



OPINION

European Economic and Social Committee

REPowerEU: Joint European Action for more affordable, secure and sustainable energy

Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions –
REPowerEU: Joint European Action for more affordable, secure and sustainable energy
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Rapporteurs: **Thomas KATTNIG**
Alena MASTANTUONO
Simo TIAINEN

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1. Conclusions and recommendations

- 1.1 The current geopolitical situation caused by the Russian invasion of Ukraine highlights the importance of the security of energy supplies and calls for increasing the EU's energy independence and autonomy. The EESC fully supports the objective of breaking away from Russian energy, to be implemented as soon as possible.
- 1.2 The EU has also faced an unprecedented surge in energy prices in the past year. This phenomenon was further reinforced by the consequences of the Russian aggression in Ukraine and has placed an unbearable burden on European households and business.
- 1.3 Therefore, immediate actions are warranted to ensure the security of energy supplies and to mitigate the impact of high prices for households, farmers, businesses and industry. The communication *REPowerEU: Joint European Action for more affordable, secure and sustainable energy* sets out new actions to ramp up the production of green energy, diversify supplies and reduce demand on Russian gas which has led to significant increases in electricity market prices due to market manipulation.
- 1.4 The EESC welcomes the communication REPowerEU, as it presents solutions in line with the objectives of the Green Deal and the European Energy Union. The EESC warns that Europe must be particularly cautious in case of resources replacing Russian gas in terms of their impact on environment as well as in terms of new dependence on third countries which do not share European values.
- 1.5 The EESC notes with regret that its call¹ for a reduction in strategic dependency on unreliable third parties has not been translated into action by political leaders, but on the contrary this dependency has increased. The current energy price crisis would not be hitting European citizens and companies anywhere near as hard if Europe were not so highly dependent on imports of fossil fuels from Russia.
- 1.6 The EU needs to consistently adhere to all the basic objectives of its energy policy: security of supply, reasonable costs and prices, and carbon-neutrality. It is thus vital to focus on measures that bring about the greatest benefit in terms of the entirety of the objectives both in the acute current situation and in the long run.
- 1.7 While the EESC agrees with the European Commission on the objective of achieving independence from Russian gas, it points out that it will be extremely challenging for the European economy and society to reduce the demand for Russian gas by two thirds by the end of this year. This means diversification, on the one hand and primarily in the short term via LNG and biomethane, and on the other hand via energy efficiency and the expansion of renewables. Changing reliance on one supplier and on an energy source which has a large share in the EU's energy mix is a complex issue and cannot happen overnight. In the short term this means that all energy sources available should be used without prejudice, giving preference to available renewable sources, in order to avoid blackouts and social unrest.

¹ [EESC opinion on Energy prices](#) (not yet published in the OJ).

1.8 In order to ensure socially acceptable energy prices while keeping the EU on track to remain the leader in deploying renewable energy, the EESC calls for:

- Streamlining and accelerating permit-granting procedures for renewables, as these procedures are seen as the key barrier preventing the more rapid deployment of renewable energy.
- Incentivising Member States to define suitable "go-to areas" to increase uptake of renewables.
- Evaluating existing bureaucratic provisions for the installation and marketing/self-usage of renewables and removing all unnecessary barriers in order to unleash the full potential of citizen and community energy, focusing on smaller installations and flexibility options.
- Exploring ways to encourage the faster deployment of heat pumps. While the acceleration of the installation target for heat pumps as suggested in the REPowerEU is welcome, electrical peak management problems throughout Europe need to be avoided. Hybrid heat pumps should also be considered.
- Exploring and incentivising concrete measures to boost biomethane production, as suggested by REPowerEU.
- Increasing investment in geothermal energy and district heating.

1.9 The EESC acknowledges that Member State interventions, whether fiscal or regulatory, will be necessary in order to secure affordable prices for end consumers and to prevent energy poverty. In addition, the EESC urges the Commission and the Council to take further action in order to stabilise the prices in the EU's energy system in such a way that unexpected sudden price increases can be avoided. Nevertheless, policymakers should ensure that these do not hamper the functioning of the internal energy market, do not jeopardise decarbonisation and energy efficiency efforts and do not cause investment uncertainties in the energy industry. Any measures, whether at Member State or European level, should be closely consulted with the relevant stakeholders, e.g. the social partners.

