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**NOTE**

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From: General Secretariat of the Council  
To: Delegations

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Subject: Proposal for a Regulation of the European Parliament and of the Council amending Regulation as regards REPowerEU chapters in recovery and resilience plans  
- European Economic and Social Committee's Opinion

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Delegations will find attached the Opinion of the European Economic and Social Committee concerning the proposal for a Regulation of the European Parliament and of the Council amending Regulation as regards REPowerEU chapters in recovery and resilience plans, adopted on 21 September 2022.

This opinion is currently also available in other language versions on EESC's website:

<https://dmsearch.eesc.europa.eu/search/opinion>



# OPINION

European Economic and Social Committee

## REPowerEU Plan

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 Plan

and

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814

[COM(2022) 230 final and COM(2022) 231 final – 2022/0164(COD)]

**TEN/782**

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**EN**

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Legal basis	Article ... of the Treaty on the Functioning of the European Union
Plenary Assembly decision	21/09/2022
Section responsible	Section for Transport, Energy, Infrastructure and the Information Society
Adopted in section	07/09/2022
Adopted at plenary	21/09/2022
Plenary session No	572
Outcome of vote (for/against/abstentions)	220/01/07

## 1. **Conclusions and recommendations**

- 1.1 Before going into the content of the REPowerEU Plan, the EESC as the representative of civil society, which is unduly affected by the current dramatic price increases, points out that many of the problems that need to be solved now could have been avoided, or at least limited, if the dependency on energy imports had been reduced - as proposed by the Commission the past years. The EESC recalls the statements in the 2014 EU Energy Security Strategy and the 2015 Energy Union Strategy that the EU remains vulnerable to external energy shocks calling on policy makers at national and EU level to make clear to citizens the choices involved in reducing our dependency on particular fuels, energy suppliers and routes. However, most politicians and large parts of our society have been blinded by the cheap fossil supplies and failed to pursue any precautionary policies. The current situation is the backlash of this negligence. The EESC regrets that it has taken the war in Ukraine and the ensuing distortions in Russian energy delivery to bring attention to this basic energy security issue and trigger the measures proposed in the REPowerEU Plan to ensure independence of import of Russian energy.
- 1.2 The EESC welcomes the aim of the REPowerEU Plan to make the EU independent of Russian gas and oil supply, and agrees with the four-pillar approach focusing on energy saving, diversifying gas imports, and replacing fossil fuels by accelerating renewables and financing solutions. The EESC takes note of the distinction between short and medium–long-term measures.
- 1.3 The EESC underlines the need to ensure security of supply at an "affordable as possible" cost for both consumers and industry, and points out that an energy supply that is essentially based on European renewable energy and low – carbon energy sources would make a significant contribution to an approved energy security.
- 1.4 The EESC in that context draws attention to the support possibilities offered by the planned Social Climate Fund and – as regards business – the temporary crisis state aid guidelines. The goal must be to facilitate the transition.
- 1.5 The EESC holds that the level of effort in the Plan must be considered adequate, bearing in mind the urgency of the supply situation, and therefore agrees with the need for flexibility regarding transitional use of fossil and low carbon fuels, coal and nuclear energy. This period has to be kept as short as possible, must not lead to new dependencies and should not harm the efforts to achieve climate neutrality as soon as possible, by 2050 at the latest, bearing in mind that the issue of the status of nuclear energy remains open and currently left to each Member State.
- 1.6 Given the urgency of the situation and the risk of unforeseen disturbances in Russian energy delivery, the EESC attaches importance to measures that can be implemented at once, in particular very strong energy saving, supported by partnership agreements and early implementation of new initiatives. The EESC draws attention to the risk of the combined economic and social effects of the current crisis putting the democratic system under strain unless adequate solutions are found.

