On the EEF Programme

The functioning of Europe’s Wholesale Energy Markets and the EU carbon market: how do they enable a cost-efficient transition to a carbon neutral economy?

*Friday 23 April; 9:00—11:30 a.m. (CET)*

*Online Briefing for MEP Advisers via Webex—registration required*

Low carbon secure supply in a climate-neutral Europe: how can nuclear contribute?

*Wednesday 12 May; 14:30 —16:00 (CET)*

*Online Energy Debate via Webex—registration required*

Online Energy Debate

**How to make Europe a leading force in sustainable batteries?** – 15 March

March offered the EEF Members a unique opportunity to discuss with Maroš Šefčovič, European Commission Vice-President for Interinstitutional Relations and Foresight a topic very high on the political agenda: the development of a sustainable and competitive EU battery sector.

This timely discussion was co-chaired by MEP Jerzy Buzek, President of the EEF and MEP Maria Spyraki, Active Member of the EEF and Shadow Rapporteur on behalf of the EPP in ITRE on the Proposal for a Regulation concerning batteries and waste batteries. In his
introductory remarks, Vice-President Šefčovič said how pleased he was that so much has been achieved since the launch of the European Battery Alliance in 2017. The new industrial spirit developed across the whole battery value chain, coupled with close cooperation between 600 industrial players, has led to more than 70 industrial projects across Europe.

Record-level investments of 60 billion EUR have been registered in the sector in 2019, which means Europe has invested three times more than China in the same period. The EU is catching up and advancing fast, becoming the global battery hub. This greatly contributes to building its strategic autonomy in sensitive sectors like energy storage and the automotive industry.

The automotive industry has been evolving fast: in a short amount of time, the same volume of electric vehicles has been sold in Europe and China. By 2025, the aforementioned battery cells projects once delivered should be able to produce batteries for 7 to 8 million electric vehicles per year. This would enable Europe to satisfy its domestic car battery demand and potentially become exporter. At the EU level, the work on batteries is accompanied by flagship initiatives – e.g. the smart and sustainable mobility strategy – that also require the mastering of these technologies.

Vice-President Šefčovič has a clear vision on the EU priorities for the next months and years. First, the timely adoption of the Battery Regulation proposal. This would put the EU battery sector on a completely different level compared to any other sector in the world. As an example of concrete measures proposed in the regulation, all e-mobility Batteries placed on the European market will have a digital passport proving that the raw materials have been ethically sourced and a clear indication of their carbon footprint, the recycling and the energy sources used for their production. When buying an electric car, people will get its whole story. For this, the proposal needs to be adopted as soon as possible. Vice-President thus appealed to the MEPs to accelerate decisions in the EP, explaining the common goal should be to start trilogues by the end of the year and have the regulation approved by co-legislators in 2022. This would allow the battery industry to know exactly what to do and the rules to follow when, as of 2023, the production of batteries is expected to ramp up.

Second comes the issue of raw materials. The EC is aware of the importance of secure access to sustainable raw materials for the Union’s decarbonisation and digital agendas. That is why it has created the European Raw Material Alliance. While developing strategic relations with key suppliers (such as Ukraine and Serbia) is crucial to securing supply, it is important to look for domestic sources as well as to focus on urban mining, recycling and reuse of batteries. Europe also needs to strongly invest in R&I to become strong in raw but also active raw materials such as cathodes and anodes.

The third point concerns skills: by 2025, the EU needs 800,000 people upskilled or reskilled to accommodate the demand coming from the battery industry. This cannot be done by the private sector alone. The EU Funds should be used to establish re-/up-skilling programs
enabling the creation of these green jobs in the EU. In this regard, a good example is the “EBA250 Academy” developed by KIC InnoEnergy. Overall, the battery industry could employ 4 to 5 million people by 2025, which is quite significant.

Vice-President’s last point concerns R&I. The level of money coming into R&I could be a highly decisive factor for the future and should support the beyond the state of art research. Two big Important Projects of Common European Interest (IPCEI) in the battery ecosystem, let by France and Germany were approved by the Commission in 2019 and 2021 that would bring in total value over c.a. 20 billion EUR. The EC will also support the partnership on batteries under Horizon Europe, with a funding of c.a. 900 million EUR.

Vice-President concluded reiterating his request to the MEPs to speed up work on the proposed Regulation in the EP.

This request was well received by the MEPs on the panel – Jerzy Buzek, Maria Spyraki, Miapetra Kumpula-Natri, Mauri Pekkarinen and Ismail Ertug –, who in turn took the opportunity to share some insights with the Vice-President. The MEPs shared a common belief that the EU should set standards for minimizing the carbon footprint of the battery whole value chain, adopt a full life-cycle approach and set high ambitions for recycling and reuse of batteries, so as to increase circularity of materials. The funding of climate related projects was also touched upon.

