

No 29 | May 19, 2022

# News Flash

**REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition\***



## REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition\*

The European Commission has today presented the [REPowerEU Plan](#), its response to the hardships and global energy market disruption caused by Russia's invasion of Ukraine. There is a double urgency to transform Europe's energy system: **ending the EU's dependence on Russian fossil fuels**, which are used as an economic and political weapon and cost European taxpayers nearly €100 billion per year, and **tackling the climate crisis**. By acting as a Union, Europe can phase out its dependency on Russian fossil fuels faster. [85% of Europeans](#) believe that the EU should reduce its dependency on Russian gas and oil as soon as possible to support Ukraine. The measures in the REPowerEU Plan can respond to this ambition, through **energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy** to replace fossil fuels in homes, industry and power generation.

The green transformation will **strengthen economic growth, security, and climate action** for Europe and our partners. The Recovery and Resilience Facility (RRF) is at the heart of the REPowerEU Plan, supporting coordinated planning and financing of cross-border and national infrastructure as well as energy projects and reforms. The Commission proposes to make targeted [amendments](#) to the [RRF Regulation](#) to integrate dedicated REPowerEU chapters in Member States' existing recovery and resilience plans (RRPs), in addition to the large number of relevant reforms and investments which are already in the RRP. The country-specific recommendations in the 2022 European Semester cycle will feed into this process.

### Saving energy

Energy savings are the quickest and cheapest way to address the current energy crisis, and reduce bills. The Commission proposes to enhance long-term energy efficiency measures, including an **increase from 9% to 13% of the binding Energy Efficiency Target** under the 'Fit for 55' package of European Green Deal legislation. Saving energy now will help us to prepare for the potential challenges of next winter. Therefore the Commission also published today an '[EU Save Energy Communication](#)' detailing short-term **behavioural changes which could cut gas and oil demand by 5%** and encouraging Member States to start specific communication campaigns targeting households and industry. Member States are also encouraged to use **fiscal measures to encourage energy savings**, such as reduced VAT rates on energy efficient heating systems, building insulation and appliances and products. The Commission also sets out **contingency measures** in case of severe supply disruption, and will issue guidance on prioritisation criteria for customers and facilitate a coordinated EU demand reduction plan.

### Diversifying supplies and supporting our international partners

The EU has been **working with international partners to diversify supplies** for several months, and has **secured record levels of LNG imports and higher pipeline gas deliveries**. The newly created [EU Energy Platform](#), supported by regional task forces, will enable voluntary common purchases of gas, LNG and hydrogen by pooling demand, optimising infrastructure use and coordinating outreach to suppliers. As a next step, and replicating the

ambition of the common vaccine purchasing programme, the Commission will consider the development of a '**joint purchasing mechanism**' which will negotiate and contract gas purchases on behalf of participating Member States. The Commission will also consider legislative measures to require diversification of gas supply over time by Member States. The Platform will also enable joint purchasing of renewable hydrogen.

The [EU External Energy Strategy](#) adopted today will facilitate energy diversification and building long-term partnerships with suppliers, including cooperation on hydrogen or other green technologies. In line with the Global Gateway, the Strategy prioritises the EU's commitment to the **global green and just energy transition**, increasing energy savings and efficiency to reduce the pressure on prices, boosting the development of renewables and hydrogen, and stepping up energy diplomacy. In the Mediterranean and North Sea, major hydrogen corridors will be developed. In the face of Russia's aggression, the EU will **support Ukraine, Moldova, the Western Balkans and Eastern Partnership countries, as well as our most vulnerable partners**. With Ukraine we will continue to work together to ensure security of supply and a functioning energy sector, while paving the way for future electricity and renewable hydrogen trade, as well as rebuilding the energy system under the **REPowerUkraine** initiative.

### Accelerating the rollout of renewables

A massive **scaling-up and speeding-up of renewable energy** in power generation, industry, buildings and transport will accelerate our independence, give a boost to the green transition, and reduce prices over time. The Commission proposes to **increase the headline 2030 target for renewables from 40% to 45%** under the Fit for 55 package. Setting this overall increased ambition will create the framework for other initiatives, including:

- A dedicated [EU Solar Strategy](#) to **double solar photovoltaic capacity** by 2025 and install 600GW by 2030.
- A **Solar Rooftop Initiative** with a phased-in **legal obligation to install solar panels** on new public and commercial buildings and new residential buildings.
- **Doubling of the rate of deployment of heat pumps**, and measures to integrate geothermal and solar thermal energy in modernised district and communal heating systems.
- A Commission [Recommendation](#) to **tackle slow and complex permitting for major renewable projects**, and a targeted [amendment to the Renewable Energy Directive](#) to recognise renewable energy as an overriding public interest. **Dedicated 'go-to' areas for renewables** should be put in place by Member States with **shortened and simplified permitting processes** in areas with lower environmental risks. To help quickly identify such 'go-to' areas, the Commission is making available datasets on environmentally sensitive areas as part of its [digital mapping tool](#) for geographic data related to energy, industry and infrastructure.
- **Setting a target of 10 million tonnes of domestic renewable hydrogen** production and 10 million tonnes of imports by 2030, to replace natural gas, coal and oil in hard-to-decarbonise industries and transport sectors. To accelerate the hydrogen market increased sub-targets for specific sectors would need to be agreed by the co-legislators. The Commission is also publishing **two Delegated Acts on the definition**

