JOINT VIEWS ON THE PROPOSAL FOR AN ACTION PLAN

Joint declaration on the upcoming EU Action Plan on digitalising the energy sector

As the European Commission stated in March 2020 with the EU industrial strategy, Europe must leverage the potential of the digital transformation, which is a key enabler for reaching the Green Deal objectives.

The energy industry, represented by the Associations E.DSO, EHPA, ESMIG, Eurelectric, smartEn, SolarPower Europe and, Wind Europe recognises the enabling role of digital technologies for the green transition and to increase Europe's digital sovereignty.

The upcoming Action Plan on digitalisation of the energy sector, should be the new sectorial EU digital initiative and technological framework enabling trustful and digitally enabled interactions. For this reason, the energy industry elaborated key recommendations on the main drivers of digitalisation of the power sector, and sent them to the EU Commission[1], which can support to further digitalise the sector and **we recommend including concrete actions:**

Joint suggestions to the new EU Action Plan on digitalising the energy sector

I.   **The integration of digital technologies and the data economy shall pursue security of supply**
To achieve a major link among EU's Digital Strategy and the Fit for 55 Package, the Action Plan should guide digitalisation of energy on matters such as security, consumer protection and **security of supply.** In addition, **regulatory frameworks and tariffs should incentivize the spending in digital technologies to the same extent as investments in physical infrastructure.**

Justification:
Providing the required levels of security of supply shall be one of the objectives when digitising and promoting data exchange, also by securing investments towards the digitalisation of infrastructure in order to enhance the efficiency and smartness of the electricity grid at distribution levels*.* The progressive electrification of almost all areas of life requires not only the assurance of security of supply, but also the constant monitoring of this security and its continuous strengthening depending on emerging needs and changes in the environment. Digitization, together with appropriately designed automation algorithms, is one of the tools for ensuring security of supply.

II.   **Clear definitions and criteria for connected devices will enhance comprehension and compliance**
Thanks to advances in technologies, it is possible to gather and secure data (e.g., IoT, cloud), interpret information (e.g., Analytics, AR/VR), automate actions and generate innovative contents (RPA, AI).
In this regard, **the identification of the relevant connected devices (as defined at the EU Commission proposal for a Data Act[2])** that will play a pivotal role in energy markets **shall be clearly defined with criteria and shall be further clarified in non-binding guidelines.**

Justification:
To better promote the participation of IoT in energy markets is paramount to have a list of objects considered connected products (as defined at the Data Act) to enhance comprehension and compliance of energy-related companies with the related provisions.

III.   **Data access and interoperability / Complete deployment of smart meters as basis for digitalisation**
Ensuring a European access to data, from the meter and from behind the meter, by making data available to the owner of the data, while respecting data security and privacy should be made possible. This will facilitate, among others, consumers to valorise their data and **let them lower their electricity bills**, and market players

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[1] https://www.eurelectric.org/publications/joint-declaration-on-the-upcoming-eu-action-plan-on-digitalizing-the-energy-sector/
[2] COM/2020/767

to offer new services. The **implementing acts on data access and interoperability for demand response and customer switching** (as per the Electricity Directive, Article 24); should cover a harmonisation of communication between the grid layer and the layer of distributed flexibility resources.

To have a complete empowerment of EU consumers in the energy transition and to achieve a homogeneous data market, accelerating and completing the roll-out of smart meters, a crucial enabler of digitalisation in the energy system, is key.

Justification:

Promoting energy management with user feedback (e.g., visualisation of energy flows) can lead to behavioural key changes that would support the energy transition. This is highly enhanced by the Implementing Regulations on data access and interoperability stemming from the Electricity Directive. These regulations are expected to impose data-exchange obligations over smart meters. However, while some Member States have completed their rollouts, others are lagging to the detriment of consumers and energy efficiency. Smart meters are a mature technology, which needs to be deployed and used to its full potential in Europe today. Moreover, this can further increase "prosumer" participation in electricity markets due to the likely lowering of the data transaction costs.

IV. **Building up of a new Expert Group to support the implementation of the actions engaged in the Action Plan**
An expert group should be set up to offer a platform to facilitate an exchange of views of the diverse ways for implementing the actions proposed by the Action Plan, such as on use cases for smart and bidirectional EV charging, flexibility, smart buildings, and energy communities. **The energy associations that have expressed a commitment to the objectives of the Action Plan, representing a large proportion of actors in the energy sector, shall be part of the discussions at the Expert Group**. In particular, this expert group shall investigate how harmonised, EU-wide APIs can be established to allow interfaces and communications of participants in local electricity markets.

