

To: European Commission
Executive Vice-President Timmermans (for the EU Green Deal)
Commissioner McGuinness (for Financial services, financial stability and Capital Markets Union)
Commissioner Simson (for Energy)

Brussels, 15 December 2020

Dear Executive Vice-President Timmermans, Dear Commissioner McGuinness, Dear Commissioner Simson,

We are writing you regarding the significant issue of the **EU Taxonomy** supporting sustainable investment, in particular the upcoming Delegated Act establishing the screening criteria for economic activities contributing substantially to climate change mitigation or adaptation.¹

As strong supporters of the EU Green Deal² and key enablers of the energy transition to a climate-neutral Europe, we ask to explicitly **include the manufacturing of equipment and systems for the management of electricity** in the draft Delegated Regulation on climate change mitigation.

Equipment and systems 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 sources³ 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

¹ COMMISSION DELEGATED REGULATION (EU) .../... of XXX , supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

² <https://tdeurope.eu/latest-news.html>

³ https://ec.europa.eu/clima/policies/strategies/2050_en

of the energy systems towards climate-neutrality by ensuring the integration of renewable energy as well as by improving energy efficiency.

- Electrical equipment is 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**⁴.
- 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 strengthen **Europe’s technology leadership** through **innovation in sustainability**, including circularity.

Despite its enabling role, the draft Delegated Regulation on climate change does not explicitly mention the production of electrical equipment. We ask you to explicitly **include the manufacturing of equipment and systems for the management of electricity** in a **specific section 3.6** named **“manufacture of electrical equipment”**.

This proposed modification **captures the enabling role of electrical equipment for climate change mitigation** and is compliant with article 10(1) point (i) of Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment.⁶ This would correspond to the NACE code C27.1 *Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus*. Furthermore, we believe that this inclusion does not require a complex and in-depth technical assessment.

We ask you to consider our proposal. We remain at your disposal for further discussions and our experts are available to provide further input to you and the responsible Commission services.

Sincerely yours,

Diederik Peereboom, Secretary General T&D Europe
Julie Beaufils, Secretary General, EuropeOn
Giles Dickson, CEO, Wind Europe
Walburga Hemetsberger, CEO, Solar Power Europe

Oscar Querol, Secretary General, CECAPI
Marco Vecchio, Secretary General, CEMEP
Markus Winzenick, Secretary General, CAPIEL

⁴ <https://tdeurope.eu/latest-news/49:eu-offshore-renewable-energy-strategy-could-become-europe’s-man-on-the-moon-moment.html>

⁵ European Commission, IN-DEPTH ANALYSIS IN SUPPORT OF THE COMMISSION COMMUNICATION COM(2018) 773, A Clean Planet for all A European long-term strategic vision for a prosperous, modern, competitive and climate neutral economy, p.202
https://ec.europa.eu/clima/sites/clima/files/docs/pages/com_2018_733_analysis_in_support_en_0.pdf

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>



CAPIEL is the Coordinating Committee for the Associations of Manufacturers of Switchgear and Controlgear equipments for industrial, commercial and similar use in the European Union, that work in the range of voltages until 1 kV a.c. of 1,5 kV d.c. CAPIEL represents 9 national associations from 8 European countries which include small, medium and large-sized companies representing more than 100,000 direct jobs across the EU. www.capiel.eu



CECAPI is the European Committee of Electrical Installation Equipment Manufacturers. CECAPI was established in 1967 and represents associations of manufacturers of electrical installation equipment within the EU and EFTA. CECAPI today promotes and develops the collective and common technical, industrial, economic and political interests of the sector, covering policy areas related to all equipment and components for electrical installations for residential and commercial use – from components for electrical installations and appliances, cable management systems, home and building electronic systems products, to intercom and video-intercom, circuit breakers and residual current devices. CECAPI represents nine national trade associations, in turn representing almost 500-member companies with a combined sales turnover of 16,1 Billion Euros and employing more than 120.000 employees. www.cecapi.org/



CEMEP, the European Committee of Manufacturers of Electrical Machines and Power Electronics, representing the industries of Low and High Voltage Motors, Variable Speed Drives and Uninterruptible Power Supplies, with a market value of € 22.4 billion and 200,000 employees. www.cemep.eu



EuropeOn is the European voice of the electrical contracting industry since 1954. With 1.8 million professionals in over 300.000 businesses and with a turnover of over EUR 200 billion, electrical contractors provide electrical installations for buildings and infrastructure, enabling cities and citizens to take part in the Energy Transition. Addressing energy, climate, mobility, building and skills policies, EuropeOn is engaged at EU level to foster synergies between the electrical contracting sector and European policymakers. www.europe-on.org



