

23 March 2021

Open letter to the European Commission and EU Member States

For the creation of a dedicated section in the manufacturing part of the delegated act on climate change mitigation

Recognizing the key role of electrical equipment and electronic components in the reduction of greenhouse gas emissions

Representing the electrical and electronics industries, strong supporters of the EU Green Deal and key enablers of the energy transition to a climate-neutral Europe, FIEEC and ZVEI **ask to explicitly include the manufacturing of equipment and systems for the management of electricity, including electronic components, in the draft Delegated Regulation on climate change mitigation.**

Electrical equipment and systems and components for the management of electricity are major enablers for greenhouse gas emissions reductions:

- **Electrification will play a major part in achieving a net zero emission economy by 2050.** According to the IPCC, emissions reductions are driven by a strong electrification of the energy system. To keep global warming below 1.5C, the share of electricity should reach at least 60% in 2050. Direct electrification of end-use sectors like buildings, heating and cooling, transport, and industry will significantly reduce EU's greenhouse gas emissions.
- **Electricity networks are the backbone of Europe's energy system and facilitator of the energy transition.** By 2050, more than 80% of electricity will come from renewable energy sources and integrating a higher share of renewables will require a reliable, flexible and smart power system to continue to ensure a reliable energy supply.
- **The electrical transformation of the energy system in Europe will not happen without the deployment of electrical equipment** at grid and end-user level, for instance in transport, buildings and industry (such as with control gear, switchgear, transformer, power monitoring, circuit breaker, protection relays, etc.) as well as automation solutions, which aim to control and command the electricity systems. Such equipment plays a critical role in ensuring the adaptation of the energy systems towards climate-neutrality by ensuring the integration of renewable energy as well as by improving energy efficiency.
- **Electrical equipment and electronic components are also essential to achieve EU climate, energy and sustainability ambitions**, in areas such as electric vehicle charging, local energy communities, shore-side electrification for ships, sector coupling and HVDC networks.
- **Realizing EU energy and climate objectives requires investments.** As part of its 'European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy' the Commission estimated average annual investments in the power grid between €59.2 billion between 2021 and 2030, increasing further to €110.3 billion between 2031 and 2050.5 These investments include significant investments in equipment, systems and services that our members provide. Manufacturers of electrical equipment and systems and components strengthen Europe's technology leadership through innovation in sustainability and have a strong leverage in order to achieve the transition to a circular economy.

Despite its enabling role, the draft Delegated Regulation on climate change does not include a dedicated section on manufacturing of electrical equipment. In the latest available draft, electrical equipment and electronic components would be covered under the catch-all section 3.6. “Manufacture of other low carbon technologies”, together with other NACE codes. It will therefore not have specific technical screening criteria relevant to our sector but generic ones

We therefore ask for the creation of a **specific section 3.6 entitled "Manufacture of electrical equipment and systems including electronic components", with its own technical screening criteria, relevant to our sector** This section should include electrical equipment and components at all levels: high, medium and low voltage and cover the all-value chain.

This modification would allow to capture the enabling role of electrical equipment and systems including electronic components for the integration of renewables as well as for energy efficiency, in compliance with Article 10 (1) (i) of Regulation 2020/852 on taxonomy.

Should section 3.6 remain in this current version, we call for modifying the technical screening criteria proposed, to ensure it is enforceable. The text should explicitly mention that a technology/product/solution should be compared “when possible”: *“The economic activity manufactures technologies that are aimed at and demonstrate substantial life-cycle GHG emission savings compared, **when possible**, to the best performing alternative technology/product/solution available on the market.*

FIEEC: French Association for Electrical, Electronic and Communications Industries

FIEEC is a French Association for Electrical, Electronic and Communications Industries bringing together 27 professional organizations. Members of FIEEC together represent about 2 000 companies, employing 430 000 workers and realize 107 billion euros in sales revenue (29% from export).

FIEEC is a member of ORGALIM, association representing the Europe’s Technology Industries, France Industrie, MEDEF, CPME and UIMM. This complementarity services and products alliance make FIEEC an organization at the heart of the energy and digital transitions.

More about us: <https://www.fieec.fr/>

ZVEI: Manufacturers’ Association of Germany’s most innovative industries

The ZVEI – German Electrical and Electronic Manufacturers’ Association promotes the industry’s joint economic, technological and environmental policy interests on a national, European and global level. The electro-industry has around 873,000 employees in Germany plus further 790,000 worldwide. In 2020, the turnover was 180 billion Euro. The electrical and electronics industry is the most innovative industry sector in Germany: One third of the industry’s sales are based on new products. It spends Euro 20 billion in R&D every year, more than Euro 6 billion in investments and 2 billion Euro on training and education. Every third innovation in Germany’s manufacturing sector stems from electro-industry’s solutions. More about us: <https://www.zvei.org/en/>

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