

## RGI's feedback to the EBRD Energy Sector Strategy 2024-2028

September 2023

The Renewables Grid Initiative (RGI) welcomes the opportunity to contribute to the Energy Sector Strategy of the European Bank for Reconstruction and Development (EBRD). We acknowledge the efforts to draft a well-rounded strategy and call on EBRD to pursue a holistic approach to the energy transition in line with the EU and global priorities.

RGI is pleased to see that the role of electricity transmission infrastructure, as the enabler of the energy transition, is highlighted in the proposed Strategy. **Indeed, an accelerated deployment of renewable energy sources (RES), especially wind and solar, should be coupled with the deployment of the necessary electricity grid infrastructure at the same pace.** On that front, EBRD should recognise and consider financing projects, also as a part of an overinvestment approach, in view of the delays in planning, permitting and construction of infrastructure. This will allow for the necessary electricity grid, within and between countries, to be in place and integrate the increasing shares of variable RES into the energy systems, maximising social welfare and avoiding costly and polluting remedial actions, as well as to foster market integration and solidarity among countries.

Moreover, in the frame of the lessons informing the 2024-2028 Strategy, RGI welcomes the promotion of capacity building and technical assistance to regulators and policymakers. RGI believes that EBRD should expand the scope of these activities to incorporate trainings and development related to necessary tools, aiming at optimised energy system planning and siting of the infrastructure needed, as well as engagement processes with a wider spectrum of actors relevant to the energy transition, next to governments and energy utilities, including electricity transmission and distribution system operators.

**This is of particular importance in view of an integrated system planning and vertical unbundling. It implies that effective and continuous coordination between different voltage levels should be facilitated to design and operate the future decarbonised energy systems based on variable RES.** This will not only unlock and leverage the potential of distributed energy and demand response but will also empower consumers and reduce spatial needs. Moreover, to ensure system security and reliability, effective regulatory frameworks should be introduced, aiming at identifying flexibility needs and enabling system operators to assess different flexibility options.

Within this context, robust energy scenarios and scenario development processes should be at the core of the design of a decarbonised energy system and energy network planning. In turn, these scenarios should reflect ambitious national decarbonisation trajectories (aligned with the Paris Agreement) and robust GHG



RGI gratefully acknowledges the EU LIFE funding support.

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the LIFE Programme. Neither the European Union nor the granting authority can be held responsible for them.

budget methodologies. As per RGI's strong belief that **renewables-based direct electrification should be prioritised as the most cost- and resource-efficient way to decarbonise societies and economies**, these scenarios and accompanying investments should push forward ambitious rates of direct electrification, which in turn, should be assessed against robust indicators. Such an approach has the potential to drive economic development and innovation in the EBRD-supported economies. In line with this, energy efficiency first principle should be applied, besides the demand-side, at the system level to avoid waste of energy and resources.

In that frame, the Strategy should ensure that the **green hydrogen production and use does not lead to further infrastructural and technological carbon lock-ins and/or stranded assets**. Although green hydrogen will have a role to play in the energy transition, it is associated with losses and inefficiencies and, therefore, its use should follow **realistic timeframes and be limited to currently hard-to-electrify applications**. This can lead not only to reduced infrastructural needs and costs of the energy transition at large, but also it has the potential to ensure energy independence, competitiveness of industry and affordability for consumers. Therefore, RGI raises concerns over the envisaged use of hydrogen in buildings and transport, sectors for which mature electrification technologies offer viable, efficient, and affordable alternatives to fossil fuels already today<sup>1</sup>. Direct electrification of these sectors, coupled with sustainable supply chains and focus on circularity would maximise benefits for the supported economies and societies. Furthermore, EBRD economies should safeguard that green hydrogen is truly renewable, to maximise greenhouse gas (GHG) reduction. For this, the additionality principle alongside strong temporal and geographical correlation requirements should be required while assisting with or financing the green hydrogen projects<sup>2</sup>.

RGI regrets that the proposed Strategy envisages continuous support to fossil-fuel investments and including mid and downstream fossil gas projects and financial intermediaries (the latter lack transparency and clear information on where the financial support lands). Considering the long lifetime of energy infrastructure, such an approach is incompatible with the climate urgency the world is facing and the long-term objective of climate neutrality/net-zero. Moreover, it could lead to the reliance on costly and dubious, in terms of effectiveness and safety, technologies, such as Carbon Capture and Storage (CCS). Instead, we urge the EBRD to prioritise phasing out support and subsidies to all fossil fuels, including fossil gas, and furthermore, to raise the Strategy's climate/energy ambition, and replace the current prioritisation of '*low-carbon pathways*' and '*low-carbon readiness*' of infrastructure with '*RES pathways*'.