- 1.7 The EESC supports the proposal to increase the energy efficiency target from 9% as proposed in the Fit for 55 package to 14% by 2030, and the general gas saving efforts estimated at 30% by 2030. The EESC also welcomes the recently-adopted Council Regulation on a coordinated 15% reduction on gas use during the winter 2022-2023, and underlines that saving capacity varies between Member States. The increased level of the new proposals also demonstrates that it has taken the urgency provoked by the war in Ukraine to take ambition to a new level. The EESC particularly supports early energy saving measures such as saving energy through individual users started by the Commission in partnership with the IEA, market driven measures such as reverse auctions and demand response measures.
- 1.8 The EESC also urges the co-legislators to follow the Commission's request to include the enhanced energy-saving objective it proposed as part of the Plan in the Fit for 55 package to gain time, which is of essence in the current situation.
- 1.9 Regarding import diversification, the EESC draws attention to the prospects offered by voluntary common purchase through the EU Energy Platform and new energy partnerships, which are options that can be implemented right away. Nevertheless, the EESC calls on the Commission to develop a geopolitical energy import strategy, also taking into account energy and climate urgencies, before concluding partnerships with non-democratic or politically unstable countries.
- 1.10 The EESC supports an increase in the share of renewables in the EU energy mix and strongly supports the Commission's request to include the 45% share proposed in the Plan in the Fit for 55 package.
- 1.11 In order to achieve these more ambitious goals, a number of technical equipment have to be imported, as the EU no longer has production capacities. For example, solar panels are mainly imported from China. Thus, fossil energies are dependent not only on imports, but also on equipment needed. The EESC calls on all political decision-makers to massively promote the expansion of production sites for renewable energy equipment, including battery storage, in Europe. The EU Solar Industry Alliance could be seen as a first step.
- 1.12 However, massive investment is needed to increase the share of renewables in the EU's energy mix. That said, the share of public investment in research and development of decarbonisation technologies is lower in the EU than in other major economies, jeopardising the EU's competitiveness in key future technologies. The EESC notes that the green transition and security of supply need enough of the right mix of renewables for electrification and for the production of green hydrogen to succeed, storage technologies to be developed and the opportunities provided by digitalisation to be fully exploited. There is therefore still a significant need for research and development investment.

- 1.13 The EESC underlines the added value of the proposals regarding rapid permitting procedures for renewables projects and the definition of so-called "go to" areas for such projects. Again, the EESC underscores the added value of following the recommendations to apply those principles early on.
- 1.14 The EESC in this context draws attention to the importance of domestic production of renewables, including hydrogen, but also underlines that the fact that some of the prioritised renewables, such as hydrogen, may not be immediately available in sufficient quantity and/or at affordable prices. To be able to dispense with the transition solutions set out in 1.3 above in the medium term, it is important to design a European decarbonisation policy with a special focus on hard-to-abate areas (industries dependent on high heat, but also tenants in multi-apartment buildings and transport). Convenient instruments are already available (e.g. Carbon Contracts for Difference and collective self-consumption). These instruments need to be deployed as fast as possible bearing in mind social effects and the need to ensure international competitiveness of business.
- 1.15 Regarding the potential for developing renewables, the EESC draws attention to the potential of self-consumption, renewable energy communities and energy sharing, which is reflected in the Plan but unfortunately without explaining how relevant barriers to such enterprises are to be removed.
- 1.16 The EESC also underlines the importance of national patterns of behaviour and traditions that influence choices regarding sustainable energy mixes. The EESC supports greater use of available resources to develop renewable energies. In view of the diverging national choices, versatility should be encouraged and a wide variety of renewable and low carbon energy sources should therefore be used that economically and ecologically fit into a new energy system based primarily on European energy sources. The EESC takes note that the status of nuclear energy so far remains open and currently is left to the appreciation of each Member State.
- 1.17 The EESC agrees that renewable energies, storage and distribution grids should be treated as overridingly in the public interest, but would have liked to see the concrete implications of this better explained. In previous opinions, the EESC has already pointed out the high potential that e-cars have as "strategic electricity storage". Regrettably, the plan fails to discuss this as well.
- 1.18 Regarding investment, the EESC points to the need to focus more on the possible positive effects on employment and regional economies, and to the importance of linking energy and climate-related aspects to social and regional cohesion.
- 1.19 The EESC regrets that the Plan does not adequately address refinancing of the public funding that could act as seed money to attract private investment in energy independence. One possibility could be earmarked dedicated tax on so-called "windfall profits" from high oil and gas prices. The EESC takes note of the sensitive character of such a measure, given the need to avoid discouraging investment in renewable and low carbon energy sources.

