



Webinar on European Energy Policy @Bergen Energy Lab

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EU Political and Institutional Context

General Overview

- ▶ **2nd half of the ES presidency**, to end in Dec 2023. **Followed by BE** (White Semester)
- ▶ **European elections approaching** (6-9 June 2024) → tenth time since 1979
- ▶ Co-legislators **urged to conclude their work by year-end**
- ▶ Challenges on the horizon:
 - ▶ What new EP?
 - ▶ Will the EU Green Deal and green agenda be maintained?
 - ▶ What impact for Energy Research?

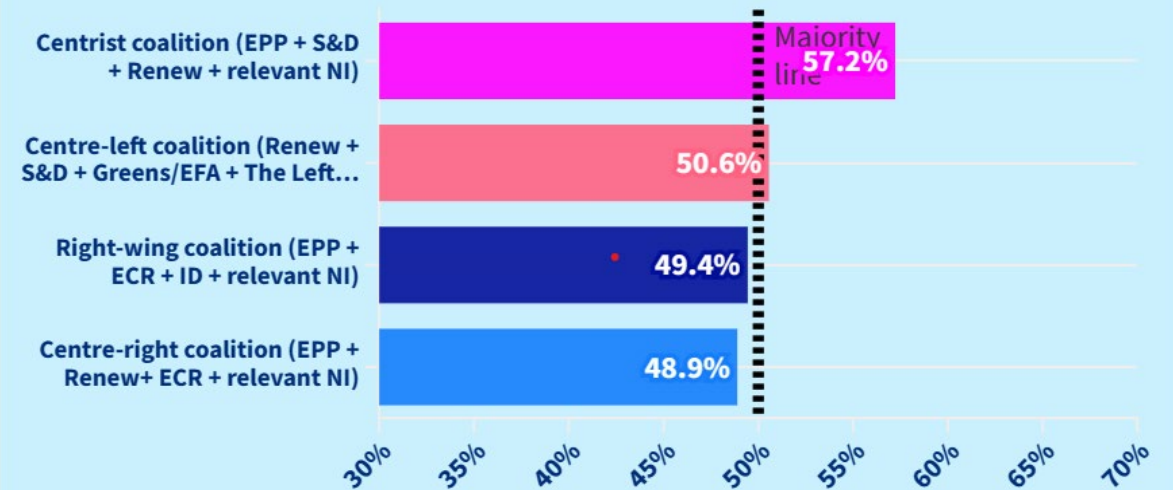


Shifting European Parliament dynamics

- ▶ Continuation of the **downward trend in centrist group vote shares** since 2009.
- ▶ **EPP and S&D** together would represent approximately **42% of seats**.
- ▶ Any combination of political factions will find it **difficult to reach a solid majority** → the difference will be made by ad-hoc coalitions and the swing voters.



Projected seats by coalitions after the European Parliament elections in 2024



Note: Data elaborated in October 2023

New EU 2024 political landscape: what to expect for climate & energy files?

- ▶ Future political spectrum anticipated to **partially move away from alignment with the von der Leyen Commission's flagship Green Deal.**
- ▶ Upcoming term likely to shift primary focus **from climate and energy policy formulation to policy implementation.**
- ▶ Climate neutrality commitments likely to be upheld, but EU leaders expected to initiate a **gradual softening of climate pledges.**
- ▶ Regulation likely to favour a more **industry-friendly approach.**
- ▶ Likely continued focus on the **Short-Term priorities** (implementation challenges).



Main EU Institutional changes – EU Commission

Frans Timmermans

- ▶ Resigned as Executive VP on 22 August to run for prime minister in Dutch elections
- ▶ EC President UvdL then decided for the climate portfolio to be run by an **EU Climate Commissioner**



Wopke Hoekstra

- ▶ **Hoekstra** → former Dutch foreign minister, belongs to the **EPP**
- ▶ Nominated for the role of Climate Action Commissioner by EC President UvdL
- ▶ Contention due to past work for Shell and for not being from Timmermans' party (S&D)
- ▶ After extensive EP grilling (hearing + written questions), **MEPs voted for Hoekstra's appointment**

Maroš Šefčovič

- ▶ Šefčovič → **S&D** from Slovakia, VP for Interinstitutional Relations and Foresight since 2019, Energy Commissioner 2014 - 2019
- ▶ After Timmermans resigned as Executive VP on 22 August, Šefčovič took up his functions over the Green Deal
- ▶ Contention due to his national party's (**Smer**) proximity to Russia
- ▶ After a similar process to Hoekstra, **MEPs voted in favour** of Šefčovič as **new Green Deal chief**



Horizon Europe - Latest news

- ▶ **UK regains access to Horizon Europe research programme**
- ▶ **7 September:** EC and the UK reached an agreement on its association with the EU's Horizon and Copernicus programmes
- ▶ UK researchers able to participate in projects from the **2024 WPs onwards**
- ▶ **End of a lengthy negotiation process after Brexit.** Two-year-long delay resulting from the Northern Ireland dispute and concerns about the exact conditions of the UK's re-accession.





