

2022 Discharge to the Commission

**WRITTEN QUESTIONS TO COMMISSIONER
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Hearing on 26 October 2023

Questions concerning horizontal issues

1. How will the Commission ensure better inter-connectivity among MSs, in particular because the energy crises has shown that high prices were generated mostly by security of supply and incapacity to transport energy from where it is produced to where it is needed?

Commission's answer:

Ensuring better interconnectivity is at the core of the EU energy market and infrastructure policies.

We have made significant achievements in cross-border grid infrastructure (please see more details in answer no 3) over the past decade thanks to tailor-made regulation for large-scale and trans-European grid planning and projects, the so-called TEN-E (Trans-European Networks for Energy) Regulation, which is implemented through the Projects of Common Interest (PCI). The EU has currently the most resilient energy infrastructure in the world. The Commission will continue its efforts in the key areas necessary for faster deployment of new infrastructure projects.

First, we have already made permitting faster for the cross-border electricity interconnectors. The revised TEN-E Regulation, which entered into force June 2022, includes fixed shorter deadlines and specific procedures for PCIs. Moreover, the emergency Council Regulation from 2022 laid down a framework to accelerate the deployment of renewable energy by simplifying and speeding up the permit-granting process for production of renewable energy and its connection to grid. The revised Renewable Energy Directive, as adopted by the European Parliament in September 2023, also addresses the shorter and simpler permitting process for energy grids. The focus should now be on proper implementation, and transposition, as necessary, of the current systems, at a national level.

Second, we will continue with strengthened grid planning, to prioritize key electricity interconnectors, new demand needs, expected renewable uptake and technologies like storage. The TEN-E Regulation provides for a comprehensive and strategic approach to planning, implementing, and coordinating the construction of high-priority electricity infrastructure across Member States. By designating PCIs, the Regulation facilitates the identification and prioritization of key electricity projects that contribute to the integration of renewable energy sources, enhance energy security, and foster

cross-border cooperation. The revised TEN-E also introduces new offshore network development plans (ONDPs) for each sea-basin in Europe which should help better integration of offshore wind generation. These plans will provide us a high-level outlook for offshore generation capacities and the related offshore grid needs, including the needs for interconnections, hybrid projects, radial connections to the shore and any needed reinforcements of the grid.

Third, we are working on digitalising our energy system and ramping up investment in smart electricity grids. The European Commission published in October last year the EU Action plan on digitalising the energy system. We are now implementing its actions which will drive additional investments in smart grids, will support the creation of digital twins, and will strengthen the framework for exchanging data among key energy players. Cross-border smart electricity grid project defined as PCIs also benefit from the preferential permitting under the TEN-E Regulation.

And last, we are setting the right regulatory environment to stimulate and facilitate the necessary grid investment in the most efficient way. EU financial support, in particular Connecting Europe Facility (CEF) Energy, can be a key enabler for cross-border grid projects of strategic value to the Union. Other EU funds can also be used for supporting cross-border grid investments if the Member States so decide. For example, Cyprus has allocated some of their Recovery and Resilience Facility (RRF) funds for the EuroAsia Interconnector with Greece. The overall grid investment needs by 2030 are estimated at EUR 584 billion. This cannot be done only with public money. Financial markets and private investment will have to play the main role. We have proposed that electricity network tariffs better reflect the different types of costs of grids and that anticipatory investments are facilitated to absorb riskier investments making the grid ready for the expected renewables uptake.

In addition, to the necessary investments and an enabling regulatory framework, we need efficient global supply chains, while keeping resilience and sustainability at the highest level possible. In the Net-Zero Industrial Act, the Commission has proposed to include grid technologies in the list of eight strategic net-zero technologies.

2. How is the Commission prompting MSs to use REPowerEU funds to reach the cross-border projects allocation that is introduced in the legislation?

Commission's answer:

First of all, the Commission provided explicit Guidance on Recovery and Resilience Plans (RRP) in the context of REPowerEU of 1 February 2023 to encourage the uptake

of cross-border projects, also following the REPowerEU Regulation (EU) 2023/435 of 27 February 2023.

This followed on the previous support the Commission provided to include cross-border and multi-country projects in the RRP approved prior to REPowerEU.

As a result, the Commission has worked closely with Member States to support the uptake of cross border projects in the Recovery and Resilience Facility (RRF) REPowerEU Chapters, mindful of the EU acquis.

For instance, whilst supporting Member State requests to invest in projects with cross-border relevance, the Commission has followed closely the limits foreseen in the REPowerEU Regulation to invest on new gas infrastructure projects, as these needed to meet immediate Security of Supply needs. As a result, the already crafted list of Projects of Common Interest (PCIs) has been the first up for consideration to invest in fossil fuel infrastructure under REPowerEU. At this time, three gas cross-border projects, based in three Member States, seem to be eligible for REPowerEU support and to be considered for endorsement by the Commission and approval by the Council.

