbon-related component to ensure a level-playing field between energy carriers

The ETD must remove disparities between energy carriers to ensure that externalities of fossil fuels are properly reflected. By integrating climatic performance of energy sources the ETD will create a level-playing field:

- **between energy sources.** The current Directive by providing does not provide the right signals to consumers as it disincentivises the use of low carbon electricity. Particularly in sectors such as transport and building, taking into account the real impact on the climate of all energy vectors will guarantee a level playing field and facilitate investments in low-carbon technologies such as heat pumps and electric vehicles.
- and **among Member States** thanks to harmonised minimum tax levels based on CO₂ content.

The introduction of the CO₂ component in the ETD is the best way to create incentives consistent with the EU 2030 and 2050 climate targets. Therefore:

- **The ETD must include a carbon-related component in the tax rate of energy carriers.**
- **The introduction of the CO₂ component must be done in coordination with the EU ETS** to establish a complementary, harmonised and holistic framework. The new framework should also ensure full consistency with the upcoming carbon border adjustment mechanism (CBAM).

The revision of the ETD must be the occasion to tackle current sectorial discrepancies.

- **Tax exemptions for fossil fuels should be removed in all sectors**, such as maritime, in order to guarantee the uptake of low-carbon fuels.

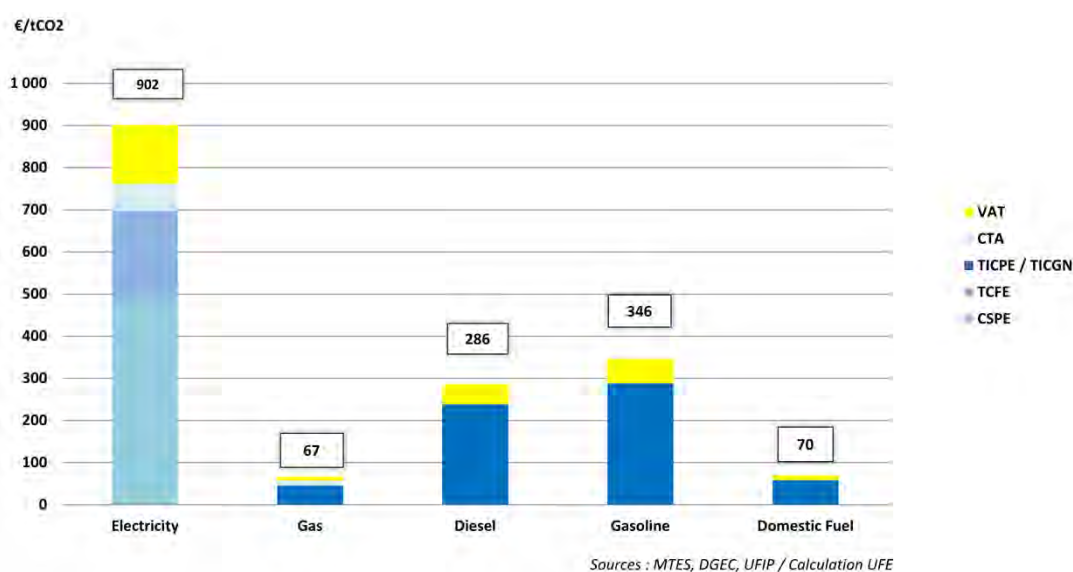
2. Alleviate the fiscal burden on the electricity sector

Today, taxes, levies and charges represent a significant, and even growing, part of the electricity bill. Electricity consumption is currently **more taxed**, compared to its CO₂ content, than fossil fuels, even though electricity generation is already subject to taxation via the EU ETS. Limiting the weight of taxes on electricity will help make electricity more affordable for household consumers and contribute to minimising the social and distributional impacts which the Commission rightfully wishes to address.

- **A real separation between taxes and electricity costs would be relevant to allow consumers to make the difference on the bill.**

For instance, in France, compared to its CO₂ content, electricity is the most heavily taxed form of energy.

Level of taxation per CO₂ content of several energy products and electricity in France (2018)



In addition, when it comes to electricity taxation as such, UFE underlines that **the taxation level should be the same whatever the final use of the electricity is**, so as not to distort competition between electricity solutions themselves.

