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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Draft Council conclusions on Advancing Sustainable Electricity Grid Infrastructure

In view of the Energy Working Party on 30 April 2024, delegations will find in the annex REV 1 of the draft proposal for the abovementioned Council conclusions.

New text is **bold underline** and deletions are ~~strikethrough~~.

ANNEX

Draft Council conclusions on

"Advancing Sustainable Electricity Grid Infrastructure"

THE COUNCIL OF THE EUROPEAN UNION,

RECALLING:

- The European Green Deal and its ambition for the EU to be climate neutral by 2050 **in line with the objectives of the Paris Agreement** as endorsed by the European Council conclusions of December 2019[1] **and enshrined in the European Climate Law**;

- The Versailles Declaration of 10 and 11 March 2022[2] highlighting energy security and phasing out of the EU's dependency on Russian fossil fuels as soon as possible, in particular by completing and improving the interconnection of European gas and electricity networks and fully integrating power grids throughout the EU;

- **The Commission's communication on RepowerEU on reducing dependency from Russian fossil fuels, speeding up the energy transition and the further integration of the energy market;**

- **The energy efficiency first principle as anchored in the Energy Efficiency Directive;**

- The possibility for Member States under the revised Renewable Energy Directive to simplify permit-granting procedures for renewable energy projects and for the necessary infrastructure projects, including through the creation of 'Renewable acceleration areas';

[1] 20191212-European Council Conclusions
[2] 20220311-versailles-declaration-fr.pdf (europa.eu)

- **The electricity interconnection targets as established in the Governance Regulation**

- The Trans-European Networks for Energy (TEN-Es), which contribute to the deployment of cross-border infrastructure, through the selection of projects of common interest (PCIs) and projects of mutual interest (PMIs) by proposing ways to simplify and accelerate permitting and authorisation procedures and a suitable regulatory approach, and by providing access to EU financial assistance through the Connecting Europe Facility for Energy

- **The need to take into account the situation of less connected, peripheral, outermost or isolated regions;**

- The Commission's Communication of November 2023 on an EU Action Plan for Grids, which identifies challenges and proposes tailor-made actions and recommendations that could be implemented within the following 18 months in order to deliver on the Union's 2030 objectives[3];

- **The "European Climate Risk Assessment" report by the European Environment Agency of 11 March 2024 and the Commission Communication of 12 March 2024 on "Managing climate risks - protecting people and prosperity" emphasising the need to strengthen Member States' climate risk planning in the energy sector, given that climate change will continue to exert significant stress on European energy infrastructure.**

- The Ten-Year Network Development plan (TYNDP) 2024 and the recently published Offshore Network Development Plans (ONDPs);

- **The Commission's Communication "Powering a climate-neutral economy: An EU Strategy for Energy System Integration"[4];**

[3] 20231128-EU Action Plans for Grids
[4] EUR-Lex - 52020DC0299 - EN - EUR-Lex (europa.eu)

- The Commission Communication of April 2024 on "The clean transition dialogues – stocktaking / A strong European industry for a sustainable Europe"[5];The Energy Infrastructure Forum that takes place every year in Copenhagen, **and the dedicated platform to be established therein, which will regularly monitor the progress and report at the annual meeting of the Forum on delivery of** ~~and supports delivery of the Union's infrastructure policy objectives whilst will help monitoring progress on implementing~~ the EU Grid Action Plan;

- The 2024 updated national energy and climate plans to be prepared by Member States and focused on the need for clear objectives, measures and investments to reinforce electricity grids **and interconnections**;

- The Commission's Communication of February 2024 on the 2040 climate target and path to climate neutrality by 2050[6] and the accompanying impact assessment, which refers *inter alia* to the investment needed in grids owing to the increasing electrification of our economies;

- The April 2024 report 'Much more than a Market' by Enrico Letta, which calls amongst other things for more market integration and common action and the building of a robust infrastructure network that covers the entire continent, facilitated through integrated planning and EU funding.