SolarPower Europe is a member-led association that represents organisations active along the entire value chain. SolarPower Europe's aim is to ensure that more energy is generated by solar than any other energy source by 2030 and lead its 200+ members to make solar the core of a smart, sustainable, secure and inclusive energy system in order to reach carbon neutrality before 2050. www.solarpowereurope.org



T&D Europe's members enable the energy transition to a climate-neutral Europe by 2050. Over 200,000 people in our industry manufacture, innovate and supply smart systems for the efficient transmission and distribution of electricity. Our technologies and services future-proof the grid and make clean electricity accessible to all Europeans. We put our collective expertise to work to craft a brighter, electric future. Ready for the Green Deal: www.tdeurope.eu



WindEurope is the voice of the wind industry, actively promoting wind power in Europe and worldwide. We have over 400 members, active in over 35 countries. In addition to wind turbine manufacturers with a leading share of the world wind power market, our membership encompasses component suppliers, research institutes, national wind and renewables associations, developers, contractors, electricity providers, finance and insurance companies, and consultants. <https://windeurope.org/>

3.6. Manufacture of electrical equipment

Description of the activity

Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus.

The activity is classified under NACE codes C.27.1.

The activity is an enabling activity in accordance with Article 10(1), point (i), of Regulation (EU) 2020/852 where it complies with the technical screening criteria set out in this Section.

Technical screening criteria

Substantial contribution to climate change mitigation

The economic activity manufactures electric motors, generators, transformers and electricity distribution and control apparatus that result in substantial GHG emission reductions in other sectors of the economy.

For transmission and distribution equipment (the manufacturing of equipment necessary for items already included in section 4.9 on transmission and distribution of electricity for construction and operations, with some standard update for point (b) on transformers

- (a) Manufacture of electronic vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to eligibility under the transport Section of this Annex;
- (b) Manufacture of transmission and distribution transformers that comply with the Tier 2 (1 July 2021) requirements set out in Annex I to the Commission Regulation (EU) No 2019/1783⁷ and, for medium power transformers with highest voltage for equipment not exceeding 36 kV, with AA0 level requirements on no-load losses set out in standard EN 50708⁸ series
- (c) Manufacture of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation;
- (d) Manufacture of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources, including:
 - (i) sensors and measurement tools (including meteorological sensors for forecasting renewable production);
 - (ii) communication and control (including advanced software and control rooms, automation of substations or feeders, and voltage control capabilities to adapt to more decentralised renewable infeed).
- (e) Manufacture of equipment to carry information to users for remotely acting on consumption, including customer data hubs;
- (f) Manufacture of equipment to allow for exchange of specifically renewable electricity between users;

For other electrical equipment:

IEC 60364-8-1: Low-voltage electrical installations – Part 8-1: Energy efficiency

IEC 60364-8-2 Low-voltage electrical installations - Part 8-2: Prosumer's low-voltage electrical installations

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R1783&from=EN>

⁸ A new Commission regulation has been adopted in 2019 on transformers. The elements on transformers that are proposed in the section 4.9 on transmission and distribution should be updated to reflect this recent update. The equivalent is IEC TS 60076-20: Power transformers - Part 20: Energy efficiency

IEC 61800-9-1: Ecodesign for power drive systems, motor starters, power electronics and their driven applications

IEC TR 63196 Low-Voltage Switchgear and Controlgear and their assemblies - Energy efficiency

Do no significant harm ('DNSH')

(2) Climate change adaptation	The activity complies with the criteria set out in Appendix E to this Annex
(3) Sustainable use and protection of water and marine resources	Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed, in accordance with a water use and protection management plan, developed in consultation with relevant stakeholders
(4) Transition to a circular economy	The activity assesses availability of and, where feasible, adopts techniques that support: (a) reuse and use of secondary raw materials and re-used components in products manufactured; (b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured; (c) waste management that prioritises recycling over disposal, in the manufacturing process.
(5) Pollution prevention and control	N/A
(6) Protection and restoration of biodiversity and ecosystems	An Environmental Impact Assessment (EIA) or screening ¹²³ has been completed, for activities within the Union, in accordance with Directive 2011/92/EU. For activities in third countries, an EIA has been completed in accordance with equivalent national provisions or international standards ¹²⁴ . Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment ¹²⁵ , where applicable, has been conducted and based on its conclusions the necessary mitigation measures ¹²⁶ are implemented