

UNITED EUROPE WORKING GROUP 1 COMPETITIVENESS, INNOVATION & ENERGY TRANSITION.

2024

Chair

Burkhard von Kienitz

Contributors

Dyria Sigrid Alloussi Frank Düssler Dr Annette Gäßler Sebastian Grub Felix Klein Marcus Lippold Leonis Petschmann Dr Dennis Rendschmidt Lutz Roschker Sofia Trojanowska

Imprint

United Europe e.V. Layout: Julius Schuler Elbchaussee 359 D-22609 Hamburg





Preamble	2
European Energy Market	3
European Energy Network Expansion Projects	4
European Industrial Policy	5







This paper is a joint effort of members of United Europe. It aims at contributing to the wider conversation going on in EU societies currently, how to best shape energy transition(s) and effectively implement those. The paper is focusing on ideas and implementations for a more integrated European (EU) way forward in the areas of Energy Market, Energy Infrastructure, and Industrial Policy.

Key towards success is getting the joint focus on the principles of decarbonisation, competitiveness, security of supply and sustainability right. It is crucial that this is done in a way where society buys into the concepts and supports the implementation.

There are no simple solutions for the complex challenges resulting from such a balance, which must also consider the interdependencies of any action in an increasingly volatile world. A systemic and comprehensive approach is needed; therefore, carbon pricing must be a guiding principle of any measure, and implementation needs to align with the four above focus areas, with the possibility of adapting these where framework conditions have significantly changed.

Courage and an entrepreneurial spirit are required to further drive the agenda of an ecological transformation through innovation. This calls for an end to micromanagement and bureaucracy and a strong focus on principlebased outcomes rather than minutely detailed rules-based regulation.

Only a better coordinated approach in a single European market will combine the respective strengths of EU members more effectively, their purchase and investment powers and their personal and natural resources.







The development of the European energy market is crucial for a successful transition combining competitiveness, decarbonization and security of supply. We recommend focusing on the implementation of two market segments.

The implementation of a hydrogen strategy.

Ensuring secure energy supply, which is independent from volatility, a suitable hydrogen strategy is a cornerstone. We identify three frameworks that are to be advanced on the European level to integrate national structures.

- A regulative framework to ensure the same standards in the production of hydrogen and a shared understanding of full life-cycle performance.
- 2 An investment framework that incentivizes the development of production facilities and transport facilities, which are most useful in securing energy supply. Establishing public private partnerships in this context is beneficial.
- An integrated market framework covering existing and planned transportation capacities.

Ensuring secure energy supply, which is independent from volatility, a suitable hydrogen strategy is a cornerstone. We identify three frameworks that are to be advanced on the European level to integrate national structures.

The formation of a European capacity market.

The current energy only principle holds incentives to minimize energy production meeting expected demand. Consumption peaks cause difficulties and uncovered costs of ramping up power plants. The occurrence of imbalances appears more frequently linked to the increase share of renewable energy sources. Focusing on the integration of long-term market stability, the establishment of a new European capacity market is necessary. Based on a new European system for a capacity market, volatility of demand on the country level can be balanced crossing EU borders.

The new market design must reflect the following features:

- A reduction of complexity within the EU administration process to reduce barriers to for investments in capacity markets on national levels.
- Improved coordination of EU trade mechanisms within countries to ensure that existing capacities are used properly.
- 3 The development of a pan-European framework to incentivize security of supply, replacing fragmented national legislation.



European Energy Network Expansion Projects



To fully utilize the potential of the power production, the infrastructure of energy supply must be enhanced to avoid bottlenecks. We therefore recommend a simplification of the administration process for energy grids. The definition of ambitious time targets on EU level for both; grid expansion and maintenance are necessary.

We define the following steps where responsibilities are to be distributed evenly among EU member states.

Definition of a European base load and a European load profile. EU member states must be able to provide this base load/capacity at the connectors in order to support the shared energy grid. It must be possible to provide capacities permanently, if necessary.

All infrastructure expansion projects should be classified as projects of public interest to ensure political support on all administrative levels.

Introduce accelerated permit procedures for infrastructure expansion projects and limit the time for review to six months after completeness of documents / submission. Limit the deadline for appeals to the first instance. Accelerate projects by introducing uniform EU-wide approval procedures with a common EU standard and review documents.



European Industrial Policy

Efficient EU energy market policy and energy infrastructure measurements are to be completed by a European Industrial Policy. Therefore, we recommend the following 6 steps as a policy reform.

Support of the EU energy investment landscape via tax alleviation

This would create a favourable environment for investors by updating the Taxation Directive to align with climate goals and provide incentives for low-carbon technologies. Significant external investments are necessary to meet the 2030 climate and energy targets.



Enhancing investments into emerging technologies & innovation

Focusing on targeting EU research funding towards high-potential projects in growth sectors, reducing administrative burdens and taxes on start-ups, and matching private investments with EU public investment through the European Investment Bank (EIB).



Reform state aid guidelines to support energyintensive industries

Providing increased flexibility in supporting energy-intensive industries through national state aid schemes approved by the European Commission. Following the example of an Austrian scheme refunding up to 75% of proceeds from auctions for CO2 certificates.



Implementing Safeguards and subsidies for green energy products made in the EU

The document recommends introducing safeguards to protect the EU's green energy product market from excessive imports and increasing targeted subsidies for emerging technologies to support domestic production and innovation.



Creating a research environment fostering innovation & growth

Highlighting the importance of breaking down administrative and mental barriers to cross-border cooperation and establishing permanent crossborder research centres and innovation hubs.