[5]20240410-Communication 'The clean transition dialogues – stocktaking / A strong European industry for a sustainable Europe'
[6] 20240206-European Commission Communication 'Securing our future'

I. Towards a coordinated, interconnected and integrated European electricity network

1. **ACKNOWLEDGES** the crucial role of the **interconnected**, integrated **and synchronised** European electricity network **at both transmission and distribution level** in ensuring **a secure system**, the smooth functioning of the internal market, **the EU competitiveness and socio-economic development** and the achievement of the EU energy and climate goals; **UNDERLINES in this regard the need to maintain clear and unimpeded pricing signals to ensure the most efficient dispatch of assets across Europe**;

2. **HIGHLIGHTS** that a fully **interconnected,** integrated and synchronised European power system can only be achieved if the EU's electricity grid infrastructure is **deployed and** used as effectively **and efficiently** as possible for exchanges of energy, including through non-wire solutions, so that the overall system costs borne by households and companies are mitigated as much as possible;

3. **UNDERLINES** that decisive steps still need to be taken to achieve a fully **interconnected**, integrated **and synchronised** European power system, with a view to further enhancing security of supply, the resilience of the electricity system, **the achievement of the EU electricity interconnection targets,** as well as competitiveness and decarbonisation; **HIGHLIGHTS the need to take into account the specificities of less connected, peripheral, outermost or isolated regions; CALLS** on the Commission, in this regard, to implement **without delay** the 14 actions of the EU Grid Action Plan in close cooperation with all relevant actors;

4. **UNDERLINES** the need for a **holistic,** long-term, coordinated, enhanced ~~top-down~~ and integrated electricity grid infrastructure plan**ning at European level**, **covering a 20-year rather then a** ~~10-year that goes beyond the current~~ 10-year horizon and considers both offshore and onshore projects, including hybrid ones, whose progress needs to be monitored so as to ensure a swift implementation of the EU's climate and energy objectives;

4a. *(moved from paragraph 8 and modified)* **HIGHLIGHTS the value of combining a European approach with a bottom-up coordination of national plans at regional level;**

5. **UNDERLINES** the need ~~to identify~~ **for** anticipatory grid investments to be able to avoid bottlenecks in future connection requests for production and flexibility facilities as well as demand**, while balancing them against the risk of potential stranded assets**;

6. **HIGHLIGHTS** the importance of ensuring **holistic and** integrated planning across all energy carriers in view of future energy needs, **applying the energy efficiency first principle,** taking into account ~~the need to phase out fossil fuels, on the path to achieving net zero greenhouse gas emissions well before 2050 the agreed~~ **the importance for the energy sector to be predominantly free of fossil fuels well ahead of 2050 and the importance of aiming to achieve a fully or predominantly decarbonised global power system in the 2030s**, and **the** ramp up **of electricity** infrastructure ~~for renewable energy carriers~~;

7. **HIGHLIGHTS** the importance ~~of~~ **for a stronger cooperation between Member States and** an integrated approach between all actors in the value chain in order to optimise spatial **planning and** utilisation **both on- and offshore**; **ENCOURAGES** making use of various related initiatives such as the Greater North Sea Basin Initiative (GNSBI), the Helsinki Commission (HELCOM) and the Oslo-Paris (OSPAR) Commission;

8. *(Moved as para 4a and modified)* ~~**HIGHLIGHTS** the value of combining a top-down, pan-European approach with the bottom-up of coordinating national plans at regional level~~;

9. **UNDERLINES** that ~~public~~ **commitment and** financing for grids, including from the EU level, should be adequate and geared to long-term planning, in line with the objective to achieve net zero emissions by 2050;

10. **REITERATES** the need for a swift and rigorous **implementation and** enforcement of EU rules so as to boost confidence in the free flow of energy **within Member States and** across borders, which is a key benefit underlying investment in grids;

10a. EMPHASISES that electricity network codes and guidelines should facilitate all cross-border electricity market transactions and system operations taking place most efficiently across all timeframes in order to maximize European social economic welfare;

11. **ENCOURAGES** the Commission **and Member States** to ~~take further~~**build on** initiatives to strengthen and expand distribution grid**s** ~~planning~~ so as to integrate decentralised renewable energy, **flexibility resources, and to accommodate new demand linked to electrification as well as to ensure stable electricity supply to consumers** in a more coordinated way[7] **and support the dissemination of best practices in distribution network planning i.e. by the EU DSO Entity;**

