



# European Union's policies to manage energy scarcity

EUSALP ENERGY CONFERENCE

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# REPowerEU

The European Commission's plan to make Europe independent from Russian fossil fuels well before 2030

*A plan for:*

- **saving energy**
- **producing clean energy**
- **diversifying our energy supplies**

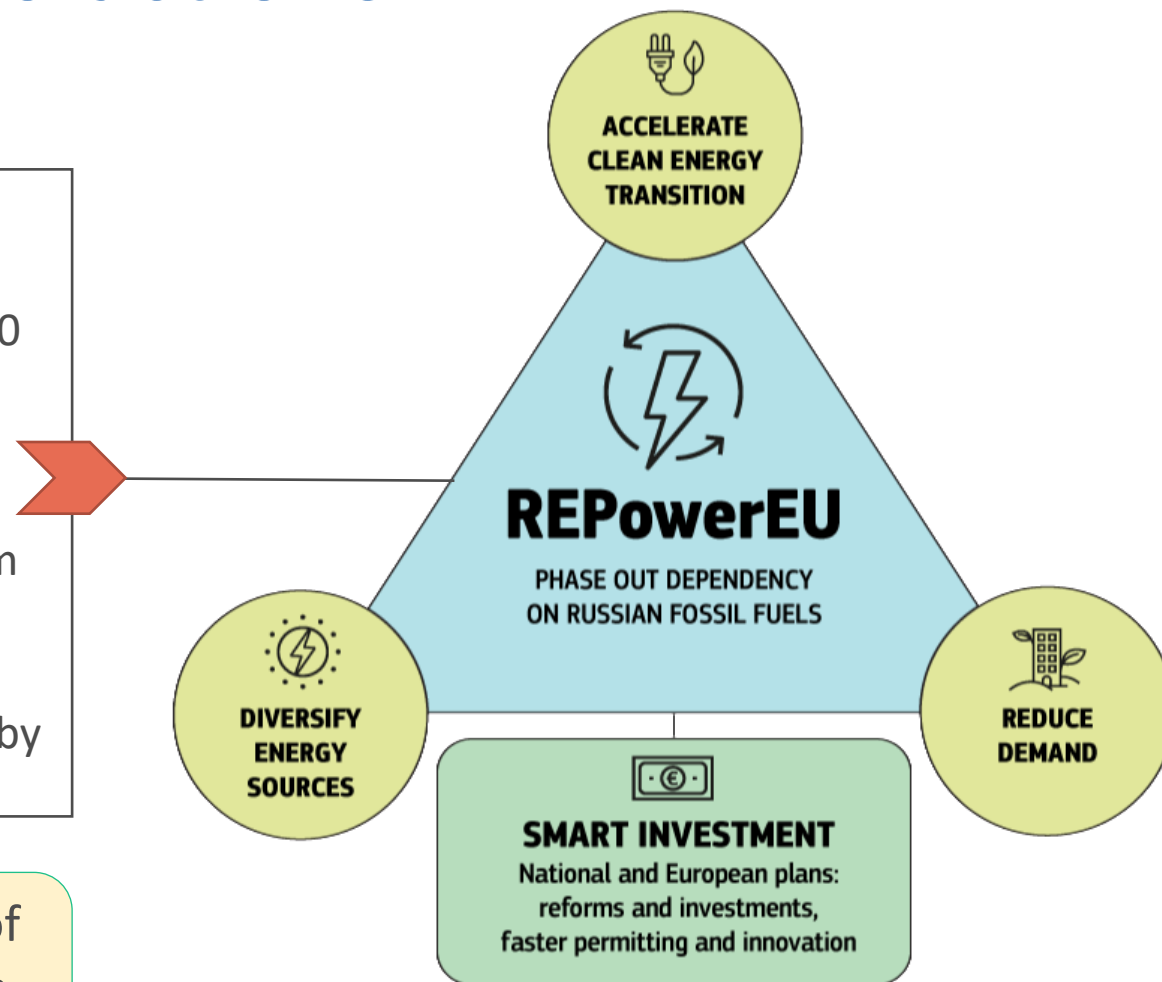
# REPowerEU: from goals to actions

## Independence from Russian fossil fuels by 2027

- Increase imports of **liquefied natural gas** (LNG) by 50 bcm
- Increase **pipeline gas** imports by 10 bcm
- Increase **biomethane** production by 3.5 bcm
- EU-wide **energy saving** to cut gas demand by 14 bcm
- **Rooftop solar** to reduce gas demand by 2.5 bcm
- **Heat pumps** to reduce gas demand by 1.5 bcm
- Reduce gas demand in the power sector by 20 bcm by deployment of **wind and solar**

Increase the target of **renewable energy** from 40% to **45%** by 2030

Increase the target of **energy savings** from 9% to **13%** by 2030



# Energy savings

## Achieving short-term energy savings through behavioural change

- Key sectors: **heating** in households and services, **transportation**
- **Information campaigns** on individual actions : turn down heating, draught proofing, encouraging train and cycle use, ...
- **Incitement and supporting actions** : rebates on energy-efficient appliance purchase, reduced VAT on high efficiency heating systems, ...

