

To the kind attention of **Ebba Busch**  
Minister of Energy, Business and Industry of Sweden  
cc: *EU27 Energy Ministers*  
*Markus Pieper, Member of the European Parliament, Rapporteur RED III*

Brussels, 26 January 2023

**Support a target for demand-side flexibility in the Renewable Energy Directive to enable the cost-effective integration of renewable energy in the power system**

Dear Minister Busch,

Empowering consumers and enabling their active contribution to the clean energy transition through a smart, flexible and time-dependent consumption of variable renewable electricity is the no-regret option to support the cost-effective achievement of the 2030 binding renewable EU-level target and to the direct electrification of end-use sectors.

Our homes, offices, hospitals, schools, vehicles and industries should be enabled to adapt their electricity consumption when variable renewable electricity is cheap and abundant. This requires consumers of all types (from households to industries) receive the signals and are incentivised to actively contribute, directly or through aggregators, by adapting their electricity consumption and storage patterns.

This is why smartEn – Smart Energy Europe, the European business organisation gathering more than 75 companies currently responsible for 13 GW of flexible demand<sup>1</sup> across 15 European countries, urges the Council to support in article 3 of the Renewable Energy Directive the introduction of a minimum 5% indicative national target for demand-side flexibility by 2030. That target shall be achieved through the activation of demand-side flexibility in all end-use sectors.

This would be an impactful measure to beat the skyrocketing costs for all consumers, to permanently reduce our energy dependence from fossil fuels, avoid costly and inefficient congestion issues and grid reinforcements while increasing the cost-effective penetration of renewables. Thanks to this flexibility potential from electricity demand sectors, in 2030 we can save up to €29.1 bn annually in distribution grid investments, reduce renewable curtailment by 15.5 TWh, save €2.7 bn annually in avoided peak generation capacity and ensure consumers directly save €71 bn annually<sup>2</sup>.

As proposed by the European Parliament, the indicative national target for demand-side flexibility in the Renewable Energy Directive offers a major opportunity to:

- Stimulate Member States to implement key provisions for demand-side flexibility in the existing EU Electricity Market Design, thus supporting the uptake of smart energy business models that empower consumers,
- Ensure that the activation of demand-side flexibility becomes a structural solution for the cost-effective, secure and clean energy transition – not limited to the emergency peak reduction obligation between December 2022 and March 2023<sup>3</sup>.

We are at your disposal to provide our advice and support during the trilogue negotiations to make the EU energy system more resilient, secure and efficient, with active consumers onboard.

Yours sincerely,



Michael Villa  
Executive Director, smartEn – Smart Energy Europe

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<sup>1</sup>Equivalent to 27 gas-fired power plants like Zandvliet (474 MW), the largest gas-fired power plant in Belgium.

<sup>2</sup> For a detailed quantification of EU benefits in 2030 following the activation of DSF, smartEn issued in September 2022 a report carried out with the independent consultants from DNV: [https://smarten.eu/wp-content/uploads/2022/09/SmartEN-DSF-benefits-2030-Report\\_DIGITAL.pdf](https://smarten.eu/wp-content/uploads/2022/09/SmartEN-DSF-benefits-2030-Report_DIGITAL.pdf)

<sup>3</sup> Council Regulation on an emergency intervention to address high energy prices, 6 October 2022

### ABOUT smartEn - Smart Energy Europe

smartEn is the European business association integrating the consumer-driven solutions of the clean energy transition. We create opportunities for every company, building and car to support an increasingly renewable energy system. Our membership consists of the following companies:

