

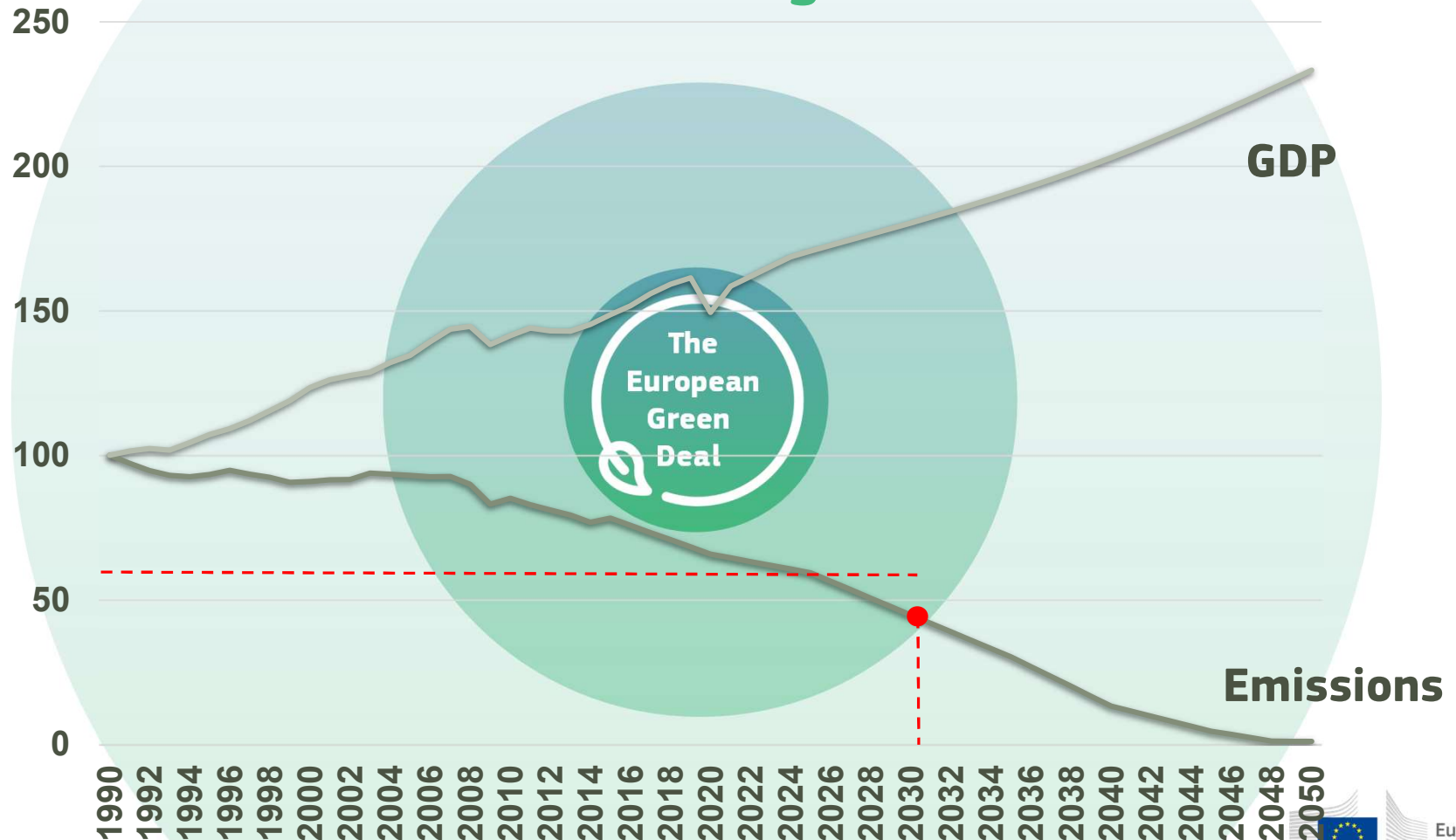


EU Energy policy: affordable, secure and sustainable energy for Europe

Sept 2023



The Climate Target Plan



European
Commission

Preparation in 2020

- [EU Hydrogen Strategy](#)
- [Energy System Integration Strategy](#)
- [Offshore Renewable Energy Strategy](#)
- [Renovation wave](#)
- [Methane Strategy](#)
- [Trans-European Networks for Energy](#)

