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ACTIVITY
REPORT

2022



ACTIVITY REPORT

2022

Jerzy Buzek

MEP - EPP, Poland
President of the EEF
European Parliament



Looking back at this past year and the work we have been doing at the European Energy Forum, I see it as a year of 'forging Europe'. Jean Monnet famously remarked that "Europe will be forged in crisis, and will be the sum of the solutions adopted for those crises", and even if that describes a systemic nature of European integration, year 2022 epitomised that nature in a uniquely intensive manner.

Having passed the half way mark of this parliamentary term, our debates accompanied the most intense and ground-breaking legislative work that should not only make Europe 'fit for 55' – helping us reach our most ambitious clean energy targets and mitigate global climate crises – but actually completely reconfigure our economies, industries and everyday lives. In this respect, our debates, more than ever, were crucial both for finding at EU level the right balance of ambition and deliverability, and helping the industry and the wider stakeholders prepare for what European Commission's Executive Vice-President Timmermans refers to as 'disruptive change'.

If that in itself were not demanding enough, 2022

has brought yet another systemic shock. Russia's war in Ukraine, Russia's war against Europe has deeply changed the energy outlook, made void the principles of energy policy founded on mutual interdependence as a way to building prosperity, realigned our perception of energy as a crucial component of wider security and independence. Europe's response has been clear: we are no longer willing to pay for Russian energy and have these profits directed at war against Ukraine and Europe. As EU, we are no longer willing to be an object of coercion; we will no longer allow energy to be weaponized. This systemic breaking-away - translated into concrete actions under the ever more stringent sanction regime, under the REPowerEU strategy, new global partnerships – must be accompanied by concrete solutions and a comprehensive policy framework that will effectively help our industry cope with unprecedented energy crisis, supply disruptions, and global rivalry on unparalleled scale. This has been the underlying theme in most of our discussions since 24 February, together with an equally pressing question of how to assist Ukraine's energy sector and infrastructure – a key target of Russian bombings.

The shape of Europe that is being forged – not only in terms of energy but more generally – depends on our ability to successfully answer these different issues, ensuring sustained supply of energy, affordable costs, protecting the environment, preserving economic competitiveness, guaranteeing energy security and broader, strategic independence and sovereignty. The European Energy Forum, bringing through its members a whole spectrum of perspectives is uniquely placed to help us and Europe as such steer these disruptive processes in a way that will in time make us proud of what we have accomplished in face of such challenges.

The best proof of that – both of the scale of challenges and EEF's unique position – are not my words but our growing membership – with 9 new associate members joining us this year, and one already confirmed for 2023. Strengthened in number and in breadth of experiences, perspectives and contributions, let us look with hope and 'un-drainable' energy through every day of the New Year – and let us reflect it in our debates and work of the European Energy Forum!

Mechthild Wörzdörfer

Deputy Director-General for Energy European Commission



Without a single doubt, 2022 has been the most challenging year for energy policy in years.

We have faced an unprecedented crisis with several origins, mainly Russia's unprovoked and unjustified war of aggression against Ukraine as well as the global economic recovery post-Covid. This has triggered price volatility and energy insecurity across the world, with a disproportionate impact on the EU and its immediate neighborhood. It has exposed the vulnerabilities of our energy system, and our reliance on imported fossil fuels, with Russia weaponizing energy supply.

Together with the European Parliament and the Member States, we worked relentlessly to deliver short-term solutions on both the supply and demand side, as well as keep track of medium and long-term priorities of the European Green Deal.

With regard to supply, our response included mandatory gas storage filling rules for Member States, which were adopted in record time and allowed us to ensure the filling of EU underground storages and be better prepared for this winter. That was a great success: by mid-November, EU gas

facilities were filled by nearly 95% on average, our gas consumption from August to November has declined by 20% compared to the monthly average from the period 2017 to 2021, and the share of Russian pipeline gas in EU imports has dropped from 41% in 2021 to less than 8% as of November 2022. Within the framework of REPowerEU, our blueprint to reduce reliance on Russian fossil fuels published in May, we have implemented collective actions to foster the EU's external engagement in energy markets and facilitate joint gas procurement at global level with existing and new partners.

On the demand side, much has been done to save energy. We have put forward measures to reduce gas and electricity demand, including at peak time, to reduce the volatility of gas and electricity prices and avoid record-high energy prices. Although energy prices remain very high still to date, the EU's collective response has greatly mitigated their negative impact. Under all measures taken to reduce energy demand, great attention was devoted to ensuring consumer protection, particularly the most vulnerable, and granting increased degrees of flexibilities on state aid rules to help companies exposed to high-energy costs.

A top priority was to help Ukraine and Moldova, one key example was the emergency synchronisation of electricity grids with Continental Europe Network in March: this helped avoid massive and protracted black-outs in Ukraine. Moreover, we are fully mobilized to provide continuous support on energy equipment and emergency repairs. We are committed to assist Ukraine to harness its substantial renewable energy potential and build back better, in line with the REPowerEU and REPowerUA objectives.

Looking back, 2022 was also a year where all the institutions worked together to learn from the crisis in view of accelerating the green transition and reaching the European Green Deal ambition. 2022 was a landmark year to build momentum for faster deployment of renewable energy, and improve energy efficiency measures. This awareness is embedded firmly across the REPowerEU plan, which is built on the idea that the only functioning strategy to break away from fossil fuels consumption is first energy saving and efficiency, fast-forwarding renewables uptake, and diversify our energy supplies. Our REPowerEU proposal has further levelled up the ambitions set out in the "Fit for 55" Package, and holds a commitment to increase the EU renewable energy target from 40% to 45% by 2030, and from 9% to 13% of the EU energy efficiency target compared to 2020. It also intervenes to set more ambitious targets for green hydrogen, solar energy, wind power and biomethane uptake. In addition to that, it addresses one of the main investment bottlenecks of the energy transition, namely renewable energy and grid permitting, to which the Commission has given an additional boost by adopting a temporary regulation to accelerate permit-granting procedures.

Looking forward, many of today's challenges will also mark 2023 and beyond. We need to ensure energy security, reduce further our dependence on fossil fuels while making energy more affordable for consumers and industry. The finalization of crucial energy files, such as the Energy Efficiency Directive, the Renewable Energy Directive, the Energy Performance of Building Directive, Methane emission reduction and the Decarbonisation of Gas and Hydrogen Package are top on the agenda in 2023. Preparedness will remain a key issue of attention, for the coming winter, including the filling of our storages. Moreover, we will propose the revision of the electricity market design to allow us to reap the benefit of a renewable-based energy market and keep prices affordable for all EU consumers. We will continue supporting Ukraine's path to a decarbonized energy system, acting in solidarity.

In keeping up with its excellent work, throughout the whole year, the European Energy Forum, chaired by the Honourable Member of Parliament, President Buzek, has acted as a platform for edifying policy discussions. In addition, by proposing policy-relevant and cross-cutting debates, it has constituted a privileged bridge between EU institutions and different stakeholders. In thanking both President Buzek and the European Energy Forum for the excellent cooperation during this year, I am optimistic that 2023 will hold for us many more opportunities to exchange and learn from each other.

Pascale Verheust

Director General of the EEF



It is my pleasure to present our activity report for the year 2022, highlighting our initiatives and accomplishments for the year.

As a membership association, our key focus is creating a space where members can listen, feel heard and valued. The progressive switch from online events back to our usual in-person discussions has prompted us to find diverse ways to continue providing quality discussions, supporting our Members and discussing crucial energy issues that were developing through the year. We encouraged our Members to share their points of view and created different opportunities to do so. With our high-level in-person discussions, we could tackle more specific and technical pieces of upcoming legislation and policies, additionally our receptions allowed us to welcome European Commission speakers and engage in a dialogue with them. Our briefings for MEP advisors proved once again that education is both key and welcome when understanding energy issues.

In our European Union, diversity is also key. Different regions and countries are very diverse in terms of needs and priorities when it comes to energy. With our Green Deal targets as a basis, all solutions should be considered. This is why the European Energy Forum remains open and neutral when it comes to including

energy or energy related topics in the discussion, considering all issues at stake, involving all energy sources and sectors and including in the debate all energy stakeholders including energy intensive sectors, regulators, and key raw material producers among others. We encourage our Members to engage in respectful and informed discussions about the pros and cons of all different options

Diversity was at the centre of the discussions opportunities we provided for our Members and proved successful. This variety of topics is essential for tackling the complex and multifaceted world of energy and the many pieces of legislation put forward in 2022. From the ongoing energy crisis to the need of becoming energy independent whilst developing our renewable and other low-carbon options, finding ways to maintain our EU industries and always remaining open to consider all solutions. In 2022 we have tackled some of the most pressing issues facing our industry and lawmakers today.

We take pride in bringing the diverse sectors together to provide a wide overview of the issues and wish to express our gratitude to our Members for their involvement which has helped us to shape the direction of our work.

01

EEF NETWORK

Active Members	10
Associate Members	15
Extended Network	16
Team	17

02

EEF ACTIVITIES

Energy Discussions	20
Briefing Sessions	21
EEF Energy Events in 2022	22
Summaries of 2022 Events	24

03

THANK YOU

73

EEF
NETWORK

The EEF and its Members work together to propose discussions on the key EU legislative issues.

The EEF brings together a large network of experts and institutional representatives. Thanks to Members and participants from all sides, our discussions are always filled with a diversity of points of view presented by speakers with many different backgrounds, which in return makes every EEF discussion exclusive.

MEMBERS

Active Members

The leading force of the EEF are elected Members of the European Parliament (MEPs). They come from different political parties, parliamentary committees and Member States.

They govern the organization, contribute to defining the work programme of the year, chair all EEF events, promote the EEF and participate in the activities on a regular basis.

Their active involvement and commitment testify the value they see in the EEF: an essential platform where open discussion and exchange of information is possible. They believe that an inclusive, transparent and open exchange between stakeholders, the institutions and politicians is essential when it comes to shaping better policies for the future.

The EEF currently counts **27** Active Members.

At the governance level, the EEF has a Bureau and a Board of Directors.

The Bureau meets during the year to discuss the activities of the EEF. It is composed of the **President MEP Jerzy Buzek, Treasurer and Vice-President MEP Inese Vaidere, and Vice-Presidents MEPs Pilar del Castillo Vera and Miapetra Kumpula-Natri.**

The Association is administered on a voluntary basis by a Board of Directors which consists of Active Members of various nationalities and from different political groups. They are elected every five years by the Active Members during the General Assembly which follows the European Parliamentary elections.



Jerzy Buzek
President



Inese Vaidere
Treasurer
and Vice-President



**Pilar del Castillo
Vera**
Vice-President



**Miapetra
Kumpula-Natri**
Vice-President



Franc Bogovič
Director



Seán Kelly
Director



Ondřej Knotek
Director



**Tsvetelina
Penkova**
Director



**Morten Helveg
Petersen**
Director



Massimiliano Salini
Director



Maria Spyraki
Director



Evžen Tošenovský
Director



Cristian-Silviu Buşoi
Active Member



Daniel Caspary
Active Member



András Gyürk
Active Member



Radan Kanev
Active Member



Zdzisław Krasnodębski
Active Member



Liudas Mažylis
Active Member



Iskra Mihaylova
Active Member



Csaba Molnár
Active Member



Angelika Niebler
Active Member



Juozas Olekas
Active Member



Mauri Pekkarinen
Active Member



Silvia Sardone
Active Member



Henna Virkkunen
Active Member



Pernille Weiss
Active Member



Carlos Zorrinho
Active Member

QUOTES



Inese Vaidere
Treasurer
and Vice-President
EPP, Latvia

«Following Russia's brutal invasion of Ukraine, energy issues have become more relevant than ever.

In 2022, the EEF has once again proved its great value as an influential platform to debate the necessary changes in the energy sector thanks to the support of its members and the great work of the EEF team.

In addition, the return to frequent physical meetings this year has helped to strengthen networks between EU policymakers, the industry and other stakeholders.

Many difficult challenges lie ahead next year – ensuring security of supply and lower energy prices, implementing the European Green Deal – but I am sure that the EEF will help us to find the way forward.»

