

To the kind attention of **Ms Claudia Gamon MEP**
Cc: Shadow Rapporteurs and ITRE Members of the European Parliament

Brussels, 8 April 2020

RE: A comprehensive European approach to energy storage to increase system efficiency in the EU reply to the ongoing COVID-19 crisis

Dear Ms Gamon,
Dear Members of the European Parliament,

smartEn, the European business organisation for demand-side flexibility, welcomes the initiative by the European Parliament to shape a comprehensive European approach to energy storage and call for the establishment of a dedicated EU Task Force which should fit into the broader EU Green Recovery plan following the ongoing COVID-19 crisis. We would like to highlight the role of energy storage to increase system efficiency in the transition towards climate neutrality, an EU objective which now should assume a renewed value to boost sustainable growth, green jobs, industrial competitiveness and innovation.

Energy storage assets represent a heterogeneous set of technologies that can be installed at places where energy is consumed, in the electricity grid, or at places where renewable energy is generated. Different types are currently deployed across Europe: stationary home storage facilities, batteries in electric vehicles, storage assets connected to on-site renewable generation at industrial sites, etc.

The cumulative market size is expected to reach 5.5 GWh in Europe in 2020 compared to only 0.6 GWh in 2015.¹ The European battery market alone is projected to be worth €250 billion/year by 2025².

If all these energy storage assets were able to offer flexibility services, Europe would be able to reach climate neutrality in a more efficient and cost-effective way as the deployment of storage can increase the consumption of variable renewables and provide a net benefit in avoided investment in unnecessary grid reinforcements.

To foster the deployment of storage and unlock benefits such as the increase of demand-side flexibility, the draft report correctly identifies the elimination of double network charges and taxes as well as the revision of State aid Guidelines as opportunities to promote their deployment.

smartEn recommends focusing on the following elements in the Parliamentary debate:

- energy storage facilities are a key flexibility asset as they create a buffer for gaps between supply and demand. Storage technologies should not be described as stable suppliers of electricity, but as a decentralised energy resource that allows electricity to be consumed at a later time than when it was generated. In doing so, storage will increase decarbonisation by efficiently allowing for the integration of more variable renewable generation into the energy system;
- the correct and timely implementation of the Electricity Market Design is a key opportunity to enable storage assets to provide flexibility. In particular, the market-based deployment of energy storage facilities should be emphasized as well as the procurement of their services by system operators (both TSOs and DSOs). As an inclusive technology, energy storage allow millions of consumers to participate in energy markets while taking great steps to guarantee the flexibility of the emerging decentralised and renewable energy system;
- beyond large-scale storage facilities, the role of small-scale storage will increase in the new decentralised and flexible electricity system. Specific attention to these decentralised assets would reinforce the consistency with the recently adopted Clean Energy for All Europeans package;
- in line with the above, the report should begin with a focus on the “role of consumers” and not leave this crucial element of the clean energy transition as a last provision. The empowerment of end users to become active players in the energy system should be further emphasized.

The European Parliament has the opportunity to set the right level of ambition for energy storage facilities. We encourage you to seize this opportunity and embrace the abovementioned recommendations, further outlined in the Annex, when shaping your position on a truly comprehensive European approach to energy storage.

¹ EASE and Delta-ee, European Market Monitor on Energy Storage (EMMES) 3.0, March 2019

² EIT KIC InnoEnergy

ANNEX

smartEn PROPOSAL	JUSTIFICATION
<p>New Recital D:</p> <p><i>Whereas the electrification of transportation, especially electric vehicles, will completely change the pattern of electricity consumption and place millions of batteries on wheels in European streets and parking lots</i></p>	<p>The batteries of electric vehicles can play a role as a storage capacity for electricity: when the vehicle is not being used, EVs constitute a flexible load</p>
<p>Paragraph 3:</p> <p>Calls on the Commission to establish a task force to contribute to the EU Green Recovery plan following the ongoing COVID-19 crisis involving all relevant Directorates- General to develop this strategy [...]</p>	<p>A comprehensive European approach to energy storage should fit into the EU reply to the ongoing COVID-19 crisis which should be shaped around the collective objective of climate neutrality to boost sustainable growth, green jobs, industrial competitiveness and innovation</p>
<p>Paragraph 4:</p> <p>Notes that the energy transition towards a renewable-based system requires a well developed electricity grid and advanced storage technologies, backup generation, and demand management and measures for an optimal interplay of these assets in order to secure a constant power supply</p>	<p>Non-wire alternatives usually do not require grid reinforcements, but can play a great role in grid optimization</p>
<p>Paragraph 6:</p> <p>Deeply regrets that large infrastructure projects which are crucial to the energy transition often face strong resistance at local level; encourages the Member States to actively encourage public support at the local level, for instance through early public participation and easy and profitable options for prosumers to participate with the energy transition on a local level such as distributed storage services</p>	<p>Beyond large-scale storage facilities, small-scale ones will play an increasing role in the new decentralised and flexible electricity system</p>
<p>NEW Paragraph 7a:</p> <p><i>Urgently calls all Member States to correctly and in a timely manner implement the Electricity Market Design as the opportunity to boost energy storage on the demand side and increase system efficiency; notes that administrative and technical restrictions still exist for the operation of energy storage systems and the provision of grid services</i></p>	<p>To unlock the demand-side flexibility potential of energy storage, key is the elimination of several legislative barriers well targeted in both the Electricity Directive and Regulation</p>
<p>Paragraph 8:</p> <p>Calls for the criteria for granting PCI status to be aligned with the EU's climate and sustainability goals as well as the transition towards a more decentralised energy system</p>	<p>PCI should not only contemplate large infrastructure projects, but also the multiplicity of decentralised projects for distributed, small-scale storage</p>
<p>NEW Paragraph 12a:</p> <p><i>Encourages to create a level-playing field between grid expansion and non-wire alternatives by empowering grid operators to find the cheapest and most efficient option</i></p>	<p>The remuneration structure of TSOs and DSOs still heavily relies on classical grid expansion, neglecting other flexibility options (such as storage, demand response and distributed renewable generation). This structure needs to be replaced by a more innovation friendly alternative, consistent with the implementation of the Electricity Market Design</p>
<p>Paragraph 16:</p> <p>Is convinced that batteries will play a crucial role in ensuring a stable electricity supply increasing system efficiency in the clean energy transition</p>	<p>The key feature of energy storage facilities is to charge and discharge in a flexible way in response to signals. This capacity will help integrating more renewable energy in the system and reduce unnecessary grid reinforcements</p>
<p>Paragraph 26 "The role of consumers" to be moved up to Paragraph 13</p>	<p>After regulatory barriers, the report should focus on the role of consumers, and not leave this essential element of the move to a decentralised energy system as a last provision</p>