## Potential savings

**-5 % gas** use (+/- 13bcm)  
**-5 % oil** use (+/- 16mtoe)

## Strengthening structural change with mid- to long-term energy efficiency measures

- **Strengthen regulatory framework** through FitFor55: increased target for energy savings from 9% to 13% by 2030

# Producing clean energy

- Speed up completion of wind parks and solar power plants
- Increasing renewables share : Permitting

Commission guidance on  
**good/best practices**

**Solutions  
proposed**

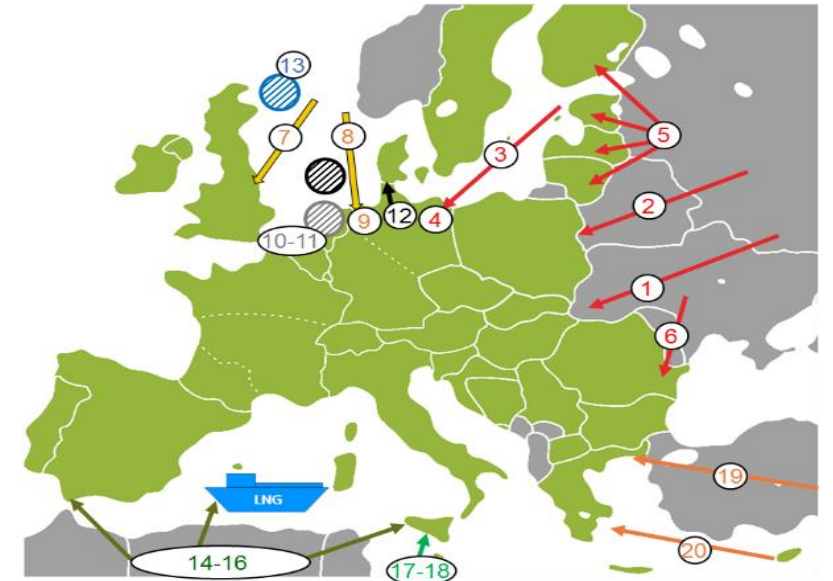
Recommendation on **speeding  
up permitting-granting  
procedures** and facilitating  
**Power Purchase Agreements**

Speed up completion of wind parks  
and solar power plants  
- Increasing renewables share :  
Permitting



# Diversification of gas supply sources and routes

- Shift from national to regional approach
- Corridor approach for reverse flow obligation
- Diversification and flexibility
  - Opening the Southern Gas Corridor to expand import capacity to the Caspian Basin, Central Asia and the Middle East.
  - Developing the Mediterranean hub to increase the potential of imports from the MENA region, including Algeria and the Eastern Mediterranean.
- Completing the internal energy market
- Promote transparent and liquid global LNG markets
  - Projects of Common Interests (PCIs), such as interconnectors, allowing for market players across the entirety of the EU to benefit from LNG.





# EU Coordinated

# Reinforced risk preparedness

# Legal Framework

## Gas Security of Supply Regulation

**Regulation (EU) 2017/1938** establishes provisions aiming to safeguard the **security of gas supply** in the European Union (EU). The main elements of the regulation are:

- better **cooperation and coordination** through the **Gas Coordination Group (GCG)** and between groups of EU countries in regional risk groups to assess common supply risks together and to develop and agree on joint preventive and emergency measures;
- introduction of the **solidarity mechanism** through which EU countries must help each other to always guarantee gas supply to the most vulnerable consumers — even in severe gas supply situations — under fair compensation conditions by the country receiving solidarity;
- **improvement of transparency** thanks to the obligation placed on gas companies to notify to their national authority their major long-term gas supply contracts that may be relevant for security of supply;
- the **European Network of Transmission System Operators (ENTSOG)** will carry out a 4-yearly EU-wide simulation of gas supply and infrastructure disruption scenarios;
- EU countries have specific obligations to the **Energy Community**, with the Commission coordinating the legal rules.