11a. HIGHLIGHTS the growing challenge of network congestion at distribution level which, in addition to grid expansion, may require an approach that incentivises closer alignment of energy consumption and generation;

12. **CALLS ON** the Commission, in that regard:

(a) To develop a framework that provides a regulatory ~~and investment~~ environment which meets the requirements **of the agreed decarbonisation ambitions** ~~on the path towards climate neutrality~~, whilst facilitating anticipatory investments;

(b) To take further measures **and support Member States** to **swiftly** address network congestion **both** within the **Member States on the transmission and distribution levels as well as across the** EU;

(c) To further strengthen **and combine the EU-wide as well as** the regional approach to electricity infrastructure planning, including with **partner** ~~non-EU neighbouring~~ countries, with a long-term perspective and coordination through the **priority corridors,** four high-level groups **and other regional cooperation formats**[8]. Regional approaches to reaching ~~our~~ **EU's** climate targets and climate neutrality objectives should also be reflected in the final updated national energy and climate plans**;**

[7] GAP action: EU DSO Entity to support DSO grid planning by mapping the existence and characteristics of distribution development plans (mid-2024)
[8] **For example:** BEMIP, CESEC, NSEC, the **Pentalateral Energy Forum**, SWE**, …**

(ca) To consider the regional level for the exchange of best practices among Member States, regulatory authorities, and project promoters with the purpose of fostering regional cooperation and grid integration;

(d) To **come forward with a framework to** increase transparency, traceability and appropriate independent oversight for the whole grid planning and development process through strengthening the current governance structure by providing for a ~~pan-~~European grid needs assessment and planning that complies with ~~climate law~~**the EU climate and energy targets** and meets the decarbonisation objectives**, including by developing new and improved planning tools;**

(e) To ensure that the aforementioned independent oversight leads to the development of a forecasting tool for grid needs **and the linked financing needs** on the path to climate neutrality by 2050 **in view of facilitating network and investment planning**;

(f) To foster a flexible use of energy, to reinforce demand response and to launch a reflection on the review of the grid tariffs framework;

13. **CALLS ON** the Commission and Member States to improve consistency between the TYNDP, **ONDP** and the national and regional grid development plans (NDPs), as well as consistency and complementarity with the national energy and climate;

14. **CALLS ON** the Commission and ACER to identify gaps and develop measures to improve the ~~transparency of the regulatory and~~ governance framework **at EU level** concerning **the planning, selection and implementation of** cross-border ~~asset~~ **infrastructure** ~~planning and project selection and realisation;~~

15. **CALLS ON** ENTSO-E to make use of the lessons learned **and the stakeholder feedback** in their reporting on **and future iterations of** the TYNDP and **CALLS on the European Commission** to consider **proposing** a longer ~~deadline when drafting the new TYNDP~~ **time horizon for future long term network development plans;**

16. **CALLS ON** the Member States:

(a) To ensure ~~that~~ nature-inclusive design ~~plans are in place~~, so as to reconcile grid and generation, storage**, flexibility** and demand expansion with environmental **and biodiversity** protection;

(b) To **ensure** ~~adopt~~ a people-centred approach to the energy transition, closely involving citizens, citizen energy communities and renewable energy communities when developing energy infrastructure and revisiting grid connection procedures

(c) To encourage and support TSOs and DSOs **in strengthening their cooperation and** in developing new grid projects wherever they are needed and with reinforcing, maintaining, digitalising and modernising existing grids as well as ~~procuring~~ **designing** and using flexibility ~~services~~ **tools taking into account the need to address the challenges related to shifting from centralised to distributed energy generation**;

(d) To remain committed to **open and** integrated cross-border energy trade and interdependence, thus enabling transit flows across Member States **and partners and a well-functioning internal electricity market.**

II. .~~Regarding e~~Energy security and the resilience of energy infrastructure

16a. *(moved from paragraph 19 and modified)* **ACKNOWLEDGES** the importance of a robust**, interconnected,** ~~and~~ independent**, reliable and secure** European energy system, which contributes to Europe's **open strategic** autonomy and **competitiveness** ~~sovereignty~~;

