

The European Green Deal Watch: A Policy Network for a Sustainable Europe

Workshop 2: European and national responses to the war in Ukraine, and the way forward for the Green Deal

May 16, 2022

Programme:

“Comparing first national responses to the war in terms of energy policy”

What measures have been announced so far, especially what proposals for accelerating the transition but also in terms of short-term measures such as diversification of the supplies, etc.? Are these proposals and (first) concrete measures going in the same direction, or will they deepen the divisions between the four countries. Is there a path forward emerging of all this, and does it lead to the Green Deal-agenda?

“REpowerEU” and the way forward for the Green Deal

We meet just before the EC will present its “RePowerEU” strategy (18/5), but some of you might have some insight of what’s in the pipelines. In any event, we need to share some thoughts about what should be pushed for once the proposal will be published, and if we can get a common message on the four countries.

Participants:

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“Comparing first energy & transition policy responses to the war”

In this first half of the workshop, the members of the group are presenting and exchanging about the situation of the respective national policy debates and configuration regarding the energy policy and the Ukraine war.

- Germany: Juliette de Grandpre, WWF

Takeaways: Gas remains the big problem, with the threat of the next winter (centre of the debate). The Germans seem to be the most advanced country in the renewable energy implementation. They although lack of real measures on energy savings, even if it might be coming soon.

Gas:

In 2021, 55% of German gas imports came from Russia. The political parties, mostly the S&D, were really attached to the gas system (as the resistance against an embargo shows), even though NGOs asked for a change. In reaction to the war, the coalition stopped the certification process of Nord Stream II and started a massive push on liquified natural gas (LNG). Germany does not have any LNG terminal until now, and wants to soon get four of them, with the promise that it would be hydrogen ready. The risk with this big push is that it will be very difficult to phase out the gas of the German energy mix later on. There is no debate over the heavy carbon footprint of LNG because it is the only solution for the next winter. Even the greens are pushing for it, as they do not want to take the risk of being responsible for destroying the economy. NGOs are also divided on the matter. We, as WWF, say that there should not be no terminal, but there should not be four neither.

Oil:

In 2021, Germany imported oil came for 35% from Russia. There are plans to eliminate quickly et completely Russian oil, as this will not be very difficult to find other suppliers and Germany wants to use less oil in its green transition.

Coal:

The Russian coal formed 50% of the coal imports of Germany in 2021. The will to drop down Russian gas created a debate around the extension of the lifetime of coal plants beyond 2030, as coal imports will be simpler to diversify. The threat of the next winter has made the government announce the postponement of some coal plants closure, while, for now, keeping the objective of a 2030 coal phase out.

Measures:

The government took some measures about renewable energies (RE), public transport, gas storage (with a target of 90% filling in November 2022), buildings, bureaucratic hurdles against RE development.

The debate over a nuclear revival is ended now, it will not happen. Politically and at EU level, Germany remains very much against it. It would be overly complicated to do, imply legislative changes etc.

An embargo on gas impossible for the economy according to the government; NGOs said that it could be doable if the policy makers asked for energy savings to the Germans. There is a big lack of initiatives on this topic. This would apparently be filled by a campaign to be coming on how can Germans save energy.

- Italy: Francesca Bellisai, Ecco Climate

Takeaways: The focus of the debate is on gas diversification and energy security. The Italian vision is too centred on short-term advantages, while the renewable energies are not presented as a reliable alternative.

In Italy, the debate focus is really on the diversification of gas supplies. 40% of the country's gas consumption comes from Russia. The answer so far to the crisis has been a short-term one, that led to sign deals with a lot of countries to diversify gas supplies. But a question can be raised on the viability of this choice as Italy is shifting from the Russian dependence to one with unstable countries. There are not many reserves in Italy (Adriatic Sea), as it could supply 1 year of gas consumption.

Regarding to coal plants, the deadline for phasing out is still 2025 but Italy is now considering reopening some plants at full capacity.

On RE, there have been some energy savings measures, but otherwise the government did not do much. They claim to speed up the bureaucratic process for RE, but the efficacy of this move not guaranteed, even if it is the main issue in the development of RE (the authorisation process is a complex one, where the regional level plays an important part).

Too much short-term, not enough RE and savings. The targets are not the problem, but the actions are. The debate, as of now, is really centred on the gas diversification, with very little mediatic space left, and the RE are not seen as a solution of its own. There is a strong debate on just transition at the local level, but not at the national level. A climate law should come in 2023/2024, maybe it will bring the climate on the table.

- Poland: Sylwia Andrzej-Bodych, GermanWatch

Takeaways: Poland is the most prepared country to face an abandon of the Russian energy. Although, it is not as advanced in the green transition of its energy system. Most of the work done by the Polish government has been focused on how to replace the Russian fossil fuels, and not on how to transition its system away from fossil fuels. The debate is also opaque, and while many claims have been done, not all of them are supported by plans.

Poland was one of the first countries to present an energy independence plan.

