ELECTRIFICATION ALLIANCE

To the kind attention of **Peter ALTMAIER**
German Federal Minister for Economic Affairs and Energy, Chair of the Energy Council

Cristian-Silviu BUŞOI MEP
Chair of ITRE Committee

Cc:
Frans Timmermans, Executive Vice-President for the European Green Deal
Kadri Simson, Commissioner for Energy
Johannes Hahn, Commissioner for Budget and Administration
Paolo Gentiloni, Commissioner for Economy

Re: Electrification Alliance urges both European Parliament and Council to put the European Green Deal at the heart of EU Recovery

The Electrification Alliance welcomes the proposal by the European Commission for a European recovery and supports the political decision to structure it around a reinforced EU budget 2021-2027, alongside an emergency temporary recovery instrument "Next Generation EU".

We are convinced that a truly Green Recovery Plan is the opportunity to reshape our energy and industrial future, increase competitiveness, boost employment, and enhance system efficiency to set the basis for climate neutrality in the EU. Ultimately, the EU Recovery will only be as green as the projects it finances and the jobs it creates. It must therefore go hand in hand with the EU's commitment to the Paris Agreement by driving forward the enabling policy conditions, including an ambitious 2030 GHG reduction target.

Clean and smart electrification will be central to the cost-effective decarbonisation of our economy by 2050. The Green Recovery Plan must therefore leverage synergies between sectors enabling cost-efficient electrification of heating and cooling, buildings, transport, and industrial processes.

As estimated by the European Commission, the recovery proposals could generate total investments amounting to €3.1 trillion. To achieve 2050 climate-neutrality and raise the EU's 2030 climate ambition a substantive amount of these investments must be directed towards a green digital and resilient Europe. The EU Council President's proposal to increase the climate related spending target to 30% of the 1.85 trillion Multiannual Financial Framework (MFF) and Next Generation EU budget is a step in the right direction. However, it is still uncertain whether Member States will use the 750 billion Next Generation EU recovery budget to drive ambitious investments into the European green or digital transitions.

Against this background **we call both on the European Parliament and the Council to considerably strengthen the green and digital dimension of the future EU budget**, building on the following four principles:

1. **Mainstream climate and green conditionality for the allocation of all EU resources, increasing the climate related spending target beyond 30%, aiming for 50% of the EU budget.** The aim must be to support the achievement of climate neutrality in a coherent, socially acceptable, and cost-efficient way, notably by putting an end to the massive subsidies that prolong fossil fuel consumption. More ambition is needed while protecting the global competitiveness of the European industry.

2. **Prioritize the Recovery and Resilience Facility funding for the direct, clean and smart electrification of key sectors of the economy**, notably for the integrated renovation of buildings, the deployment of modernized heating and cooling solutions, of electric vehicles, and smart charging infrastructure across Europe as well as smart grid projects to unlock distributed flexibility resources in the energy system. The European Commission's proposal must be strengthened to ensure that upcoming Recovery & Resilience Plans put forward ambitious proposals driving both the green and digital transition.

3. **Ensure that National Recovery and Resilience Plans provide clear and comparable milestones, targets and indicators that contribute to achieving climate neutrality in the most cost-effective way, while avoiding investments in stranded assets**. The forthcoming Commission guidance for developing National Recovery and Resilience Plans must establish the full implementation of the Clean Energy Package and clear progress in implementing the National Energy as a strict pre-condition to accessing the Recovery and Resilience funds.

4. **Leverage the proposed Strategic Investment Facility and enhanced Sustainable Infrastructure window under InvestEU to prioritize investments into renewable and smart electrification across sectors, and the deployment and modernization of Europe's electricity grids.** This is essential to increase the share of renewable electricity in Europe's energy mix and ensure that the EU can achieve its 2030 renewable target in a cost-effective way, towards the achievement of a climate neutral economy.

As highlighted in the annex of this document, some Member States have already adopted national measures that aim to link recovery and the European Green Deal. By setting a clear EU framework with specific requirements, the EU can replicate these best practices across all Member States. Only implementation at national level will guarantee the Recovery Plans accelerate the delivery of the Green Deal.

The Electrification Alliance is eager to provide further details during the legislative co-decision procedure and support both the European Parliament and Council in their reactions to the European Commission's proposal for a European recovery.