The revision of the ETD should maintain clear exemptions for energy products and electricity used to produce electricity and electricity used to maintain the ability to produce electricity, so as to avoid any double taxation. With the aim of avoiding any unintended application of the ETD, it should also explicitly be stated that storage, which is one of the means to enhance the flexibility of the system, is not to be considered as an end-consumption.

3. Recognise the tax collecting role played by energy suppliers

Significant side-effects created by the ETD should also be addressed, such as **the tax collecting role that energy suppliers are often playing on behalf of Member-States** and the financial responsibility they are therefore endorsing in case of non-payment by the final customer.

- The ETD should be fair towards energy suppliers. Therefore, **the possibility to recover the tax in case of unpaid operations** should be explicitly integrated and mentioned in the ETD.

Revision of the Guidelines on State aid for Environmental protection and Energy (EEAG)

Key policy recommendations:

- ▶ **Refocus the EEAG on key policy objectives**, namely climate neutrality by 2050, security of supply and resilience.
- ▶ **Ensure industry sectors exposed to international competition can reduce their carbon footprint while remaining competitive.**
- ▶ **Cover all assets and technologies contributing to achieving carbon neutrality** (especially renewable and nuclear low carbon assets, demand-response, storage and CCS).
- ▶ **Avoid using the EU Taxonomy** to decide upon the compliance of a given State aid with the EEAG.
- ▶ **Consider technology-specific calls for tender as the general rule** for technology development goals, as they guarantee the coherent development of RES.
- ▶ Keep **cross-border support schemes for renewables** optional, limited and based on reciprocity.

State aid guidelines for environmental protection and energy (EEAG) no longer reflect the reality of **the market developments and technological changes** that occurred over the past few years to comply with more ambitious **climate and energy targets**. The EEAG need to be revised and modernised to address the challenges which businesses are facing to invest in clean energy while maintaining their competitiveness. **The future EEAG must also be aligned with EU's latest legislative developments regarding climate and energy ambitions** – from the Clean Energy Package to the Green Deal – as they not only deeply modify market design configuration but also increase both the objectives in terms of energy from renewable sources and the means by which they can be achieved, in order to engage the power sector in an increasingly decarbonised path.

The French Electricity Industry (UFE) has identified the following key priorities to make sure that **(i) investments in renewable and low-carbon electricity are supported**, especially capital-intensive investments requiring long-term frameworks, and **(ii) that industry sectors** that are more exposed to international competition can reduce their carbon footprint while remaining competitive.

1. The scope of the EEAG should be enlarged

The EEAG must help achieve the Green Deal ambition, in which **renewable and low-carbon energy sources play an important role**. Therefore, UFE stresses the **need to refocus the EEAG around key policy objectives, namely climate neutrality by 2050, security of supply and resilience**, while taking into account the intermediate energy and climate targets for 2030.

The EEAG already play a key and necessary role in supporting the development of energy from renewable sources and must continue to promote their uptake in order to achieve the 2030 renewable

target. In addition, adaptations are needed in order to fully help achieve the EU's decarbonisation ambition.

- To that end, UFE believes that the EEAG should allow State aid to be granted to **all assets and technologies contributing to achieving carbon neutrality**, for instance: **renewable and nuclear** low carbon assets, carbon capture and storage (CCS), **demand-response, storage** assets needed to balance the future power system etc.
- State aid should therefore be granted, where needed, to **investments in new or existing assets** which would not or hardly materialize otherwise, **irrespective of the considered technology**. This would especially be the case when the considered investment is highly capital-intensive and not yet sufficiently attractive for private investors, especially because the time for the development and/or building of the project is particularly long.
- On top of that, to take full advantage of the revamping of existing hydropower assets, the threshold for mandatory competitive bidding process – currently set at 1MW – should be raised, to avoid leaving behind valuable assets due to the tender procedure.

This enlargement of the EEAG scope will **help Member States achieve their energy and climate policy objectives**.

However, **financial support should be granted without qualifying as State aid for certain pilot projects** for which a Member State seeks the adequate form of public support. This should be the case for projects aiming at developing a given tool or technology, when the project relates to very limited volumes and aims to achieve the objectives set out in the Member State's NECP. For example, this should apply to the experimental call for tender being developed by the French State to identify the adequate public support to foster implicit demand-response.