Gas:

Phasing out Russian gas is a bit easier than doing it with the oil because it has been thought and done for years. They were prepared to become independent by the end of the year even without the war. Nevertheless, the brutal cut of the Russian supplies and the reorientation of the European demand towards non-Russian gas mean that gas supplies will be less important than they were supposed to be, so the transition will be slower. The Polish gas diversification process is helped by projects like the Baltic Pipe (effective in autumn), or the extension of the LNG terminal (with LNG supplies from USA), as well as by its own gas sources (in which Germany is also interested).

Coal:

The Polish government wanted to wait for the European Commission (EC) to set up an embargo on coal, but eventually launched it before the European unified decision. They are trying to find new partners to import coal (which is mainly used for heating), with countries like Australia or Canada. Since the Russian coal was reputed to be one of the cheapest, they try to find the cheapest alternative. Even if Poland is a big coal producer, the national coal differs from the Russian one in terms of quality, so it is difficult to swap them. They want to keep the old coal plants, just in case there is a gas problem in the future (not an active use of these plants, which would be more of a reserve).

Oil:

Conversely to gas and coal, there is not a big diversification plan for now. There is one contract with a Russian firm that is going until next year and we do not know if it will survive. However, a statement has been made, saying that Poland will be independent from Russian oil and gas by the end of the year. Also, a German-Polish cooperation is to be coming on supplying oil to the east Germany.

Measures:

The government's reaction so far has been to issue fewer negative comments about Fit for 55 (FF55) than before the war. Although the support of the targets, the government expects more flexibility and more stability

from FF55. The war was an occasion to update the old energy policy (not adopted yet), with the main points being on energy security. The new energy law also contains some provisions about energy efficiency, but no concrete measures have been taken yet. The government does not want to send the signal that it could be energy cuts, so no risk has been taken by announcing energy saving measures. They also do not want to hinder the help to the refugees by raising the electricity, water bills of households that are helping Ukrainians.

There has not been any investment plan unveiled, as it has not been one for the nuclear project of building nuclear power plants. There are many targets (the end of Russian oil and gas by the end of the year, 50 GB of RE installed by 2030), but no clear and comprehensive plan in order to reach them.

Like in Italy, the debate is currently really about the war and the energy security. The goal for us is therefore to set the climate policy as a security policy.

D.K.: In state owned companies, there are decarbonisation plans (for example: metallurgy) and they invest money. The government is saying one thing, while companies do another one, against what the government publicly said.

B.C.: there is some political debate about RE in the greens and leftish parties, with programs published about unblocking onshore in Poland (no onshore wind turbines are built at the moment). But the government did not do anything with that and presented only offshore investments. The plan to build six nuclear plants will not become reality very soon, as private investments are coming quicker than the government's ones.

- France: Nicolas Berghmans, Iddri

Takeaways: The French government has only taken steps in order to protect the households and certain industries from the high energy prices. Nothing else has been really done, but we are yet to see more moves once the elections are over.

The Ukraine war has less impact on the short term than in the other three countries. France is pushing for an ambitious discussion about embargos, without calling any reluctant country out in public. Elections (presidential and legislative) had impacts on the measures taken.

Before the war, the French government took some steps to mitigate the raise of energy prices. The first measure has been to cap electricity and gas prices for households. It costed 18 billion euros over a year. The second measure has been also a targeted direct support to the households: an extra 100€ energy cheque for the poorest and another 100e for the households under 2000 euros a month (4.4 billions euros). These measures are in fact not enough to cope with the soaring prices, as a difference between today's bills and the ones before the war exists.

Since the war, another measure has been taken: the reduction on the gasoil and diesel price (500 millions per months (2 billions over the four months decided for the moment). The government in power stated that these aids will remain if the prices do not drop. Last, there have been direct supports to certain companies / industries (transport, agri-food...).

Lot of money have been spent but in order to mitigate the effects of the prices' crisis only, so you can ask yourself what about the long-term, even if I think that we are going to see different measures once the elections are over.

There has been a low focus on energy demand lowering, with only incentives to change fossil heating systems and decree to reduce heating by 1°C in all public buildings.

The crisis has made the nuclear advocacy stronger and served as a justification of the investment in its renovation and its expansion.

On the RE side, measures have been taken to accelerate the biogas connection to the grid. Wind and solar announcements are expected but yet to be seen (internal work in the government, including about speeding up the authorisation process). Sufficiency narrative more developed than in the other countries, but no concrete measures have been decided.

The gas storage is filling up quicker than last year. So far, there has been no drop in the gas imports from Russia, and no deals to import gas from anywhere else were signed.

Since talking about the electricity market reform, the group members now explain the different demands of their respective national governments.

J.G: Ministries want a state aid reform, want more instruments written in the rules (like heat pumps). They also are worried about the French initiative to push for the inclusion of the nuclear energy in the green taxonomy and for the use of the "low-carbon" terms.

F.B.: Italy is asking for better infrastructures for gas & hydrogen

S.A-B.: Poland wants the EU to adopt embargos, dispositions about social impacts of the climate policy. They also want enough money for investment and that the EU give Poland time to invest, with flexibility and stability.