Justification:

The seven associations signing the Joint Declaration are strongly committed to the objectives of the Action Plan and shall be part of the discussions, being regularly consulted and involved by the so-called **Expert Group that will support the objectives of the Plan during its implementation.**
Besides, during the workshop on '*Promoting a data-enabled energy sector: towards a common European data space in energy*', it was raised that a common European data space for energy data could facilitate the development of innovative business models such as energy communities; therefore, the new Expert Group shall consider the expertise and views of the 7 Associations signing the Declaration. Besides, an EU-wide API would significantly reduce costs of product manufacturers and service providers who are active across Europe.

V. **A "data classification schema" for the energy sector**
The Expert Group should open a transparent process involving all EU Associations signing the Joint Declaration to jointly define a "data classification schema", for defining rules for data sharing, data access and data protection (in terms of cybersecurity and non-personal data) and data quality; outlining which are:
- highly sensitive data – that cannot be shared
- critical and sensitive data – requiring the highest level of protection measures
- 'exchangeable' data not requiring specific protection measures – via B2B or B2C agreements
- 'exchangeable' data that can be considered 'public' – or can be shared for no, or minimal fee

Justification:

As the JoinUp[3] collaborative platform relates, smarter grids will provide an opportunity to boost the retail market competitiveness and a platform for traditional energy companies or new market entrants such as ICT companies, to develop new, innovative energy services. A data classification scheme will enable fair competition between digitally wise organisations versus more traditional ones[4]; and will avoid increasing

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[3] https://joinup.ec.europa.eu/
[4] During the workshop 'Promoting a data-enabled energy sector: towards a common EU data space in energy', it was raised that it will address new challenges, e.g., potential entry of new market players (e.g., telcos) on data-driven energy services.

the costs of data transactions due to the need of arbitrament by data intermediaries[5] to ensure compliance with EU legislation.

VI. <u>A common definition for infrastructure considered critical</u>

To increase the uptake and trust on emerging digital technologies such as the Internet-of-Things (IoT), cloud services, and Artificial Intelligence (AI) an enabling regulatory framework is needed. For this reason, **it is needed a binding common definition for infrastructure considered critical at the energy sector** with a list of the associated equipment and components, and criteria that lead to such classification. These lists shall be updated continuously.

Justification:
Even if the proposed AI Regulation aims to organise a common legal framework and definition for AI, it does not currently include a common definition for infrastructure considered critical and defining a methodology to assess what action might be considered of high-risk. Poor categories and definitions might deter private investments and become a competitive disadvantage for Europe.

VII. <u>ICT climate neutrality should contribute to the EU's climate objectives</u>

Data centres and cloud infrastructures related to the energy sector need to undergo its own green transformation, becoming more energy efficient, and only being sourced by renewable energy. **A mandate for ICT climate neutrality by 2030 should be announced in the future Cloud Rulebook.**

Justification:
In February 2020, the EU Commission published the Communication 'Shaping Europe's digital future'[6] as a landmark communication showing the main initiatives that will lead a European way to digital transformation. In this Strategy, the Commission revealed the need of the ICT sector to become climate neutral by 2030. Afterwards, the annual 2022 Strategic Foresight Report – "Twinning the green and digital transitions in the new geopolitical context"[7], facilitated the aim to achieve climate neutrality and energy efficiency for data centres and cloud infrastructures by 2030; identifying key areas for maximising synergies between the climate and digital ambitions.

VIII. <u>Digital twins for a smart administration</u>

Technologies required to gather data for running national demonstration of digital twins as well as their ongoing use and operation should be enabled by innovation and bureaucracy must be avoided. Public authorities should be encouraged to make use of digital twins for purposes of Digital planning (e.g. 3D imagery). Examples for planning and permitting of grids successfully show that these speeds up the planning and permitting phase considerably.

Justification:
A successful creation of digital twins is only possible in a environment, which is not overloaded with regulatory burdens.
An efficient digital twin should enable the interoperability of the represented interconnected systems. To efficiently model the generation assets, the virtual model should be based on adequate data standards going to the necessary level of detail for such assets and considering existing international data standards commonly used for the respective technologies. The wind industry is already working towards creating a universal data standard based on the industry's already used data standards (the Wind Energy Data Standard project - WEDS project). In addition, managing and preventing security risks and enabling data sharing are clear performance indicators for digital twin technologies to evolve further by integrating advanced analytical, monitoring, and predictive capabilities.

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[5] According to the definition provided at the Data Governance Regulation (EU) 2022/868, applicable in September 2023

[6] https://ec.europa.eu/info/sites/default/files/communication-shaping-europes-digital-future-feb2020_en_4.pdf

[7] 2022 Strategic Foresight Report – "Twinning the green and digital transitions in the new geopolitical context"

IX. **Statutory permission for data processing**

Consider **statutory permission for processing of data in the context of well-defined business processes** and purposes observing clear legal requirements. In cases where such processing may not lead to direct benefits for the relevant stakeholders but be primarily in line with policy and societal objectives.

Justification:

This will avoid fragmentation of the data basis and being confronted with further uncertainty through the possible revocation of consent at any time.