- 1.20 While the recent Council Regulation on coordinated demand reduction measures for gas and the accompanying Communication Save gas for a safe winter are a step in the right direction to improve crisis preparedness, the EESC would like to see a more general crisis framework suited to tackling a crisis of the magnitude that the EU has on its hands today due to the war in Ukraine.
- 1.21 The EESC takes note of the recent remarks by the Commission President on the inadequacy of the current structure of the EU energy market and the need to reform the electricity market. The EESC welcomes the intention to explore options for optimising the electricity market but underlines that any proposal must be preceded by an exhaustive impact assessment.
- 1.22 The Plan, which in any case will require substantial funding, will be very difficult to finance within the current financial framework. In this connection, the EESC stresses the importance of introducing a golden rule for investments in the socio/ecological behaviour of our society<sup>1</sup>.

## 2. **Background**

- 2.1 In its REPowerEU<sup>2</sup> the European Commission proposes a comprehensive set of measures to reduce EU dependence on Russian fossil fuels by accelerating clean transition and a joint effort to get a more resilient energy system and a true Energy Union. The plan comes in four pillars.
- 2.2 The first pillar is saving energy: a further 5% reduction in energy consumption by 2030 beyond the 9% proposed in the Fit for 55 package through better energy efficiency<sup>3</sup>. As to gas consumption, the Fit for 55 package will achieve an overall reduction of 30% by 2030. The Commission has asked the co-legislators to include this proposal in the Fit for 55 package before it is adopted. As an immediate short-term measure, the Commission shall start an energy-saving campaign with the International Energy Agency (IEA) targeting individuals' and companies' individual choices and suggesting that Member States make full use of available tools, including enhanced implementation and updating of the National Energy and Climate Plans (NECPs)<sup>4</sup>. The EESC notes the recently adopted a Council Regulation prescribing a collective 15% reduction of gas use during the winter 2022–2023 based on the last five years average<sup>5</sup>. The Regulation is accompanied by a Communication with suggestions for implementation<sup>6</sup>.

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<sup>1</sup> EESC Opinion ECO 553.

<sup>2</sup> COM (2022) 230.

<sup>3</sup> COM(2022) 222.

<sup>4</sup> COM(2022)240.

<sup>5</sup> Council Document 11625/22.

<sup>6</sup> COM(2022) 360.

- 2.3 The second pillar seeks reduction of the dependence on Russian gas by 2/3 by the end of this year and end to it by 2027 through diversified gas imports; higher LNG imports (+50 bcm) from the US, Egypt, Israel, and Sub-Saharan African countries and pipeline imports from non-Russian suppliers (+10 bcm). Further, the EU Energy Platform, established in April, will pool demand, facilitate voluntary common purchase, optimise the use of infrastructure and establish long-term international partnerships. Natural gas production within the EU will be increased; in the medium term, alternatives like biomethane and renewable hydrogen will be deployed. Diversification also includes nuclear fuel where some Member States currently depend on Russian sources.
- 2.4 The third pillar proposes substituting fossil fuels and accelerating Europe's clean energy transition: first, the Renewable Energy Directive target is increased from 40 to 45% by 2030. Key technologies such as solar (target of over 320 GW of installed solar photovoltaic by 2025 (doubles the 2022 capacity), 600GW by 2030; EU Solar Strategy, new European Solar Rooftop Initiative; wind (acceleration of permitting, for example through so-called go-to areas), doubling the deployment of heat pumps to 10 million units over the next 5 years) and electrolyzers are focused. The co-legislators are asked to align the sub-targets for renewable fuels of non-biological origin under the RED (75% industry, 5% transport), accelerate hydrogen by doubling the number of "hydrogen valleys", finalise the assessment of Important Projects of Common European Interest (IPCEI) on H<sub>2</sub> by the summer to build up the respective infrastructure to produce, import and transport 20 million tonnes of H<sub>2</sub> by 2030<sup>7</sup>. New hydrogen partnerships (with the Mediterranean, Ukraine) shall be established. Biomethane production shall be increased to 35 bcm by 2030. Conversion of existing biogas installations, will require investments of EUR 37 billion over the period. To boost electrification and the deployment of H<sub>2</sub> in industry, the Commission will roll out carbon contracts for difference and dedicated REPowerEU windows under the Innovation Fund and set up an EU Solar Industry Alliance. There is also a focus on biomass and agricultural and forest residues. The Commission asks the co-legislators to swiftly adopt pending proposals on alternative fuels and other transport-related files supporting green mobility. A greening freight transport initiative is planned in 2023. The Commission points to the need to accelerate permitting procedures also by early application of pending proposals.
- 2.5 The last pillar addresses smart investments: A further EUR 210 billion is needed between now and 2027, on top of the Fit for 55 needs. Financing LNG and pipeline gas from other suppliers, requires EUR 10 bn by 2030. Another EUR 29 billion of investments are needed in the power grid by 2030. To help finance these investments the Commission focuses on the Recovery and Resilience Plans, the auctioning of Emissions Trading System certificates, funds from cohesion policy, the Common Agricultural Policy, the Connecting Europe Facility, the InvestEU Programme, the Innovation Fund, and tax measures.
- 2.6 The Commission has presented a Regulation amending Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility and Decision (EU) 2015/1814, Directive 2003/87/EC and Regulation (EU) 2021/1060 to enable the use of the facility towards the objectives of the REPowerEU plan.