BREAK

“REpowerEU” and the way forward for the European Green Deal – Elisa Giannelli

Elisa Giannelli, Senior Policy Advisor on Climate Governance and EU Politics at E3G, is now presenting to the group the upcoming RePowerEU plan, to be published by the Commission in two days (on Wednesday May 18). This plan seeks to reduce Europe’s dependence on Russian fuels and accelerating the implementation of the Green Deal. She will also speak about the actuality of the green EU agenda.

A discussion among the members of the group will then follow this introduction of the second half of the workshop.

Context:

The initiative is coming on May 18th. The EC has been commanded to come with a plan in March during the so-called “Versailles Summit”.

On Wednesday, there also will be the publication of the international energy strategy (coincidence), the first big revision of European energy diplomacy since 2015. Considering the geopolitical context, this is coming at the right time, but it also puts a lot of pressure on the Commission that have to deliver on the EGD and provide an answer to this situation.

The war has a series of consequences in the way that EU policy making is approached. As for every crisis context, every decision moves to unanimity. We increase therefore the chance to decrease our ambition and pick the lower common denominator. Unanimity is also an object to be protected by the Member States (MS) and is becoming a target on its own, to show unity in the EU.

No one really questioned the EGD credibility. However, there are tensions between short and long-term that put at risk the delivery of the EGD and the international credibility on climate issues.

Unity is something that is be cared about by everyone, but there are some divisions between internal lines, between MS that want to face Russia and others that are more worried about their economy.

Even though there was a clear momentum in favour of accelerating the decarbonisation agenda in Europe because these steps would also protect Europe from Putin’s war, we cannot really see this debate happening at the geopolitical level. The relation between the geopolitical agenda and the green agenda should take a much bigger place.

What can we expect?

A good mix in between emergency measures to cope with the supply crisis and top FF55 measures, complementary to FF55. There are different elements that are building up the RePowerEU package.

The proposition will focus on: saving energy (dedicated plan “EU Save”); diversifying supplies (no lock-in); quickly substitute fossil fuels (higher energy targets, dedicated strategy on solar energy); smartly combine investments and reforms (more unknown part of the plan for now, trying to redistribute more than creating new spendings). EU wants to avoid fresh money discussions, very time consuming for a very uncertain outcome.

We did a lot for securing the short-term answer (US deal for instance), now it is time to think about and plan the medium / long-term situation.

Everything is still at stake, at play. The European Parliament (EP, this month) and the Council (next month) have to position, but there are no doubts about FF55 being part of the response package. EP is largely for speeding up on FF55 negotiations, MS are still supportive but there is a risk of mismatch in the negotiations.

Changing the Council position will be very hard during the Czech presidency, so the stakes of these months to come are very high.

The members now share their thoughts about what reception of the EU agenda they expect in their respective countries.

N.M.: France would prefer to secure the current provisions of the EC on RE and efficiency rather than looking for more ambitious ones. It is partly because France is lagging behind its objectives, and partly because the war brought a consensus on the existing targets. For now, green agenda has not been pushed for by the French presidency. France is keen to build a “NextGenerationEU 2” to invest in energy transition/ defence, etc. But France is pretty alone here. Taxonomy debate: Germany is now opposed to the delegated act (because of nuclear). France would therefore like to push for it while it still has the Council presidency.

N.B.: France will not push for new targets, even if we need it. Will EP be powerful enough to push for it in the trialogue, or do we need France to push it immediately after the RePowerEU publication?

→ **E.G.:** The EP will likely push for higher targets; however, we cannot exclude the opportunity some MS to block the agreement. There is a chance of winning the narrative but losing the policy. Higher targets could be chosen, but RE could include a lot of “low carbon” technologies that we might prefer not to see in this category.

S.A-B.: There is no public discussion for the moment so I cannot really tell if the Polish gov will be for or against higher RE targets. The Polish FF55 debate is mainly about ETS1 and ETS2. They are in favour of the inclusion of nuclear in the taxonomy.

F.B.: The debate quite limited on the FF5 files, like in Poland. Reception depends on how the Italian media will present it.

J.G.: Germany were hoping that state aids would favour RE. The government is disappointed that there were not more concrete measures added (heat pumps for example) and that there is too much support for gas diversification, for low-carbon energy, instead of focusing on RE.

The group now reflects on what strategy to adopt in the last months of the French presidency, as distinctive organisations and as a group.

N.M.: As an organisation, we will push for several things: damage control for the low emissions push; open the space about higher targets in RE implementation and efficiency; CO2 standards for cars is a huge opportunity to get a 2025 end of internal combustion engine; agriculture reform and Farm to Fork.

F.B.: We will try to shift the narrative on the green transition, work on the Carbon Border Adjustment Mechanism, the green taxonomy, the Growth and Stability Pact and debt sustainability, and RePowerEU.

N.B.: Collectively, we should not insist on the divergences in national energy projects, rather emphasising on what to do in common (e.g., RE development). Same goes for industry decarbonisation. Also, we have to consider if we need something strong on energy efficiency because something needs to happen soon.

J.G.: We should be careful to consider more consistently the social impacts of the transition (e.g., the Social Climate Fund, Germany and Finland are against because social policy is not a European thing).

End of the meeting.