«This year, we have faced an unprecedented energy price and supply crisis driven by the Russian war on Ukraine and weaponisation of energy supply. The crisis calls for exceptional actions to address price volatility and peaks, while ensuring that we continue to accelerate the long-term path to sustainability defined by the Fit for 55 package. Energy security, affordability, and the green transition are core pillars of good energy policy, and 2022 has demonstrated the value of each of them.

I would like to thank EEF for bringing together a wide variety of stakeholders with whom we have been able to discuss different perspectives and foster solutions.»



Miapetra Kumpula-Natri
Vice-President
S&D, Finland



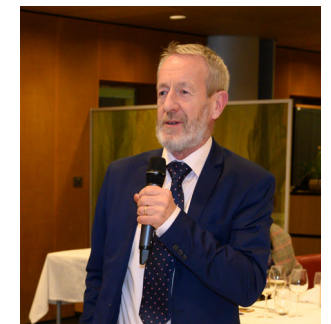
Ondřej Knotek
Director
RE, Czech Republic

«1. Breakthrough year 2022 has directed EU energy sector towards a less depended and more resilient future. Smart grids, hydrogen ready gas infrastructure, modular reactors and fusion are on board.

2. Low carbon technologies have been recognised within sustainable finance framework and thus have become integral part of the EU Green Deal.

3. Power and gas prices will decouple. Finally!»

«I always enjoy EEF events. They are well organised, and Pascale and her staff are always very efficient and welcoming. We are fortunate to have the legendary politician Jerzy Buzek as chair of the EEF board. He is always respectful of all speakers and leads excellent debates. For me, the EEF is like going to school or university. I learn a lot from sincere and genuine stakeholders, who rely on their knowledge and expertise to highlight issues that MEPs might not be aware of otherwise. I find this extremely helpful in my work and especially on energy files like the EPBD, RED III and the EED. Working with the EEF has been one of the most pleasant and rewarding of activities that I have taken on as an MEP.»



Seán Kelly
Director
EPP, Ireland



Mauri Pekkarinen
Active Member
RE, Finland

«Energy production and industry are the biggest emitters in EU. We need to get the Green transition working to transform consumption and production to be based on renewables and emission-free sources. Our best shot is in bio, solar and wind energy.

But to get there, we need to take care of a sustainable supply of critical raw materials. Without them, we won't have a green transition.»

QUOTES

«2022 was a year of the unbelievable challenge – we faced a war in Europe. Russian aggression in Ukraine put all our plans and projects for European energy transition under completely different light.

We began a conversation about European energy independence and sovereignty. I'm really proud that in this unprecedented situation we continued our work on Fit for 55 package and supported and even raised the ambition of the Union.

REPowerEU is an example how effective the EU could be in the process of creation of common policy and common solutions for the European citizens. For me energy efficiency is in the core of all new European energy approach together with renewable energy sources and renovation wave for European building stock. They will support the effective steps in direction to European energy independence.

EEF has an important role supporting the direction of technological and research innovations in Energy policy, investments and overall green transition.»



Iskra Mihaylova
Active Member
RE, Bulgaria



Carlos Zorrinho
Active Member
S&D, Portugal

«Energy acting on information and information acting on energy - this explanation of the world we live in, is more actual than ever. This year the European Energy Forum has helped us to better understand the various dimensions of the new challenges Europe faces in the field of energy, as a key factor to win the war for freedom, well-being and against climate change.»

MEMBERS

Associates Members

The EEF Associate Members are private and public stakeholders, regulators, and research organizations active in energy-related sectors.

They actively participate in the events of the EEF and contribute to discussions by offering their expertise and sharing their points of view in order to foster an inclusive exchange of knowledge among all the parties involved in the legislative process.

Associate Members join forces to present complementary points of views as a starting point for our discussions. This is a key element that makes all EEF discussions a success. The diversity of sectors present in our membership guarantees an expanded and open dialogue.

On 31 December 2022, the EEF counted **82** Associate Members.



EXTENDED NETWORK

The EEF always welcomes senior officials from the European Commission as key intervener in the debates.

All MEPs, the Council, the Permanent Representations and Missions to the EU, as well as other public authorities both inside and outside the European Union are invited to attend.

This enables EEF Members to liaise with a broad and ever-expanding network of experts involved in energy topics.

The EEF key partners are:

- European Parliament
- European Commission
- Council of the European Union
- Permanent Representations and Missions to the EU
- among other institutions from and outside of the EU involved or interested in the EU energy dimension.

TEAM

The Brussels-based Team is headed by a Director General who acts under the responsibility of the Bureau and directs the EEF's daily work, activities, and events.

The Team works in close contact with the Forum political leadership, liaises with Members and maintains relations with the broader EEF network. It carries out legislative research, keeps an eye on the latest developments in energy-related fields, takes care of internal and external communication and manages the events that allow key topics to be discussed and EEF Members to have visibility.

Cooperation, efficiency, flexibility and enthusiasm to take up new challenges are the core values underpinning the EEF Team's daily work while their different backgrounds enable them to successfully manage the numerous tasks of the Secretariat.



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Erasmus + internship

The EEF welcomed three students enrolled in the Master Course in Political Science from the Universities of Florence and Turin for an internship in the framework of the Erasmus+ programme: Bernardo Galantini, Camilla Montemurro, and Chiara Cavallera.

Bernardo, Camilla and Chiara assisted the EEF Team in its daily work and actively participated in all activities. The mutual cooperation with them confirmed the value of the Erasmus+ internship programme, which enables students and companies alike to engage in a valuable and mutually rewarding experience.



EEF ACTIVITIES

2022 has been marked by the return to our in-person events after a year of online debates.

2022 has been also a year of change at the EEF with our new type of event known as «High-level Roundtables», small-sized meetings where MEPs take the lead and discuss with the EEF Associate Members.

EEF ACTIVITIES

Energy Discussions

High-level Energy Debates are the core of our activities.

The EEF Active and Associate Members meet and discuss specific energy-related topics together with representatives of the European Commission, MEPs outside of the EEF membership and other relevant institutional experts.

These debates provide a cross-party, cross-sectoral and multi-stakeholder platform for a constructive discussion between all the parties involved.

Energy Debates are organized following the EP legislative agenda. The timely EEF discussions take place when the exchange of information is needed.

The debates are carried out according to the Chatham House Rule and end with a Q&A session where everyone has the opportunity to give his/her personal contribution for a lively and fruitful exchange.

Throughout the year, the energy discussions have taken different formats: Online Debates, Dinner-Debates, Receptions, Energy Debates and High-Level Roundtables.

The High-Level Roundtables were launched this year.

MEPs Active Members of the EEF exchange with with Heads of office of our Associate Members on a topic they are actively working on. They sit around the table and discuss in-depth key energy issues.



EEF ACTIVITIES

Briefing Sessions

The Briefing Sessions help Political Groups' and MEPs' Advisers and Assistants strengthen their energy-related knowledge to better understand the energy state of play, get informed on new technologies and to dive deep into specific energy subjects.

The Briefing Sessions are the outcome of a close cooperation between the EEF Team and Associate Members. To ensure the information provided is comprehensive, factual and educative, the EEF Team drafts the initial guidelines which are fully integrated and accurately developed by the EEF Associate Members. Thanks to their availability to share expertise and willingness to prepare informative lectures, these Briefings are a valuable opportunity for all participants to learn from high-level experts.

The sessions are also enriched by an intervention from a representative of the European Commission who focuses on the legislative work related to the topic discussed.

The online format works very well for this kind of event and the EEF Team organized 4 successful Briefing Sessions in 2022.



EEF Energy Events in 2022

CBAM Regulation: a discussion with EU energy intensive industries

Online Energy Debate
27 January 24

Wholesale energy markets: how is energy traded?

Online Briefing Session
18 February 27

An exchange of views on the second EU Taxonomy Delegated Act

Online Energy Debate
3 March 30

Exploring low-carbon liquid fuels in transport: from production to applications

Online Briefing Session
1 July 46

An exchange of views with Diederik Samsom, Head of Cabinet of EVP Frans Timmermans

Reception
7 September 49

Energy Performance of Buildings: a comprehensive approach to buildings' decarbonization

Dinner-Debate
13 September 51

Permitting procedures & renewables deployment: how to overcome barriers?

Online Energy Debate
15 March 32

Tackling methane emissions in the energy sector

Online Energy Debate
30 March 35

Decarbonizing transport with sustainable alternative fuels

High-Level Roundtable
21 April 37

REPowering the grid: distributing renewable energy across the EU

Dinner-Debate
4 October 54

Biomethane: how to scale up production and foster integration into the network?

Dinner-Debate
18 October 56

Ukraine and the European Union: working together for energy resilience this winter and beyond

Energy Debate
25 October 58

Towards a Fit-for-55 EU building stock

High-Level Roundtable
26 April 38

FuelEU Maritime: how to reduce shipping emissions?

High-Level Roundtable
27 April 39

A discussion with Director-General for Energy Ditte Juul Jørgensen

Dinner-Debate
3 May 40

Energy security: an electricity system perspective – Session 1

Online Briefing Session
10 November 60

Industrial Emissions Directive Review: sharing perspectives on pollution reduction

High-Level Roundtable
16 November 63

Energy security: an electricity system perspective – Session 2

Online Briefing Session
17 November 64

EU Security of gas supply

High-Level Roundtable
11 May 42

What role for nuclear energy in the EU energy mix

High-Level Roundtable
12 May 43

Energy efficiency & industry: prioritising on-site cogeneration to reach the 2030 climate goals

Dinner-Debate
8 June 45

Energy Crisis: causes, consequences & win-win solutions – Perspectives from Europe's electricity and metals sectors

Dinner-Debate
22 November 66

End of the Year Reception With Mechthild Wördsörfer, Deputy Director-General for Energy

Reception
5 December 68

Hydrogen and Decarbonized Gas Markets Package: an MEPs – Industry Conversation

Dinner-Debate
13 December 70

CBAM Regulation: a discussion with EU energy intensive industries

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Cillian O'Donoghue, Director, Energy and Climate, Eurometaux

Adolfo Aiello, Deputy Director General Climate & Energy, EUROFER

Antoine Hoxha, Production & Agriculture Director, Fertilizers Europe

Emmanuel Brutin, Public Affairs Director, CEMBUREAU

David Boubilil, Deputy Head of Unit "Indirect Taxes other than VAT", DG TAXUD, European Commission

Panellist MEPs:

Franco Bogovič MEP (EPP, Slovenia), Director of the EEF

Ondrej Knotek MEP (RE, Czechia), Director of the EEF

Maria Spyrali MEP (EPP, Greece), Director of the EEF

Adam Jarubas MEP (EPP, Poland), Shadow Rapporteur on the proposed CBAM Regulation

Geert Bourgeois MEP (ECR, Belgium), Shadow Rapporteur for Opinion on the proposed CBAM Regulation

Valérie Hayer MEP (RE, France), Co-Rapporteur for Opinion on the proposed CBAM Regulation

Elena Lizzi MEP (ID, Italy), Shadow Rapporteur for Opinion on the proposed CBAM Regulation

Margarida Marques MEP (S&D, Portugal), Shadow Rapporteur for Opinion on the proposed CBAM Regulation

Carlos Zorrinho MEP (S&D, Portugal), Shadow Rapporteur for Opinion on the proposed CBAM Regulation

Moderator: Pascale Verheust, Director General of the EEF

The EEF opened the 2022 series of events with a discussion on the CBAM Regulation. The industry sectors covered by the proposal, the European Commission, EEF Active Members and several MEPs working on the file joined our crowded panel, which resulted in a valuable and fruitful exchange.

David Boubilil, Deputy Head of Unit "Indirect Taxes other than VAT", DG TAXUD, European Commission, said a CBAM is necessary both to reduce the risk of carbon leakage - which increases

as the EU raises its climate ambitions - and to incentivize third countries to adopt green policy frameworks. Focusing first on carbon intensive sectors, the mechanism would apply the EU carbon pricing to imports into the EU and complement the EU ETS system, while being WTO-compatible. It would look at embedded emissions of imported goods, exclude countries already applying or linked to the EU ETS and deduce the carbon price paid in third countries from the adjustment on imported goods. International agreements on how

to take carbon price into account and special rules for EU neighbouring countries whose electricity market is coupled with the EU internal one are also foreseen. This would make CBAM able to incentivize decarbonization efforts outside the EU and favour international cooperation.