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<sup>7</sup> COM(/2022)230 p 7 and SWD(2022) p. 26.

2.7 In general, it may be necessary to continue to use oil, other fossil fuels and coal for a transition period. There is a role for nuclear energy as well.

### 3. **General comments**

3.1 Before going into the content of the REPowerEU Plan, the EESC as the representative of civil society, which is unduly affected by the current dramatic price increases, points out that many of the problems that need to be solved now could have been avoided, or at least limited, if the dependency on energy imports had been reduced - as proposed the Commission in the past years. The EESC recalls the statements in the 2014 EU Energy Security Strategy and the 2015 Energy Union Strategy that the EU remains vulnerable to external energy shocks calling on policy makers at national and EU level to make clear to citizens the choices involved in reducing our dependency on particular fuels, energy suppliers and routes. However, most politicians and large parts of our society have been blinded by the cheap fossil supplies and failed to pursue any precautionary policies. The current situation is the backlash of this negligence. The EESC regrets that it has taken the war in Ukraine and the ensuing distortions in Russian energy delivery to bring attention to this basic energy security issue and trigger the measures proposed in the REPowerEU Plan to ensure independence of import of Russian energy.

3.2 One effect of the atrocities of Russia against the Ukrainian people are sanctions against imports of Russian oil and gas and cuts in Russian energy exports to some EU Member States. It is therefore necessary to rapidly reduce energy imports from Russia. The EESC fully supports all initiatives that pursue this target. The goal must be to phase out all energy imports from Russia as soon as possible, ideally within the next three years.

3.3 The EESC therefore fully supports the REPowerEU plan in principle. It sets the right target – ending Europe's dependency on Russian energy imports as soon as possible including an appropriate set of short- and medium-term actions to promote this target.

3.4 The situation is very dramatic – particularly in an international perspective. As long as Europe imports gas and oil from Russia, Europe contribute to Putin's war of aggression. Europe needs Russian gas to keep its industry running and heat the homes of EU citizens the diplomatic position of the EU is weakened. While Russia can use the supply it grants to Europe to manipulate gas wholesale prices, European citizens and industry will suffer from high prices and fundamental economic repercussions must be feared in case the Russian gas supply is completely cut off. Hence the current situation has negative effects both on prices and security of supply, and both business and consumers become hostages. Indeed, some enterprises have already been forced to curtail or stop production owing to high energy prices, with a negative effect also on employment. At the same time, households often do not know how to pay their energy bills. This mixed situation also puts a strain on the EU's democratic system and must be resolved as soon as possible.