# EU Preparedness

- Level of **preparedness varies** widely across Member States.
- **Gas Security of Supply Regulation** provides for EU level coordination (**Gas Coordination Group**) and minimum level of preparedness in all MS → has proven useful already.
- **MSs** have taken measures, such as:
  - Reinforced crisis management structures
  - Crisis level activation, as per the Regulation ('early warnings')
  - Reinforced gas storage obligations and/or incentives to fill
  - Awareness raising campaigns for gas savings
  - Updates of load shedding plans, dialogue with energy intensive consumers
  - Extending LNG import capacity (extensions or FSRUs)
  - Bilateral diplomatic outreach to external suppliers (most of the MS)

# Gas Preparedness

The Commission has..

- called on Transmission System Operators to accelerate technical measures for increased LNG transport;
- made iterations of a preparedness overview, simulating the impact of Russian supply disruptions;
- Proposed the Gas Storage Regulation and the Winter Preparedness Package
- Proposed the Gas Demand Reduction Regulation

# EU Coordinated reinforced preparedness

In addition to the swift adoption of the storage regulation, the Commission:

1. Urged Member States to pre-emptively implement the **Savings Plan**, including **voluntary measures like interruptible contracts** by which undertakings buy the possibility to be interrupted against compensation
2. Urged Member States to **update their contingency plans** in view of the EU preparedness overview taking into account **common guidance** on prioritisation of essential non protected customers
3. Called on Member States to accelerate technical measures to increase capacity by the next winter for **reverse flows and west-east transport capacity**.
4. Reiterated that Member States are committed to provide solidarity to each other even when affected themselves by a shortage, to the extent that it does not affect protected customers, and call them to conclude the outstanding **bilateral solidarity agreements** and prepare to implement solidarity measures beyond neighbouring countries.

# Gas Storage Regulation – Key Elements

- a target: **80% by 1 November 2022, 90% for subsequent years**
- a filling trajectory with control points
- a set of tools for Member States to fill storage, including:
  - incentives
  - deterrent sanctions and fines
  - certification
- a reinforced monitoring system

# Energy winter preparedness package

1. **Save Gas for a Safe Winter**  
(*Communication*)
2. **Guidelines on an European Gas Demand Reduction Plan** (*annex to communication*)
3. **Proposal for a Council Regulation** on voluntary demand reduction measures, possibility to call a '**Union Alert**' triggering mandatory reductions, reinforced governance.



# Council Regulation on Gas Demand Reduction

- First stage: non-binding reduction effort by Member States to **reduce national gas consumption between 1 August 2022 and 31 March 2023 by at least 15%** (compared to previous 5 years).
  - Request to Member States to update Emergency Plans and identify the demand reduction measures they will take
- Second stage: possibility to call a '**Union Alert**' triggering mandatory reductions on all Member States

# Gas saving measures

## 1. Switch away from gas

- **Fuel switch in industry and power and heat sectors:** preferably towards renewables and cleaner energy sources; nuclear where feasible; coal and other heavy fuels where necessary and on a temporary basis
- **State Aid schemes** possible to support costs
- **Case-by-case derogations** to be considered on an exceptional and temporary basis for certain environmental regulations





# Gas saving measures

## 2. Incentivise consumption reduction

- Auctioning or tender systems to incentivise and compensate **reduction of consumption** by large companies;
- State Aid schemes possible to support costs
- **Interruptible contracts** for gas consumption, to allow for reduced use when needed
- **Contract swaps** between industrial consumers, to allow production to be carried out in less affected regions in case of large shortage