Adolfo Aiello, Deputy Director-General Climate & Energy, EUROFER, explained the CBAM would operate in an unprecedented context of investments and high carbon costs, particularly by 2030. The reviewed EU ETS and the CBAM risk rising the industry's direct carbon costs from current 3.5bn €/year up to 13.8 bn €/year in 2030. The proposed CBAM would not solve the mismatch in carbon costs between EU and third country producers: while in the EU a carbon cost is paid on the entire production, in third countries this only applies to the proportion exported to the EU, regardless of the producers' overall higher emissions per ton of steel. The steel sector is the most traded commodity globally, being the real stress test for CBAM. Caution in CBAM and EU ETS free allowances phase in/out until 2030 is fundamental to protect competitiveness and avoid too negative effects on downstream sectors. After, all steps should only be undertaken once the effectiveness of the mechanism is proven and an effective solution for EU exports is in place.

Cillian O'Donoghue, Director, Energy & Climate, Eurometaux, reminded us that electricity price is the key localization factor for the electro-intensive non-ferrous metals sector. He shed light on three main issues with CBAM, starting from the inclusion

of indirect emissions: in the EU, companies face a mismatch between actual indirect emissions in power consumption and indirect costs in power bills, which would be difficult to mirror in the CBAM. Because of individual assessments, the current proposal to cover indirect emissions costs would risk causing an exponential increase in resource shuffling. Second, a WTO-compatible export solution must be designed before phasing out free allowances to avoid EU exports being replaced by much more CO2 intensive products. Mr O'Donoghue last focused on the need to strengthen art. 27, sharing considerations on resource shuffling, product scope and cost absorption.

Emmanuel Brutin, Public Affairs Director, CEMBUREAU, first offered figures on the significant increase of non-EU cement imports experienced in the last years on the back of high carbon price. He explained the sector is well in favour of a CBAM and made suggestions to make it stronger and watertight, starting from incentives for importers to use verified emissions and a stronger mechanism to tackle circumvention. Free allocations phasing-out should not start until there are sufficient guarantees that CBAM equalizes CO2 costs and effectively tackles carbon leakage. In the cement sector specifically, calculations have shown that the complete phasing-out of free allowances by 2025, as envisaged in the ENVI Committee's draft report, would make cement production costs in the EU double, leading to a drastic fall in EU exports and creating significant market distortions between cement and the other CBAM sectors.

Antoine Hoxha, Production & Agriculture Director, Fertilizers Europe, offered a wide-ranging perspective of the carbon-tackling efforts made by the EU fertilizer industry. The sector believes a strong CBAM that cannot be circumvented is key to making third countries follow the EU. Yet starting the implementation of an untested mechanism and the phasing out of free allowances at the same time could have perverse effects. First, a substantial negative impact down in the value chain, with fertilizers' prices sharply increasing. Second, it risks hitting EU exports hard, which would be particularly detrimental for a sector where production is annual while consumption highly seasonal. Mr Hoxha agreed that free allocations should be maintained

during a reasonable testing period of the CBAM and that phasing-out should only start after a comprehensive impact assessment has been carried out, the needed changes implemented, and an effective export solution designed.

Several **MEPs** working on the dossier in different Committees joined the **EEF President** and **Active Members**, all providing their input on the CBAM and expressing some personal concerns.

A Q&A session followed, offering participants in the audience an opportunity to ask questions and engage in a very broad exchange with all members of the panel.



Wholesale energy markets: how is energy traded?

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Stanislav Kostka, Head of Generation and Dispatch, Trading, CEZ

Mathilde Lallemand, Policy Officer "Green Transition and Energy System Integration", DG ENER, European Commission

Cristiano Campi, Portfolio and Trading Gas - Northern Europe, Eni Global Energy Markets

Nora Topor-Kalinskij, Regulatory and Policy Advisor, EDF Trading

Mark Copley, CEO, EFET

Moderator: Pascale Verheust, Director General of the EEF

The EEF offered MEP Advisers and Assistants an opportunity to better understand the latest and expected developments in energy markets through a dedicated educative briefing on energy trading chaired by **Jerzy Buzek MEP, President of the EEF**.

The session started with a comprehensive explanation of the functioning of electricity markets by **Stanislav Kostka, Head of Generation and Dispatch, Trading, CEZ Group**. After presenting the different market stakeholders as well as their interests and underlying the importance of regulation in defining the boundaries within which they operate, Mr Kostka explained the very reason for trading is twofold: hedging generation and sell position, and optimization. Both physical and financial products are traded on electricity markets. Trading is possible in different timeframes, from year-ahead to almost real time. Depending on that, we may speak about forward electricity markets,

spot markets or balancing markets. Our speaker took the time to explain how TSOs ensure grid stability in balancing markets by activating ancillary services. He also offered insights into electricity price formation and clarifications on the main specificities and differences between Over-the-Counter (OTC) and Exchange Trading. He finally touched upon market coupling, highlighting its positive effects on market's efficiency.

Mathilde Lallemand, Policy Officer "Green Transition and Energy System Integration", DG ENER, European Commission, took over to explain how the EU internal electricity market supports the Green Deal by providing security of supply, bringing affordability and promoting decarbonization. The EC has been working hard to get the electricity market design right. Flexibility, a level playing field for renewables and cross-border trading have been the main objectives pursued while addressing

resource-adequacy issues. In EU electricity markets, integration has been achieved with different tools: the single allocation platform JAO for forward markets, market coupling for spot markets, and different continuous trading platforms for balancing markets. Maximizing cross-border electricity trading, aligning the markets to the physical grid – first by addressing structural congestion –, and unleashing the flexibility of the demand side are key to ensuring the integrated market works at its optimum. On energy prices, she said the EC is considering actions to complement last October's toolbox and asked ACER to assess what could be considered for changes in the current market design to ensure the right balance between consumer exposure to price volatility and market flexibility, and to drive investments towards low-carbon generation.

The focus of the session then turned to gas wholesale markets. **Cristiano Campi, Portfolio and Trading Gas - Northern Europe, Eni Global Energy Markets**, said trading is only the very ending point of a long value chain. Here also, we have several different players who engage in a continued conversation aimed at placing gas volumes in the market and locking prices in an optimized way. He dived deep into long-term gas contracts to show how they are made of different elements entailing different considerations. Although the trade process itself is quite linear and common to other commodities, there is no such thing as a single approach to trading, as the players focus on different elements and bring in different interests. Mr Campi clarified that in the EU we shall not speak of an EU gas market, but of

increasingly better coordinated national markets. He finally provided us with an overview on how the performance of a gas market can be evaluated based on the number of active participants, traded products, the volume of gas traded and the churn rate, sharing the results of a study confirming the Dutch TTF as the best-functioning gas market in the EU.

Nora Topor-Kalinskij, Regulatory and Policy Advisor, EDF Trading, focused on the trading of carbon emissions allowances, guarantees of origin (GOs) and sustainability certificates. After an overview of the EU ETS system and the changes proposed by the Fit for 55 Package, she dedicated some time to GOs and sustainability certificates. GOs are used by consumers to demonstrate the energy they consume is green. They are traded separately from the physical electricity in what is called "book & claim". GOs sales may not affect physical flow, but they do affect cash flow, generating revenues for RES power producers thus supporting investments in RES generation. Parallel to that, Sustainability certificates for renewable gases are used to count towards the targets set by REDII. In this case, a mass balance principle is applied to the certificates: the paper and physical trade move together.

This system is more elaborated than the GOs one as more documentation is needed.

Understanding the interaction between the two systems is key, particularly in view of the reforms being proposed.

One must say the speakers succeeded in making energy trade-related concepts almost easy to understand, as well as in keeping our audience engaged. Both **MEP Advisers** and **EEF Associate Members** actively participated, raising several questions during the Q&A session.



An exchange of views on the second EU Taxonomy Delegated Act

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Erkki Maillard, Senior Vice-President European affairs, EDF

James Watson, Secretary General, Eurogas

Yves Desbazeille, Director General, Foratom

Panellist MEPs:

Ondřej Knotek MEP (RE, Czechia), Director of the EEF

Tsvetelina Penkova MEP (S&D, Bulgaria), Director of the EEF

Radan Kanev MEP (EPP, Bulgaria), Active Member of the EEF

Moderator: Pascale Verheust, Director General of the EEF

The EEF organized an Online Energy Debate on the debated second Taxonomy Delegated Act, which was adopted by the European Commission in February 2022. The panel was composed of speakers from the nuclear and gas sectors and MEPs Members of the EEF. The debate, chaired by **Jerzy Buzek MEP, President of the EEF**, offered a mid- and long-term look at the Taxonomy.

Erkki Maillard, Senior Vice-President European affairs, EDF, explained the second Delegated Act is a part of the puzzle in which the EU strengthens its energy sovereignty. We need to focus on decarbonization and security of supply combining renewables, hydro included, with nuclear. It is thus positive that nuclear is seen as one tool to tackle climate issues. He explained that direct electrification of end uses is the most efficient way to decarbonize the economy. Nuclear already plays a role in this regard - 66% of European electricity is already

decarbonized and a 50% of that is thanks to nuclear – and it will continue doing so as the demand for low-emission electricity is due to increase. That's why although not perfect, the proposed Act is important and should receive the support of the European Parliament.

Yves Desbazeille, Director General, Foratom, underlined that the inclusion of nuclear in the taxonomy is science-based. Nuclear contributes to a more independent Europe and should not be seen as transitional only. He added that the Delegated Act should be supported and mentioned some criteria that should be revised: the so-called "accident-tolerant fuel" as from 2025 - this fuel still being assessed in the EU -, and the operability of deep geological repositories by 2050, a need that will not materialize until the end of the century for those countries that will commission nuclear power plants around 2035.

To sum up, Mr Desbazeille said that the Taxonomy is a good step in the right direction, but its vision must be reflected on other European policies.

James Watson, Secretary General, Eurogas, first reminded us of the importance of the second EU Delegated Act, which labels gas as transitional fuel to reach our climate objectives. He indicated that the role for gas as provider of grid stability and flexibility is missing although being crucial in the pathway from oil and coal to gas. Nonetheless, the gas sector needs a proper framework to deliver the 100% renewable gases by 2035 described in the Act: currently, there are not enough drivers for biomethane and hydrogen in the "Fit-for-55" package or the gas decarbonization package. He explained how more targets for GHG emissions reduction should have been in the legislation to make this 100% renewable gas feasible. Drivers are needed for biomethane or CCS to help achieve the

270g threshold for CCGTs. He concluded by showing support to the Act as it recognizes the role of natural gas as a transitional fuel to achieve the objectives of more renewable gases and low-carbon hydrogen.

After these interventions, **Franc Bogovič, Ondřej Knotek and Tsvetelina Penkova MEPs, Directors of the EEF** and **Radan Kanev MEP, Active Member of the EEF** presented their perspectives. They agreed that the science-based Taxonomy is a forward-looking tool, which helps develop and invest in European technology, diminish the CO2 content of electricity, support the competitiveness of EU industry and create jobs. In a nutshell, despite its imperfections, it gives the real meaning of sustainability.

During the debate, several questions were addressed to the speakers, who had the opportunity to deepen their argumentation and to give a comprehensive overview on the second EU Taxonomy Delegated Act.



Permitting procedures & renewables deployment: how to overcome barriers?

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Mechthild Wörsdörfer, Deputy Director-General for Energy, European Commission

Julio Castro, Director, Iberdrola Renewables - Southern Europe & CEO, Iberdrola Energy

Giles Dickson, CEO, WindEurope

Walburga Hemetsberger, CEO, SolarPower Europe

Panellist MEPs:

Morten Helveg Petersen MEP (RE, Denmark), Director of the EEF

Ville Niinistö MEP (Greens, Finland), Shadow Rapporteur on the revision of REDII

Moderator: Pascale Verheust, Director General of the EEF

This Online Energy Debate offered an opportunity to discuss how to possibly overcome the main obstacles to the deployment of renewable energy, with a focus on permitting procedures. The topic was developed in light of the happenings in Ukraine which, as highlighted by the **Jerzy Buzek MEP, President of the EEF**, have underlined the urgent need for the EU to become energy independent.

