



EUROPEAN COMMISSION
 DIRECTORATE GENERAL ECONOMIC AND FINANCIAL AFFAIRS
 DIRECTORATE GENERAL ENERGY

Director-General for Economic and Financial Affairs
 Deputy Director-General for Energy, Coordination of Directorates D and E



Dear Mr [REDACTED],

We would like to thank you for your letter of 30 September 2020 addressed to Commissioner for Energy Kadri Simson, as well as to the Directorates General for Energy and for Economic and Financial affairs, on the development and expansion of pumped storage capacities in the EU.

In your letter, you call for making pumped storage capacity an integral part of the development programmes, and you point in particular to the financing and funding possibilities from the Recovery and Resilience Facility and the InvestEU programme.

The Commission is fully aware of the importance and the benefits of pumped hydro storage that you describe in your letter. With the increased production of electricity from variable renewable sources, the need for storage and other system services that the technology can provide will continue to grow. This is also reflected in the impact assessment for the climate target plan 2030 communication where it is stated that the “*increasingly volatile nature of the electricity generation sources will require deployment of storage solutions*” and that, depending on the scenario analysed, by “*2030, the PHS capacity will grow from currently 45 GW to 64 GW.*”¹ Through Clean Energy Package, the European co-legislators aim to create a market that remunerates the system services that pumped hydro storage can bring.

Additionally, sustained level of investments in the modernisation or deployment of pumped hydro storage capacities may be needed. Energy storage has been identified in the individual assessment of the National Energy and Climate Plans published on 14 October among the reform and investment priorities that could be considered by Member States when drafting their recovery and resilience plans and, therefore, eligible to receive recovery funds, for its contribution to the green transition.

The reinforced EU budget and the new recovery instrument NextGenerationEU proposed by the Commission on 27 May 2020 will support the recovery of the European economy and contribute to the European Green Deal objectives. The largest part of the money raised for the Next Generation EU recovery instrument will be invested under the Recovery and Resilience Facility (RRF), which is expected to disburse up to EUR 672.5 billion in loans and grants. Within this framework, Member States are invited to prepare Recovery and Resilience Plans that set out their reform and investment agendas to improve the resilience, growth potential and their adjustment capacity, mitigating the social and economic impact of the crisis, and supporting the green and the digital transitions.

¹ Impact Assessment to Communication “Stepping up Europe’s 2030 climate ambition”, SWD(2020) 176 final

Member States should ensure close alignment of future investment projects and reforms with the European Semester and the country specific recommendations, the National Energy and Climate Plans and the Territorial Just Transition Plans. The investments and reforms should respect “do no harm” principle and contribute to energy system integration. In this context, the Commission encouraged Member States in the 2021 Annual Sustainable Growth Strategy² to include in their plans investment and reforms to frontload future-proof clean technologies and accelerate the development and use of renewables. All projects submitted in Recovery and Resilience Plans will be carefully assessed in line with the criteria and guidance.

In addition, targeted support to investments in renewable energy, sustainable energy infrastructure, including demand-side flexibility and the storage of electricity, and key enabling, transformative renewable energy technologies will be available through the investment support programme InvestEU. With the support of an EU budget guarantee, the InvestEU implementing partners may decide to invest in projects and technologies with higher risk profile.

This way we are enabling the EU budget and the recovery package to truly support the green and digital transitions in the Member States. Furthermore, a large part of the new Multiannual Financial Framework programmes supporting these investments will be front-loaded in order to help the European economy, including the clean energy sector, to rebound and emerge rapidly from the crisis.

I hope you will find these explanations reassuring. I invite you to consult the dedicated Commission websites for the latest developments on these initiatives³.

Yours sincerely,

(e-signed)

Maarten Verwey
Directorate General for Economic and
Financial Affairs
Director-General

(e-signed)

Massimo Garribba
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² European Commission: Annual Sustainable Growth Strategy 2021 - COM/2020/575 final

³ https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1658 and
https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_947