

Brussels, 17 July 2020

The Polish Electricity Association's view on the EU Strategy for Energy System Integration and the EU Hydrogen Strategy

The Polish Electricity Association (PKEE) welcomes the Commission's strategies aimed at promoting a holistic approach to pursue policies aimed at achieving EU climate-neutral economy in 2050, and developing the key technologies for reaching this objective. The PKEE shares the Commission's reflection that electricity should remain the key driver of the decarbonization, possibly supported by other solutions provided that they bring added value to EU citizens and businesses.

Electrification at the centre of the transition

The electricity sector should remain the key partner for the EU institutions and the Member States in decarbonizing their economies, as it has a significant potential in replacing pollution-generating primary energy sources by more efficient and cleaner alternatives. In the light of the above, the PKEE supports the view of the Commission expressed in the Strategy for Energy System Integration placing electrification as the key driver of decarbonization.

The Commission expressed its high ambitions of increasing the share of renewable energy by 2030. It is of crucial importance to endorse frameworks facilitating the development of renewable energy in the EU through incentives and financial support provided by the EU.

The PKEE also welcomes the Commission's reflection on offshore wind energy, which is one of the key enabling technologies for transition to low-emission economy. The ambitious offshore projects undertaken by our members will speed up the transformation of the Polish energy sector. The PKEE is looking forward to a comprehensive strategy and framework for development of offshore wind facilities in the EU, which is to reflect the current breakthrough moment for offshore wind investments.

Upgrading the existing electricity facilities to combined heat & power facilities needs to be considered as a cost-effective way to increase overall efficiency of the systems. The same can be said of measures aimed at reusing waste heat. Our members widely invest in CHP plants, wherever it is economically justified. Such investments comply with restrictive environmental requirements confirming their eligibility for EU support, also under the new financial perspective.

Sector integration can provide energy systems with new flexibility options

The PKEE welcomes the Commission's approach to increasing energy systems flexibility by implementing disruptive technologies ensuring a higher flexibility of the grids. In the first place, strong



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support for the development and extension of smart grids in the EU is required, which would provide such investments with robust financial and technical support. Digitalization and the deployment of smart meters can significantly contribute to providing network operators with the information and data necessary for intelligent and efficient system management. This would result in the DSOs being able to increase the level of network control and optimise network conditions, ensuring improved service quality and the quality of RES operation in the system.

With regard to grid flexibility, the PKEE welcomes the Commission's approach to e-mobility which is not limited to transport decarbonization but is also considered as a flexibility option for energy systems with a high share of renewable energy. Moreover, smart charging and Vehicle to Grid (V2G) technologies can provide the EU with efficient short-term storage capacity, which is of crucial importance in ensuring grid reliability.

The need to develop smart grids and e-mobility needs to be fully taken into account while projecting the next financial perspective of the EU, which should ensure easy access to a wide range of financial support mechanisms for such projects.

The potential of renewable and low-carbon gases

The PKEE believes that electrification is suitable for the decarbonization of a vast part of the EU economy. It can be applied to multiple sectors, including the heating sector, low-temperature industry, and transport sector. The PKEE also notices potential benefits stemming from the integration of electricity and gas sectors: electricity can be used to produce zero-emission hydrogen, which in turn can have several applications in economy. On the other hand, biomethane can be used in the electricity sector to ensure an efficient, clean and dispatchable back-up for renewable sources. Development of biomethane may also help to avoid the "carbon lock-in" effect through combustion in the existing gas-fired power plants.

A complementary role of hydrogen in the decarbonization process

The PKEE welcomes the Commission's vision to set up a strategic roadmap for hydrogen, aimed at boosting its production, achieving the European Green Deal goals, and facilitating EU's energy transition. The PKEE is of the opinion that while energy transition should focus on direct electrification, this will be not sufficient to fully decarbonize such sectors as heavy duty transport, steel or chemical production. Hydrogen technologies should be developed and adequately supported, both by the EU and by the Member States, in order to ensure that, in the process of switching from fossil fuels to clean energy, hydrogen complements electrification.

Moreover, the PKEE supports the Commission's agenda to further support the scaling up of the production and use of hydrogen, especially that the Innovation Fund has the potential to channel important financial resources to boost innovative hydrogen technologies. These efforts are also reflected in the ongoing work to develop a Polish Hydrogen Strategy. To this end, the Ministry of Climate and the



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representatives of the most important energy and transport companies have established a partnership aimed at the creation of a hydrogen-based economy.

Appropriate financial support is necessary to facilitate the integration of sectors

Sector integration can bring significant benefits to the EU, as it helps to keep the costs of the transition reasonable and socially acceptable. Firstly, however, it is of crucial importance to ensure that the energy companies and system operators have access to robust financial support while they deliver new solutions to the market. The new Multiannual Financial Framework, as well other financial instruments, need to provide a wide range of supporting mechanisms, well-suited to all the investments necessary to bring innovative solutions to the market. Moreover, the Framework needs to take into account the impact of COVID-19 on energy companies and their ability to expand their R&D projects.