- 3.5 It must be questioned whether the REPowerEU is ambitious enough. Bearing in mind that the main objective is phasing out dependence on imports of Russian gas and oil and reaching EU energy independence on Russia, essentially by increasing the share of renewables, improved energy efficiency and alternative imports, but also, if needed, by resorting to fossil, low carbon and coal energy as transitory solutions for a very short time, the effort must be considered as adequate. However, it must be asked: is Europe – especially the Member States – doing everything it can to end the Russian gas supply as soon as possible? With a view to REPowerEU only, and considering what we know so far about the results of the legislative process regarding the Fit for 55 package, this seems questionable.
- 3.6 Only two fully convincing options will both make an immediate contribution to replacing natural gas in the long run and be fully in line with the strategic goals of Fit for 55: ramping up renewable energies on a huge scale and massively reducing demand.
- 3.7 Due to the cost and time needed to develop the main medium- to long-term solutions, the EESC underscores the importance of measures that can be undertaken immediately, such as choices by individuals and enterprises, voluntary common purchases through the EU Energy Platform, forming new energy partnerships with reliable supporters, gas storage, following recommendations for early application of rapid authorisation procedures, introducing "go to" areas, and increased production of biomethanol. The co-legislators could act immediately on the Commission's request to include the objectives of increasing levels of renewables from 40 to 45%, enhancing energy efficiency by a further 5% and improving energy efficiency for buildings - set out in separate proposals - in the Fit for 55 package to gain time. The co-legislators could also act on the request to adopt relevant proposals quickly.
- 3.8 The EESC also welcomes the recent Council Regulation on coordinated reduction of gas use during the winter 2022 -2023.
- 3.9 Given the extreme urgency of the situation, the EESC also supports the way the REPowerEU plan caters for the possible need to resort to fossil and low carbon fuels and coal for a transition period, which must be kept as short as possible in order to avoid exhausting these sources. The EESC also takes favourable note that so far the issue of nuclear energy is left to each Member State.
- 3.10 The EESC welcomes the establishment of a Social Climate Fund to mitigate the negative social and economic impacts and to provide funding to Member States to support their measures to address the social impacts on financially vulnerable households, micro-enterprises and road transport users. At the same time, the EESC points out that the proposed financial envelope for the Social Climate Fund will not provide sufficient financial support to responsibly address the socio-economic impacts in the course of achieving the climate and mobility goals. A correspondingly high budget is therefore needed. The EESC also points out that the capacity of Member States to attract and manage private funds varies.
- 3.11 Member States should also support citizens and, in particular, financially weak households in both the short term, for the next two winters, and the long term.

- 3.12 As for energy saving, the Commission targets an immediate 5% reduction in gas (around 13 bcm) and oil (around 16 mto) consumption. This is far from being ambitious and does not correspond to the dimension of the crisis triggered by the war against Ukraine. Still, political reality is that the Energy Council of 27 June 2022 accepted the reduction level of 9% proposed by the Commission in 2021, paying no attention to the suggestions in the REPowerEU Plan to include the proposal in the Fit for 55 package.
- 3.13 In Germany, already between January and May 2022, gas consumption was reduced by almost 15%<sup>8</sup>, although according to market studies residential consumers could even save more. This clearly shows that the situation and the willingness or capacity to act may be very different in different Member States; possibly measures that leave room for this fact have the best chance of succeeding, as demonstrated by the Council Regulation on Coordinated demand reduction measures for gas, adopted on 26 July 2022, which also takes due account of the needs of industry.
- 3.14 Energy campaigns should not be just calls for energy saving but should cover measures that have a direct impact such as reverse auctions, meaning that a central authority – either the regulation authority or the system operator – organises a tender for industrial consumers that can place their bid for voluntary gas curtailment based on their specific costs. This could help reach the respective gas storage filling levels and make it more likely that, in a scenario without a Russian gas supply, the EU would come through the winter without too much social and economic damage. The EESC draws attention to the potential of demand response as a means to reduce demand.
- 3.15 With regard to renewable energies, the overarching aim set by the Commission of an enhanced level of 45% renewables, instead of the 40% proposed in 2021 seems so far to have gone unheeded, at least by the Energy Council of 27 June 2022, despite the Commission's request to include it in the Fit for 55 package. The EESC regrets this as it delays the impact of the desired development. Nevertheless, the EESC welcomes the separate proposal made in May 2022 to accelerate permission procedures for renewables projects and introduce dedicated "go to" areas for such projects in order to remove a major obstacle to the rapid deployment of renewables, in particular solar and wind energy projects. The EESC therefore also welcomes as such the recommendation made in the REPowerEU Communication that rapid authorisation procedures and "go to" areas be implemented immediately, pending the acceptance of the Commission proposal.
- 3.16 In order to achieve these more ambitious goals, a number of technological equipment have to be imported, as the EU no longer has production capacities; for example, solar panels are mainly imported from China. Thus, fossil energies are dependent not only on imports, but also on equipment needed. The EESC calls on all political decision-makers to massively promote the expansion of production sites for renewable energy equipment in Europe. The EU Solar Industry Alliance could be seen as a first step.

