

**European Commission
Mr. Maroš Šefčovič
Executive Vice-President
European Green Deal
Interinstitutional Relations and Foresight
BERL 12/269
B-1049 Brussels**

Brussels, 5 March 2024

Dear Executive Vice-President,

Further to our last exchange at the Clean Transition Dialogue on European Energy Infrastructure on 26 February, Europacable would like to take the opportunity to submit to your attention a list of recommendations that might feed into the discussions for the definition of the European Commission contribution to the upcoming European Council meeting in April where EU leaders will be discussing the EU strategic agenda for 2024–2029.

Europacable, the voice of Europe’s leading wire and cable manufacturers, welcomes the prominent visibility that you and the European Commission President have placed on electricity networks and grid technologies, and strongly recommends that they should remain at the centre of the EU policy agenda for the next term.

Underground and subsea power cables are a strategic net-zero technology empowering Europe’s decarbonisation. They will be the core backbone technology of Europe’s future transmission and distribution grids and the EU and Member States should act to safeguard the future of EU grid technology manufacturing and a viable grid buildout in Europe.

In 2023, Europe’s leading cable manufacturers started implementing over 4 BN EUR of investment decisions to expand their manufacturing and installation capacity in Europe. These will contribute towards doubling the capacity of high and extra-high voltage cables produced in Europe by 2030. As it has done in the past, the European cable industry is responding to the increasing demand to empower Europe’s decarbonisation.

It is crucial to secure a viable European cable manufacturing basis to safeguard Europe’s energy sovereignty and the global technology leadership of EU cable manufacturing.

Additional investments will be needed to fully meet Europe’s upcoming demand for grid buildout and RES connections. For these to materialise, the following will need to be accounted for:

- 1. VISIBILITY:** A longer term demand visibility beyond 2030 to allow the industry to secure investments in additional manufacturing capacity. Europacable recommends:
 - *Realistic, longer-term commitments by Member States and network operators for on- and off-shore network development plans and to turn these into industrial plans in terms planning, permitting and execution;*
 - *Advance confirmed orders and advance payments allowing for upfront investments;*
 - *Longer contractual timeframes and framework contracts;*
 - *Regulatory schemes promoting anticipatory investments and a total expenditure (TOTEX) approach, including benefits and the cost of not getting the project built.*
- 2. VIABILITY:** A consistent policy-making approach strengthening and not undermining the European manufacturing base. Europacable calls on EU Institutions for:
 - *Consistent and coherent recognition of cables as strategic net-zero technologies both in EU policy and financial framework proposals including the new Temporary Crisis and Transition Framework for State Aid;*

- *Security screening and approval of non-EU suppliers of power cables, which includes fibres, when these companies are participating in EU tenders.*
- 3. FAIRNESS:** A fair and level playing field, also ensuring competitive availability of raw materials for cable production in Europe. To achieve this, Europacable urges:
- *Cable projects to be awarded based on fair pricing and fair and accessible markets;*
 - *Inclusion of power cables containing aluminium and/or steel under CN 8544 in the scope of the CBAM by the end of the transitional phase.*
- 4. COHERENCE:** More efficient standardisation, sustainability, investment, and insurance conditions. To this end, Europacable recommends:
- *Standardised approach to procurement, permitting, testing requirements, sustainable installation requirements to speed the process up and allow industry to allocate resources to project realisation rather than to administrative tasks;*
 - *Sustainability criteria to be valued and factored in, including in tendering and public procurement, to ensure the future competitiveness of sustainable European production and products;*
 - *Policy support to unlock investments together with targeted funding to alleviate the financial burden for the industry;*
 - *Appropriate investment schemes for network operators to make the energy transition a reality;*
 - *Acceptable project insurance conditions for risk sharing contracts for the industry to safeguard them against unforeseen cost increases during project execution.*

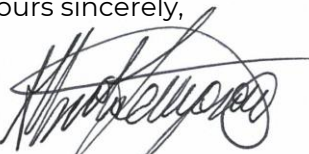
Several of the above Europacable demands are now reflected in the EU Action Plan for Grids issued in November 2023. This is welcome. However, Europacable urges bold commitment by all relevant actors and strong determination in translating it into actions to secure the future of European grid technology manufacturing and make Europe's electrification a reality.

Europe's decarbonisation ambitions offer a tremendous opportunity for European cable producers to demonstrate and to even expand their global technology leadership. The investment announcements made are bold confirmation of the industry's determination to supply Europe with the cables it needs. As per today, not a single cable project has ever been delayed or even cancelled due to a lack of EU cable supplies. European cable manufacturers are committed that supply will be available moving into the future.

The unilateral openness of the European Market for the upcoming, significant grid buildout makes it vulnerable to unfair and dumping practices. Only by securing long-term, fair and level market conditions will Europe secure the investments needed in R&D as well as capacity expansion to meet its future demand for grid technologies. With that, only viable market conditions will secure the long-term competitiveness of Europe's grid technology manufacturing basis.

Europacable strongly believes that promoting a fair and transparent market has to be the prerequisite for healthy and sustainable competition when building Europe's future transmission and distribution grids. Strong power grids are of strategic importance: They will be the backbone of Europe's future industrial strength and the strength of its economy.

Yours sincerely,



Alberto Lampasona, Senior Director Public Affairs Europacable