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EU Policy Context

2023 State of the Union address

▶ Past achievements

- ▶ **Joint gas purchases** → no shortages last winter. Price of gas from 300e/MWh to 35. To be **replicated for CRMs and clean H2**: pool demand on a voluntary basis to increase demand and match it with future production of H2.

▶ New announcement

- ▶ **Clean Transition Dialogues** w/ industry
- ▶ Start w/ new **“European Wind Power Package”** → easier funding, permitting

▶ Trade and competition

- ▶ **“The future of our clean tech industry has to be made in Europe”**
- ▶ Launch of **anti-subsidy investigation** into **Chinese EVs**
- ▶ Number of **clean steel factories** in the EU from 0 to 38 in 5 yrs
- ▶ EU attracting more **investment in clean H2** than US and China combined
- ▶ **China’s export restrictions on Ga and Ge** → need to strengthen CRM supply chain. Soon 1st meeting of CRMs Club

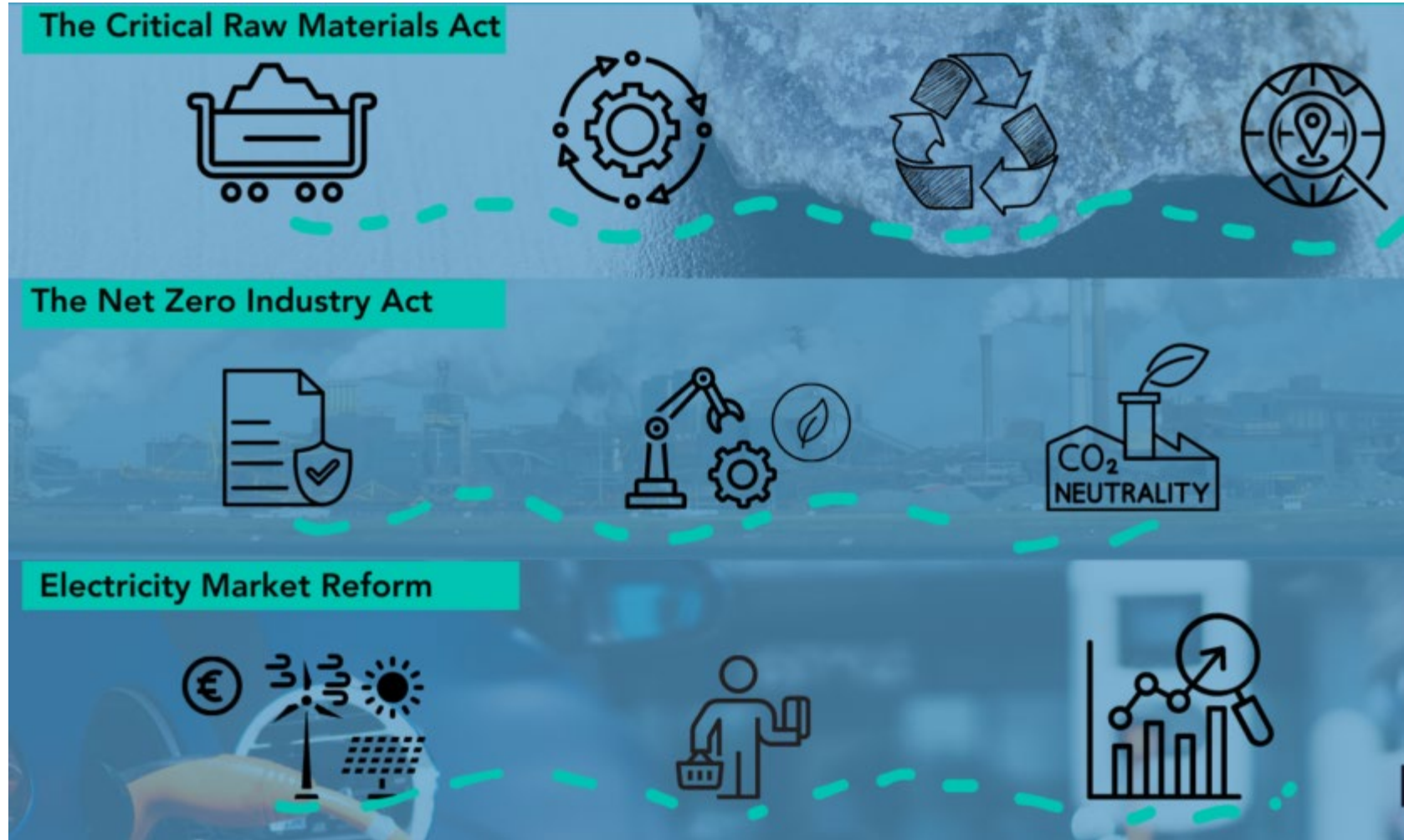
▶ Criticism

- ▶ No mention of nuclear, updated 2040 GHG emissions targets due by mid-2024, international action & COP28
- ▶ **“Stayed the course”**, no additional ambition



The Green Deal Industrial Plan (GDIP)

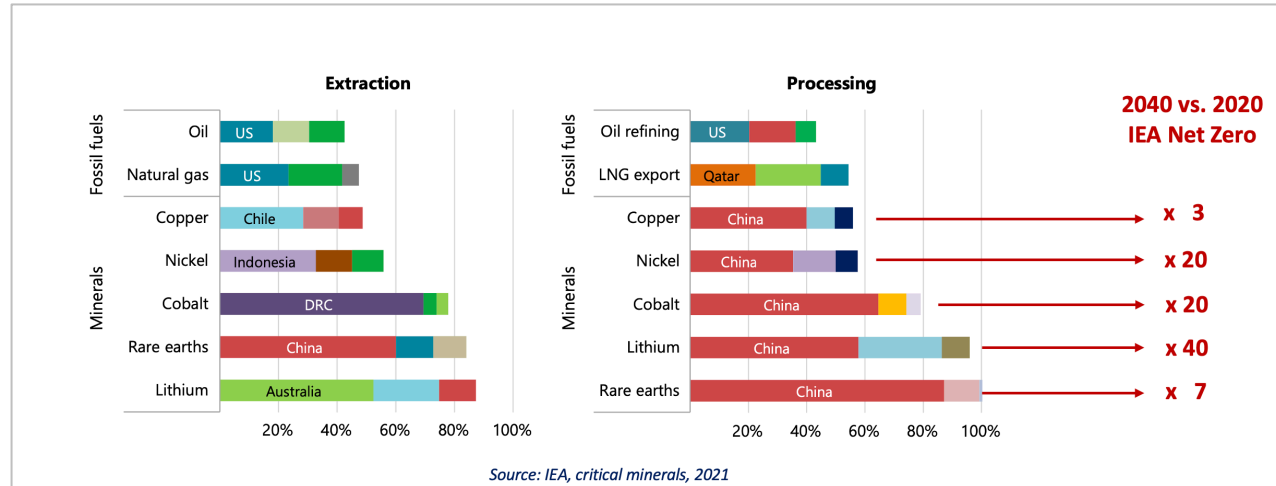
Launched on **1st February 2023** to **counteract the US Inflation Reduction Act**, seeking to improve US economic competitiveness, innovation and industry → The largest part of this is invested in **clean energy**, with **\$370 billion** of tax incentives, grants and loan guarantees.



GDIP – Critical Raw Materials Act – Context (1/2)

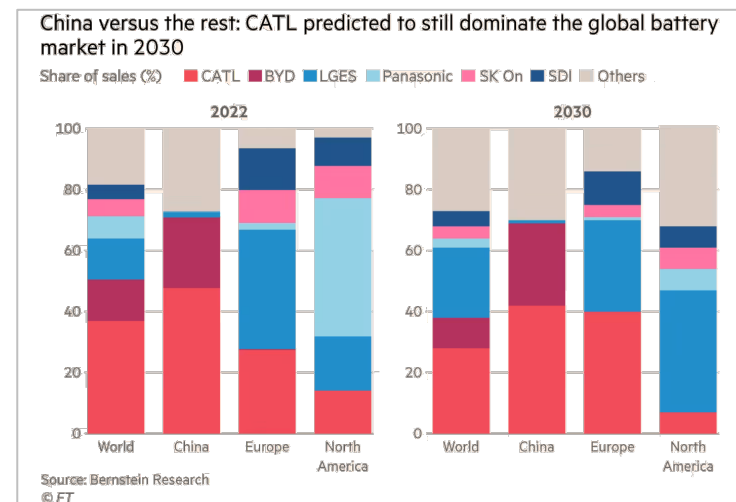
► Critical Minerals :

