Preparing for 'RepowerEU': Action for more secure, more affordable and cleaner energy

Following Russia's invasion of Ukraine, the EU is considering how it can rapidly reduce its dependence on Russian fossil fuels. The European Parliament has called for an embargo on Russian coal, oil and gas. The European Commission's 'RePowerEU' plan will mark out the next steps.

Background

Russia's war against Ukraine has wide-ranging implications for energy supply, with the EU dependent on Russia for approximately 45% of its gas imports, 27% of its oil imports and 46% of its coal imports in 2021. Measures to address this dependency are already under way, with the EU agreeing to phase out Russian coal imports and discussing the same for oil, which is particularly lucrative for Russia.

The Commission's RepowerEU plan, announced in a communication on 8 March 2022 (with details to follow in May), is geared towards freeing the EU from its dependency on Russian fossil fuels. This will be achieved by diversifying gas supply, e.g. by means of imports from non-Russian suppliers, and by increasing the use of liquefied natural gas (LNG). However, these steps alone will not be enough to replace supplies from Russia. The EU is therefore also aiming to bring about an accelerated shift away from fossil fuels by means of increased energy efficiency and use of renewables (wind and solar capacity, green hydrogen, heat pumps, electrification, and faster permits for renewable energy projects). The plan also suggests measures relating to energy pricing (taxes on windfall profits, price regulation, State aid) and gas storage (storage obligations, coordinated gas refilling and investigations into operators' behaviour). The EU has meanwhile adopted a number of other measures to address energy challenges, building on the European Green Deal and the 'fit for 55' package.

Current legislative proposals

Along with the RepowerEU communication on 23 March 2022, the Commission adopted a legislative proposal for obligatory gas storage rules (amending two other regulations). The proposed rules include the obligation for Member States to fill all gas storage sites to at least 80% by November 2022 (and 90% in subsequent years), new mandatory certification for storage system operators and a 100% transmission tariff discount for gas storage facilities. The file is currently being negotiated by the co-legislators under an urgent procedure, so that it can take effect from summer 2022.

Already before the war, on 15 December 2021, the Commission had adopted a hydrogen and decarbonised gas markets package, modifying three key legislative acts: the 2009 Gas Regulation, the 2009 Gas Directive and the 2017 Security of Gas Supply (SoGS) Regulation. The recast proposal on the EU Gas Directive and the recast proposal on the EU Gas Regulation outline common rules for hydrogen, renewable and natural gas markets. They establish a new legislative framework for hydrogen networks, introduce new definitions for renewable gases and hydrogen, extend consumer rights, and contain new provisions on transmission and distribution systems operators, independent regulatory authorities, third-party access and integrated network planning. Furthermore, the regulation introduces a 75% tariff discount for hydrogen and renewable gases accessing the gas grid (100% in the first year after the regulation is adopted). Meanwhile, a targeted revision of the 2017 Security of Gas Supply Regulation would introduce a new definition of 'strategic stock', encourage cross-border cooperation on gas storage and LNG imports, allow a voluntary mechanism for Member States to jointly procure strategic gas stocks, and proposes a series of measures to counter cybersecurity threats to EU gas networks.

As part of the Green Deal, the European Parliament is also currently negotiating the revision of the Renewable Energy Directive (RED) and the Energy Efficiency Directive (EED),...
Non-legislative initiatives
In order to tackle rising energy prices, on 13 October 2021 the Commission published a communication containing an energy prices toolbox, designed to mitigate the impact of rising prices on consumers and businesses. The immediate measures include income support for vulnerable consumers, temporary deferrals for bill payments, reduced taxation rates, and aid for companies and industries. The medium-term measures include boosting investment in renewables, energy efficiency and storage capacity.

On 23 March 2022, the Commission published a communication entitled 'Security of supply and affordable energy prices: Options for immediate measures and preparing for next winter', exploring options to tackle high energy prices and announcing that the Commission stands ready to establish a task force to develop common gas purchases at EU level. At the same time, the Commission adopted another communication outlining a temporary crisis framework for State aid measures following Russia’s invasion of Ukraine. In the field of energy, this enables Member States to assist companies affected by the sharply increasing gas and electricity prices, for instance through direct grants and liquidity support.

The EU has further strengthened its energy collaboration with the United States. On 25 March 2022, the Commission made a joint statement with the US on European energy security. More specifically, this EU-US energy cooperation will include increased delivery of LNG from the US, accelerate the roll-out of LNG infrastructure in the EU, pool demand through the newly established EU energy platform, and establish a joint task force on energy security. In addition, the EU-US Energy Council will continue its work on energy security, energy diversification, just transition and technology exchange.

Parliament's position
In a resolution of 7 April 2022 on the conclusions of the European Council meeting of 24-25 March 2022, Parliament called for an immediate, full embargo on Russian imports of oil, coal, nuclear fuel and gas, and for complete abandonment of Nord Stream 1 and 2. It strongly advocated an EU plan on security of energy supply in the short term and highlighted the importance of diversifying energy resources, technologies and supply routes, including collaboration with non-Russian trading partners. Parliament also supported further investment in energy efficiency, renewable energy, gas and electricity storage solutions.

In its first resolution on Russian aggression immediately after the start of the war, on 1 March 2022, Parliament called for restrictions on Russian goods, including oil and gas, and emphasised the need to reduce dependence on Russian energy. It called for diversification of sources (e.g. by expanding LNG terminals), unbundling gas storage, increasing energy efficiency and accelerating the clean energy transition. It also called for abandonment of Nord Stream 2, monitoring of the stability of energy prices, an end to collaboration in the nuclear field and exploration of options to ensure uninterrupted gas supply.

Council and European Council position
At the European Council’s informal meeting on 10-11 March 2022, the Heads of State or Government adopted the Versailles Declaration, which focused, among other issues, on reducing the EU’s energy dependence on Russia. The declaration calls for diversification of supplies (e.g. through LNG and biogas), development of a hydrogen market, faster development of renewables, streamlined authorisation procedures for energy projects, improved interconnection of gas and electricity networks, reinforced contingency planning for security of supply, improved energy efficiency and promotion of more sustainable consumption patterns.

In its conclusions of 24-25 March 2022, the European Council reaffirmed its intention to phase out Russian gas, oil and coal imports as soon as possible and called for action to address high energy prices. It also stressed the importance of refilling of gas storage across the EU and improving interconnections.

On 2 May 2022 the extraordinary Energy Council met in Brussels, in the aftermath of Gazprom’s decision to halt gas delivery to Poland and Bulgaria. The ministers responsible for energy stressed their solidarity with Ukraine and the countries affected by Gazprom’s action. They discussed EU preparedness in the event of a supply crisis and potential emergency and solidarity measures, and welcomed the swift progress so far on the urgent gas storage regulation. They also agreed to continue their coordinated collaboration with international partners and to establish a European gas purchasing platform, with a view to guaranteeing energy supply at affordable prices.