Initiatives under Fit for 55 package

- Revision of the EU Emissions Trading System(ETS)
- Carbon Border Adjustment Mechanism (CBAM)
- Effort Sharing Regulation (ESR)
- **Amendment to the Renewable Energy Directive (RED)**
- **Amendment to the Energy Efficiency Directive (EED)**
- **Reducing methane emission in the energy sector**
- **Revision of the energy performance of Buildings Directive (EPBD)**
- **Revision of the Third Energy Package for gas**
- Revision of the Energy Tax Directive
- Revision of the directive on deployment of alternative fuels infrastructure
- Revision of the regulation setting CO2 emission performance standards for new passenger cars and for new light commercial vehicles
- Revision of the Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF)

ENER initiatives



Energy crisis response - **REPowerEU**

- A roadmap to reduce the dependence on Russian fossil fuels and fast forward the energy transition
- Based on **3 pillars**:



Energy saving and energy efficiency



Massive acceleration of investment in renewables



Diversification of our energy supplies





Timeline: Crisis Response



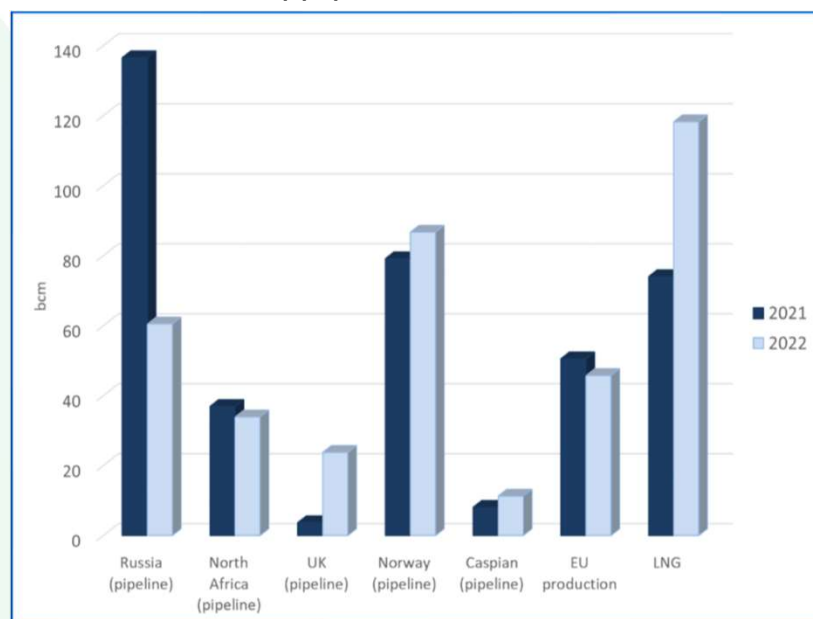


Key Progress 2022

Diversification of energy supplies

- The EU has been successfully replacing Russian gas imports:
 - Russian share of EU gas imports fell from 45% in 2021 to 22% in 2022.
 - Russian share in pipeline imports reduced from **41% in 2021 to 7% in January 2023**.
 - In 2022, the EU managed to **compensate more than 70 bcm of Russian** gas with increased supplies from non-Russian suppliers
- In 2022, **LNG** was the main source of gas:
 - Replaced missing Russian volumes with a sharp increase from 80 bcm in 2021 to around 135 bcm in 2022 (by more than 60% y-to-y).

Gas supply to the EU 2021 vs 2022



Source: ENTSO-G



Diversifying our supplies

- **Joint EU Energy Platform** to enable voluntary common purchases of gas, LNG and hydrogen by pooling demand, optimising infrastructure use and coordinating outreach to suppliers
- Investments in **infrastructure**: better pipelines and interconnectors so the gas can flow wherever it is needed
- Legal targets for **winter gas storage** across the EU – 90% by 1 Nov. Achieved this year on 18 August.
- Thanks to cooperation with international partners to increase **alternative supplies** via LNG and maximising pipeline capacities, EU imports increase since January by 35bcm compared to the previous year