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[Industrie spart Gas, Sparpotenzial bei Verbrauchern nicht gehoben \(handelsblatt.com\)](https://www.handelsblatt.com).

- 3.17 However, massive investment is needed to increase the share of renewables in the EU's energy mix. That said, the share of public investment in research and development of decarbonisation technologies is lower in the EU than in other major economies, jeopardising the EU's competitiveness in key future technologies. The EESC notes that the green transition and security of supply need enough of the right mix of renewables for electrification and for the production of green hydrogen to succeed, storage technologies to be developed, and the opportunities provided by digitalisation to be fully exploited making concepts like virtual power plants finally available. There is therefore still a significant need for research and development investment.
- 3.18 Concepts like self-consumption, renewable energy communities and energy sharing, broadly acknowledged in the Clean Energy Package and always supported by the EESC are important for ramping up RES. Massive investment needs must be covered. Citizens are willing to invest in self- or community consumption, if they understand that this is also beneficial for them. They should feel encouraged rather than deterred. In many Member States the latter is still the case. The EU solar strategy adjacent to the REPowerEU plan acknowledges this and replicates in this regard the RED 2 without detailing how to force Member States finally to abolish relevant barriers.
- 3.19 To define renewable energies and storage as being in the overriding public interest makes sense, but the direct implication remains unclear. The distribution grid connecting the respective installations with the consumer also needs to be recognised as an overriding public interest.
- 3.20 Even with massive improvements in the reduction of energy demand (see points 3.7 to 3.9) and ramping up renewables (see points 3.10 to 3.12) it is evident that the EU will not be able to reach energy autarky neither in the short nor in the medium run. Autarky seems possible in the long run but whether this is desired or not still seems an open question. The bad experience with Russian dependency requires a well-thought-out approach in choosing with which countries / regions to partner in the future. While urgency requires fast decisions with regard to LNG and (green) H<sub>2</sub> imports, long-binding decisions must be avoided without a comprehensive risk analysis. The EESC calls on the Commission to develop a geopolitical energy import strategy before proposing energy partnerships with non-democratic or politically unstable countries; taking into account climate mitigation and energy urgencies.
- 3.21 LNG seems a solution for many Member States, but its CO<sub>2</sub>-footprint makes it a bridge technology and the bridge must be as short as possible. Within the next 20 years all newly built LNG infrastructure must be either removed or capable of transporting and distributing green H<sub>2</sub>. This must be a fundamental principle for all investment decisions to be made within the next months. H<sub>2</sub> readiness is often used as classification but in reality, its meaning is highly unclear. As with the definition of green H<sub>2</sub> in the respective Delegated Act the Commission needs to define H<sub>2</sub> readiness to combine investment security with a clear climate goal. The Taxonomy should be accordingly amended.

- 3.22 This shows the importance of taking in account national patterns of behaviour and national approaches when considering sustainable energy mixes. The EESC notes that the Commission briefly mentions the role of nuclear power in its REPowerEU plan, bearing in mind that this option is the sole responsibility of the Member States. The EESC supports more use of the resources available in the EU, including as a priority, as proposed by the Commission, a rapid and massive expansion of renewable energies. Versatile energy production options contribute to the security of energy supply. In addition to wind and solar energy, the variety of low-carbon energy sources should therefore be used that fit into a new energy systems based primarily on fluctuating European energy sources.
- 3.23 The pillar on smart investments sets the right priorities. However, the EESC reiterates that with the right approach a carbon-free, decentralised and digitalised energy supply structure can have massive positive effects on jobs and regional economies (see TEN/660). In the current crisis the European Union needs a general energy approach that combines the specific energy- and climate-related topics with the objectives in the policy for social and regional cohesion. This aspect is widely ignored in the Solar Strategy that the Commission presented together with the REPowerEU plan.
- 3.24 The Commission rightly points out that public investments can and need to trigger private money. But REPowerEU does not cover the refinancing of the respective public funds. The abolition of subsidies for fossil resources would be one approach for how to organise it; the taxation of windfall profits, that have their origin in the major oil and gas crisis and find their expression in enormous extra profits especially for big oil companies, would be another one. The EESC proposes that these profits be skimmed off with the help of taxes and passed on as financial compensation to energy consumers, e.g. financially weaker households or energy-intensive companies, and used for the expansion of renewable energy production and the necessary grid infrastructure, especially as it is already being discussed or implemented in some Member States. The EESC takes the view that in order not to discourage energy companies from investing in low-carbon solutions, such taxation should be defined very sensitive. The EESC calls on the Commission to propose respective measures without any further time delay.
- 3.25 In line with the probable usefulness of promoting solutions adapted to local circumstances, the EESC fully endorses the Commission proposal to make use of the Recovery and Resilience Plans and the Recovery and Resilience Facility to help implement the REPowerEU Plan.
- 3.26 The Plan, which in any case will require substantial funding, will be very difficult to finance within the current financial framework. In this connection, the EESC stresses the importance of introducing a golden rule for investments in the socio/ecological behaviour of our society<sup>9</sup>.

