European Net Zero Alliance

An integrated energy system fit for a climate-neutral Europe by 2050

The European Net Zero Alliance (ENZA), is a coalition of 17 European associations, representing a myriad of economic sectors – from industry to buildings, mobility, forestry and agriculture – and different energy vectors – namely liquid and gaseous fuels, heat, and power. The alliance was born from a desire to bridge the gap between various energy vectors and energy-consuming sectors of the economy with the common goal of achieving climate neutrality by 2050.

As this objective can only be achieved through a variety of technologies, solutions should be associated and coordinated in such a way that they deliver the objectives of the Integrated Energy System Strategy and the European Green Deal. The increasing digitalisation of the energy system and end-user processes will help strengthen and streamline these interactions.

To this end, we believe that the ambitious 2030 target for 55% GHG emission reduction is required and will help accelerate the transition across sectors. Accordingly, renewable and energy efficiency targets must also be increased and become more ambitious. In order to swiftly reach the reinforced 2030 decarbonisation target and the 2050 climate neutrality objective at least cost, we need to ensure cost effective deployment of the most efficient decarbonisation solutions across Europe. Harnessing Europe's well-functioning, integrated, competitive and transparent Internal Energy Market is important to achieve that. In parallel, specific national and regional conditions must be taken into account.

The way ahead will also have to consider the current socio-economic situation, and particularly the recovery plan and the need for cost-effective alternatives to decarbonise. The best way to reach this outcome is to consider synergies that exist between technologies and activities, with more efficient outcomes being reached by integrated and coordinated planning of what can be made available to end-users. The latter, whether individual citizens, businesses, and larger end-users, should be at the core of the recovery discussion, to ensure no one is left behind or disproportionately affected by the impact of the crisis.

As we keep in mind the objective of climate neutrality by 2050, we believe the following recommendations can help to achieve the EU's climate and energy goals by bringing consumers and end-users on board and guaranteeing efficient approaches applicable across Member States.

Policy Recommendations

1. **Set ambitious short- and long-term targets**
   Short-term (2030) and long-term targets (2040/2050) are key to incentivise renewable, decarbonised and low-carbon energy production, with the support of net-negative solutions – as required by the 55% GHG emission reduction target. These demand- and supply-side targets should be adequately incentivised without discriminating against any potential customer segments.

2. **Ensure coherence between current and future legislation**
   A smooth transition from existing legislation can only be achieved by building on the regulatory framework underpinning liquidity and competitiveness within the internal market.

3. **Make use of existing infrastructure to support efficient solutions**
   Using existing infrastructure at local, regional and EU level in a smart and coordinated way will ensure that more renewable, decarbonised and low-carbon energy can be integrated into the system efficiently.

4. **Promote synergies between vectors through clear network access rules**
   A resilient, efficient and flexible energy system for all end-user sectors relying on existing and new infrastructure, needs to be realised. Market-based network access arrangements will need to be in place to guarantee synergies between vectors and enable efficient use and conversion across liquid and gaseous fuels, heat and power.

5. **Provide reliable and tradable solutions**
   Certification schemes for renewable, decarbonised and low-carbon energy are needed to enable trading across sectors whilst building on a liquid internal energy market.

6. **Choose a technology-neutral approach**
   A technology neutral approach needs to be ensured, that provides for adequate levels of R&I funding. This shall be weighed against market readiness and the technology readiness level of available and future technological solutions in order to deliver on the decarbonisation objective.

7. **Review state aid rules**
   The objective of climate neutrality can be reached more easily through a supportive framework facilitated by a progressive review of state aid rules.

8. **Provide end-users with efficient decarbonisation solutions**
   End-users should be given the choice of most suitable energy vectors as long as they deliver on the decarbonisation targets and provide them with highly efficient solutions.

9. **Facilitate and integrate decentralised solutions**
   Supporting the development and integration of local value chains and decentralised solutions would contribute to create a truly integrated energy system, to get the consumers

on board on the energy transition, while advancing towards the circular economy. As decentralised generation, storage and use of renewable and low-carbon energy continue to grow, regulatory barriers for the development of local innovative initiatives should be eliminated