1.10 The internal energy market is not complete and in a time of crisis, the aspect of solidarity is highly important. Infrastructure must be enhanced in order to accommodate the switch to the green transition and also to diversified gas sources, while at the same time ensuring the flow of energy among Member States via transmission interconnections.

1.11 The EESC welcomes the announcements of the Commission on the processing times for files with regard to State aid (by the summer).

1.12 The EESC strongly supports the Commission's proposal on gas storage and urges the Institutions to:

- supplement it with a short-term investment instrument to support development of hydrogen-ready infrastructure, such as interconnectors and storage facilities;
- consider using gas storage facilities in bordering third countries, including in Ukraine;
- create plans for individual Member States to avoid unbalanced burden sharing on a regional dimension.

- 1.13 A versatile energy production palette is part of the security of energy supply. In addition to wind and solar power, it is thus important to make use of the wide variety of low-carbon energy sources, that fit economically and ecologically within an energy system. Until the EU energy diversification has been completed, the EESC would welcome the practical utilisation of stable and affordable energy sources fulfilling the low-carbon requirements.
- 1.14 The EESC regrets the fact that the Communication does not mention the role of stable low-carbon sources in the stability of energy supply.

2. **Background and context**

- 2.1 As a direct consequence of and reaction to the Russian invasion of Ukraine, the European Commission announced and proposed in March 2022 an outline of the Plan with the purpose of making the EU independent of Russian fossil fuels well before 2030, starting immediately with gas.
- 2.2 The focus can be extended to phasing out dependence on Russian oil and coal, for which the EU has a broader diversity of potential alternative suppliers. The EU imports 90% of the gas it consumes, with Russia providing more than 40% of the EU's total gas consumption. Russia also accounts for 27% of oil imports and 46% of coal imports.
- 2.3 The Plan also describes a set of measures with the purpose of reacting to increasing energy prices and replenishing gas stocks for next winter. Next to the Energy Prices Toolbox, the Plan provides the Member States with additional guidance, confirming the possibility of regulating prices in exceptional circumstances, and setting out how Member States can redistribute revenue from high energy sector profits and emissions trading to consumers. EU State aid rules also offer Member States options for providing short-term support to companies affected by high energy prices, and help reduce their exposure to energy price volatility in the medium to long term. In this regard, the Commission will look into all possible options for emergency measures to limit the contagion effect of gas prices on electricity prices.
- 2.4 The Plan – REPowerEU – has the ambition of diversifying deliveries and the supply of gas, accelerating gas generation from renewable sources and also providing for the replacement of gas for the purpose of heating and the production of electricity. These measures together are intended to reduce the EU demand for Russian gas by two thirds by the end of 2022.
- 2.5 The diversification of the overall EU energy supply is to be made through:
- a) a diversification of gas deliveries via higher imports of LNG and gas coming via the pipelines of non-Russian suppliers;
 - b) higher volumes of production and imports of bio-methane and hydrogen from renewable sources; a faster reduction of the usage of fossil fuels in households, buildings, industry, and the energy system; higher energy efficiency; an increase in the use of renewable sources of energy; electrification; and removing obstacles in infrastructure.

