

*Discussion and Conclusions of the High-Level Forum
7 September 2023, Brussels*

Session 3: People & procurement: What manufacturing and skilled resources does Europe need to accelerate grid deployment and digital transformation?

Key Themes as follows:

1. How can Europe secure the necessary manufacturing inputs to meet the needs of Europe's grid operators?
2. How can Europe ensure that sufficient skilled employees are available to meet the needs of Europe's grid operators?

Opening remarks

Europe has a clear vision (climate neutrality by 2050) and a clear policy framework to support the implementation of its vision. Besides a fit-for-purpose regulatory framework, it was highlighted that Europe has substantial funding and Research & Innovation (R&I) programmes, the necessary grid technologies, and world leading suppliers. However, there are still many challenges to address, such as increasing the manufacturing base and addressing the shortage of skilled workforce. Participants were encouraged to propose concrete initiatives allowing to address these challenges at the required speed and scale.

Discussion

Participants discussed the manufacturing and skilled resources Europe needs to accelerate grid deployment and digital transformation and made several suggestions on how Europe can secure them, in time and at reasonable cost.

The participants noted that technology – both hardware and software - that is needed today is available but there are serious capacity bottlenecks. Grid technology providers, who are committed to continue to invest, called for clear, long-term commitments from grid operators for the procurement of grid technology. Network operators asked for clear commitments from industry to invest in the necessary manufacturing capacity and to organise its supply chain.

It was suggested that long-term holistic grid planning should be incentivized by means of forward-looking regulation. The need to consider the full grid, offshore and onshore, transmission and distribution was highlighted.

All participants were encouraged to develop collaborations between them, including the establishment of long-term partnerships between manufacturers and grid operators.

The participants suggested to develop frameworks supporting network operators and manufacturers to enter into balanced financial agreements while sharing risks.

Manufacturers expect investments conditions in new industrial capacities to be enhanced, for example the regulatory and financial frameworks for the industry. The importance to secure competitive supplies

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of critical raw materials and other raw materials, such as aluminum, needed for production of grid technologies in Europe was emphasized.

The participants asked to ensure that EU policy initiatives do not undermine a level playing field between Europe and other parts of the world, as for example the US and China. Many of these markets are difficult to European manufacturers to access. It was suggested that manufacturers can leverage their global supply chains to increase manufacturing capacity for the European market, but they will also need to invest in the EU.

Grid operators and technology providers were called upon to work towards standard specifications to drive efficiencies down the supply chain. Procedures should also be streamlined and harmonised, for example for grid connections and for permitting, to ensure that human resources can allocate most of their time on delivering solutions rather than on administrative processes.

The participants recalled that digitalization, including the deployment of artificial intelligence technology, is an essential element for the success of the green transition. It will help to prioritise the critical areas to invest and operate assets based on better diagnostics, thereby reducing pressure on the supply chain. An approach that considers both capital expenditure and operating expenditure will be necessary to unlock the potential of digitalization.

The participants highlighted the importance of increasing social acceptability for new grids, and the link with the benefits to the European economy: from clean and affordable energy, and also from investments in manufacturing supply chains.

The participants signaled that the energy industry is already facing an important shortage of technical people, while the need for skilled people in the energy sector will significantly increase in the coming years. Therefore, it was underlined that attracting more people to technical careers is a condition to realize the green transition. It was highlighted that reskilling the available workforce is also necessary to support the energy industry, among others to facilitate the deployment of digital technologies.

The participants encouraged the energy industry and public and private institutions and governments to support and develop skills initiatives, such as partnerships under the *Pact for Skills* or industry initiatives, to develop training and reskilling programs, and to promote technical carriers.

Concluding remarks

The session concluded with an overview of the themes discussed. The participants agreed that collaboration across the whole industry and with policymakers and regulatory authorities will be instrumental to address the manufacturing and skills challenges and called for a collective action of all relevant public and private actors, as soon as possible.