

Accelerated Power Sector Innovation Could Unlock €70bn In 2030

14/05/2013

New technological breakthroughs and business model innovation in power generation and downstream energy services could unlock up to €70bn in 2030, or €135 per EU citizen. It could also reduce power generation cost by 11%, a **EURELECTRIC report** has found. But the study also shows that allowing innovation to play out will require European policymakers to create an enabling EU policy framework. Conversely, slower innovation would put the energy transition at risk and make it much more expensive.

'Innovation in the power sector is central to achieving Europe's climate and energy policy aims. Capturing this potential depends on an agile private sector, supported by effective public policy. European policymakers must make the promotion of innovation a priority in energy policy and act now to streamline innovation policies and pave the way to a greener, smarter and ultimately less costly power system. This is especially relevant as the EU institutions begin their discussions on the 2030 energy and climate policy framework', said EURELECTRIC President and CEO of ENEL Fulvio Conti, handing over the report to EU Energy Commissioner Günther Oettinger at a EURELECTRIC event in Brussels today.

In order to seize the opportunities of a rapidly evolving power sector, European power utilities will need to innovate on three fronts: master new technologies, get closer to consumers, and develop new business models and services. The report clearly shows that utilities are aware of this increased innovation potential and are already shifting their investment in favour of stronger R&D.

'Breakthrough innovation will reduce costs, increase energy efficiency, improve customer convenience, and foster EU competitiveness. That is why innovation is becoming a major priority for EU utilities. Over the last decade alone, annual R&D expenditure by large European utilities has nearly doubled to over €1.7 billion, turning them into powerhouses of innovation. Policymakers must now use every opportunity to keep this momentum alive, for instance next week's European Council meeting of EU government leaders', Mr Conti concluded.

The report recommends five key areas for EU action:

1. **Adopt a systems approach to innovation policy:** take a broad view of innovation instead of supporting individual technologies in isolation.
2. **Nurture public-private dynamics:** The public and private sectors have to work hand in hand to create a sound policy framework that can stimulate a market for innovation.
3. **Prioritise demonstration and commercialisation:** More efforts are needed to bridge the gap between basic research and development (R&D) and demonstration/deployment.
4. **Unlock downstream innovation:** Deregulated retail markets and a rewarding framework for innovative network solutions will open up new opportunities in retail and smart grid services.
5. **Create supportive governance for the Innovation Union:** improve coordination of national and EU policies to foster joint innovation.

The **findings and recommendations** presented today are the result of extensive work carried out by EURELECTRIC over the past eight months. Findings are based on over 40 interviews with experts, including utility Chief Technology Officers, energy and innovation policymakers, and innovation experts, in Europe as well as internationally. The European power sector remains committed to working with policymakers to make the energy transition a success, with innovation as a high strategic priority.

Note to Editors:

EURELECTRIC is the sector association representing the interests of the European electricity industry across the full value chain – generation, transmission (users' perspective), distribution and retail – at pan-European level. Our two-day Annual Conference takes place in a different European country each year in June, drawing between 400 and 500 delegates from across Europe. This year's conference in Bologna on 3-4 June will discuss “innovative investments - re-energising Europe”. To find out more, please visit our website at www.eurelectric.org.