**and production of renewable hydrogen** to ensure that production leads to net decarbonisation. To accelerate hydrogen projects, additional funding of €200 million is set aside for research, and the Commission commits to complete the assessment of the first Important Projects of Common European Interest by the summer.

- A [Biomethane Action Plan](#) sets out tools including a new biomethane industrial partnership and financial incentives to increase production to 35bcm by 2030, including through the Common Agricultural Policy.

### Reducing fossil fuel consumption in industry and transport

Replacing coal, oil and natural gas in industrial processes will reduce greenhouse gas emissions and strengthen security and competitiveness. Energy savings, efficiency, fuel substitution, electrification, and an enhanced uptake of renewable hydrogen, biogas and biomethane by **industry could save up to 35 bcm of natural gas by 2030** on top of what is foreseen under the Fit for 55 proposals.

The Commission will roll out carbon contracts for difference to support the uptake of green hydrogen by industry and specific financing for REPowerEU under the Innovation Fund, **using emission trading revenues** to further support the switch away from Russian fossil fuel dependencies. The Commission is also giving **guidance on renewable energy and power purchase agreements** and will provide a technical advisory facility with the European Investment Bank. To maintain and regain technological and industrial leadership in areas such as solar and hydrogen, and to support the workforce, the Commission proposes to establish an EU Solar Industry Alliance and a large-scale skills partnership. The Commission will also intensify work on the supply of critical raw materials and prepare a legislative proposal.

To **enhance energy savings and efficiencies in the transport sector** and accelerate the transition towards zero-emission vehicles, the Commission will present a Greening of Freight Package, aiming to significantly increase energy efficiency in the sector, and consider a legislative initiative to increase the share of zero emission vehicles in public and corporate car fleets above a certain size. The EU Save Energy Communication also includes many recommendations to cities, regions and national authorities that can effectively contribute to the substitution of fossil fuels in the transport sector.

### Smart Investment

Delivering the REPowerEU objectives requires an **additional investment of €210 billion** between now and 2027. This is a down-payment on our independence and security. Cutting Russian fossil fuel imports can also **save us almost €100 billion per year**. These investments must be met by the private and public sector, and at the national, cross-border and EU level.

To support REPowerEU, **€225 billion is already available in loans under the RRF**. The Commission adopted legislation and guidance to Member States today on how to modify and complement their RRFs in the context of REPowerEU. In addition, the Commission proposes to **increase the RRF financial envelope with €20 billion in grants from the sale of EU Emission Trading System allowances** currently held in the Market Stability Reserve, to be

auctioned in a way that does not disrupt the market. As such, the ETS not only reduces emissions and the use of fossil fuels, it also raises the necessary funds to achieve energy independence.

Under the current MFF, cohesion policy will already support decarbonisation and green transition projects with up to €100 billion by investing in renewable energy, hydrogen and infrastructure. An additional **€26.9 billion from cohesion funds** could be made available in voluntary transfers to the RRF. A further **€7.5 billion from the Common Agricultural Policy** is also made available through voluntary transfers to the RRF. The Commission will double the funding available for the 2022 Large Scale Call of the Innovation Fund this autumn to around €3 billion.

The Trans-European Energy Networks (TEN-E) have helped to create a resilient and interconnected EU gas infrastructure. **Limited additional gas infrastructure**, estimated at around €10 billion of investment, is needed to complement the existing Projects of Common Interest (PCI) List and fully **compensate for the future loss of Russian gas imports**. The substitution needs of the coming decade can be met without locking in fossil fuels, creating stranded assets or hampering our climate ambitions. Accelerating electricity PCIs will also be essential to adapt the power grid to our future needs. The **Connecting Europe Facility** will support this, and the Commission is launching today a **new call for proposals with a budget of €800 million**, with another one to follow in early 2023.

## Background

On 8 March 2022, the Commission proposed the [outline of a plan](#) to make Europe independent from Russian fossil fuels well before 2030, in light of Russia's invasion of Ukraine. At the European Council on 24-25 March, EU leaders agreed on this objective and asked the Commission to present the detailed REPowerEU Plan which has been adopted today. The recent [gas supply interruptions to Bulgaria and Poland](#) demonstrate the urgency to address the lack of reliability of Russian energy supplies.