Mechthild Wörsdörfer, Deputy Director-General for Energy, European Commission, underlined how the current situation of high, extremely volatile energy prices and the urgent need to reduce dependency on Russian energy imports call for both exceptional measures of limited application and long-term ones. The RePowerEU Communication aims to address the impact of high retail energy prices on consumers, diversify the gas suppliers and

reduce the dependence on Russian gas by 2/3 by the end of 2022. In the long-term, the best solution is to boost energy efficiency and foster renewables rollout, first by accelerating the work on the Fit for 55 Package. Ms Wörsdörfer said she welcomes the debate in the EP and the Council on increasing the renewables target from 40 to 45% by 2030 in RED III. The Commission is aware of permitting being one of the main barriers to renewables deployment: REPowerEU Europe already includes actions to further support the acceleration of permitting procedures and the Commission plans to adopt a set of additional recommendations in May.

Julio Castro, CEO Iberdrola Energy & Director Iberdrola Renewables - Southern Europe, emphasized that renewables are the best answer to the current energy crisis. He sees three big constraints

to the deployment of RES: permitting, high prices and people's poor engagement. As for permitting, Mr Castro explained the long waiting period for the finalization of the paperwork is the main issue: 2 to 4 years to get the permit vs 6 to 12 months only for the construction phase. He shared ideas to overcome the problem: outsourcing the environmental analysis; lengthening the validity of industrial permits; a 2-to-4-week deadline for the administrative authority to issue the industrial permit once the environmental one is granted; introducing new urban planning permits; prioritizing mature projects. On high energy prices, he suggested decoupling gas from electricity and putting a cap on gas prices. Governments and companies should promote awareness campaigns to enhance renewables social acceptance.

The debate continued with **Giles Dickson, CEO, WindEurope**. He stated that deploying 480 GW of wind energy by 2030, as asked by the Commission, is feasible but he agreed with Mr Castro on permitting representing an enormous challenge. However, good practices do exist in some Member States that could act as a stimulus for the simplification and acceleration of permitting processes. These should be disseminated all over the EU and Mr Dickson expects the upcoming Commission's recommendations to do exactly so. Digitalization of permit procedures is also key. Besides, he proposed directing some part of EU funding to national permitting authorities, as their understaffing is a big issue. He finally shared suggestions on the revision of RED II: enforcing the 2-year deadline, designing a fast-track procedure

for all RES projects, introducing a "positive silence" principle: the permitting is assumed to have been agreed if the authority hasn't made a decision by the set deadline.

Walburga Hemetsberger, CEO, SolarPower Europe, highlighted the great potential that solar power represents for the EU: it could deliver 39 GW by the end of this year and at least 670 GW by 2030. Yet the delivery of these volumes is hindered by a few obstacles. Access to land should be eased through the identification of go-to areas. Permitting should be streamlined by relying on the solutions proposed by the other speakers as well as by monitoring the situations in the EU Member States: the monitoring mandate given to the Single Market enforcement task force is thus welcomed. Ms Hemetsberger remarked the importance of qualifying all RES projects as being of public interest and touched upon grid connection processes and related costs. Facilitating the connection of smart solar projects, disclosing more information on the grid structure to projects developers and requiring system operators to rely more on flexibility solutions could help overcome this bottleneck, alongside extraordinary measures such as freezing grid connection fees for 2022 to 2024.

Morten Helveg Petersen MEP, Director of the EEF and Ville Niinistö MEP also participated in the discussion supporting the view that there is a general need to do more and faster.

Tackling methane emissions in the energy sector

Co-Chairs:

Jerzy Buzek MEP (EPP, Poland), President of the EEF
Maria Spyraiki MEP (EPP, Greece), Director of the EEF

Panel:

Lucie Boost, EU Affairs Manager, Equinor
Axel Scheuer, Senior Policy Manager, IOGP
Andris Piebalgs, Senior Fellow, Florence School of Regulation and Chair of the IMEO (International Methane Emissions Observatory) Implementation Committee
Kitti Nyitrai, Head of Unit "Decarbonization and Sustainability of Energy Sources", DG ENER, European Commission

Moderator: Pascale Verheust, Director General of the EEF

The debate was chaired by **Maria Spyraiki MEP, Director of the EEF**, ENVI Shadow Rapporteur on the regulation on tackling methane emissions in the energy sector. She first stressed how crucial it is to address methane emissions in the energy sector to reduce global warming and the importance of promoting action both at the European and global level.

Lucie Boost, EU Affairs Manager, Equinor, presented some data on methane intensity along the gas value chain in the Norwegian Continental Shelf (NCS): 0.01 in the upstream, <0.01 in the midstream, and 0.31 in the downstream. She explained this is due to different factors, among which technology, the facility design, specific local factors – the NCS being relatively close to

the offtake locations – and regulation. Measuring methane emissions with precision is difficult. In the NCS region, this is done through a specific bottom-up model whose results are used by NGOs and civil societies as a basis for their own reports and computing, which however come to different conclusions. She underlined the relevance of NCS best practice based on cooperation between public and private sectors, which allows to identify all the emission sources and quantify them, leading to the above mentioned relatively low methane intensity figures.

Axel Scheuer, Senior Policy Manager, IOGP, stated that methane emissions are a concern for the oil and gas industry, which has an inherent incentive to avoid them. While acknowledging

The Fit for 55 Package must look at higher targets and both MEPs welcomed the EP debate on increasing the RES target to 45% by 2030. They also welcomed the proposals coming from the speakers, agreed on the need of digitalization and appreciated the "positive silence" principle. As for fast-tracking, they also stressed that it should involve all renewables projects equally, and not just some of them.

During the Q&A session, the relationship between red tape and environmental protection was addressed, with some remarks on the situation in Italy.

Our speakers emphasized, once again, the necessity of accelerating the permitting processes through the imposition of strict deadlines and penalties in case of non-compliance by the administrative authorities. A division of the tasks among national, regional and municipal levels was also proposed.



the need for an accurate, globally consistent and verified Monitoring, Reporting and Verification (MRV) framework, he reiterated existing methane emissions detecting technologies have limitations. Until a consistent measurement method is found, standards and targets on methane emissions reduction shall not be established. As for the proposed regulation, he suggested establishing proportionality and materiality criteria, adopting a technology open approach, reducing complexity, and clarifying roles, responsibilities, and key terms like “direct measurement” of source-level emissions and “quantification of emissions”.

Former Commissioner Andris Piebalgs, now Senior Fellow at the Florence School of Regulation and Chair of the IMEO Implementation Committee, presented two problems which have traditionally hindered discussions on methane emissions: the underestimation of their polluting potential and the technological gap which has led to think methane emissions are lower than they are. Better data is thus key to speeding up action to limit those emissions. It is thus crucial to have a credible source of information like the IMEO, who will provide transparent science-based data. Mr Piebalgs also mentioned the importance of the Global Methane Pledge as well as of tackling emissions in all sectors and at global level and shared a positive view on the

proposed EU regulation.

Kitti Nyitrai, Head of Unit “Decarbonization and Sustainability of Energy Sources”, DG ENER, European Commission, highlighted the importance of evaluating the cost-effectiveness of the proposed regulation for the whole society, not only for businesses. Tackling methane emissions is in fact a win-win, as it both improves air quality and allows companies to re-use non-emitted methane for energy production. Ms Nyitrai agreed on the need to quickly improve the MRV of methane emissions and explained that the absence of targets in the proposal depends on the lack of an accurate picture on methane emissions. Instead of setting targets, the Commission preferred to focus on achieving results through improved gathering of data and the large-scale application of already existing industry best practices.

Jerzy Buzek MEP, President of the EEF joined our Chair for an open Q&A with the audience and the speakers. The exchange touched upon the ban on venting and flaring of methane in coal mines, the development of an appropriate and science-based quantification methodology for methane emissions, the need for clearer definitions in the regulation as well as avoiding excessive costs for the industry and the final consumers.



EEF IN-PERSON DISCUSSIONS HIGH-LEVEL ROUNDTABLE

21 April, Brussels

Decarbonizing transport with sustainable alternative fuels

Chairs:

Inese Vaidere MEP (EPP, Latvia), Vice-President of the EEF

Massimiliano Salini MEP (EPP, Italy), Director of the EEF

Moderator: Pascale Verheust, Director General of the EEF

Massimiliano Salini MEP, Director of the EEF, ITRE Shadow Rapporteur on the proposed regulation on Alternative Fuels Infrastructure, first offered our Members from the energy industry a comprehensive overview of the results of the ITRE vote on the proposal.

He expressed satisfaction with the vote results, particularly as the reached compromise increases the overall ambition of the original EC proposal still acknowledging the role played by both zero emission and alternative low-carbon solutions, in line with the technology neutrality principle.

From infrastructure to fuel solutions for aviation, **Prof. Inese Vaidere MEP, Vice-President of the EEF**, ENVI Shadow Rapporteur on the ReFuelEU Aviation initiative, seized the occasion to listen to the energy stakeholders' views on the topic ahead of the ENVI Committee's vote on the file.

She mainly asked them about the SAFs already available today, the industry's major needs to rapidly ramp up SAFs production, and the feasibility of reaching the 100% SAF blending mandate by 2050 as proposed by the ENVI Rapporteur.

The industry representatives in the audience provided extensive feedback on both proposals and reflected together with the MEPs on how legislation could impact private investment decisions.



EEF IN-PERSON DISCUSSIONS HIGH-LEVEL ROUNDTABLE

26 April, Brussels

Towards a Fit-for-55 EU building stock

Chair: Radan Kanev MEP (EPP, Bulgaria), Active Member of the EEF

Moderator: Pascale Verheust, Director General of the EEF

The EEF held a High-Level Roundtable on the Energy Performance of Buildings (EPBD) Directive, chaired by **Radan Kanev MEP, Active Member of the EEF**, ENVI Rapporteur for Opinion on the proposal.

Our Chair discussed with the **EEF Associate Members** how to make the EU building stock fit for 55, allowing the sector to contribute to reach the net-zero target.

In particular, he was interested in hearing the industry's perspective on how to create successful private financing schemes, on the link between the EU ETS and the EPBD, as well as on how best to design the methodology for measuring the buildings' full life-cycle CO2 emissions.

Both MEP Kanev and the Associate Members stressed the importance of raising consumer awareness and avoiding too high costs. They discussed examples from different Member States of schemes providing incentives to citizens to renovate their houses, exchanging on both their success and limitations.

Since the stakeholders present came from many diverse sectors of the energy industry, the discussion covered a very broad range of buildings-related aspects: from construction material to the possibility of a ban on boilers powered by fossil fuels and the introduction of smart meters.



EEF IN-PERSON DISCUSSIONS HIGH-LEVEL ROUNDTABLE

27 April, Brussels

FuelEU Maritime: how to reduce shipping emissions?

Chair: Maria Spyraiki MEP (EPP, Greece), Director of the EEF

Moderator: Pascale Verheust, Director General of the EEF

During this High-Level Roundtable, we discussed shipping emissions reduction with **Maria Spyraiki MEP, Director of the EEF**, ENVI Shadow Rapporteur for Opinion on the FuelEU Maritime initiative.

In her exchange with the EEF Associate Members, she raised questions on the readiness of existing low-carbon and zero emission shipping technologies and offered her view on many aspects of the proposal. She insisted on shared responsibilities, on regulatory certainty as the key to stimulating investments as well as on the need to bridge the price gap between conventional fossil fuels and sustainable alternative solutions.

On sustainable alternative fuels, the **EEF Members** from the energy industry took the occasion to share their concerns on some points of the REDII revision and the AFIR proposal as well. Alongside this, some also said more ambitious targets could be set for decarbonizing the sector.

MEP Spyraiki finally stressed adopting a comprehensive approach is crucial, also in light of the new circumstances which urge the EU to reduce its dependency on oil and gas imports from Russia.



