

RGI statement on the REPowerEU chapters in the recovery and resilience plans

The Renewables Grid Initiative (RGI) welcomes the European Commission's acknowledgement of the need for investments and reforms in the Member States, in order to deliver the energy transition, while maintaining energy security and security of supply. However, the proposal to amend the Recovery and Resilience Facility in the context of the REPowerEU, and the positions of the European Parliament and Council raise concerns about the effectiveness of the proposed measures. We regret to notice that these have the potential to result in further lock-ins and increased GHG emissions, diverting scarce and limited funds from where they are truly needed and impactful.

The European Union can ensure energy security and security of supply if funds for variable renewables and electricity grids are prioritised, in line with the 'Do No Significant Harm' (DNSH) principle. We acknowledge that significant public and private investments are needed to bridge the investment gap for the energy transition. However, for the EU to address the current energy crisis without undermining its climate and energy ambition and commitments, the EU Green Deal should remain in focus. RGI is concerned about the continuous support and subsidisation of fossil fuels and low-carbon technologies, including oil, fossil gas and LNG, as envisaged in the revision of the Recovery and Resilience Facility. Waiving the DNSH principle in the REPowerEU chapters would allow for such investments, backtracking from the EU's plans to phase out subsidies on fossil fuels. Moreover, as highlighted by the European Parliament in its Guidelines for the 2023 budget¹, respecting the DNSH principle would ensure the 'necessary coherence between policy objectives and maximum efficiency of spending during the transition and beyond'. Our concerns are further heightened by the proposal of the European Commission to finance the new REPowerEU-related objectives through allowances from the Market Stability Reserve, from which the co-legislators refrained so far. The European Parliament's proposal² for an investment cap and a sunset clause for fossil fuel projects by the end of 2024 is a step in the right direction. Nevertheless, RGI stresses that oil and gas infrastructure would take a long time to plan and build, failing to 'guarantee the short-term security of supply'. On top of that, the lifetime of such infrastructure would undoubtedly lead to further lock-ins and stranded assets. Instead, we urge the co-legislators to ensure that supported projects are assessed through the lens of the DNSH principle and sustainability criteria, covering socio-economic and environmental aspects. In line with this, reforms and investments to scale up the deployment of renewables, especially wind and solar, alongside the necessary electricity grid infrastructure, energy efficiency and saving measures are essential.

¹ https://www.europarl.europa.eu/doceo/document/TA-9-2022-0106_EN.pdf

² https://www.europarl.europa.eu/doceo/document/TA-9-2022-0264_EN.pdf

Additionally, to accelerate the deployment of the necessary energy transition infrastructure, the Member States should consider allocating adequate funds and strengthening public authorities responsible for permitting processes. Only such a holistic approach has the potential to achieve energy independence.

Infrastructure needs should be assessed with an energy system perspective and in line with the 2030 climate and energy targets as well as the 2050 EU objective for climate neutrality. Electricity grids are at the core of infrastructure and investment needs and should be clearly referenced and prioritised in the revised Regulation and the national recovery and resilience plans. The expansion of electricity transmission grids, including interconnectors, will enable the integration of higher shares of RES and of the internal EU energy market. It will diversify origins of supply, offer the necessary flexibility to the energy system and optimise resources. In turn, this would result in lower costs for the energy transition and society at large. It should be noted that the de-prioritisation of electricity infrastructure is often argued from a timing perspective due to the lengthy deployment time. However, fossil alternatives should always be assessed in view of similar timelines for decarbonisation as well as the intended acceleration included in the RePowerEU package. It would be highly detrimental to use acceleration measures for fossil options.

Public spending should focus on unlocking the benefits of direct electrification in the Member States. We strongly believe that direct electrification, coupled with high shares of RES is the most sustainable, timely, cost- and energy-efficient way to decarbonise our society. However, we regret to see yet another tool, offering unconditional support to the unsustainable uptake of hydrogen, in very short time-frames while, at the same time, refraining from any reference to the need to prioritise direct electrification. The REPowerEU Plan proposes an unrealistic target of 20Mt of renewable hydrogen by 2030, which will create new dependencies on third countries and thus, fail to fulfil the purpose of the Plan to reduce European energy dependencies. This holds especially true if the target were indeed to be realised by 2030, considering the current speed of the deployment of renewables, and in absence of appropriate production safeguards for renewable hydrogen i.e., additionality as well as temporal and geographical correlation.

Moreover, the 10Mt of hydrogen to be produced within Europe would pose a strong challenge to the electricity sector, as it requires channeling the majority of RES capacity towards hydrogen production, hampering the energy transition and depleting the natural environment even further. Instead, energy efficiency should be applied at a system level to avoid energy losses and waste. We, therefore, call the European Commission to conduct a feasibility assessment of the targets included in the REPowerEU package, and on the co-legislators to enable direct electrification whenever technically possible instead of excessive public spending on new fossil gas infrastructure, flagged as hydrogen ready. It should be stressed that, if implemented, the 10 Mt of European production of green hydrogen by 2030, would lead to an electricity deficit of more than 500TWh per year, almost the equivalent of Germany's yearly electricity consumption, thus substantially endangering energy security, massively pushing electricity prices up for several years to come, endangering

European industries' competitiveness, potentially leading to de-industrialisation, and fueling societal conflicts.

Robust and transparent public participation and consultation processes should be embedded in the design, implementation and monitoring of the recovery and resilience plans, including the REpowerEU chapters. On that front, we reiterate the European Parliament's resolution³ highlighting the poor involvement of stakeholders in the initial national recovery and resilience plans and calling for strengthened consultation processes with clear and transparent principles. RGI sees the added value of Member States involving and consulting with a wide spectrum of stakeholders, including NGOs and civil society organisations, through all phases of the recovery and resilience plans, in line with the partnership principle. This would not only ensure the legitimacy of the plans, and increased quality and ambition, but would result in the effective distribution of funds based on local specificities and needs. Such a process should not be undermined by any agreement on fast-track submission of the REPowerEU chapters by the Member States, considering that the Recovery and Resilience Facility will run until 2026.

About RGI

RGI is a unique collaboration of NGOs and TSOs (Transmission System Operators) from across Europe engaging in an 'energy transition ecosystem-of-actors'. We promote fair, transparent, sustainable grid development to enable the growth of renewables to achieve full decarbonisation in line with the Paris Agreement.

RGI Members originate from a variety of European countries, consisting of TSOs from Belgium (Elia), Croatia (HOPS), France (RTE), Germany (50Hertz, Amprion, TenneT and TransnetBW), Ireland (EirGrid), Italy (Terna), the Netherlands (TenneT), Portugal (REN), Spain (Red Eléctrica de España) and Switzerland (Swissgrid); and the NGOs BirdLife Europe, Climate Action Network (CAN) Europe, France Nature Environnement (FNE), Friends of the Earth Ireland, Fundación Renovables, Germanwatch, Legambiente, NABU, Natuur&Milieu, the Royal Society for the Protection of Birds (RSPB), WWF International and ZERO. Europacable and IUCN are Supporting Members.

³ https://www.europarl.europa.eu/doceo/document/TA-9-2022-0264_EN.pdf