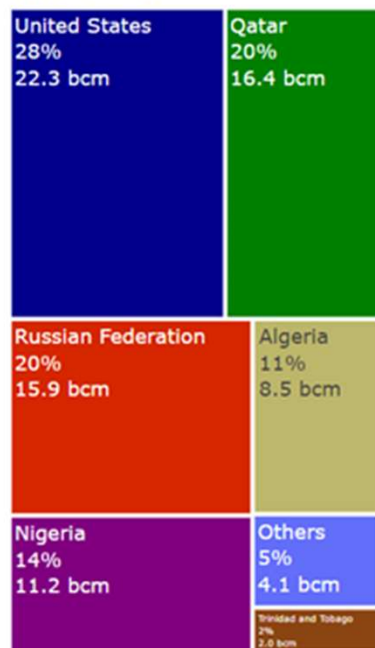




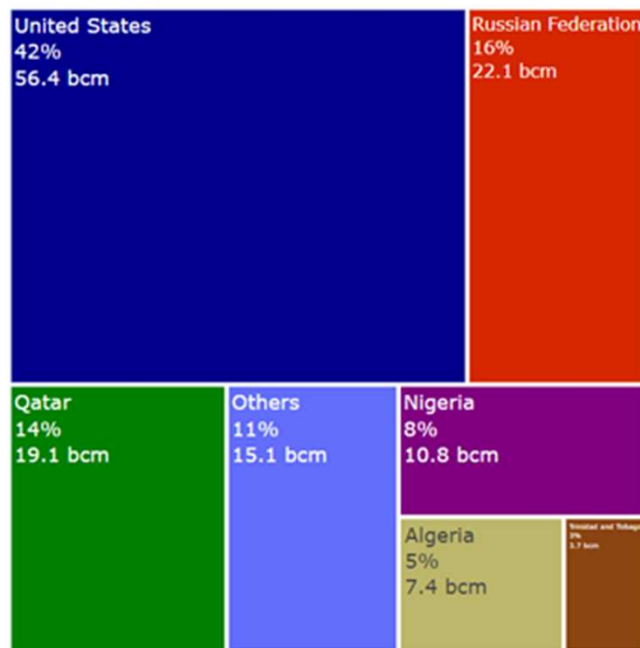
Key Progress 2022

Gross imports of LNG to the EU 2021 vs 2022

2021 - 80.4 bcm



2022 - 134.7 bcm



Source: Refinitiv



Key Progress 2022

New RES installed capacity

New installed capacity in 2022 for renewable energy sources generation in the EU was **57 GW**, equivalent to **11.5 bcm of gas**:



15 GW for **wind** power generation (+34% from 2021 pace)



41 GW for **solar** power generation (+47% from 2021 pace)



1 GW for **other renewables** power generation

For 2023, industries expect an **additional 69 GW of new RES energy capacity**, equivalent to 15 bcm of gas.



EU Targets for 2030 under Fit for 55 and REPowerEU

Energy Efficiency Directive (EED)

- 10 March 2023: provisional agreement reached between European Parliament and the Council on the revision of EED.
- The agreement establishes an **EU energy efficiency target of 11.7% for 2030**, exceeding the Commission's original 'Fit for 55' proposal.
- Energy efficiency first principle is given legal strength for the first time.

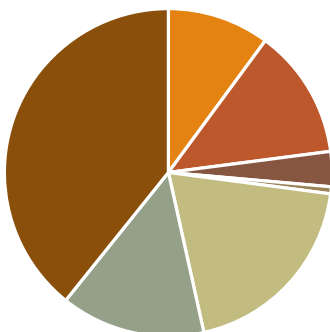
Renewable Energy Directive (RED)

- 30 March 2023: provisional agreement reached between European Parliament and the Council on the revision of RED.
- The revision sets **a binding target for 2030 of at least 42.5% but aiming for 45%**.
- The agreement enhances the **current 32% target**, almost doubling the existing share of renewable energy in the EU.