The Commission has adopted 5 wide-ranging and unprecedented packages of [sanctions](#) in response to Russia's acts of aggression against Ukraine's territorial integrity and mounting atrocities against Ukrainian civilians and cities. Coal imports are already covered by the sanctions regime and the Commission has tabled proposals to phase out oil by the end of the year, which are now being discussed by Member States.

The [European Green Deal](#) is the EU's long-term growth plan to make Europe climate neutral by 2050. This target is enshrined in the [European Climate Law](#), as well as the legally binding commitment to reduce net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. The Commission presented its ['Fit for 55' package](#) of legislation in July 2021 to implement these targets; these proposals would already lower our gas consumption by 30% by 2030, with more than a third of such savings coming from meeting the EU energy efficiency target.

On 25 January 2021, the European Council invited the Commission and the High Representative to prepare a new [External Energy Strategy](#). The Strategy interlinks energy

security with the global clean energy transition via external energy policy and diplomacy, responding to the energy crisis created by Russia's invasion of Ukraine and the existential threat of climate change. The EU will continue to support the energy security and green transition of Ukraine, Moldova and the partner countries in its immediate neighbourhood. The Strategy acknowledges that Russia's invasion of Ukraine has a global impact on energy markets, affecting in particular developing partner countries. The EU will continue to provide support for a secure, sustainable and affordable energy worldwide.

## Opening remarks by Executive Vice-President Timmermans and Commissioner Simson at the press conference on the REPowerEU Plan

### "Check against delivery"

#### Opening remarks by Executive Vice-President Timmermans

As we all know, on the 24th of February, the world changed and especially, Europe changed, and changed for good. Russia's invasion of Ukraine and the imminent threat to our security and our way of life it poses, has added a huge challenge to an already quite loaded agenda with huge challenges.

On top of Covid, on top of the environmental and biodiversity crisis, of the many geopolitical challenges we already had, we now have to deal with military aggression, thuggery and right up barbarism inflicted on a peaceful and democratic European country.

One of the many consequences of this unprecedented criminal behaviour is a massive disruption of European and global energy markets. This disruption affects us Europeans directly, profoundly because of our dependence on Russian fossil fuels.

It is clear we need to put an end to this dependence as soon as possible and a lot faster than we had foreseen before this war.

In March, we showed it could be done. The European Council in Versailles decided it should be done. Today, we show how it will be done.

First and foremost, we must understand that our other challenges, just as the green and digital transition have not lost their urgency. On the contrary, it is more urgent than ever that Europe becomes master of their own destiny, increase its resilience and sovereignty, and continue to lead the world in facing the climate crisis.

Now, **REPowerEU** is a plan for saving energy, for producing clean energy, and diversifying our energy supplies.

We will take short-term measures and we will take medium-term measures that will be completed before 2027.

These measures have three elements:

First of all, we **need to be much better at saving energy**. The cheapest energy is the energy you don't use and we will take measures to achieve that.

Secondly, we need to diversify our energy supply. For that, we need to engage with strategic partnerships with countries across the world both on LNG and pipeline gas, but also on the future hydrogen economy that they all want to be part of.

And thirdly, **we need to speed up our transition to renewable energy** resourcing. There is a huge potential for rooftop solar. We can go into the details if you want. There is a huge potential for on- and offshore wind. There is a huge potential for increase biomethane production.

And if we do all these things, we will first of all reduce our imports of Russian gas with one third already this year, and then working towards 2027 reduce our dependency to zero, if all works well.

Kadri, over to you.

### ***Opening remarks by Commissioner Simson***

Thank you, Frans.

You have outlined our concrete and comprehensive plan on how we can end the EU's dangerous dependence on Russian fossil fuels and Russian gas in particular. Let me fill in some of the details.

With today's REPowerEU plan we set out a range of actions stretching across all the dimensions of energy policy. But renewable energy is at the heart of this effort.

Most of the Russian fossil fuel imports into the EU can and should be replaced by energy savings and renewables. That's why today we propose to increase the renewables' share in our energy mix to 45% by 2030.

By 2030, the share of wind and solar energy in power production capacities should double, from current 33% to 67%. By then, solar energy would also be the largest electricity source in the EU, with more than half coming from roof-tops. Wind energy would represent 31% of installed capacity in 2030.

This is a challenging objective, but feasible, considering our strong renewables industry and continuous technical progress. But whenever we talk about rapid deployment of renewables, there is an elephant in the room. Getting a permit might take as long as 9 years for wind and up to 4 years for solar projects. This is time we do not have.

To speed things up, today we propose a new path.

First, we can make permitting faster and more streamlined within the current rules. Based on a large stakeholder consultation, we today share best practices and provide guidance to the Member States on the best ways to do that.