As for critical raw materials, the MEPs agree the EU should both insist on responsible sourcing and increase efforts to develop its own sourcing whether from EU countries that have a lot of raw material or from urban mining. In this regard, slowness of permit processes and cost-level difference compared to China and Congo are among the key challenges to address.

Panellist MEPs finally shared some thoughts on the importance of providing stability and predictability to the market by creating a framework favourable to investments as well as ensuring markets are fair. The EU can create a new industry and big companies are already working in that sense by transforming their products and manufacturing lines.

This very insightful discussion was followed by two presentations from Diego Pavia, CEO of EIT InnoEnergy, and Patrick Clerens, Secretary General of EASE.

Diego Pavia showed how the development of the EU battery sector has been a success story of the whole EU. Europe can play a leadership role. The new proposed Regulation will be key in putting Europe at the forefront in terms of how to structure the battery world and should thus be supported. He explained the EU has most of the needed raw materials on its ground, but it needs to fasten permit processes and make citizens understand that mining can also be sustainable. As for skills, the upskilling and reskilling present a huge growth opportunity, especially if one thinks of coal regions in transition.

Patrick Clerens explained the 2030 landscape will require new battery types and production methods. Batteries are an important type of storage technology, but other storage
technologies are equally needed to achieve the EU climate targets. He called for a comprehensive energy storage strategy clearly defining energy storage targets and setting a roadmap, to create investment security and trust in where the EU wants to go. This is essential to achieve the needs for storage for 2030 and 2050.

The event concluded with an exchange of views among the speakers and the MEPs on waste batteries, recycling and batteries second life.

Online Briefing for MEP Advisers

**The EU Emissions Trading System: from understanding its design to discussing its revision** – 26 March

The EEF organised an online briefing session for MEP Advisers on the EU Emissions Trading System (EU ETS) ahead of the revision that is foreseen later this year.

An introduction to our briefing was given by our President MEP Jerzy Buzek, insisting on the institutional memory that is of utmost importance in the legislation process.

The briefings are an occasion to come back to the basics of topics and this one was no exception as our experts started with the polluter pays principle introduced in 1972, with carbon pricing as an economic signal to either reduce emissions or continue polluting and paying for it. The choice of a EU-ETS instead of a carbon tax is now well known and the briefing offered an opportunity to specify why it was chosen, to situate it among the numerous carbon pricing instruments around the world, to explain how the reduction of GHG (now 55% by 2030) is divided into two sub targets achieved by ETS and non-ETS sectors, and to point out that some EU countries have also introduced additional national measures. How allowances can be obtained is key for the industry, whether it is through free allocation, auctioning or on the secondary market. In order to make sure the CO₂ emissions are not just relocated instead of being reduced, it is crucial that carbon leakage protection is put in place, especially for the EU energy intensive industries.

Understanding the evolution of the EU ETS through its 4 different phases since 2005 as well as how backloading and the Market Stability Reserve (MSR) did influence the price of CO₂ is of great importance to understand how best to review the system for the future.

This three-hour session dived deep in the topic with our experts excelling in bringing their knowledge to educate or refresh the memories of our audience.

The participation of the European Commission is key in the discussion. Hans Bergman, Head of Unit B1 “ETS Policy Development and Auctioning”, DG Clima, explained what the Commission has been done in view of the “Fit for 55” package. This includes work on the EU ETS, the Climate law, the Effort Sharing Legislation, the Energy Efficiency and Renewable Energy Regulations, the Energy Taxation Directive, as well as the reinforcement of EU solidarity instruments, e.g. the Modernisation and Innovation Funds. Competitiveness has always been key in the EU ETS discussions and it will continue to be so; to succeed, the Green Deal needs to lead to a fair
system of equal and competitive EU.

He explained the potential extension of the EU-ETS to other sectors such as transport and building is currently being discussed. Although it is a relatively new instrument, the European Commission is also reviewing the MSR. The Commission is also considering a Carbon Border Adjustment Mechanism, whose proposal should come in June, to address the competitive pressure on the EU industry.

Mr Bergman insisted on the cooperation with the different DGs, DG FISMA and DG ENER, depending on the topic discussed. He concluded by saying that this huge “Fit for 55” package must be coherent and well prepared.

Different sectors of the Industry have different points of view as their sectors are affected differently by the price of CO₂ and not all are equal when it comes to possibilities of reducing their CO₂ emissions. The EEF prides itself in having a broad range of industry members who could, in the last part of the session, give a wide overview of the different wishes, worries and hopes when it comes to revising the EU ETS Directive.