A discussion with Director-General for Energy Ditte Juul Jørgensen

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Introductory remarks by Inese Vaidere MEP (EPP, Latvia), Vice-President and Treasurer of the EEF

Guest Speaker: Ditte Juul Jørgensen, Director-General for Energy, European Commission

The EEF resumed its EEF in-person discussions with a dinner welcoming **Ditte Juul Jørgensen, Director-General for Energy, European Commission**, for an exchange on the very pressing problem of EU energy security in light of Russia's aggression against Ukraine.

The timely debate, chaired by **Jerzy Buzek MEP, President of the EEF** and coordinator of the negotiating team for the new urgent regulation on EU rules for gas storage, gathered the interest of many Active and Associate Members as well as MEPs, whose turnout was indeed significant.

Prof. Inese Vaidere MEP, Vice-President and Treasurer of the EEF, opened the discussion by sharing some considerations on the Russian unilateral attack against Ukraine and emphasizing the need for a unified, decisive and strong European response. She said the EU should consider imposing further measures on Russia while looking at the energy supply alternatives available in third countries.

Ditte Juul Jørgensen, Director-General for Energy, European Commission, underlined cooperation

is the only adequate response to the challenges presented by the Russian invasion of Ukraine. The EU needs to achieve its energy independence and sovereignty, as well as to combine its climate neutrality objectives with more pressing needs, namely ensuring energy affordability and security. To this end, the EC RePowerEU Communication proposes to reduce the EU dependence on Russian fossil energy by 2/3 already this year and designs a clear trajectory on how to get there.

Member States need to act in unity and solidarity and to adopt cost-efficient measures in line with the EU Green Deal. The EC is already working to promote a transversal cooperation among Member States, system operators and companies to diversify supplies and secure European energy. Reducing consumption and energy use through energy savings and energy efficiency is very important as well.

In the shorter term, the proposed urgent gas storage regulation, imposing minimum storage levels and specific provisions for a safe and secure EU energy system, represents a cornerstone in the EU legislative framework to ensure enough gas for next winter.

A further contribution will be offered by the new RePowerEU Communication to be presented later in May, which will detail how to ensure the achievement of energy savings, efficiency, and supply diversification.

The Director-General's keynote speech was followed by a lively Q&A session offering participants an opportunity to ask questions and share their views on different energy security-related topics.

The questions first addressed the design and coordination of the EU regulatory framework, Member States' capability to develop RES production, the problem of high energy prices and that of diversification of the energy mixes. The importance of simplifying legislation to establish clear objectives and enforceable instruments and of further developing energy efficiency and a better integrated energy system was also underlined.

The focus then shifted towards the need for infrastructure in Europe, the role of CCS, the actual feasibility of fulfilling the proposed gas storage targets and the revision of RES permitting rules and the EU ETS.

Final remarks were offered on involving Central-Asian countries in EU energy supply, the possibility of introducing common purchase agreements for heat pumps and solar PV, and on taking this very moment as an opportunity to transform the EU energy system.

It was a pleasure to go back to in-person debates and to see **EEF Members** and **MEPs** so willing to exchange on such a key topic.



EEF IN-PERSON DISCUSSIONS HIGH-LEVEL ROUNDTABLE

11 May, Brussels

EU Security of gas supply

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Moderator: Pascale Verheust, Director General of the EEF

The EEF had the pleasure to welcome its **President Jerzy Buzek MEP** for a High-Level Roundtable discussion on EU security of gas supply.

President Buzek offered an overview of the work on the urgent EU gas storage regulation carried out by the ITRE negotiating team - which he himself coordinates - and shared some updates on the ongoing work on the decarbonized gas and hydrogen package.

He stressed that mid- and long-term actions are as key as short-term ones to strengthen the EU energy security, especially in light of the war in Ukraine. Energy prices should be kept affordable for EU citizens - particularly vulnerable ones - and competitive for industries.



Besides commenting on the measures and targets proposed in the new regulation on EU gas storage, our **Associate Members** had the opportunity to discuss with the President the key actions that EU institutions and governments, together with private stakeholders, should take for the EU to diversify its energy supply and become fully independent from Russian gas imports. Long-term contracts, a joint procurement mechanism and the suitability of intervening on market dynamics were touched upon.

Participants also reminded the importance of an adequately interconnected infrastructure, enhancing domestic production, and creating a burden-sharing mechanisms to face the current energy crisis.

Our President stayed with us much longer than planned to ensure all industries' suggestions were listened to.



EEF IN-PERSON DISCUSSIONS HIGH-LEVEL ROUNDTABLE

12 May, Brussels

What role for nuclear energy in the EU energy mix?

Chairs:

Franč Bogovič MEP (EPP, Slovenia), Director of the EEF

Tsvetelina Penkova MEP (S&D, Bulgaria), Director of the EEF

Moderator: Pascale Verheust, Director General of the EEF

The last High-Level Roundtable of this first series was a discussion on the role of nuclear energy in the EU energy mix.

Our co-Chairs **Franč Bogovič** and **Tsvetelina Penkova MEPs, Directors of the EEF**, both stressed the need to abandon ideologies and look at facts and figures. When it comes to discussing the different energy sources of the current and future energy mix, the key conjunction to use should be "and" - and not "or".

The MEPs then exchanged with our Associate Members on the proposed second complementary delegated act to the EU Taxonomy Regulation as well as on the consequences that either the positive or negative outcome of the EP Plenary vote would have on the sector, especially in terms of investments.



Nuclear energy's contribution to the transition towards climate neutrality was discussed as well, with a focus on its role in ensuring stability of the energy system by providing baseload capacity.

The industry members and the co-chairing MEPs also exchanged on how, in the current crisis caused by the conflict in Ukraine, this energy source could help the EU security of supply alongside other technologies, allowing to reduce the EU strong vulnerability to Russian energy imports.



Energy efficiency & industry: prioritising on-site cogeneration to reach the 2030 climate goals

Chair: Tsvetelina Penkova MEP (S&D, Bulgaria), Director of the EEF

Speakers:

Jori Ringman, Director-General, Cepi

Hans Korteweg, Managing Director, COGEN Europe

The EEF held a dinner in Strasbourg on energy efficiency in industry, chaired by **Tsvetelina Penkova MEP, Director of the EEF**.

In her opening remarks, Ms Penkova said having proper discussions with experts from the energy industry is key for MEPs - as it enables them to make decisions that benefit all - and stressed the crucial role energy efficiency plays in helping save energy and capital.

That was reiterated by **Hans Korteweg, Managing Director, COGEN Europe**, who first introduced us the cogeneration – combined heat and power (CHP) – principle. By simultaneously producing heat and electricity from one energy input, CHP generates 40% more productive energy than heat-only or power-only generation and saves at least 10% of primary energy compared to best-in-class generation. Due to its decentralized nature, CHP also avoids grid losses. Energy savings thus occur at both production and distribution levels, which suggests that energy efficiency should be assessed throughout the whole value chain and not solely at final consumption. CHP is a fuel agnostic technology

currently running mostly on natural gas, but ready to use decarbonized and renewable gases as soon as they become available. At present, CHP supplies 11% of electricity and 15% of heat in Europe. Being used in buildings, district heating and industry, it contributes to energy system integration and allows for significant primary energy savings (357 TWH) and CO₂ emissions avoidance (250 MT). Mr. Korteweg concluded that all of this could at least double by 2030, provided the right policy framework is in place: an Energy Efficiency Directive (EED) prioritizing CHP use and setting CHP efficiency targets that are ambitious while remaining feasible.

Jori Ringman, Director-General, Confederation of the European Paper Industry (Cepi), explained that CHP is the first immediate way for the paper industry to produce the high-temperature process heat needed while also reducing emissions. CHP is indeed already operating in 95% of paper production sites in the EU. Yet the peculiarity of the steam needed (process steam) means the industry cannot optimize the production of electricity and steam, as the latter must live with the production.

This, coupled with the lack of access to clean energy by some paper mills, may make it difficult for the industry to meet the direct CO₂ emission threshold for CHP proposed in the EED, which Mr Ringman defined as overly strict. The paper industry is a frontrunner in decarbonizing heat generation: 62% of its energy needs is already covered by renewable biomass, although this biomass potential is unequally distributed around the EU. Since it can produce biogas on site from the biomass available from the production process, the industry also has a remarkable potential of becoming a prosumer, thus contributing to the energy system's efficiency. As CHP plays a key role in increasing the industry's energy efficiency, the EED should promote its use by industrial players while also facilitating the uptake of renewable and low-carbon energy.

An open exchange between our speakers, the Chairwoman, **Carlos Zorrinho MEP, Active Member of the EEF** and several **EEF Associate Members** from diverse energy sectors followed. They discussed several points, among which CHP use in buildings, the future of biomass, the decarbonization of industrial heat at large, CHP as the pillar of efficient business models and the impact that an increasing share of prosumers could have on the EU energy network.



Exploring low-carbon liquid fuels in transport: from production to applications

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Alessandro Bartelloni, Director, FuelsEurope

Alain Mathuren, Communication Director, FuelsEurope and Concawe

Emanuela Sardellitti, Advocacy Executive, FuelsEurope

Michele Viglianisi, Circular Economy & Green Refineries Director, Eni

Massimo Gai, EU Renewable Energy Strategy Implementation Manager, ExxonMobil

Michiel van Raebroekx, General Manager Grandpuits Platform, TotalEnergies

Teemu Sarjovaara, Head of R&D, Products and applications, Neste

Dario Dubolino, Policy Officer "Sustainable and Intelligent Transport Unit", DG MOVE, European Commission

Moderator: Pascale Verheust, Director General of the EEF

Jerzy Buzek MEP, President of the EEF chaired the online educative briefing on low-carbon liquid fuels (LCLFs).

As it's typically the case for EEF briefings, explanations started from the very basics of things. **Alessandro Bartelloni, Director, FuelsEurope**, offered clarifications on some key terms: low-carbon liquid fuels, zero-carbon liquid fuels and drop-in fuels. He explained the same fuel can be defined either as low- or zero-carbon based on the approach adopted - a tailpipe or a well-to-wheel approach -, and that the main advantage of drop-in fuels is the possibility of using them with current infrastructure, without any modification needed. LCLFs can be produced from a

variety of feedstock and with different technologies, based on which they are categorized either as biofuels or synthetic fuels.

Once the terminology clarified and the production technologies presented, he passed the floor on to his colleague **Alain Mathuren, Communication Director, FuelsEurope**, who showcased LCLFs environmental performance by using the Life Cycle Assessment (LCA) CO2 comparator. The comparison between battery electric vehicles, hybrid vehicles and plug-in hybrid vehicles showed the different technologies will be able to deliver almost the same level of emission reduction once hybrid vehicles will run on 100% renewable fuels.

LCLFs could thus make clean transport affordable to all. This is key, especially considering that today, battery electric vehicles are only affordable for a small part of EU population and – in most cases – provided dedicated support measures are in place, as a study that was presented us by **Emanuela Sardellitti, Advocacy Executive, FuelsEurope**, has found.

After this overview on LCLFs, time came to focus on the state-of-play of LCLFs development in the EU.

That was possible thanks to **Michele Viglianisi, Head of biorefining and supply, Eni; Massimo Gai, EU Renewable Energy Strategy Implementation Manager, ExxonMobil; Michiel Van Raebroekx, General Manager Grandpuits Platform, TotalEnergies**, and **Teemu Sarjovaara, Head of R&D, Neste**, who in turn presented the main projects their respective companies are working on.

Their presentations covered LCLFs being developed for all transport modes – from road transport to aviation and maritime – and both inside and outside the EU. They told us how their companies have been transforming their traditional refineries into biorefineries dedicated to biofuels production.

They presented the eco-financing process, the gasification and Fischer-Tropsch process, and the HEFA (hydro-processed esters and fatty acids) technology. It was

explained that among the 7 technology pathways approved for sustainable aviation fuels production, the HEFA is the only commercially available today at industrial scale.

The speakers agreed that the potential for renewable fuels scalability is significant, especially since most technologies are flexible and can be operated with a large set of feedstocks. As the sustainable fuels quantity required to decarbonize the transport sector is significant, a wide portfolio of different feedstocks is indeed crucial. Yet the development of LCLFs technologies requires time: for LCLFs to be market-ready and available at scale in 2050, investments must be made today. A stable and clear regulatory framework to drive them is thus key.