# Gas saving measures

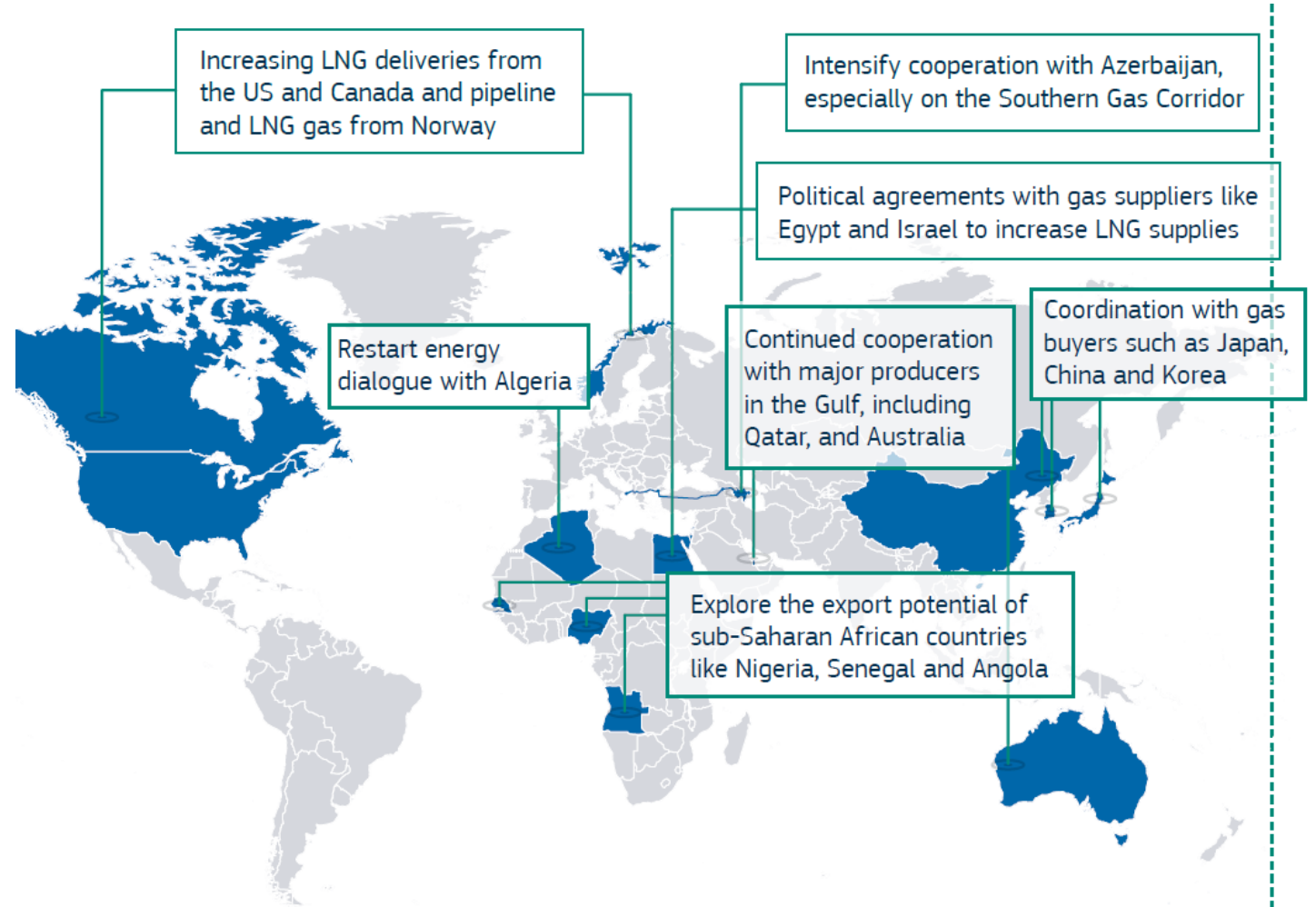
## 3. Reduce heating and cooling

- National **public awareness raising campaigns** in all Member States complementing the EU Save Energy Plan
- Mandatory reduction in public authorities' buildings
- Consumption reduction in commercial centers, offices and public spaces
- **New temperature and hourly thresholds** for heating and district heating in the household sector using gas



# International Energy Engagement Strategy

The **EU Energy Platform** plays a key role to pool demand, coordinate infrastructure use, negotiations with the international partners and prepare for joint gas and hydrogen purchases.



**EU Energy Platform** - unique framework for demand aggregation, outreach and infrastructure optimisation supporting security of supply for gas, LNG and hydrogen

**EU Energy  
Platform**

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**Diversification  
and security of  
gas supply**

**Gas demand aggregation and/or purchasing & negotiations**

Leverage EU's weight to attract reliable supplies from global markets

**Efficient usage of EU's gas infrastructure**

Maximise LNG absorption, ensure security of supply and storage filling

**Setting a framework for cooperation – H2 & gas**

Protocols, letters of intent or Memoranda of Understanding (EC and MS)

# EU Energy Platform: achievements so far

**International activities:** signature of Memoranda of Understanding with Azerbaijan, with Israel and Egypt, preparatory work with Algeria;

- Joint Presidential statements with the US and establishment of an EU-US Task Force on Energy Security;
- High level contacts held to US, Israel, Egypt, Norway, Algeria, Canada;
- Contacts with Latin America countries on future green hydrogen exports to the EU.

## **Regional groups:**

- For South East Europe, an action plan has been adopted and its implementation is ongoing;
- For Central and Eastern Europe, works have started towards adopting an action plan;
- Announcement of South West, North West Europe and Baltics+Finland groups.

# Electricity demand reduction

In the emergency measures package to reduce energy prices as proposed by the Commission and swiftly agreed by the Council last 30 September 2022:

- a voluntary overall reduction target of 10% of gross electricity consumption and a mandatory reduction target of 5% of the electricity consumption in peak hours.



Thank  
you