3. **General comments**

- 3.1 The EESC understands that REPowerEU is an extraordinary and urgent step caused by an escalation of Russian aggression and its impact on the functioning of the EU energy market and its security in the future. It also agrees that such a step has to be robust and implemented in practice as soon as possible. The current situation is not only a question of the import prices of strategic commodities, but also the accommodation of the supply needed for the functioning of the EU economy and society.
- 3.2 The EESC welcomes the communication REPowerEU, as it presents solutions in line with the objectives of the Green Deal and the European Energy Union. However, the Committee warns that Europe must be particularly cautious in case of resources replacing Russian gas in terms of their impact on environment as well as in terms of new dependence on third countries which do not share European values.
- 3.3 The new reality requires a drastic acceleration of the transition to clean energy and the increasing of the EU's energy independence and autonomy. Infrastructure needs to be enhanced in order to accommodate the switch to the green transition towards Green Deal goals and also diversified gas sources, while at the same time ensuring the flow of energy among Member States via transmission interconnections. In its paper, the Commission calls for hydrogen compatibility, and the EESC supports this.
- 3.4 REPowerEU is also linked with the comprehensive sanctions measures adopted by the EU and other parts of the Western world with regard to Russia, and can be co-ordinated and adjusted accordingly, as it can be expected that the range and intensity of sanctions could change over time. However, the final sense of REPowerEU – to be independent from Russia in terms of deliveries of strategic commodities and its interference on the European energy market – should stand firm and unchanged.
- 3.5 At the same time, the EESC regrets that its numerous calls for a reduction of the strategic dependency on unreliable third parties has not been translated into action by political leaders, while on the contrary this dependency increased. The current energy price crisis would not be hitting European citizens and companies anywhere near as hard if Europe were not so highly dependent on imports of fossil fuels from Russia which is the result of short-sighted energy decisions by some Member States in the past decade.
- 3.6 In times of crisis, it is necessary to keep overall objectives in mind instead of only trying to solve the most urgent problems. The EESC is therefore pleased that the Commission is doing so in its Communication. The EU thus needs to consistently adhere to the basic objectives of its energy policy and energy systems: security of supply, reasonable costs and prices, and carbon-neutrality. Considering that all these basic objectives are currently at stake, the EU should focus on measures that bring about the greatest benefit in terms of the entirety of the objectives and contribute in the most efficient way to the acute current challenges and the longer-term goals.
- 3.7 A versatile energy production palette is part of the security of energy supply. In addition to wind and solar power, it is thus important to make use of the wide variety of low-carbon energy

sources that fit economically and ecologically within an energy system. There is also a need for parallel use of district heating and heat pumps.

- 3.8 The EESC regrets the fact that the Communication does not mention the role of stable low-carbon sources in the stability of energy supply.
- 3.9 While the EESC agrees with the European Commission on the objective of achieving independence from Russian gas, it points out that it will be extremely challenging for the European economy and society to reduce the demand for Russian gas by two thirds by the end of this year. This means diversification, on the one hand and primarily in the short term via LNG and biomethane, and on the other hand via energy efficiency and the expansion of renewables. Changing reliance on one supplier and on an energy source which has a large share in the EU's energy mix is a complex issue and cannot happen overnight. All energy sources need to be activated in order to avoid blackouts and social unrest.
- 3.10 The EESC acknowledges that Member State interventions, whether fiscal or regulatory, will be necessary in order to secure affordable prices for end consumers and to prevent energy poverty. In addition, the EESC urges the Commission and the Council to take further action in order to stabilize the prices in EU's energy system in such a way that unexpected sudden price increases can be avoided. Nevertheless, policymakers should ensure that these do not hamper the functioning of the internal energy market, do not jeopardise decarbonisation and energy efficiency efforts and do not cause investment uncertainties in the energy industry. Any measures, whether at Member State or European level, should be taken in close consultation with the relevant stakeholders, e.g. social partners.
- 3.11 High energy prices lead to high profits for many oil companies, as well as some energy suppliers and traders. The International Energy Agency estimates these so-called "windfall profits" in the EU at around 200 billion euros in 2022 and proposes that these profits be skimmed off with the help of taxes and redistributed as financial compensation to energy consumers, such as vulnerable households, energy-intensive companies, agriculture and forestry, and used for the expansion of renewable energy production and the necessary grid infrastructure. The EESC highlights that with any "windfall taxes", care must be taken not to discourage investments by energy companies in low-carbon solutions precisely at a time when Europe is being asked to speed them up in order to reach Green Deal goals.
- 3.12 Any support measures aimed at mitigating the crisis should be temporary and well-targeted at those suffering most, whether this concerns citizens, SMEs or energy intensive industries. Instead of new EU instruments, use should be made of existing funds such as the Recovery and Resilience Facility, the Just Transition Fund and the increased revenues from the emissions trading system.
- 3.13 In the event of a complete interruption of Russian supplies, Europe would not be able to cover its gas demand during the winter in the second half of the year. It is therefore necessary to consider ways to organise demand and increase supply. First, demand must be organised, and the IEA has made proposals in this sense which would reduce the EU's dependence on Russian gas (energy sobriety, organised load-shedding plan, etc.). Second, all the options should be

activated for diversifying gas supply by importing LNG (fill storage facilities as much as possible by importing LNG while also increasing LNG import capacities).