The interventions from the energy industry were complemented by **Dario Dubolino, Policy Officer "Sustainable and Intelligent Transport Unit", DG MOVE, European Commission**. He first clarified EU legislation differentiates between renewable fuels for transport – biofuels, biogas and RNFBOs – and low-carbon fuels – low-carbon hydrogen, synthetic gaseous and liquid fuels produced from low-carbon hydrogen. The EC has been promoting these fuels through several initiatives and Mr Dubolino focused on those DG MOVE is directly responsible for: the ReFuelEU Aviation, the FuelEU Maritime and the Renewable and Low-carbon Fuels Alliance.

EEF IN-PERSON DISCUSSIONS RECEPTION

7 September, Brussels

An exchange of views with Diederik Samsom, Head of Cabinet of EVP Frans Timmermans

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Guest Speaker:

Diederik Samsom, Head of Cabinet of Executive Vice-President Timmermans, European Commission

The European Energy Forum was pleased to welcome **Diederik Samsom, Head of Cabinet of EVP Timmermans** for an exchange of views on the state of play of the EU energy transition in light of the current energy crisis.

The Chair and **EEF President Jerzy Buzek MEP** stressed the importance of coming together to address the most sensitive political issues currently debated in the EU, mainly energy independence, energy security and the cost of energy.

Mr Samsom opened his speech by underlining the strength of the European Green Deal - an environmental policy that has survived two of the heaviest crises faced by mankind. The EU Green Deal objectives are recognized as being a priority for the future of EU economy and society, which we need to build back green.

The focus then shifted to REPowerEU. Mr. Samson insisted on the urgency of stepping up efforts now to cut all dependency on Russian fossil fuels. He reflected on options to reduce demand, setting

a price cap for inframarginal energy sources, supporting companies exposed to the volatility of the market, putting a cap on the price of gas we import via pipelines and operating as one Europe, one actor, which would give us an advantage on the global market.

He called on to the audience saying everyone is needed: stakeholders, politicians, ... Only by speaking as a community we will get to our renewable future which will also bring us energy independence.

Mr Samson took the time to answer to the numerous and pertinent questions from the **EEF Members** and **MEPs** in the audience.

He spoke on the merit order and the inframarginal price cap explaining that we are now stepping towards the electricity market of the future. A proposal should be presented in early 2023. He underlined that the solutions are demand reduction - and agreed that energy efficiency should be across the whole value chain -, alternative suppliers and

While the first two aim to set targets and put enforcement measures in place, the Low-carbon Fuels Alliance brings together several stakeholders to identify best practices and strengthen weaknesses, with the aim of helping boost the development, availability, and affordability of renewable and low-carbon fuels in aviation and maritime transport. The EC has put in place several other initiatives, which according to Mr Dubolino shows the complexity and variety of the solutions available.



EEF IN-PERSON DISCUSSIONS

DINNER-DEBATE

13 September, Strasbourg

renewable sources bringing a new sustainable supply-demand equilibrium. He mentioned hydrogen, both produced domestically and imported. He welcomed the efforts of Ukraine to be a player in that too. As for nuclear, SMRs are smaller and more manageable and have a specific role to play in developing countries. Mr Samson discussed the ongoing work on the EPBD and touched upon protecting consumers and industries. He also mentioned the role of cars used as batteries making consumers active players in the market of the future. Mr Samson concluded by saying that the loss of

biodiversity is even a bigger threat to the future generations and their wealth than climate change. We started too late creating a sustainable energy system, we are in a hurry, but mankind has a lot of resources and starting too late will not prevent us from finding solutions.



Energy Performance of Buildings: a comprehensive approach to buildings' decarbonization

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Alice Franz, Head of EU and International Affairs, French Union of Electricity

Antti Kohopää, Head of EU Affairs, Finnish Energy

Glaucia Kartalian, CEO, SHV Energy business unit's Primagaz

Claudia Canevari, Head of Unit "Energy Efficiency", DG ENER, European Commission

In the framework of the revision of the Energy Performance of Buildings Directive (EPBD), the EEF held a dinner in Strasbourg to explore the possibilities offered by different solutions to lower buildings' emissions and enhance their role in the energy transition.

Alice Franz, Head of EU and International Affairs, French Union of Electricity, kicked off the discussion by highlighting the unique role that the power sector plays in the energy transition. She then reflected on the definition of a "zero-emission building". According to her, the focus should not be on energy efficiency only, but on CO₂ emissions as well. Phasing fossil fuels out of buildings is key. To make consumers more inclined to switch to cleaner technologies, she suggested adding carbon criteria to the energy performance certificates of the buildings, something that has proved successful in France. As for the on-site renewable generation requirement set by the Commission's definition, Ms Franz agreed RES have a key role to play, but warned

this requirement risks resulting in buildings being disconnected from the grid, which will lead to a situation where electricity surplus is lost instead of being injected into the grid to flow where needed. In line with sector integration, on-site RES are to be considered as part of the solution, alongside other low-carbon energy supplied by the grid.

The importance of a system-integration approach and of ensuring a level playing-field for on-site and grid solutions were reiterated by **Antti Kohopää, Head of EU Affairs, Finnish Energy**. Mr. Kohopää also discussed the REPowerEU proposal to introduce mandatory targets for solar installations on buildings as a complement to the EPBD. He expressed concerns that by setting targets at building level, the provision fails both to respect the systemic dimension of the buildings and to consider the differences between Member States and buildings. To make his point, he offered insights on the Finnish building sector, where district-heating and electricity – which are expected to be fully carbon-neutral by the end of

this decade – are effective solutions to decarbonize. Since in Nordic countries there is a mismatch between sun availability and energy demand, these systemic solutions are also more efficient than solar installations. Letting different technologies compete is thus key, especially in a moment of crisis that does not allow us to exclude any option.

Glaura Kartalian, CEO, SHV Energy's business unit Primagaz brought in the perspective of rural areas, where 30.6% of the EU population lives. She explained that for these communities located in off-grid areas, liquified gases like liquefied petroleum gas (LPG) – which is produced locally – represent a more efficient solution than electricity. SHV Energy is also investing in renewable liquid gases solutions, such as bioLPG and Renewable Di-Methyl Ether (rDME). These solutions can directly replace more polluting coal and heating oil used for heating in boilers, lowering buildings' emissions and contributing to their decarbonization. It is thus important not to hamper their development. In this regard, she suggested revising the conditions allowing for a ban on boilers to be introduced by Member States, as emissions depend on the burnt fuel and not on the boiler itself. She also advocated for an approach recognizing the potential offered by all available solutions.

The presentations from the industries were complemented by an intervention by **Claudia Canevari, Head of Unit "Energy Efficiency", DG ENER, European Commission**.

After mentioning the importance of the EPBD in the EU's decarbonization path and the role played by buildings in this regard, she clarified the definition of "zero-emission building" as proposed by the European Commission: the aim is to align the energy performance requirements for new buildings to the long-term decarbonization objectives and the "energy efficiency first" principle, as well as to promote distributed renewables. This last point does not mean "zero-emission buildings" are to be disconnected from the grid, she underlined. Ms Canevari also offered insights on the requirements for new and renovated zero-emission buildings, grounded in technical and economic feasibility assessments. She clarified the EC takes care of specific situations: whenever the local conditions do not allow for these requirements to be fully met, exceptions are provided in Annex III to the EPBD. Finally, she remarked the importance of collectively stepping up to the challenges brought by the current situation by increasing the level of ambition and going a step forward and showed appreciation for the EP work in this direction.

During the Q&A session that followed, **EEF Associate** and **Active Members** as well as other **MEPs** present commented on the importance of the EPBD to face current challenges. They discussed the connection between buildings' decarbonization and availability of energy-related data and took the opportunity to investigate the solutions presented by the speakers more in detail.



REPowering the grid: distributing renewable energy across the EU

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Grzegorz Dolecki, Vice-President of the Management Board, PGE Dystrybucja and Member of the Management Board in E.DSO and EU DSO

Christian Buchel, Director of Customers and Territories, Member of the Management Board, Enedis and Chairman of E.DSO

Augustijn van Haasteren, Team Leader “Decarbonization and Sustainability of Energy Sources”, DG ENER, European Commission

Zdzisław Krasnodębski MEP (ECR, Poland), Active Member of the EEF

The EEF held a dinner to look at REPowerEU from the perspective of electricity distribution system operators (DSOs).

Grzegorz Dolecki, Vice-President of the Management Board, PGE Dystrybucja and Member of the Management Board in E.DSO and EU DSO, pointed out that the electricity distribution grid is a key enabler of the energy transition. He explained that the structure of the power system has changed: the vast majority of variable RES across the EU is connected to the distribution network and new players have entered the market. Electricity today flows bi-directionally, and DSOs role is now to manage this bi-directional flow of energy while maintaining reliable and secure grid operations. Higher targets for RES deployment should be followed by higher investments in the distribution grid, which needs to be reinforced and, in many cases, either expanded or rebuilt to become suitable

to RES penetration. Alongside grid reinforcement, a fair market of flexibility services should also be developed to ensure benefits to all market players. DSOs have an active role to play in this process as well.

Christian Buchel, Director of Customers and Territories, Member of the Management Board, Enedis and Chairman of E.DSO, reiterated DSOs’ key role in the transition and the shift from a distribution grid only to a distribution as well as collecting grid. He added that the power grid is one system that consists of transmission system operators (TSOs) and DSOs working together. As grid operators, TSOs and DSOs share common challenges, and their cooperation is thus key to efficiently managing the electricity produced from RES and to connecting citizens to the energy transition. Mr. Buchel agreed grid investments and planning are strongly needed to ensure a reinforced EU distribution grid that is up

to the REPowerEU ambitions. He finally mentioned the importance of increasing smart meters rollout, ensuring affordability of grid tariffs for citizens, and tackling remaining bottlenecks such as the shortage of raw materials and skills.

Augustijn van Haasteren, Team Leader “Decarbonization and Sustainability of Energy Sources”, DG ENER, European Commission, insisted that the role of DSOs as enablers of the transition is true not only for the electricity market, but for the gas market as well. Both electricity and gas DSOs are indeed important for the implementation of REPowerEU and the EU Green Deal. The initiatives proposed as part of REPowerEU to speed up electrification and renewables development will indeed lead to a structural change in the electricity system, with DSOs having a larger amount of data to manage and a major role to play. Yet he drew attention to the fact that a similar structural change is also foreseen in the gas market: the gas composition will be different, with part of renewable gas production also being decentralized, as it is the case for biomethane, and new consumers being connected directly to the gas distribution grid. Mr. van Haasteren thus concluded a system approach is needed, looking to what kind of structural change will occur for each type of energy carrier or source.

Prof. Zdzisław Krasnodębski MEP, Active Member of the EEF, who worked as Rapporteur on the TEN-E regulation then made some comments. He noticed the role of DSOs was quite neglected in the past, but this has started to change. The pursuit of a dual

objective – emissions reduction and energy security – is leading to a transformation of the energy system in which DSOs play an increasingly important role. MEP Krasnodębski shared some personal thoughts on the extent to which an external authority could be needed to ensure security and stability in the new emerging energy market and suggested this could be a matter of reflection. What is certain, he concluded, is that support shall be granted to DSOs and to infrastructure, as they are key enablers of the ongoing transformation.

The interventions were followed by a Q&A session during which the speakers, the **EEF Members** and the **MEPs** in the audience exchanged on further issues spanning from bottlenecks to overcome, to estimation of investment needs, to actions required at regulatory level.



Biomethane: how to scale up production and foster integration into the network?

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Martin Jahan de Lestang, Director "Renewable Methane", ENGIE

Marcin Kapkowski, Deputy President, GAZ-SYSTEM

Thierry Trouvé, CEO, GRTgaz

This energy debate offered the chance to discuss biomethane production and integration into the EU gas market. Through clear data and figures, the speakers showed the EU has the potential to reach the REPowerEU target of 35 bcm of sustainable biomethane production and use by 2030, helping cut the EU energy dependence on external gas suppliers.