Financing REPowerEU

€210 billion by 2027



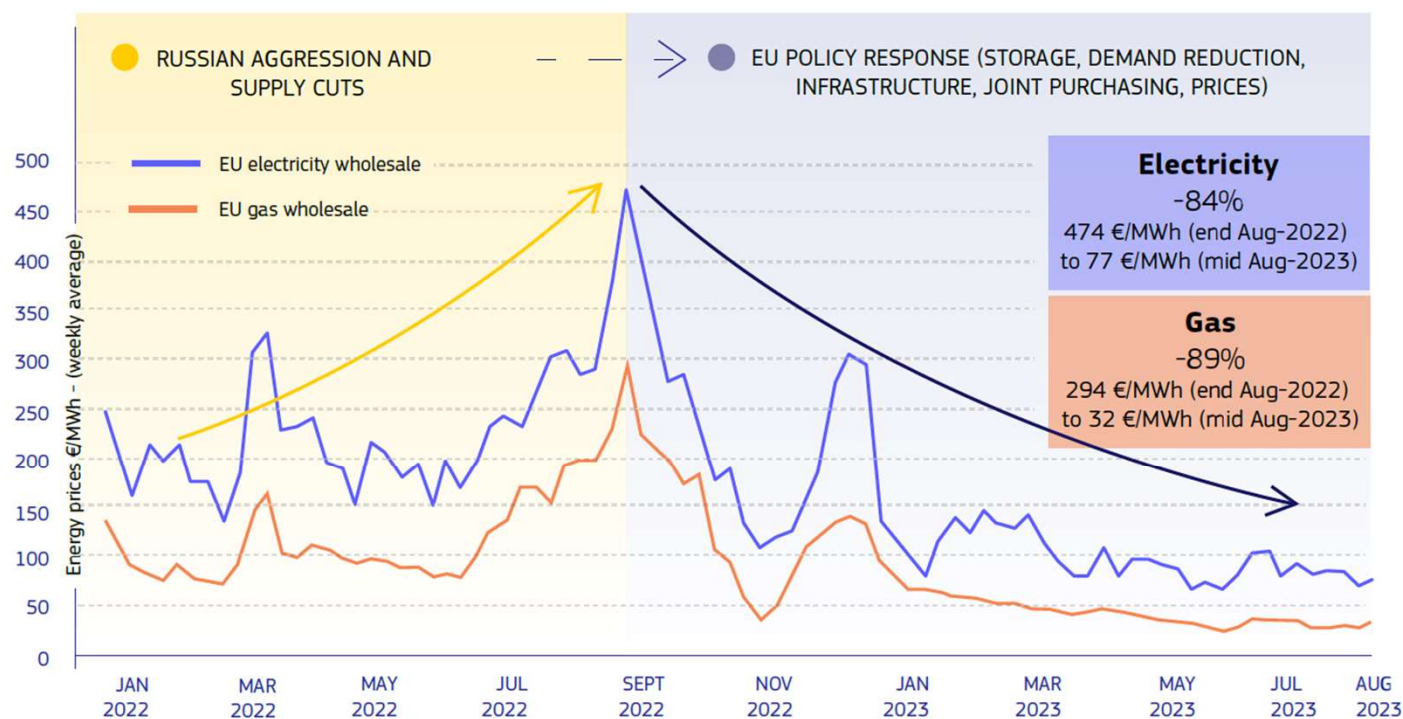
- Power grid
- Increase biomethane production
- Import sufficient LNG and pipeline gas
- Security of supply
- Energy efficiency and heat pumps
- Adapting industry to use less fossil fuels
- Renewables and key hydrogen infrastructure

- Additional investments of **€210 billion** are needed between now and 2027 to phase out Russian fossil fuel imports, which are currently costing European taxpayers nearly €100 billion per year.
- The **Recovery and Resilience Facility** is at the heart of the REPowerEU, providing additional EU funding.
- Member States should add a REPowerEU chapter to their **Recovery and Resilience Plans** to channel investments to REPowerEU priorities and make the necessary reforms.
- Other sources of REPowerEU financing include: Cohesion Policy funds, European Agricultural Fund for Rural Development, Connecting Europe Facility, Innovation Fund, national and EU funding in support of REPowerEU objectives, national fiscal measures, private investment, the European Investment Bank



Key Progress – Reducing & stabilising energy prices

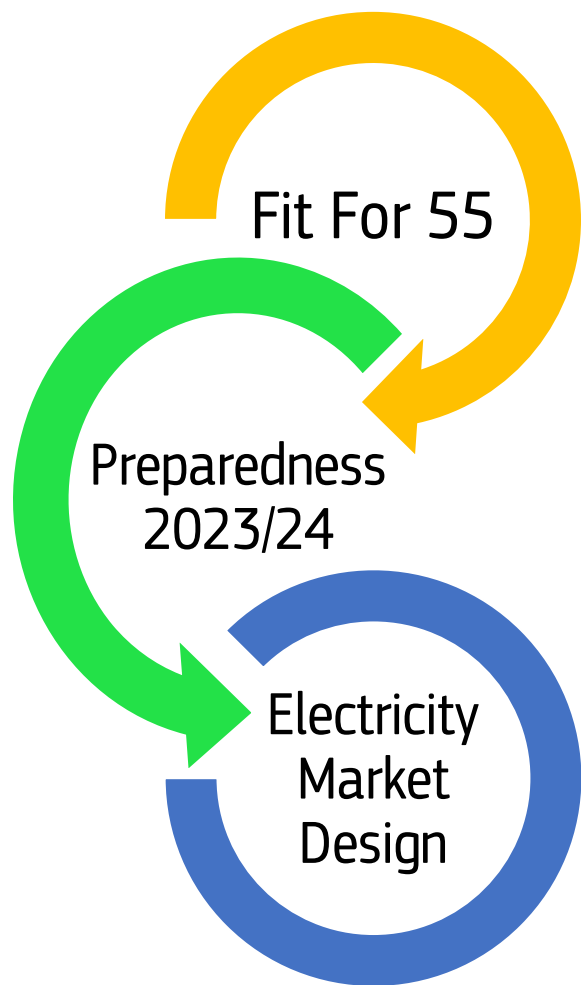
Evolution of **gas & electricity** prices