17. **WELCOMES** the successful completion of the stress test of critical infrastructure in the energy sector, based on common principles as per the Council Recommendation on a Union-wide coordinated approach to strengthen the resilience of critical infrastructure of December 2022[9];

[9] 20221208-Council recommendation on a Union-wide coordinated approach to strengthen the resilience of critical infrastructure

18. **EMPHASISES** that the energy system in Europe has **been facing** ~~faced~~ new threats since 2022, against which it needs to be protected. This has led to a new understanding of the security and resilience of the European energy system **and to need for a coordinated set of energy security measures**;

19. *(Moved to para 16a and modified)* ~~**ACKNOWLEDGES** the importance of a robust and independent European energy system, which contributes to Europe's autonomy and sovereignty;~~

20. **EMPHASISES** the need for coherent **and effective** implementation of EU legislation addressing security issues **including cyber security risks**;

21. **CALLS ON** the Commission to conduct a legislative review to further reinforce the EU's security of electricity supply architecture over the longer term, whilst taking into account recent developments and lessons learned from the energy crisis**, climate risks and various low-probability high-impact scenarios**;

22. **CALLS ON** Member States to strengthen cooperation between ~~civil~~ **public authorities** ~~and military authorities~~ and infrastructure entities, at the national, regional, European and international levels, in order to protect and strengthen the resilience of infrastructure, including at offshore and subsea level;

23. **CALLS ON** the Commission to support Member States with applying the security by-design principle when developing energy infrastructure, **including with regards to smart metering systems and data communication infrastructure**;

24. **CALLS ON** the Commission, the Member States and relevant partners to further improve the exchange of relevant information concerning threats to and disruptive impacts on critical energy infrastructure **and value chains, including in terms of ownership**;

III. Bridging the gap in electricity grid infrastructure investment

25. **ACKNOWLEDGES** the unprecedented investment needs in electricity networks in order to **ensure a highly interconnected, integrated and synchronised European power system to** achieve the EU's **decarbonization** ~~sustainability,~~ competitiveness and security of supply objectives;

25a. HIGHLIGHTS the conclusions of Enrico Letta's report on the internal market, and UNDERLINES that an interconnected energy market is crucial to fostering efficient energy and climate policies, and CALLS on the Commission to follow-up on the report's recommendations related to infrastructure;

26. **CALLS ON** the Commission to develop **further guidance** ~~a tool to guide~~ **for** Member States ~~and~~**,** TSOs **and DSOs** in making best use of existing EU funds for transmission and distribution **electricity** grids **as well as hybrid projects**, while **make the CEF funds granting process more accessible** ~~simplifying application processesrules for CEF funding~~;

27. **INVITES** the Commission to reflect the actual investment needs in relation to **electricity** grids in the funds earmarked for them and to look for ways to increase **overall** financing for electricity grid infrastructure ~~bearing in mind the specific needs in terms of cross-border infrastructure investments~~**;**

27a. STRESSES the need for a robust CEF in order to adequately respond to and support the increased investment needs in onshore and offshore grid development projects.

28. **CALLS ON** the European Investment Bank to further strengthen financing and de-risking initiatives and tools to support additional electricity grid expansion and modernisation;

29. **CALLS ON the Commission to consider to develop a dedicated mechanism to support and incentivise offshore investments providing electricity to all end users while ensuring a fair distribution of costs and benefits between all concerned parties, including beyond the directly connected Member States;**

~~**CALLS FOR** an improved regional approach to offshore related cost and benefit sharing the creation of an "Offshore Investment Facility" at sea basin level, through cooperation between the Commission, Member States and non-EU neighbouring countries, which could support grid and hybrid onshore and offshore cooperation projects to ensure a fair distribution of costs, including associated system related costs, that reflect the benefits of the projects with proportionate support for each sea basin; including by investigating the potential in creating an "Offshore Investment Facility" with proportionate support for each sea basin;~~

30. **LOOKS FORWARD TO** the results of the Commission's guidance on collaborative investment frameworks for offshore **and onshore** grid projects, including hybrid projects;

31. **CALLS ON** the Commission **and ENTSO-E** to ensure that **also** non-economic elements, such as **national and regional** security of supply**, adequacy, redispatch** and the reduction of greenhouse gas and environmental impacts are ~~better~~ included in the guideline for Cost Benefit Analysis of Grid Development Projects, and for the definition of a**n objective** methodology to share costs and benefits **beyond directly connected Member States** ~~regionally~~;