---

<sup>1</sup> See for example: [https://www.transportenvironment.org/wp-content/uploads/2020/12/2020\\_12\\_Briefing\\_feasibility\\_study\\_renewables\\_decarbonisation.pdf](https://www.transportenvironment.org/wp-content/uploads/2020/12/2020_12_Briefing_feasibility_study_renewables_decarbonisation.pdf) and [http://www.janrosenow.com/uploads/4/7/1/2/4712328/is\\_heating\\_homes\\_with\\_hydrogen\\_all\\_but\\_a\\_pipe\\_dream\\_final.pdf](http://www.janrosenow.com/uploads/4/7/1/2/4712328/is_heating_homes_with_hydrogen_all_but_a_pipe_dream_final.pdf)

<sup>2</sup> Besides the Commission Delegated Regulation (EU) 2023/1185 and Commission Delegated Regulation (EU) 2023/1184 of 10 February 2023, countries could consider applying the 24/7 Carbon-Free Energy approach to renewable hydrogen production (see: <https://iopscience.iop.org/article/10.1088/1748-9326/acacb5>)



RGI gratefully acknowledges the EU LIFE funding support.

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the LIFE Programme. Neither the European Union nor the granting authority can be held responsible for them.

Moreover, an indicator for the share of fossil gas in electricity generation should be introduced and provide the basis for a robust assessment at the EBRD economies.

Within this context, impacts of different renewable energy carriers and vectors on nature and societies should be carefully assessed. This means that the EBRD should reconsider investments in hydropower, due to its significant environmental impacts, water scarcity and uncertainties related to climate change impacts, alongside an uncoordinated promotion of hydrogen as mentioned above.

**Planning, siting and deployment of electricity infrastructure, including electricity grids, should encompass nature and resilience considerations.** On the one hand, the former is straightforward and aligned with RGI's position that RES and electricity grid infrastructure can and should go hand in hand with nature protection and restoration. The current reference on environmental effects, though, fails to capture the adverse impacts that energy infrastructure could have on biodiversity and ecosystems, if not properly planned and designed. We, therefore, urge EBRD to embed nature considerations in the Strategy, and make an explicit reference to nature and biodiversity in the narrative.

On the other hand, resilience is a multi-layered term that should be further assessed. For the energy sector, it implies, among others, the resilience of electricity infrastructure to extreme weather events, the output of electricity generation assets as well as the societal changes in terms of demand. If not properly addressed, risks on the energy system, and adverse effects on vulnerable citizens will be exacerbated. In line with this, we welcome the fact that the proposed Strategy recognises the various levels of the impacts of climate change and call on EBRD to assess these through a broader lens, beyond the implications on hydropower. This necessitates, among others, the integration of tools and instruments with regard to energy system/electricity network development, environmental and adaptation/resilience planning. Moreover, national strategies that prioritise nature-based solutions and nature inclusive design of infrastructure could enhance public acceptance and biodiversity, while increasing adaptive capacities of the energy systems. All in all, a holistic approach should be pursued, and synergies should be identified with the priorities and objectives of the EU Biodiversity Strategy for 2030, the upcoming EU Nature Restoration Law alongside the Kunming-Montreal Global Biodiversity Framework<sup>3</sup> as well as the EU Adaptation Strategy and Corporate Sustainability Reporting Directive.

**Lastly, considering the significant amount of energy transition infrastructure needed to decarbonise the supported by the EBRD countries, negative externalities on societies should be carefully assessed and alleviated through a strong societal agenda.** This should go beyond merely employment aspects of regions in transition, towards inclusive decision-making and empowerment of citizens. Creating supporting and convincing narratives at the national level, coupled with actions aimed at minimising and potentially reversing impacts on local, affected communities, can enhance public acceptance and ownership of the energy transition by the citizens. Therefore, in view of the development of just transition strategies, we

---

<sup>3</sup> <https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022>



RGI gratefully acknowledges the EU LIFE funding support.

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the LIFE Programme. Neither the European Union nor the granting authority can be held responsible for them.

call on EBRD to expand the scope of the envisaged engagement beyond governments and energy utilities, to explicitly include electricity grid operators and citizens. Regarding the latter, RGI strongly believes that societies are best suited to provide long-term perspectives and as such, granular, early, meaningful and continuous communication and stakeholder engagement processes, including with citizens and NGOs, should be in place as integral part of the local renewable energy ecosystems.

At the local/project level, these processes should expand throughout the phases of electricity grid developments; from scenario-building to operation. Moreover, they should be purpose-oriented and generate tangible, perceived benefits for affected communities, that reflect local specificities and needs, as well as jointly tackle the intertwined biodiversity, energy and climate crises. In line with this, action areas for promoting equality of opportunity should prioritise the utilisation of existing resources, such as built environment and land in coal regions, to reduce pressure on nature and societies.

### 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), Norway (Statnett), Portugal (REN), Spain (Red Eléctrica) and Switzerland (Swissgrid); and the NGOs Bellona Europa, BIOM, BirdLife Europe, Climate Action Network (CAN) Europe, Ember, 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.



RGI gratefully acknowledges the EU LIFE funding support.

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the LIFE Programme. Neither the European Union nor the granting authority can be held responsible for them.