Source: ©European Commission (Based on S&P Global Commodity Insights)

Note: Gas prices are weekly average of TTF day-ahead, Electricity prices are weekly weighted average of largest EU markets

4) Still to do / Looking ahead



2023 Priorities

- Conclude inter-institutional negotiations on the **Fitfor55** legislative files.
- Ensure **preparedness** for winter 2023/24
- Reform of the **Electricity Market Design**



EU Competitiveness

- Advance on the **Green Deal Industrial Plan**:
 - **Net Zero Industry Act** to support the competitiveness of the European clean technology industry + **Critical Raw Materials Act** proposed in March 2023.
 - Continue work on adaptation of **State Aid Rules** to allow Member States to provide support in a flexible, practical and speedy way.
 - Support establishment of **EU Sovereignty Fund**.
 - Support development of **skills for the clean energy transition** in the context of the European Year of Skills.



Electricity Market Design

Shortcomings of current design linked to impact of high and volatile fossil fuel process on short-term electricity markets → Need for structural reform for the medium-term.

- Objectives:
 - Make energy bills more **independent from the short-term market price** of electricity.
 - Accelerate the **deployment of renewables**, bringing the benefits to consumers.
 - Better **protect electricity consumers**.
- Timeline:
 - **March:** Legislative Proposal & Staff Working Document
 - Now with European Parliament and Council – hope for deal this year.





National Energy and Climate Plans

How will Member States achieve the 2030 targets?

Update of the NECPs, an opportunity to anchor new ambition, policies and initiatives in a strategic and integrated planning to achieve **Energy Union and REPowerEU objectives**.

Timeline:

- **2022 Nov:** Commission Guidance on the update of the NECPs
- **2023 March:** Integrated progress report on the NECPs
- **2023 June:** Draft NECPs due for submission [15 submitted so far]
- **2024 June:** Submission of final, updated NECPs.



Renewables and Energy Efficiency

- Advance implementation of the **EU Solar Energy Strategy**, aiming to bring online over 320 GW of solar photovoltaic newly installed by 2025.
- Advance work on **Sustainable Products Initiative** & implementation of **2022-24 Eco-design and Energy Labelling** work program.
- Develop and fine-tune Action Plan on accelerating **Heat Pumps** market and deployment- needs to be updated.
- Accelerate investments in energy efficiency through the launch of a **High-Level Energy Efficiency Financing Coalition**.
- Communication on **Carbon Capture and Storage & Carbon Capture and Utilisation**.
- **A European Wind Power package** – fast-track permitting, improve auctions, skills, finance, stable supply chains [from SOTEU]



State of the Union 2023

Highlights on energy



#SOTEU



2024 priorities

- **European Wind Power Package**
- **2040 climate targets**
- **Clean Transition Dialogues**

European Wind Power Package

- to further fast track permitting
- to improve the auction systems across the EU
- focus on skills, access to finance and stable supply chains

“Our wind industry is a European success story”



#SOTEU

Clean Transition Dialogues

to support every sector in building its business model for the decarbonisation of industry

“We believe that this transition is essential for our future competitiveness in Europe”



#SOTEU

Links to the website for further information

- [Energy](#) (website on Energy policy issues)
 - [A European Green Deal](#)
 - [REPowerEU](#): affordable, secure and sustainable energy for Europe
- [Infrastructure](#) landing page
 - [Projects of Common Interest](#)
 - [Key cross border infrastructure projects](#)
 - [Baltic energy market interconnection plan \(europa.eu\)](#)
 - [PCI selection process](#)
 - Conference: [Fourth PCI Energy Days](#) 28-29 November 2023
- [Renewable energy](#) landing page
 - [Bioenergy](#)
 - [Biomass](#)

Thank you



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