Martin Jahan de Lestang, Director "Renewable Methane", ENGIE, explained biomethane has a massive potential of decarbonizing the EU at an affordable cost. With hydrogen and electrification, it is a silver bullet to reach the EU climate objectives. The REPowerEU 35bcm target should be enshrined in EU legislation and the National Energy and Climate Plans to favour a real commitment from the EU producing countries. Effective long-term policies are needed to develop sequential crops and wood waste collection that underpin the production of both first and second generation biomethane. Since biomethane production also helps valorise waste and agriculture, EU policies in these areas should be developed in synergy. Investment needs are

estimated at around 80 bln EUR by 2030 and could be met by mobilizing all financing programmes available. Mr Jahan de Lestang concluded that what is crucial is to ensure biomethane does not split the EU internal gas market but instead strengthens it.

Marcin Kapkowski, Deputy President, GAZ-SYSTEM, focused on Poland. Today, the country's total natural gas consumption accounts for 20 bcm/year. In the future, biomethane could account to a total of 8 bcm/year, allowing to directly substitute a considerable part of natural gas use. Biomethane production potential is concentrated in those areas where GAZ-SYSTEM's gas network is and where farming and agricultural waste is well organized, which is encouraging in view of biomethane injection into the grid and the emergence of an organized supply of substrate. However, all reasoning on biomethane in Poland is still theoretical as to date none of the country's 636 biogas plants produces biomethane and none is connected to the transmission nor the distribution gas grid. But as the potential is there, developing a biomethane market in Poland is feasible, Mr Kapkowski reassured.

National and EU support schemes for investments, clear market rules and cooperation between grid operators and the regulator in developing plans for grid expansion all play a key role in the process.

Back to France, **Thierry Trouvé, CEO, GRTgaz**, explained that today nearly 500 plants inject biomethane into the gas grid, with a total capacity installed connected to the grid of 8.15 TWh/year, meeting 2% of yearly national gas consumption. 20 TWh of additional capacity is planned by 2025 and 60TWh by 2030. He shared insights on successful national policies that could be replicated at EU level, namely different national support schemes and the right to injection. The latter eases biomethane connection to the gas network by breaking down costs between infrastructure operators and biomethane producers, and by mapping production potential to prepare the network to accommodate it. Having reverse flow facilities in place is also key to avoiding grid saturation. He finally stressed the importance of ensuring an EU interoperable market with cross border trading of biomethane by establishing an EU wide biomethane guarantees of origin system that integrates sustainability information.

Several questions were raised by the **MEPs**. This enabled the speakers to further discuss preferable support scheme options and biomethane production. They clarified the REPowerEU target would be achieved sustainably, with biomethane production based on waste and residues and not in competition with food production. No competition

with the agricultural sector would emerge for the use of organic fertilizers either. The speakers and MEPs agreed that biomethane use should be prioritized in those sectors for which electrification is not a viable option.



Ukraine and the European Union: working together for energy resilience this winter and beyond

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Olga Bielkova, Corporate Affairs Director, Gas TSO of Ukraine

Iryna Skliar, Director, Representative Office in Belgium, Naftogaz of Ukraine

Yulia Burmistenko, Head of International Public Affairs, DTEK

This energy debate hosted by the EEF offered the opportunity to get a real time update on the state of play of Ukraine's energy system.

The Chair **Jerzy Buzek MEP, President of the EEF** first thanked the EEF Associate Members from Ukraine for their availability to exchange on this pressing issue and reiterated the EU firm support to its neighbour.

Olga Bielkova, Corporate Affairs Director, Gas TSO of Ukraine, Iryna Skliar, Director, Representative Office in Belgium, Naftogaz of Ukraine, and Yulia Burmistenko, Head of International Public Affairs, DTEK, started by outlining how the operation of Ukrainian energy system – both gas and electricity sectors - has been carried out since February 2024. They explained how their respective companies have been relentlessly working to supply energy to businesses and citizens and offered some updates on the latest evolutions.

All the speakers underlined how valued the European Union's solidarity vis-à-vis Ukraine is and how crucial it is in helping Ukraine cope with all current

difficulties. Just as the European Union has help to offer to Ukraine, Ukraine too has something to offer to the European Union, our speakers explained when speaking about mutual cooperation. Ukraine can be an important part of the solution to strengthen the EU energy resilience, diversify gas supply and achieve the REPowerEU as well as decarbonization targets. To actually realize this potential, Ukraine should be more integrated into the EU gas market, both in terms of infrastructure and regulation.

The initial presentations were followed by an exchange with the EEF Members and the **MEPs** in the audience. The speakers took the time to answer all questions, enabling participants to get an even more concrete understanding of the reality on the ground and of ways in which both policymakers and businesses could cooperate with and assist Ukraine.

Throughout the discussion, two key points continuously emerged: that solidarity is key and that reinforced EU-Ukraine cooperation can allow to develop solutions benefitting the resilience and strength of both sides.



Energy security: an electricity system perspective

Session 1: Electricity system security: from basics to lessons learned

Speakers:

Timothée Decroix, Chair of the Policy and Communication Group, ENTSO-E

Tahir Kapetanovic, Chair of the System Operations Committee, ENTSO-E

Santiago Gallego, Member of the Policy and Regulation Committee, E.DSO

Jakub Fijalkowski, Policy Officer "Internal Energy Market", DG ENER, European Commission

Moderator: Pascale Verheust, Director General of the EEF

This EEF online briefing offered MEP Advisers and Assistants an opportunity to better understand the basis of the electricity system operation.

Timothée Decroix and **Tahir Kapetanovic**, respectively **Chair of the Policy and Communication Group** and **Chair of the System Operations Committee, ENTSO-E**, dived deep into different aspects of energy security. The concept of synchronous area was first introduced: in the EU energy system, production and consumption of electricity must always be balanced. If they are, the frequency in the system will be kept at 50 Hertz. Keeping this 50 Hertz frequency in the synchronous area is the main role of TSOs - Transmission System Operators - to avoid the collapse of the system.

Keeping the system in balance was delivered by vertical integrated utilities in the past. Following market liberalization, the task is now split between TSOs and several other markets players: cooperation is thus essential.

The speakers then focused on system security both on a short run – operational security – and on a longer run – system adequacy. Operational security relies on several aspects, among which the fulfilment of the N-1 criterion (a tripping of one line must not provoke the tripping of others), security standards (network codes), and redispatching to manage grid congestions.

Long-term security requires both generation and infrastructure adequacy. Adequacy is assessed by the ENTSO-E and the speakers briefly presented two main products of such assessment. The seasonal outlooks, focusing on a shorter term, and the longer-term Ten-Year Network Development Plan (TYNDPs), where the infrastructure needs of the system are identified together with projects that could help fulfil them.

Finally, some insights were offered on the current evolution of the electricity system.

The increase in electricity demand, the need to ensure system integration as well as flexibility, the further market integration, and the rapid penetration of renewable electricity, whose production is generally decentralized, all present challenges requiring close cooperation between all actors and a regulatory framework able to incentivize the required investments in infrastructure and generation capacity.

Santiago Gallego, Member of the Policy and Regulation Committee, E.DSO, offered an overview of electricity DSOs' role in ensuring energy security. DSOs - Distribution System Operators - operate at local level and their main task is securing the flow of electricity from the transmission grid to the final costumers through the distribution network. Like TSOs, DSOs are fully regulated entities, which means first, that the objective of their work – ensuring system security, reliability, and efficiency – is set by regulation and, second, that if their role needs to evolve, the regulatory framework will also have to. He explained that while there is in most countries only one TSO, this is not the case for DSOs, and indeed Europe counts more than 2,400 DSOs today. Another difference compared to the transmission level is that the voltage level at which DSOs operate differs between countries, which brings harmonization challenges in the EU. He then reflected on the profound change the electricity system is undergoing, with the deployment of

renewables leading to a more integrated system with a higher number of active participants. Innovation is key in this context: smart grids and digitalization can help improve transparency by enabling dynamic tariffs and pave the way towards a more efficient and flexible electricity system. Mr Gallego concluded by reiterating DSOs - TSOs cooperation is crucial to achieving EU energy and environmental goals.

Jakub Fijalkowski, Policy Officer "Internal Energy Market", DG ENER complemented these presentations by providing a legislative and political dimension. He first offered an in-depth historical overview of the evolution of TSOs as well as of the technical rules underpinning their operation. As a result of TSOs unbundling and of market liberalization, these rules evolved from voluntary cooperation between TSOs to framework guidelines and legally binding network codes designed at EU or regional level by TSOs in cooperation with ACER and National Regulatory Authorities. This evolution took time, especially given the complexity of the power system and the need to avoid causing any possible operational or security problems. This complexity and the need for caution should be kept in mind whenever thinking about further changing the electricity system framework, Mr Fijalkowski said. He also discussed the increasing role of TSOs in assessing and ensuring system adequacy – and the value of the ENTSO-E's TYNDP in this regard –, the growing importance of DSOs and the harmonization

EEF IN-PERSON DISCUSSIONS HIGH-LEVEL ROUNDTABLE

16 November, Brussels

Industrial Emissions Directive Review: sharing perspectives on pollution reduction

Chair: Radan Kanev MEP (EPP, Bulgaria), Active Member of the EEF

Panel:

MEP Michal Wiezik, ENVI Shadow Rapporteur on the IED Review

Stefan Leiner, Incoming Head of Unit Industrial Emissions and Safety, DG ENV, European Commission

Christopher Allen, Deputy Head of Unit Industrial Emissions and Safety, DG ENV, European Commission

Moderator: Pascale Verheust, Director General of the EEF

The Roundtable was chaired by **Radan Kanev MEP, EEF Active Member** and ENVI Rapporteur on the review of the Industrial Emissions Directive (IED), who wished to discuss the main points of his draft report with the EEF Members from the industry, his colleagues MEPs and the European Commission.

MEP Kanev outlined the main objectives of his work: maintain the high ambition set by the EC, ensure both the concerns of the industry and the sensibility of local population are taken into account, and improve the text's clarity. Further reducing industrial emissions is necessary, and this must happen while enhancing the competitiveness of EU industry, which is key for the EU economic autonomy. The Sevilla process, the very core of the IED, is an efficient instrument to achieve all the above and should thus be safeguarded and reinforced.

MEP Kanev was joined by **Michal Wiezik MEP**, ENVI Shadow Rapporteur on the file as well as by **Stefan Leiner** and **Christopher Allen**, respectively **Incoming Head of Unit** and **Deputy Head of Unit "Industrial Emissions and Safety"** of DG ENV, European Commission, who shared their views on

the proposal. They agreed with the Rapporteur on the importance of maintaining ambition high while setting the conditions for the EU industry to flourish and deepening the link between the IED and the Green Deal, as well as on the efficiency of the Sevilla process.

These high-level meetings allow for more detailed and technical discussions. The debate was fuelled by the **EEF Members** from the industry providing input and asking questions on specific provisions. The very pertinent comments were noted by both the MEPs and the European Commission, who took the time to reply and clarify their points of view.

The EEF Members also seized the opportunity to congratulate MEP Kanev for his extensive work.



challenges previously pointed out. He then focused on cross-border electricity trade, explaining the Third Energy Package mandates a minimum capacity to be made available for cross-border trade, which is crucial both for security of supply and market integration. This is important because, as he concluded, indeed

the EU electricity market will bring not only efficiency and cost-optimization, but security of supply as well. The exhaustive presentations were followed by an open exchange between the speakers and the audience.



Energy security: an electricity system perspective

Session 2: Keeping the electricity system secured in the long term – what's needed?

Speakers:

Raffaele Rossi, Head of Market Intelligence, SolarPower Europe

Vasiliki Klonari, Head of Energy System Integration, WindEurope

Jacopo Tosoni, Head of Policy, EASE

Jose Elias Cabrera, Policy Officer "Renewables and Energy System Integration Policy", DG ENER, European Commission

Moderator: Pascale Verheust, Director General of the EEF

This second EEF online briefing session offered MEP Advisers and Assistants an opportunity to learn what is needed to keep the electricity system secured in the long term with a focus on energy storage.