32. **STRESSES, the importance of a just transition principle so that additional** ~~that the impact of additional~~ investments in electricity grid infrastructure **avoid having a disproportionate impact on final consumers and/or taxpayers.** ~~on final consumers should be taken into account in order to ensure a just transition.~~

IV. ~~Regarding the~~ sScale and speed of the development of our electricity infrastructure

32a. HIGHLIGHTS that the acceleration of permitting procedures of grids is of outmost importance to scale-up and accelerate the development of electricity infrastructure;

33. **IS CONCERNED** about the prolonged lead time associated with current infrastructure projects and **STRONGLY ENCOURAGES** concerted efforts **of Member States and the Commission** to expedite this process;

33a. HIGHLIGHTS the problem of limited manufacturing capacities and service-providers which leads to higher costs and prolonged lead times for grid projects and HIGHLIGHTS the need for ambitious measures aiming at developing a strong European value chain for grids, contributing to EU's competitiveness and open strategic autonomy;

33b. INVITES the Commission to explore possibilities to facilitate regional or EU-wide procurement of grid components to send the right signals for local industry to ramp-up manufacturing capacities; and provide, in cooperation with relevant actors, recommendations on the role standards can play in accelerating and facilitating procurement procedures;

34. **HIGHLIGHTS the role of standardisation in accelerating grid infrastructure development, cutting costs and facilitating investments as well as** the importance of the work of the European Standardisation Organisations and in particular the established High-Level Forum on European Standardisation and **CALLS FOR** an acceleration of the on-going work **regarding standards for electricity infrastructure**;

35. **HIGHLIGHTS**, for the medium **to long** term, the need for **smart** ~~more~~ standardisation to speed up production processes, minimise supply chain disturbances and increase their efficiency **while ensuring availability of grid components** in Europe; **and ENCOURAGES the High Level Forum on European Standardisation to come forward with recommendations and standardisation priorities;**

36. **EMPHASISES**, in the short term, the need for common practices among and within Member States, in order to make procedures more compatible and interoperable across industries, including for permits and procurement;

36a. HIGHLIGHTS the participation of prosumers in the EU electricity market AND CALLS on the European Commission to foster interoperability and ensure timely standardization of smart appliances at household level

37. **CALLS ON** ENTSO-E and the EU DSO Entity to enhance collaboration with technology providers to develop common technology specifications **by the end of 2024 in the framework of a workshop agreement by the European Standardisation Organisations**~~,~~ improve visibility of required and planned new grid projects, **ensure grid connection procedures and provisions to connect small scale local renewables production** ~~and~~ **as well as** to disseminate best practices at EU level on permit granting procedures;

38. **CALLS ON** ENTSO-E and EU DSO Entity to assess the added value of functional tender designs and to issue**, non-binding** guidelines to its members based on this assessment;

39. **EMPHASISES** the importance of generating local benefits in order to increase public acceptance of electricity grids i.e. by including an environmental design. **CALLS ON** Member States, in that regard, to duly implement the provisions **to ensure the engagement of the local entities and territories, including** ~~on~~ renewable energy communities and the citizen energy communities and to join and implement the Pact for Engagement so as to ensure early and regular **information and** public participation in grid development projects;

40. **CALLS FOR** the speeding up of procedures in the permit-granting process, the streamlining of tendering**,** ~~and~~ procurement processes, the enhancement of administrative capacity and the digitalisation of the relevant processes;

40a. CALLS ON the Commission to reassess the relevant legislation related to permitting procedures to analyse potential inappropriate barriers for the accelerating of electricity grid infrastructure;

41. **ENCOURAGES** the **Commission** ~~**European Standardisation Organisations**~~ to develop ~~standardisation~~ guidelines on alternative assessments or methodologies in order to accelerate and facilitate permitting procedures;

41a. EMPHASISES the importance of sufficiently available skilled labour force;

42. **ENCOURAGES** public administrations to make **data** ~~relevant~~ **for** environmental assessment ~~data public~~ **available in order to accelerate and facilitate permitting procedures.**