- 3.14 Not all Member States have access to LNG terminals, and the situation calls for an extraordinary effort of solidarity among Member States and the acceleration of transmission interconnections. All these changes will mean gigantic additional costs due to the investments required. A time schedule should be drawn up of the practical feasibility of such measures and investments. It will simply take some time, probably a few years, to complete investments in the needed infrastructure.
- 3.15 Enhancement of infrastructure will also be needed due to the increase in renewable energy use, and investments in this area should be more incentivised than hindered. Distribution grids are key to integrating large amounts of green electricity and need to be expanded and digitised accordingly. To avoid stranded costs, these investment decisions need to be well considered and planned in future-proof way.
- 3.16 The current market conditions do not provide any incentive to store gas in the summer. The EESC is pleased that the Commission designates gas storage as "critical infrastructure". The EESC strongly supports the Commission's proposal on gas storage. The Committee urges the Institutions to:
- supplement it with a short-term investment instrument to support investment in hydrogen-ready infrastructure such as interconnectors and storage facilities;
 - consider using gas storage facilities in bordering third countries, including in Ukraine;
 - create plans for individual Member States, taking under consideration the storage's size, the country's consumption, and the capacities of the storage to serve other countries in the region, to avoid unbalanced burden sharing on a regional dimension;
 - introduce an early implementation mechanism, which will allow national regulatory authorities to start preparatory work on the mandatory certification process as soon as possible.

Due to different systems in various Member States, it must also be possible to meet gas storage obligations with alternative fuels.

- 3.17 The EESC welcomes the acceleration announced for hydrogen and the new objectives (+15 million tonnes by 2030), but a realistic approach is needed. There is a need for flexibility in deployment (e.g. additionality), pragmatism in support (and decisions on IPCEI/State aid as quickly as possible), and the removal of unnecessary constraints that can hinder investment. In this regard, the EESC welcomes the announcements of the Commission on the processing times for files with regard to State aid (by the summer).
- 3.18 The EESC recalls its plea that the most important objective is that citizens should be at the core of the Energy Union². Still, concrete measures in EU legislation need to be adopted in order to put this concept swiftly into practice and relieve the EU from its dependence on Russia. Complicated access for consumers to their own production and sharing of renewable energy

² [OJ C 220, 9.6.2021, p. 39.](#)

hinders the protection of these customers from rising energy prices. The EESC calls for an evaluation of existing bureaucratic provisions for the installation and marketing/self-usage of renewables and removal of all unnecessary barriers in order to unleash the full potential of citizen and community energy, focusing on smaller installations and flexibility options.

4. **Specific comments**

- 4.1 The EESC calls on the European Commission to create a taskforce responsible for permanent surveillance over the implementation of the plan in practice, evaluation of its feasibility and the potential risks. The circumstances can change dramatically, and the objectives of REPowerEU have to be fulfilled and successfully implemented for important strategic reasons.
- 4.2 Despite the need for urgent action, it is also vital to continue investment in research and innovation, with due account of the increased need to find solutions for managing energy-related geo-economic, societal and environmental risks and challenges.
- 4.3 REPowerEU suggests that biomethane production be boosted to 35 bcm by 2030. While this goal is welcome, it is very ambitious, and the EESC calls for concrete measures and incentives to achieve this goal.
- 4.4 The target for heat pump installation should be doubled to two million heat pumps installed each year. This can lead to a significant decrease in gas consumption for heating of approximately 35 bcm by 2030. Ways should be explored to encourage more rapid deployment of heat pumps. However, care should be taken not to create electrical peak management problems throughout Europe, and hybrid heat pumps should also be considered. Current infrastructure will need to be upgraded with smart grids in order to respond to higher demand for electrification.
- 4.5 Acceleration of investments requires a favourable and secure investment environment. The proposal to speed up permit-granting procedures is welcome, while it is important not to undermine the proper consultation of stakeholders. At the same time, a rapid increase in investment brings many challenges which also need to be managed, including the availability of skilled labour and the necessary materials and equipment.
- 4.6 Member States should be incentivised to define suitable "go-to areas" to increase uptake of renewables. There is untapped synergy potential in terms of deploying renewables together with achieving other socially and economically beneficial activities such as brownfield transitions or fully exploiting the renewables uptake potential in the residential and commercial sectors.

Brussels, 18 May 2022

Christa SCHWENG

The president of the European Economic and Social Committee