Raffaele Rossi, Head of Market Intelligence, SolarPower Europe offered a comprehensive overview of the state of play of wind and solar generation in the EU. In the last 10 years, the combined share of these two VRES (variable renewable energy sources) has more than doubled soaring from less than 9% in 2012 to almost 20% in 2021. In the REPowerEU strategy, targets are set in terms of deployed installed capacity and the EC ambition is to deploy over 1,100 GWAC of wind and solar by 2030. These energy sources are bound to become the backbone of the future energy system and are key technologies to decrease the EU energy dependence. Focusing on solar, Mr Rossi explained the need to develop storage in parallel to VRES which will improve customers' self-consumption, can shave peak demand, bring less stress on the grid

and lower households' energy bills by reducing their exposure to price volatility.

As energy supply and demand need to be always in balance **Vasiliki Klonari, Head of Energy System Integration, WindEurope** took over to explain what happens in case of surplus and shortage of renewable power production both in the short and long term. The costs associated with surplus management are unfortunately not very transparent as only a few countries publicly publish the information. When there is a shortage of renewable production other generation technologies are called upon to cover the residual load. Minimizing this residual load is key and this is where storage can help along with demand response and grid interconnection. She explained that flexible assets go hand in hand with energy storage technologies, both short and long term. She gave examples of projects of wind energy co-located with storage and underlined that the amount of such projects needs to increase.

Jacopo Tosoni, Head of Policy, EASE clarified the definition of energy storage according to the Clean Energy Package as the conversion of electrical energy into a form of energy which can be stored and the subsequent reconversion of such energy into electrical energy or another energy carrier. He presented the different types of energy storage options: chemical, electrical, mechanical, electrochemical and thermal with each their own specificities. Some have fast response times to imbalances in the grid while some are less reactive but can absorb big capacities for a long time with little loss. He underlined the significant growth in energy storage deployment in the last few years. Yet the capacity needs to increase further: today we stand at roughly 50-60 GW of energy storage and estimations show that around 200 GW will be needed by 2030 to ensure the flexibility of the system. But he added that there is a significant risk of not matching those needs. Our speakers agreed that one should have a clear understanding of these needs and the state of play.

Jose Elias Cabrera, Policy Officer "Renewables and Energy System Integration Policy", DG ENER, European Commission focused on REPowerEU renewable energy objectives and measures. 69% of electricity will be generated from RES by 2030. Coping with the variability of renewables is essential and storage will play a crucial role. Mr Cabrera reminded storage assets are considered having an

overriding public interest according to the Renewable Energy Directive. He also touched upon Energy System integration, the holistic approach in which the consumer plays an important role, digitalization and smart meters deployment, implementation of the Electricity Market legislation, grid modernization and storage R&I that are essential to address RES challenges.

Our usual Q&A session followed the presentations, to offer participants an occasion to take the floor and ask some additional information to the speakers.



Energy Crisis: causes, consequences & win-win solutions Perspectives from Europe's electricity and metals sectors

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

Cillian O'Donoghue, Policy Director, Eurelectric

Alain Taccoen, Chair of the Customers and Retail Services Committee, Eurelectric

Guido Janssen, Vice President European and USA Smelting, Nyrstar, Member of Eurometaux

The EEF Members from the electricity and non-ferrous metals sector presented the effects that the current energy crisis is having on their businesses and reflected with MEPs and other EEF Associate Members on possible win-win solutions.

Cillian O'Donoghue, Policy Director, Eurelectric, first carried out a diagnosis of the root causes of the energy crisis which, he said, are in the gas market: since gas and electricity prices are correlated, the lack of gas in the system has led to an unprecedented sharp increase in electricity prices. He clarified the spike experienced during this past summer was also influenced by reduced hydropower capacity and maintenance of some nuclear reactors in France, but 80% of it depended on gas prices. Overall, wholesale electricity prices went up by +532% and retail prices by +84% since January 2021.

Once the causes and consequences assessed, **Alain Taccoen, Chair of the Customers and Retail Services Committee, Eurelectric** joined his colleague to discuss together possible solutions on different timeframes.

Measures to protect vulnerable consumers, moderate demand during the winter, increase liquidity in the electricity market, address high and volatile prices in the gas market, and provide certainty for investors are all required to cope with the short-term effects of the crisis. On the medium term, REPowerEU is a good exit strategy, and the speakers particularly underlined the importance of further simplifying permitting procedures to enable a fast and massive rollout of renewables. A European supply chain of critical raw materials and investments to reinforce the electricity grid will also be key to this end. On a longer perspective, the EU will need to work on two aspects. First, on measures tackling the structural problems underpinning the current crisis. The speakers recognized this may entail changes to the electricity market design, yet since it has delivered, what is needed is more an evolution than a revolution, they said. Second, the EU will need to adopt solutions stabilizing prices and ensuring that the benefits of a net-zero-emission energy mix are delivered to customers: encouraging more and more long-term contracts could be one way forward.

Guido Janssen, Vice President European and USA Smelting, Nyrstar, Member of Eurometaux, explained that the non-ferrous metals sector is one of the most hit by the current crisis because of its electro-intensity. In usual times (electricity prices at around 50 EUR MW/h) electricity accounts for about 40% of metals' production costs. Today, these costs are up to 500 EUR MW/h, amounting to 200% of the sector's production costs and making it almost impossible to make any margin. 50% of aluminium and zinc production capacity as well as 30% of silicon and alloy production have been forced to go offline this last year, while the smelters still online operate at a loss. Since metals and strategic raw materials are fundamental for the energy transition, the EU risks becoming increasingly dependent on imports from third countries, with negative consequences not only in economic and strategic terms, but also from an environmental perspective: outside the EU, metals production is more emission intensive. Mr Janssen said the industry needs emergency support to survive the current situation, for example measures to address high electricity prices yet without affecting long-term PPAs which, together with renewable energy, are crucial for the future of the industry. He concluded by underlining the need for the EU to protect its strategic industries and keep metals production within the Union.

The exchange that followed was quite a heated one. Several **EEF Members**, both industry representatives and **MEPs**, shared their thoughts on this pressing issue, some being more critical of the EU response,

others calling for a more optimistic attitude. They discussed several points, among which permitting, long-term contracts both in electricity and gas, the critical raw materials act and the foreseen reform of the electricity market design.



EEF IN-PERSON DISCUSSIONS RECEPTION

5 December, Brussels

End of the Year Reception

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Guest Speaker: Mechthild Wörnsdörfer, Deputy Director-General for Energy, European Commission

The EEF had the pleasure to welcome **Mechthild Wörnsdörfer, Deputy Director-General for Energy, European Commission**, for its End of the Year Reception.

This discussion offered an opportunity to take stock of the situation from an energy perspective, go over the main steps and happenings of 2022 and look ahead to the year to come.

So far, 2022 has proved to be the toughest one workwise, Ms Wörnsdörfer said. The Russian invasion of Ukraine and the energy crisis have indeed put a lot of pressure on the European Union. Yet the European Union has been able to adopt a broad set of measures to respond to it.

Ms Deputy Director-General recalled the importance of the emergency synchronization of Ukraine to continental Europe's electricity system – key to helping our neighbour cope with the difficult situation - ; the REPowerEU strategy to rapidly cut dependence on Russian fossil fuels imports, diversify supply, increase renewable energy and energy savings; the emergency measures to deal with energy price spikes and protect vulnerable customers; and the regulation setting binding gas

storage filling targets, which has helped immensely to be better prepared for this winter.

Alongside these short-term measures, longer-term structural ones are also required. Work has thus continued on the Fit for 55 package and the EC hopes it will be soon finalized – the package being crucial both to reaching our climate targets and strengthening the EU energy sovereignty.

Looking to 2023, one big piece of work on DG ENER's programme is the revision of the electricity market design. Ms Wörnsdörfer clarified the Commission's intention is to present a proposal to be discussed through a co-legislative procedure, potentially via a fast-tracked procedure but yet with an active involvement of the European Parliament. Other than that, strategic papers on electricity storage, hydrogen, and CCUS can also be expected.

The room was packed with **EEF Members** and **MEPs**, who took the chance to ask several questions.

The points raised were very diverse: sector integration, the hydrogen accelerator, the decision of the Commission to propose several emergency measures based on article 122, the EPBD,

investments in renewables and infrastructure, biomethane, woody biomass, domestic European gas exploration, the gas and hydrogen package, and others.

Ms Deputy Director-General attentively listened to all interventions, answered all questions and also seized the opportunity to provide further clarifications. She stressed that while work on the legislative pieces under discussion must continue,

full implementation of the Clean Energy Package is also very much needed. All energy-related legislative proposals are to be considered as pieces of a unique, bigger puzzle, all set to work in synergy. Finally, in view of what's to come next, she said the European Commission is very open to discussion and encouraged both industry representatives and MEPs to continue providing their input.



EEF IN-PERSON DISCUSSIONS

DINNER-DEBATE

13 December, Strasbourg

Hydrogen and Decarbonized Gas Markets Package: an MEPs – Industry Conversation

Chair: Jerzy Buzek MEP (EPP, Poland), President of the EEF

Speakers:

James Watson, Secretary General, Eurogas

Iskren Kirilov, Senior Manager Institutional Relations, IOGP

Annika Brack, Head of EU Representative Office, Uniper

Valeria Palmisano, International Relations with the European Union, Snam

Aneta Wilmańska, Deputy Director of Representative Office in Brussels, PKN ORLEN S.A.

Axel Eggert, Director General, EUROFER

The last dinner-debate of 2022 was chaired and opened by the **EEF President MEP Jerzy Buzek**, who has been personally working on the hydrogen and decarbonized gas markets package as Rapporteur on the regulation and Shadow Rapporteur on the directive.

The package is extremely important and entails a heavy political discussion between policymakers and the industry. The aim is to get to a piece of legislation that is useful for the industry, and that's why a serious conversation between all involved stakeholders is very much needed, our Chair explained.

MEP Buzek briefly presented the main points he has been working on. He touched upon several aspects, including the proposal to enshrine the REPowerEU 35 bcm biomethane production target into the regulation; the blending of hydrogen and natural gas; further diversification of natural gas supply; the creation of a separated EU hydrogen

structure yet within the ENTSO-G; the unbundling models for the future hydrogen market, and the proposal to introduce a GHG intensity target of the 2030 gas supply. He also explained that, in his opinion, some of the provisions adopted as part of the Council Emergency Regulation of October 2022 – namely those concerning the joint purchase of gas, solidarity agreements between Member States and a new reliable LNG benchmark – should be enshrined in the package's regulation so as to become permanent.

The EEF President then turned to the industry and the MEPs present, asking them to provide their reflections and perspectives on the proposed texts. A first set of answers came from the EEF Associate Members' representatives from the gas sector: **James Watson, Secretary General, Eurogas; Iskren Kirilov, Senior Manager Institutional Relations, IOGP; Annika Brack, Head of EU Representative Office, Uniper; Valeria Palmisano,**

International Relations with the European Union, Snam and Aneta Wilmańska, Deputy Director of Representative Office in Brussels, PKN ORLEN S.A.

Overall, the speakers said they welcome the EP regulation and directive draft reports as they believe they go in the right direction. The inclusion of the targets for biomethane production and GHG intensity of gas supply are particularly appreciated, as they can help put in place the support required to rapidly develop renewable and low-carbon gases. The introduction of a guarantees of origin framework is also generally welcome. The main concerns raised referred to the proposed unbundling rules for hydrogen network operators as well as to the proposal to make the October 2022 emergency measures permanent. In the gas industry's perspective, having been adopted in response to a crisis, these measures should have only a temporary application. The gas market has proved to work properly over the years, and the speakers are confident it will continue doing so once the crisis is over.

The point of view of intensive energy consumers was also presented by Axel Eggert, Director General, EUROFER. He said the steel sector finds the package is well drafted and cherishes the provisions to prioritize hydrogen use in those sectors where electricity is not an option, like the steel sector indeed. Ensuring affordability of energy is also crucial to preserve the EU steel industry competitiveness, he added.

The **MEPs** and **EEF Associate Members** in the

audience were also quite reactive. They seized the opportunity to add further food for thought to the discussion and to show appreciation for the work carried out by MEP Buzek on the package.



THANK YOU!

All the energy discussions organised throughout this year would not have been possible without the contribution and cooperation of our EEF Active and Associate Members.

Thank you all for your trust and continued support!

The EEF Team

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