→ 98% EU Rare Earth Elements (REE) imported from China



► Batteries:

→ + 65% imported EV Li-ion batteries



GDIP – Critical Raw Materials Act – Context (2/2)

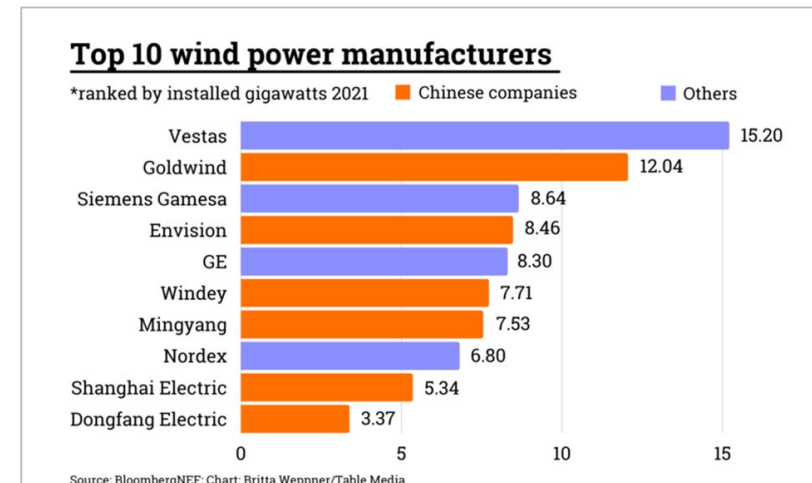
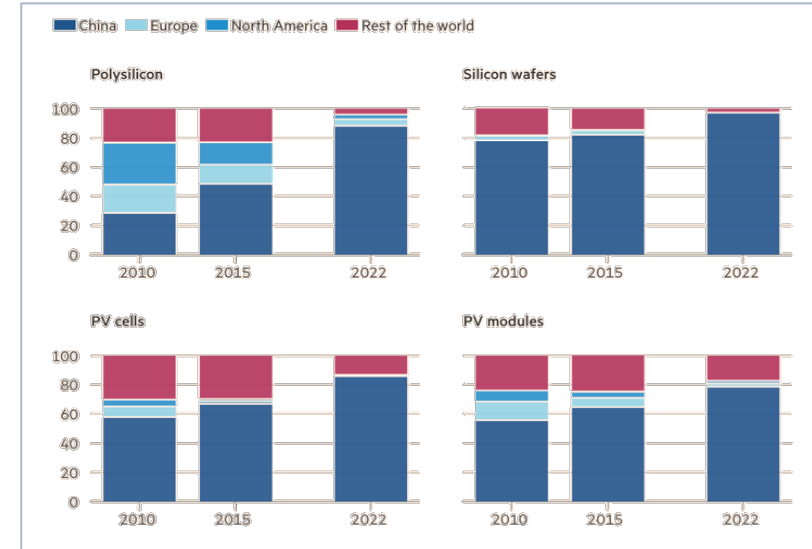
► PV

→ + 90% PV cells

► Wind Turbines

- China 60% global market share
- EU makers facing mounting losses
- Dumping suspicion (trade case being considered)

→ Same as PV industry 2009 – 2012?



GDIP – Critical Raw Materials Act – Main tenets

- ▶ [European Critical Raw Materials Act](#) → basis for building up EU's capacities and strengthening resilience of its CRM supply chains.
- ▶ Key measures → **strengthening domestic supply chains and reinforcing international engagement** to develop mutually beneficial partnerships with third countries.
- ▶ It sets **benchmarks** to **increase domestic capacity for raw materials extraction, processing and recycling**, with **aspirational targets** corresponding to **10, 40 and 15%** of EU's annual consumption
- ▶ EP → revised the EC targets **upwards for recycling** (from 15% to 45%) **and processing** (from 40% to 50%).
- ▶ EP and Council have respectively adopted [negotiating position](#) and [mandate for negotiations](#)
- ▶ The first round of trilogue negotiations took place on 20/09
- ▶ 28.09.23 → **First IEA Summit on CRMs**. Breton: *"Europe cannot replace its dependence on fossil fuels with a dependence on critical metals"*. Step up internal production + work with likeminded partners