#### 4. **Specific comments**

- 4.1 Biomethane can play a role in reducing/ending Europe's dependence on Russian gas. However, for its production, including in an attempt to avoid conflicts with bio-diversity, existing biogas installations should in particular be upgraded. Biogas plants are currently often only used to

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<sup>9</sup> EESC Opinion ECO 553.

produce electricity in the base load range, i.e. around the clock. The resulting heat is rarely used. Such concepts are inefficient. Either the biogas obtained should be processed and fed directly into the gas network, or it should also be used for heat supply in the form of local combined heat and power plants. Smaller gas storage facilities could help to produce electricity when there is a lack of wind or sun. Investments in retrofitting existing systems are necessary. The communication mentions respective incentives, but details are missing and need to follow at once.

- 4.2 As pointed out in point 3.14, LNG will need to play a role in the short and medium run. The REPowerEU Plan promises assessments and planning, voluntary joint purchases and greater coordination. In the meantime, however, individual Member States are already active. European solidarity is needed, and the Commission needs to make sure that no Member State is acting against the interest of any other as provided in the Security of Gas Supply Regulation (EU) 2017/1938.
- 4.3 The Security of Gas Supply Regulation also provides a comprehensive European solidarity regime in case of a gas emergency. While the recent Council Regulation on coordinated demand reduction measures for gas and the accompanying Communication Save gas for a safe winter are a step in the right direction to improve crisis preparedness, the EESC would like to see a more general crisis framework geared to tackling a crisis of the magnitude that the EU has on its hands today due to the war in Ukraine.
- 4.4 Power-to-heat and heat pumps, also in the context of district heating appears to become the most promising approach to replace natural gas in the heating sector. However, there are numerous barriers (starting from the skilled workers that are needed and ending with social questions especially in neighbourhoods with a high tenant share). The Communication does not consider these points. A more detailed and also more critical look involving civil society is needed.
- 4.5 The massive increase in energy prices has exposed the weaknesses of the energy market. Commission President von der Leyen herself stated that the current electricity market system no longer works and needs to be reformed. Fundamental questions need to be asked about the energy future, ensuring an environmentally friendly, affordable and reliable energy supply and the right to energy. The design and its regulation must be adapted to the new realities of the prevailing renewable energies and create the necessary conditions for individual players as well as strengthening adequate consumer protection. The EESC welcomes the Commission's intention to explore options for optimising electricity market design and strongly supports market assessments that analyse the behaviour of all potential actors in the energy market and energy market design. In any case, the EESC underscores the importance of an exhaustive impact assessment prior to any proposals. It draws attention to the urgent need to tackle the high electricity prices, including the bundling of electricity and gas prices, which is having a negative impact on the economies of Member States.
- 4.6 Furthermore, the EESC points out that systematic forecasting of the rising energy demand by area and type of energy, taking into account the transformation of energy types, as well as conceptual planning of the architecture of the future energy system, are increasingly necessary

in order to ensure that investments are properly placed and security of supply is guaranteed. The Commission should draw up a corresponding overview and communicate it widely, as there is often a lack of clarity in society about the extent to which Europe can supply itself with energy.

Brussels, 21 September 2022

Christa SCHWENG

The president of the European Economic and Social Committee

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