But to get to 45%, we must think out of the box. We therefore propose to amend the Renewable Energy Directive:

- First, to make clear that the production of renewable energy is an overriding public interest;
- Second, to apply simplified rules to all stages of the administrative process, from notification to connection to the grid;
- And third, to introduce 'go-to' areas, where permitting procedures will be done much faster – suitable for areas with lower environmental risks. In these 'go-to' areas it shouldn't take more than a year.

Let me be clear: this will not come at the expense of the environment. We are not proposing to water down those protections. We are proposing a different approach.

This will unlock the potential of both wind and solar energy in the EU. After this press conference, I will join the President to travel to Denmark for the North Sea Wind Summit, with the leaders of the host country, Denmark, Germany, the Netherlands and Belgium will announce a new phase of cooperation in wind energy.

While we already have ambitious strategies in place for offshore renewable energy and hydrogen, solar energy has so far been the missing piece. We are changing this today.

With today's strategy, we aim to double solar photovoltaic capacity by 2025 and reach 600 GW by 2030.

Solar energy is especially well suited to the energy challenges we are facing right now. The technology can be rolled out rapidly and it's affordable: the costs have decreased 82% over the last decade.

We are triggering quick and massive PV deployment via the European Solar Rooftops Initiative. To underpin this, we propose to amend the Energy Performance of Buildings Directive to make solar panels on the roofs of buildings mandatory in the coming years.

Boosting renewables means also boosting the manufacturing and installation chains. To ensure the availability of skilled workers, we will establish an EU large-scale skills partnership. We also want more of the solar panels to be manufactured in the EU and will launch the European Solar PV Industry Alliance to facilitate this.



While most of the Russian gas will be replaced by renewables and savings, we will need to secure around 50bcm of LNG and 10 bcm of pipeline gas annually from non-Russian sources.

Intense work on this has been going on since last Autumn and it has yielded results. April broke again the record of monthly LNG deliveries to Europe, with 12.6 bcm. In the same month, pipeline gas supply from Russia went down to 26% of EU gas consumption. If you compare it to the previous year, previous April, it was 40%.

We have set up the EU Energy Platform – to aggregate the gas demand for Member States interested to replace Russian gas supplies, and to coordinate the use of infrastructure, and reach out to our global partners.

As the next step, the Commission considers creating a voluntary 'joint purchasing mechanism', that would negotiate on behalf of participating Member States gas and, in the future, hydrogen supplies.

We had already a first test run with the regional Task Force set up in Sofia on 5 May to help Bulgaria after Gazprom's decision to cut off gas supplies. After joint statements with the United States and Canada, we hope to reach political agreements for LNG deliveries with other partners before this summer.

The work of this platform takes place in a broader political and strategic context and we adopted today our new external energy strategy. It makes clear that accelerating the global green and just energy transition and supporting our partners across the world on this path remains an overarching priority for the EU. We therefore intend to build long-term energy partnerships that go beyond the immediate energy security needs – for example by extending cooperation on gas to renewable hydrogen or tackling methane emissions.

We also renew our commitment to Ukraine and other close neighbours strongly affected by the war. We will continue to provide energy supplies and work towards making electricity trade with Ukraine possible. The Commission will also support Ukraine in rebuilding a green and modern energy system after the war, as reflected in its future reconstruction plan the College discussed today.

Finally, let me mention a topic that is not under the REPowerEU umbrella, but still related to it. Russia's actions have triggered unprecedented price volatility on the energy markets. This is why we are today presenting a communication on prices and energy markets.

We are proposing short-term measures that the Member States can take to tackle unusually high prices, from taxing windfall profits to using regulated prices for more consumers. And we are highlighting areas where the current electricity market design can be improved.

I want to conclude on this, because it is easy to dismiss Europe's ambition to become independent from Russian gas as wishful thinking or even as a recipe for high prices.

We recognise that untying Europe from its largest energy supplier is going to be difficult. But the economic benefits of ending our dependency will be much greater than the short-term

cost of REPowerEU. And in this way, we will build faster a more secure, sustainable and affordable energy system for the EU and for our citizens.

---

**IENE NEWS FLASH - Issue No. 29, May 19, 2022 – ISSN:179-9163**

*Compiled and Edited by the IENE Research Team*

News Analysis is published by the INSTITUTE OF ENERGY FOR SOUTH-EAST EUROPE (IENE)  
3, Alex. Soutsou st. 106 71 Athens, Greece, T: +30-210 3628457, 3640278, F: +30 210  
3646144, [marketing@iene.gr](mailto:marketing@iene.gr), [www.iene.eu](http://www.iene.eu)

© 2022 Institute of Energy for South East Europe All rights reserved. No part of this publication may be reproduced, scanned into an electronic retrieval system, or transmitted in any form or by any means, including photocopying and recording, without the written permission of the publish.