GDIP – Net Zero Industry Act (NZIA)



- ▶ Key aim of the Net-Zero Industry Act is to **scale up the manufacturing of clean technologies** in the EU through increasing the EU's manufacturing capacity of technologies that support the clean energy transition and release extremely low, zero or negative greenhouse gas emissions when they operate.
- ▶ Main debate revolving around list of **strategic net-zero technologies**, subject to a **40% domestic manufacturing target** and **fast-track permitting procedures**.
- ▶ The proposal of the European Commission was notably changed by the responsible EP ITRE committee which re-introduced nuclear power in the list.
- ▶ On 25 October, the European Parliament's Industry Committee voted to expand the list of technologies eligible for preferential treatment to include all types of nuclear fission, as well as fusion, sustainable fuels, and biogas.

GDIP – Reform of the Electricity Market Design (EMD)

- ▶ EC proposal in March 23, built on the 2019 'clean energy package' to **better protect vulnerable consumers, support non-fossil flexible resources, and stabilise prices over the LT**
- ▶ **Regulation on Wholesale Energy Market Integrity and Transparency (REMIT)**
 - ▶ Aim: improve EU's protection against market manipulation through better monitoring and transparency
 - ▶ Agreed on earlier this summer.
- ▶ **Rest of the file** more contentious on topics of **Contracts for Difference*** and **capacity mechanisms**
 - ▶ **Divided EP** adopted minimal reform in September plenary
 - ▶ EU countries managed to **break a months-long deadlock to agree their position on 17 October**, readying them for talks with the EP to finalise the law in the coming months → countries resolved the issue with a new text that **makes CfD in existing infrastructure optional but mandatory for investments in new power-generating facilities based on wind energy, solar energy, geothermal energy, hydropower without reservoir and nuclear energy.**
- ▶ * **Contracts for Difference** → *Contract concluded by a public entity to encourage investment. It tops up the market price paid for electricity if the price is below a certain level, but requires the generator to pay back amounts where the market price is above a certain level. The net effect is that the revenues and the price are stable, close to the costs of production and do not exceed such costs.*



Eighth State of the Energy Union Report

- ▶ **Published** on 24 October 2023 by the European Commission.
- ▶ It analyses 1) the EU's energy and climate policies and response to the energy crisis; 2) the implementation of the Energy Union and the progress of member states' National Energy and Climate Plans (NECPs); 3) the upcoming challenges to the EU's energy system.
- ▶ It describes how the EU responded to Russia's aggression in Ukraine → **it reduced its gas demand by more than 18% compared with the previous 5 years**, saving around 53 billion cubic metres of gas.
- ▶ **In 2022, 39% of electricity was generated by renewables.**
- ▶ The month of May saw wind and solar energy surpass fossil fuels for the first time in EU electricity generation.
- ▶ **Solar and wind energy-generating capacities grew by respectively 60 and 45% since 2021.**
- ▶ Overall, EU **net greenhouse gas emissions fell by 3%**, reaching a 32.5% reduction compared to 1990 levels.
- ▶ However → need for the EU to **act much faster** when it comes to reducing greenhouse gas emissions and deploying new renewable energy in order to meet its respective targets by 2030.



► New Wind Power Action Plan



Published on 24 October

Aim → alignment of clean energy transition with industrial competitiveness to meet the key renewable energy target of 42.5% by 2030, potentially increasing to 45%

It sets out six areas for immediate action to be taken together by the Commission, the member states, and the industry → 1) acceleration of deployment through increased predictability and faster permitting; 2) improved auction design; 3) access to finance; 4) a fair and competitive international environment; 5) skills; 6) industry engagement and member states commitments.