Sincerely yours,

AVERE The European Association for Electromobility
ehpa european heat pump association
eurelectric powering people
European Climate Foundation
Cu European Copper Institute Copper Alliance
EuropeOn ELECTRICAL CONTRACTORS ASSOCIATION
smartEn Smart Energy Europe
SolarPower Europe
Wind EUROPE

Annex

Positive examples of national recovery measures to support the European Green Deal

Italian Superbonus at 110% for integrated smart buildings renovations

The Italian Recovery Decree on 20 May extended the current Ecobonus for building renovations to 110%. Beyond pure energy efficiency investments, this fiscal measure also covers the installation of solar panels on buildings connected to the grid, storage assets and charging infrastructures for electric vehicles.

The generous tax credit can be reassigned also to third parties, as suppliers and construction companies or banks and financial intermediaries, meaning that end-users can get such renovations for free.

Germany's green rescue package for e-mobility

The German rescue package announced in early June foresees €2.2 billion to incentivise **electric cars and car fleets** - not polluting petrol and diesels. Private and municipal operators will receive €1.2 billion through a bus and truck fleet modernisation program to switch to electric drive trains.

The plan also includes €2.5 billion for electric vehicle **recharging infrastructure and battery manufacturing** - €500 million of which will be used for the establishment of private charging points, €1.5 billion will be used to set up a battery cell production facility, and the remaining €500 million will be used for R&D.

German combination of market incentives and CO2 pricing on fossil energy use

The total budget of the building renovation program was increased by €1 billion because of Covid-19 rescue action, combined with reduced taxes on electricity. In combination with this, Germany has introduced a national CO2 pricing for heating introduced on the 1st of January 2021 at 25€, rising to 55€ in 2025. Trading of emissions will begin in 2026. In 2026 installation of oil boilers will be banned. A subsidy scheme for the replacement of fossil boilers with renewable heating technology is in place. Under the subsidy scheme a maximum investment of 50 000 Euro with a 45% grant is

given an oil boiler is replaced by a heat pump, a 35% grant is given if you replace a gas boiler with a heat pump, and a 25% grant is given if you replace an old boiler with a gas boiler including renewable component.

German lifting of cap for residential and commercial solar

The German government agreed to remove a 52 GW cap for the feed-in tariff programme for the surplus electricity produced by self-consumption PV systems not exceeding 750 kWp. The 52 GW cap would have been reached over the course of this year, creating significant uncertainty I the small to medium scale solar market. This programme has been a strong driver for the deployment of residential systems of up to 10 kW

French recovery plan for e-mobility

The €8 billion plan for the automotive sector aims to deploy 1 million clean cars on the road within 5 years. The plan also aims to have 100.000 electric vehicle public charging points across the country by next year.

French "Coup de Pouce" program extension

French Boiler replacement scheme aiming at the removal of old fossil boilers from the building stock, targeted at low income households that would otherwise not be able to afford such renovation action (Coup de Pouce). The French government introduced this scheme in 2019 with the aim to end it by 31.12.2020. The scheme was extended until the end of 2021 as an immediate measure to remedy the negative impact of COVID 19 on the French building industry and to intensify building renovation.

The scheme aims to replace inefficient oil and gas boilers with efficient alternatives – ie. Heat pumps. In the first 1,5 years of operation, 363 000 boilers have been replaced, 44% of which by heat pumps (mainly replacing oil boilers). It supports low-income households, who benefit from a higher level of support. Half of the subsidies are allocated to low-income households, with bundled subsidies allowing them to purchase new heat pumps for a symbolic Euro. The scheme is considered very successful. In 2019 French the heat pump market grew 83% mainly due to retrofit.

Greek measures for e-mobility

Greece has set a target for one in three new vehicles in Greece to be electric in 2030. In the first phase, Greece holds a €100 million budget for purchase premiums over a period of 18 months. The plan will also ensure that every new building will have dedicated charging infrastructure for EVs. The Greek government plan will also

support the installation of 1.000 charging points in the coming 2-3 years with another 10.000 in the medium term.

Polish green investment programme

The Polish Ministry of Climate has launched 26 programs with a budget of PLN 8 billion dedicated to prosumers, businesses, and local governments to reduce air pollution, develop prosumer energy sources, and mitigate harmful effects of droughts.

Staffing of administration for the volume of permits in Aragon in Spain:

Permitting authorities in many Member States are insufficiently staffed to process the volume of permits needed to deliver their 2030 renewables commitments. The region of Aragon in Spain has awarded 1,100 MW of new wind farm permits in 2018 with 30 staff fully dedicated to wind and PV. This should be a benchmark for other Member States.