

**Brussels, 17 December 2018**

## **Key messages on 2050 EU long term strategy vision on greenhouse gas emission reduction**

In view of first exchanges of views on the Commission's 2050 long term strategy vision for greenhouse gas emission reduction, Orgalime, Europe's Technology Industries, outlines its key messages for turning challenges into opportunities for all. Our full recommendations for Europe's long-term vision are outlined in Orgalime's position paper [here](#):

**1. Does the Commission Communication “A Clean Planet for all” set the right direction for the EU's long-term contribution to achieving the goals of the Paris Agreement? In this regard, where is the most urgent need for action at Union level?**

- The EU 2050 long-term strategy communication **represents a strong basis for further dialogue** on the way towards the EU becoming among the first to achieve net-zero greenhouse gas emissions by mid-century, leading the way forward worldwide. This is in the interest of citizens, the planet and industry alike – and the time to act is now!
- Not only will the **coming decade be critical** for getting the world back on track, the implementation of the Paris Agreement through taking concrete actions needs to accelerate. The EU should prioritise action where it is most certain to deliver emissions reduction, where it is most beneficial and the least costly.
- The proposed 2050 vision does not put forward the launch of any new policies immediately, nor does it announce the Commission's intention to revise the 2030 targets. The **recognition and strengthening of the central role of citizens, energy consumers, local communities and local authorities** who all need to be encouraged to be active in the energy and climate transition and the way they manage energy, is consistent with the path taken in the Clean Energy Package.
- How to get there?

A **rules-based global order** for all parties and stakeholders to cooperate and fairly compete with each other is essential. All around the globe, we need to **accelerate action at all levels – the next decade is crucial**. **All regions of the world and all sectors of the economy have to contribute**. **The Paris implementation process needs to create the market for clean tech development and investment** and send the right signals to accelerate technology development and deployment.

*Orgalime, the European Technology Industries, speaks for 42 trade federations representing the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs around 11 million people in the EU and in 2017 accounted for over €2000 billion of output. The industry represents over a quarter of the output of manufactured products and over a third of the manufactured exports of the European Union.*

In addition to **boosting efficiencies at all levels** – including through use of promising digitally enabled technologies that simultaneously increase productivity, energy or water efficiency and cost efficiency – there are the **following ‘no-regrets’ options**:

- **A steady, long-term price signal** in order to be economically efficient, allow early adoption of low-carbon technologies and minimise stranded investments.
- **Convergence of carbon prices at global level** in different policy instruments, including cap-and-trade systems and carbon taxes.
- **More electrification and alternative fuels deployment in the transport, buildings and industry sectors and sector coupling.**
- **Highly energy-efficient, renewables-based energy systems with smart grids at all levels, and at distribution level in particular, and using all flexibility sources** (interconnection, storage, demand response and flexible generation).
- In industrial sectors, apply **advanced, digitally enabled resource- and energy-efficient industrial processes/equipment**, and facilitate **industrial symbiosis**.

## 2. Which framework conditions need to be in place to ensure expansion and integration of intermittent renewable energy in particular with regard to long-term storage, market design and deployment of different innovative energy technologies?

The electricity market design proposals of the clean energy package should be finalised in consistency with the already finalised clean energy files, and the EPBD, EED, RES and Governance measures in particular. It is urgent to prepare Europe for successfully managing the coexistence of centralised and decentralised electricity production through:

- **accelerating the technology neutral deployment of innovative, low carbon and energy efficiency technologies and implementing smart grids at all levels:** smart distribution grids will be increasingly relevant for successfully managing the new complexity of a highly energy efficient and variable, renewable based energy system. The performance of TSOs and DSOs in relation to the development of a smart grid should be regularly measured.
- **including all flexibility sources**, allowing all generation, storage, energy efficiency and demand resources to participate on equal footing in the market, and establishing a common European Framework for Capacity Remuneration Mechanisms and European Resource Adequacy Assessment.
- **incentivising flexible, clean and “fast delivery” technology solutions and flexibility through appropriate price signals**, including mandatory offers of dynamic tariffs and enabling Europeans to manage energy according to real time information.
- **removing today’s overcapacity with regard to most polluting and less flexible power generation.**
- **providing a definition of storage that remains open for all types of technologies**, including power-to-x technologies, thermal heat storage and small-scale storage, and the **market-based ownership, development, management and operation of storage.**
- **better differentiating between the different types of data** (commercial vs technical) regarding Data Management and Data Formats and **ensuring fair, non-discriminatory access to commercial data for new entrants, privacy and cyber security**

As regards the distribution grid and interconnectivity:

- laying the groundwork for Europe to successfully manage the coexistence of centralised and decentralised electricity production will offer the EU a **unique opportunity to set a new global standard and be a driver of further innovation and technology**

**development**, including in the areas of smart grids, clean transport or sustainable buildings.

- the **definition of “active customer”** needs to be sufficiently broad and include individuals as well as small businesses and small industries. The rights of active customers should include the right to store and self-consume.
- In this context, reducing the **threshold for exemptions from priority dispatch and enforcing balancing requirements** would disincentivise investment in renewable energies at the level of industrial and commercial buildings. The Commission’s and EP positions strike a balance so that centralised and decentralised energy generation can fairly co-exist in Europe.
- Also, **active customers should not be subject to double taxation** (including double charges and fees) for the electricity stored within their premises and for the electricity fed back into the grid. They should have the right to store and sell their energy to all suitable markets without discrimination or disproportionate burden. A policy framework where storage technologies can achieve their full potential will automatically contribute to a successful and cost-efficient energy transition.
- Adopting **fair rules that remove barriers for the development of energy communities** will further support innovation and sustainable growth and jobs.

Orgalime representing the European Technology Industries stands ready as a stakeholder to actively contribute to these important actions, which, in our view, will not only contribute to realising our energy, climate, transport and environmental objectives, but at the same time increase consumer satisfaction and overall societal well-being. Besides, such a proactive, innovative policy would also secure the EU’s position as the home of leading-edge ICT-enabled industrial innovation, generating local jobs and growth in Europe.

*For further information, please contact:*

*Sigrid Linher, Director Energy and Environment: [firstname.lastname@orgalime.org](mailto:firstname.lastname@orgalime.org)*



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*The European Technology Industries*

**ORGALIME** aisbl | BluePoint Brussels | Boulevard A Reyers 80 | B1030 | Brussels | Belgium  
Tel: +32 2 206 68 83 | e-mail: [secretariat@orgalime.org](mailto:secretariat@orgalime.org)  
Ass. Intern. A.R. 12.7.74 | VAT BE 0414 341 438