

# Position Paper

## on the European Commission's Clean Energy for all Europeans package

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Bitkom represents more than 2,400 companies in the digital sector, including 1,600 direct members. With more than 700,000 employees, our members generate a domestic turnover of 140 billion Euros a year, exporting high-tech goods and services worth another 50 billion Euros. Comprising 1,000 small and medium-sized businesses as well as 300 start-ups and nearly all global players, Bitkom' members offer a wide range of software technologies, IT-services, and telecommunications or internet services. They produce hardware and consumer electronics or operate in the sectors of digital media and the network industry. 78 percent of the companies' head-quarters are located in Germany with an additional amount of 9 percent in other countries of the EU and 9 percent in the USA as well as 4 percent in other regions. Bitkom supports an innovative economic policy by focusing the modernization of the education sector and a future-oriented network policy.

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### Clean Energy package must pave the way for a successful energy transition

Europe is a pioneer in the transition to a sustainable energy system. After years of technological progress, renewable energies are competitive in new power plant investments. Now, the digital interaction of production, consumption, network and storage must create a stable, sustainable and affordable energy system. Digitalization is the cornerstone of the energy transition. It helps to make energy consumption more flexible and to stabilize networks. The ICT industry has the necessary communication technology and expertise in IT security to successfully transform this infrastructure.

The Commission's proposal points into the right direction. It emphasizes the need of a regulation enabling new technologies to shape markets fit for integrating renewable power. It points to the importance of activating flexibility in energy demand, small scale generation and decentral storage units. The Commission intends to create a reliable framework for Prosumers at local level and better connected European transmission grids. A successful energy transition requires both – a focus on local generation and consumption and the distribution of power generated offshore and an exchange of surplus generation across the continent. A digitalized energy system is the key to it all.

Our suggestions in detail:

**European Commission legislative proposal to revise the Renewable Energy Directive**

- The RES Directive should guarantee investment security and a reliable regulatory environment. The design of support systems needs to be fixed in the Directive rather than the State Aid Guidelines.
- Bitkom welcomes the right for consumers to generate, sell and exchange their electricity as individuals or communities.

**European Commission legislative proposal to amend the Energy Performance of Buildings Directive**

- Linking power generation with the heating/cooling and transport sectors unlocks flexibility and the better use of peak generation. Buildings must be designed to communicate with the surrounding energy system. The capacity to shift power demand should be available to aggregators and other market participants. The smartness indicator is a promising tool.
- Smart Homes should combine with smart grids to unlock demand response and energy efficiency. Usability is a condition for the consumer's acceptance. Thus a minimum building automation should become mandatory in new and deeply renovated buildings.
- The roll-out and the standardization of Smart Meters and gateways needs to speed up. Metering systems should include heat and water and provide a gateway for the secure communication of building automation devices.
- Bitkom welcomes the proposal for mandatory charging systems in residential and non-residential buildings. Charging systems need to allow for communication with grid operators and other market participants to minimize the cost of distribution grid extension.

**European Commission's proposal on internal market and governance**

- The Emissions Trading System is the corner stone of Europe's energy and climate policies. The system should provide a clear price signal to reduce existing distortions in and between the energy markets and avoiding short-term political intervention.
- Bitkom supports a regulatory framework that allows and incentivises distribution grid operators to procure flexibility services through the market: The intelligent integration of storage and flexible demand is more cost-effective than the classic distribution network expansion.

- Bitkom welcomes the Commission's measures to open up all markets for Demand Response (DR) and independent aggregators. DR and consumers' flexibility play a crucial role in a successful energy transition and should be enabled to compete on a level playing field with generation in all markets. Bitkom also supports the creation of a regulatory framework for independent aggregation. New market parties, such as aggregators, play a key role in unlocking the huge potential on the demand side. It is crucial for competition to allow aggregators to offer services to consumers and to the market without prior consent of the retailer, which may be a competitor.
- The proposal of a common EU data format could help to link European energy markets.
- Regulatory sandbox: We need a better framework for the implementation of innovative ideas. Companies with technically promising ideas will have to find a structured process after the completion of their development activities. Pilot projects should have easy access to a more flexible regulatory framework to test new business models.