

To the kind attention of **Frans Timmermans**
Executive Vice-President for the European Green Deal
Kadri Simson
Commissioner for Energy

Unleashing demand-side flexibility in the “Fit for 55” Package: how to support the uptake of clean electricity while increasing carbon and system efficiency

Brussels, 30 June 2021

Dear Executive Vice-President Timmermans,
Dear Commissioner Simson,

smartEn, the European business association integrating the consumer-driven solutions of the clean energy transition, welcomes the adoption of the European Climate Law which gives a strong signal to the European business community and civil society: climate neutrality in 2050 is not questionable anymore and is the only way forward.

The “Fit for 55” Package is Europe’s opportunity to explicitly set out *how* the decarbonisation objective will be achieved through clear objectives and milestones.

The business community we represent urges the Commission to ensure that this forthcoming package stimulates a smart clean electrification that sets requirements to unleash the flexibility potential of all electrified demand-side sectors, to trigger their interaction with the energy system and reward them for playing an active role to the cost-effective decarbonisation.

In line with the Commission’s Energy System Integration Strategy, the direct, clean electrification of end-users should not be perceived as the end goal.

We are deeply concerned of the continuation of such a short-sighted approach by the Commission, as reflected in the revised draft Climate, Energy and Environmental Aid Guidelines (CEEAG) published for consultation a few weeks ago, which still focuses only on the clean electrification of end-use sectors and their efficiency improvement at individual level without considering their contribution to the energy system.

In this light, we recommend the “Fit for 55” package to introduce policy measures and requirements¹ to:

- Increase the political relevance of demand-side flexibility in achieving the higher EU renewable target in 2030 – a minimum national target to reduce 10% of peak demand by activating the demand-side flexibility of all decentralised energy resources is necessary;
- Reward the activation of the demand-side flexibility potential of all electrified end-use sectors in order to stimulate their interaction with the energy system. Key is to incentivise a time-dependent, flexible consumption of clean electricity generated either on-site or from the network through revised White Certificates, real-time Guarantees of Origin and dedicated products.

Only by embracing this approach, the “Fit for 55” package will be able to:

- Support the renovation of our existing building stock in a way that their energy performance and carbon footprint is improved not just through efficiency measures and on-site renewable

¹ For more information: smartEn [Recommendations for the Fit for 55 package](#) and Position paper on ‘[Achieving cost-effective decarbonisation: target and measures to unlock distributed flexibility](#)’

generation, but also through their flexible consumption, storage and generation in reaction to signals they receive from the system;

- Encourage industries that electrify their processes to flexibly adapt their consumption, storage and on-site generation capacity to respond to price and incentives from the system without impacting their industrial performance;
- Ensure electric vehicles are smartly charged/discharged in a flexible way. Charging should be both from on-site renewables and from clean electricity from the grid that could be stored in batteries in a time-dependent way, in reaction to congestions or abundance of variable renewables in the system.

The clean energy transition should not be achieved at all costs. Setting requirements to unleash the demand-side flexibility potential of all end-users would ensure the objective is achieved in a cost-effective way while rewarding European citizens and industries for their active contribution to this common effort.

We are at your disposal for any clarification.

Yours sincerely,



Michael Villa
Executive Director, smartEn



Andreas Flamm
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Chair of the Board, smartEn