Main R&I files (1/2)

Strategic Technologies for Europe Platform (STEP)

- ▶ **Proposal** to support European leadership on critical technologies, now within Council and EP
- ▶ €10 billion the EC is asking MS to divert from other priorities to top-up the budget of the European Innovation Council
- ▶ If secured, significant boost to the **Accelerator programme**, aimed at supporting start-ups and SMEs to develop and scale up to new markets or disrupt existing ones
- ▶ MEPs on 17 October voted through their STEP negotiating position in which they seek **an extra EUR 3 billion** on top of the proposed 10 billion, bringing the STEP budget up to 13 billion euro in new funds.
- ▶ MEPs in their proposal are also looking **for closer STEP alignment** with industrial competitiveness legislation such as the **Critical Raw Materials Act and the Net Zero Industry Act**

New public-private research partnerships

- ▶ Before summer, the EC gave MS a **list of ten new partnerships** to set up under HEU, pooling European, national and private funding → Of interest to EERA : Innovative Materials for EU / Raw Materials for the Green and Digital Transition / Social Transformations and Resilience / Solar Photovoltaics
- ▶ If approved by MS, the new PPP would add to the current portfolio of 49 joint research programmes as of 2025

Main R&I files (2/2)

New Horizon Europe Mission focused on the New European Bauhaus

- ▶ July 23 → EC proposal for [a new Horizon Europe Mission](#) focused on the New European Bauhaus
- ▶ So far funded through HEU, the New Bauhaus is not comprised in any EU programme → this new Mission – the sixth in the Horizon portfolio – would give it clear focus

Proposal on improvement of research careers

- ▶ [EC plan](#) proposed in July 23 to improve working conditions for researchers, aimed at supporting stable and well-paid work opportunities:
 - ▶ Remain in Europe / Address precariousness / Europe as enticing destination for international talents
- ▶ Non-binding three-pronged approach:
 - ▶ More effective monitoring of research careers through an observatory
 - ▶ Updated charter for researchers
 - ▶ Competence framework of seven areas researchers are expected to develop skills in.
- ▶ ES Presidency: **rapid progress on proposals**
- ▶ DG RTD is hosting a [Conference on Research Careers](#) from 21-22 November to address key challenges and opportunities related to the development of research professionals



Files entering into force

EU Carbon Border Adjustment Mechanism (CBAM)

- ▶ 01.10.23 → initial stage of the EU CBAM in force, **requiring exporters in key carbon-intensive industries to communicate their emissions to the EU**
- ▶ Currently, firms within the EU are paying for carbon pollution permits as regulated by the Emissions Trading System (ETS)
- ▶ CBAM seeks to **level the playing field** by ensuring both EU and foreign manufacturers are subject to equivalent carbon prices.

Chips Act

- ▶ Into force since 21.09.23, it seeks to bolster **Europe's competitiveness and resilience in semiconductor technologies and applications**, with a target to **double its global semiconductor market share to 20% in 2030**

Revised Energy Efficiency Directive (EDD)

- ▶ Published in the Official Journal on 20.09.23, it **significantly raises the EU's ambition for energy efficiency**, by establishing e.g. an EU legally-binding target to reduce the EU's final energy consumption by 11.7% by 2030 (relative to the 2020 reference scenario).
- ▶ It establishes '**energy efficiency first**' as a **fundamental principle of EU energy policy**, giving it **legal-standing for the first time** → energy efficiency must be considered by EU countries in all relevant policy and major investment decisions taken in the energy and non-energy sectors.

EU and COP 28



- ▶ 30 Nov - 12 Dec 2023, Expo City Dubai.
- ▶ 20 Sept 2023: UN Climate Ambition Summit to kick-start action – UAE, US, China not invited → Guterres “*only high-level leaders taking climate action seriously*”.
- ▶ EU had previously signaled **intention to bring GHG emissions from -55% to -57% by 2030 during COP27**, however member states agreed their joint stance for COP28 on 16 October **without new emissions reduction target**
- ▶ The EU’s COP28 position does include calls to peak emissions this decade and phase out “unabated” (= those burned without CO2 capture technology) fossil fuels
- ▶ EU’s COP28 stance is also pushing a goal to triple global renewable energy capacity and double energy efficiency improvements by 2030.

EERA High Level Policy Conference 2023

“Researching energy pathways to a resilient and net-zero society”



- ▶ Brussels, 17 October 2023
- ▶ More than 14 speakers
- ▶ 530 registered participants onsite and online
- ▶ 339 participants
 - ▶ Unique viewers on Zoom: 178
 - ▶ 101 YouTube views
 - ▶ 60 participants on-site
- ▶ Recording available [here](#)
- ▶ Presentations available [here](#)

EERA High Level Policy Conference 2023

- ▶ Occasion for the launching, and first communication and dissemination milestone, of EERA flagship report and policy analysis, result of the collaborative effort throughout the EERA community.

Discover the reports



- ▶ [Energy demand reduction report](#)
- ▶ [Critical raw materials policy analysis](#)



Thank you

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