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EC presents: Enhanced rules for cybersecurity in the EU

On 16 December the EC presented a proposal for a [new NIS Directive \(NIS 2\)](#), entailing systemical and structural changes to the current cybersecurity rules for operators of essential services, like DSOs.

The review was announced by the EC in its communication on [Shaping Europe’s digital future](#) as well as its Work Programme 2020. A periodical review of the functioning NIS Directive is foreseen by Article 23 of the current NIS Directive. After concluding that current implementation does not ensure a sufficient level of protection – as cybersecurity capabilities in the EU countries still diverge – the EC accelerated the review to end of 2020. CEDEC participated in this process by providing feedback to the public consultation which was held from July to October 2020.

The new rules foresee a significant expansion of cybersecurity and reporting obligations leaving less room for implementation by Member States. The notion of operators of essential services is abandoned and replaced by a classification into two categories: ‘essential’ and ‘important’ entities. Further, the security requirements have been strengthened EU cybersecurity certification schemes are introduced, and incident reporting obligations on process, content and timeline are streamlined. A new aspect is the empowerment of the Commission to extend the list of security requirements and to prescribe the use of certification schemes by certain essential entities.

The NIS 2 has synergies with the [Resilience of Critical Entities Directive](#), which has been presented by the EC together with the NIS and a [new EU Cybersecurity Strategy](#). It aims at enhancing resilience of entities which are critical for the provision of essential services in view of relevant natural and man-made risks (accidents, natural disasters, public health emergencies, etc.).

The proposal will now be subject to negotiations in the European Parliament (ITRE) and the Council.

Parliament, Council and Commission set EU legislative priorities for 2021

Together, the EU institutions (European Commission, European Parliament and Council) presented a [Joint Declaration on legislative priorities for 2021](#). The declaration draws on the Commission Work Programme for 2021 and focusses on key legislative proposals that have already been presented by the EC as well as on those which are still to follow by autumn 2021. They reiterate their commitment to give utmost priority to the implementation of amongst others the EU Green Deal and to shaping Europe’s Digital Decade. Going beyond the year 2021, the EU institutions also set their [policy objectives and priorities for 2020 to 2024](#).



Disappointing TEN-E review proposal: continued focus on large-scale and cross-border projects

After more than 7 years of application of the current rules on guidelines for trans-European energy infrastructure, the Commission has presented a [revised TEN-E Regulation](#) on 15 December 2020. The review was preceded by a comprehensive revision process, including [several stakeholder webinars](#) and a stakeholder consultation conducted from May to July 2020.

CEDEC was actively involved in this process by giving its views on how the current rules urgently need to be revised. CEDEC in particular regrets the current focus on large-scale cross-border TSO projects, while there is a lack of involvement of DSOs due to overly strict criteria for smart grid projects, preventing innovative and decentralized smart grid projects from getting EU funding.

The revision aims at modernising and upgrading the TEN-E framework by aligning it with the upgraded 2030 climate and energy targets and the 2050

climate neutrality objective. The new provisions foresee an update of eligibility criteria for smart electricity grids, but the focus on large-scale projects by TSOs and the cross-border element regrettably remain.

Natural gas infrastructure will no longer be eligible for PCI (Project of Common Interest) status and all PCI projects will be subject to a mandatory sustainability assessment (alignment with Art. 17 of the Taxonomy Regulation and the “do no significant harm” principle). To include hydrogen, the EC proposes the creation of a new investment category (smart gas grids).

The European Parliament and the Council will now work on their positions to the EC proposal. In the meantime, and still under the current TEN-E rules, preparations already started for the fifth PCI list which is expected by end of 2021.

Spotlight on: Brexit and energy

Despite the last-minute Brexit deal raised more [questions](#) than it answered, energy emerged relatively unscathed. Building on the huge importance of the gas and electricity trade between them, the UK and the EU [agreed](#) on facilitating continued flows of energy by putting in place new trading arrangements over interconnectors, which should be [implemented](#) by April 2022. The agreement also establishes a framework for cooperation on renewable energy and climate change: the UK and the EU will continue to cooperate on the development of renewables (in the North Sea for instance) and stay committed to fight climate change suspending the agreement if either side breaches its commitment to the Paris Agreement. A separate agreement also provides for wide-ranging cooperation on the safe and peaceful uses of nuclear energy. However, a trade agreement is not the single market and, how the Commission [warned](#), *any post-Brexit arrangement will be less efficient than market coupling used within the EU*.

UK TSOs and DSOs are excluded from future membership in Entso-e and the EU DSO Entity.

Sustainable Finance: taxonomy delegated act falls through

Last November the Commission delivered the proposal delegated act to establish the first ever list of sustainable economic activities, the so-called “taxonomy”, and opened the draft for feedback. The proposal unleashed an exceptional stream of feedback, AKA negative, with which the Commission is still dealing. As a result, the final proposal that was supposed to be published 1st of January is now delayed until further notice, and risks to be vetoed by both the Member States and the European Parliament.

Apparently, Member States were all united in having at least one element to complain. Particularly vocal objections came from eastern and southern Member States (10 countries in total) for the exclusion of natural gas, which has been denied the status of “transitional” technology”. In the Parliament there is mounting opposition too: on one side a cross-party group of MEPs from eastern countries is calling for the taxonomy to grant gas the “transitional” status, on the other side greens and left wing MEPs argue that the list is not assertive enough (e.g. on promoting investments in green agriculture).

The EC will now present a revised draft proposal on the 26 January during a meeting of the Member States’ expert group on sustainable finance. You can find the whole story [here](#).

EC vision for offshore renewable energy

To promote the scale-up of offshore renewable energy capacity, the EC released an [EU Strategy on Offshore Renewable Energy](#) accompanied by a [Commission Staff Working Document for guidance on electricity market arrangements](#) on 19 November. The objective of the strategy is to increase the Europe’s offshore wind capacity from its current level of 12 GW to at least 60 GW by 2030 and to 300 GW by 2050. In addition to outlining how offshore renewable energy can be further developed, the EC intends to ensure the facilitation of their cost-effective deployment through the revision of the Energy and Environment State aid guidelines and the Renewable Energy Directive.

From our members: open for new stories!

If sharing good practices about your business’ innovative projects is among your good resolutions for the new year, this section is for you. Should you wish your project to be published in our next Brief News, don’t hesitate to inform us about what your company and/or association is doing. That might serve as inspiration to other CEDEC members and readers. To share your story, please write an email to info@cedec.com.

Reading of the month

EC– [Global Energy and Climate Outlook 2020: A New Normal Beyond Covid-19](#)

Ongoing consultations

[Public consultation on Priority list for the development of gas network codes and guidelines for 2021](#) – deadline 29 January 2021

[Public consultation on updating the EU Emissions Trading System](#) – deadline 5/02/2021

[Public consultation on the evaluation and review of the EED and REDII](#) – deadline 9/02/2021

[Public consultation on the review of the Broadband Cost Reduction Directive](#) – deadline 2/03/2021

Upcoming meetings & events

- CEDEC Board of Directors: 27 January 2021
- CEDEC WG Smart Grids: 28 January 2021

