Clean energy – strategy for energy system integration

DRAFT REPLY FROM UFE

UFE welcomes the intention of the European Commission to release a strategy related to an EU Smart Sector Integration Strategy.

As stated within the roadmap published by the European Commission, reaching carbon neutrality by 2050 will require tremendous and immediate efforts, making the Commission's 2030 intermediary target all the more crucial. All **sectors will have to play an active role** in the effective decarbonisation of the economy. Therefore, a strategy establishing how to better integrate the energy system is essential and should be done according to a **pragmatic approach**. To determine how to better link the different sectors, the existing technologies and their contribution to carbon neutrality must take precedence. In addition, the foreseen role of hydrogen in tomorrow's energy system should be carefully assessed given the fact that the economic rationale for applications using hydrogen remains fragile. As the smart sector integration encompasses a wide range of synergies and links between various sectors, UFE would like to react in light of the various areas the initiative aims to address:

First of all, UFE is fully in line with the European Commission's willingness to **build a more circular energy system and promote the energy-efficiency-first principle**. Various measures can be undertaken in this direction, such as the implementation of a life-cycle approach when updating the network development plan. This should take into account the retrofitting of the infrastructure and its potential reuse. Accelerating the development of district heating and cooling networks alongside the establishment of a consistent CO2 price signal across the heating sector are concrete actions that should also be favoured.

UFE firmly believes that, **alongside energy efficiency, the future energy system integration will have to heavily rely on electrification**. **Electrification**, especially for its end-use sector, is the perfect mean **to better integrate and increase the use of both renewable and low-carbon electricity** while providing **massive benefits**, in terms of **flexibility** or for the **overall decarbonisation of the sector** (for instance, alongside the reduction of GHG emissions, EVs also help reducing local pollution). Decarbonisation and electrification of all sectors cannot be achieved without relying on resilient and robust network infrastructures.

Furthermore, UFE supports a revision of the gas regulatory framework which must include a **clear definition of the terms of low-carbon, decarbonised and renewables gases**. The definitions must avoid any reference to colours or specific technologies. In UFE views, low-carbon **hydrogen should be used as a decarbonisation vector for final uses only when it is the most efficient option from a CBA standpoint** (e.g only when electrification is not possible or too costly). Reciprocally, its development regarding its value related to flexibility should neither be incentivised nor hindered in order to maintain a fair competition between all available flexibility sources.

Finally, UFE acknowledges that **strengthening the links across different sectors will indubitably result in a surging growth of electricity flows and data**. **Digitalisation** of networks will require an even greater cooperation between TSOs and DSOs to better empower the participation of the consumers as they are the main actor of tomorrow's energy system. To that extent, common guidelines for data from all sectors could be adopted to facilitate the exchanges between all the parties. **Network infrastructures** will also be more involved, being at the backbone of the electricity system as they make

the link with different sectors (digital, mobility, buildings). Thus, proper investment signals should be sent as early as possible to allow them to act as facilitators and enablers of the energy transition