2. Linking the EEAG with the EU Taxonomy must be avoided

To provide further transparency and certainty, the revised EEAG should reassert the essential principles that will guide the granting of the proposed aid measures. This will allow for an effective investment framework, ensuring **investors have the visibility** to efficiently manage their risk and control their costs.

However, **UFE does not support the Commission's proposal to use the EU Taxonomy** as a tool to identify the contribution of State aid to environmental protection. First, this would be difficult to assess as the delegated acts of the EU Taxonomy are still underway and have not yet been adopted. Second, State aid should be assessed **on a case-by-case basis considering the targeted objective of common interest**.

- **Therefore, UFE does not support using provisions set in the EU Taxonomy to decide upon the compliance of a given State aid with the EEAG.**

3. When it comes to technology development goals, technology-specific calls for tender should become the general rule

The scope of a given aid measure should be **adapted and differentiated according to the aid's objective**.

Experience has shown that **technology-neutral calls for tender are not efficient to develop renewable energy sources (RES) capacities**, as they tend by nature to favour the technology showing the lowest levelised cost of electricity (LCOE), irrespective of the actual value of the energy produced. This means that the broader contribution of technologies to the balance of the power system (for instance based on their time of production or their complementarity with the rest of the electricity mix) is not taken

into account. **This can significantly hinder the development of less mature (i.e. more expensive at this stage), yet promising technologies which could usefully contribute to the power system.**

Priority should be given to removing market barriers that may exist to the development of these new technologies. This being said, technology-specific calls for tender **guarantee the coherent development of RES with regard to national decarbonisation targets**, while maintaining a competitive drive to lower costs per technology and progressively integrating them to markets.

- **Therefore**, when the aid aims at achieving a technology development goal, **UFE calls on the Commission to consider technology-specific calls for tender as the default option.**
- The **specifications of technology-specific call for tender should also be differentiated** according to each technology's particularities, in order to avoid stranded costs caused by unsuitable procedures (e.g. regarding permitting requirements).

4. Aid instruments must be chosen carefully

UFE calls upon the European Commission to clarify the concepts of 'investment aid' and 'operating aid', and stresses that these concepts should only refer to the **costs being compensated (CAPEX and/or OPEX)**. **The way in which the aid is granted – either as a function of installed capacity (€/MW) or energy produced (€/MWh) – should not be used in the definitions.**

Contracts for difference (CfD) – i.e. floating feed-in premium – remain an essential tool of support for the development of all types of renewable and low-carbon assets, in order to ensure the necessary visibility and reduce the cost of technologies. Therefore, they should remain the preferred option (except for small projects, for which feed-in tariffs are more appropriate), in order to avoid affecting the efficient dispatch of power generation units. In particular, future subsidy schemes to generation units should continue to withhold support when energy prices are lower than the variable costs of the units, as this leads to negative prices for RES generation.

5. When aiming to guarantee security of supply, a technology-neutral stance must prevail

UFE recalls that pursuant to Article 194(2) of the TFEU, **Member States are responsible for their own energy mix**. In this regard, the EEAG should allow for Member States to support – proportionally to their contribution – all technologies that can contribute to achieving the targeted objective of common interest and the goals set in their National Energy and Climate Plan (NECPs). This will give Member States the required **flexibility to diversify their energy mix** while ensuring their security of supply.

- Therefore, when the aid aims at **guaranteeing security of supply** (e.g. capacity mechanisms), a **technology-neutral stance** should prevail.

6. Cross-border support schemes should remain optional

UFE stresses that **cross-border support schemes for renewables** (i.e. covering more than one country) **should remain optional, limited and based on reciprocity.**

- When developed, cross-border support schemes should be carefully designed, in particular with regard to the following points:
 - **They must not lead to any distortion** between RES projects they finance on the one hand, and RES projects participating in tenders at national level on the other hand. Since national frameworks have a significant impact on the cost of a given project, **the same standards should apply to both procedures**, especially in terms of connection requirements, administrative costs and regulatory framework. This will allow for **a level playing field between national and cross-border calls for tender.**

- Clarification is needed on the way cross-border calls for tender are taken into account in the achievement of **Member States' NECP objectives**.
- UFE believes **it should be possible to limit the amount of cross-border support** in a proportionate manner, depending on the project and its expected contribution to the achievement of Member States' NECP objectives. However, **UFE does not support setting a fixed rate**, as the level of cross-border support should remain flexible for Member States and be based on the needs of the relevant project(s).