Member States have taken the initiative to request support for other PCIs referred to electricity interconnections. This was the case, for instance, for the electricity interconnection between France and Spain at the Bay of Biscay, which had suffered significant cost overruns. Unfortunately, for this particular project, at the time of adopting CEF-1 funds, the co-legislators did not foresee the possibility for any other sort of EU funding to support the underlying investments, as by default this is ruled out by the Common Provisions regulation. As a result, Spain did not have the possibility to use both CEF-1 and RRF funds. Therefore, Spain was requested to pick the preferred funding source (CEF-1 or RRF), mindful of its characteristics. By contrast, this has not been the case for the EuroAsia interconnector project between Cyprus and Greece. Cyprus has committed some of its RRF funds for the EuroAsia interconnector with Greece. However, the majority of EU support comes from CEF-2 funds.

In any case, ultimately, Recovery and Resilience Plans, including the REPowerEU chapters, remain national documents and the Member States retain the right to decide what measures to include in them, provided these comply with the requirements of the Regulation.

In line with the RRF Regulation, the Commission assesses the revision of the RRP based on the criteria set by the RRF Regulation. As part of this assessment the Commission confirms that the requirements on the 30% percentage of the estimated cost for measures having a cross-border or multi-country dimension or effect are complied with in each REPowerEU Chapter. The assessment is based on the evidence and explanation provided by the Member States, and the Commission discusses the details of each reform and investment with the relevant Member State and may request additional evidence or commitments. Later payments to the Member States are only

made if and when Member States satisfactorily fulfil the relevant milestones and targets.

3. What cross-border projects have you implemented? How many cross-border projects have you implemented in 2022, for what amounts, in what specific program areas were they implemented in and in which member states?

Commission's answer:

During the 2014-2020 period, CEF-1 Energy co-funding of a total of EUR 4.672 billion was allocated to 149 actions contributing to 107 Projects of Common Interest (PCI) for a total investment of EUR 9.4 billion. By the end of 2022, 107 actions that received programme support were completed in total, i.e., 53 on electricity and storage, 50 on gas, two on smart grids and two on carbon dioxide networks.

Thanks to 2014-2020 CEF, 15 000 megawatts of electricity transmission capacity were added to interconnect electricity networks and to facilitate the integration of renewable energy.

Since 2021, under CEF-2, additional EUR 1.66 billion in funding was awarded to:

- 13 PCI grants (EUR 1.64 billion): five electricity (EUR 1.27 billion); three natural gas (EUR 135 million); one smart grids (EUR 73 million); four CO2 transport (EUR 163 million)
- five grants for cross-border-renewables generation projects (EUR 23 million).

In total, CEF-1 + CEF-2 (2014-2023) provided EUR 6.3 billion of support to energy projects (EUR 5.8 billion works, EUR 0.5 billion studies) to more than 117 PCIs. Examples of major actions include:

Gas:

- Gas Interconnection Poland Lithuania (**GIPL**) – commissioned in 2022 – CEF Energy funding EUR 266.4 million
- Poland–Denmark interconnection (**Baltic Pipe**) – commissioned in 2022 – CEF Energy funding EUR 250 million
- Construction of the **LNG terminal Krk** in Croatia – commissioned in 2021 – CEF Energy funding EUR 101.4 million.

Electricity:

- Construction of a new 400 kV interconnection line between Maritsa East (Bulgaria) and Nea Santa (Greece) – commissioned in 2023 – CEF Energy funding EUR 28.6 million
- **Synchronisation of the Baltic States** to the Central European Network (Poland, Lithuania, Latvia and Estonia) - to be completed in 2025 – CEF Energy funding EUR 1.05 billion
- **Celtic Interconnector** (between Ireland and France) – to be commissioned in 2027 – EUR 538. 5 million

- **Biscay Gulf interconnector** (between France and Spain) – to be commissioned in 2028 – CEF Energy funding EUR 587 million
- **EuroAsia interconnector** (Greece, Cyprus, Israel) – to be commissioned in 2027 – CEF Energy funding EUR 673.7 million
- **ELMED** interconnector between Sicily (Italy) and Tunisia – to be commissioned in 2028 – CEF Energy funding EUR 307.6 million

4. Regarding REPowerEU, how do you ensure that you are involved already in the design phase of the plans, and not only in the final inter-service consultation? Can you give a concrete example where your Services achieved a particularly good result? What is the overall level of performance of the REPowerEU Plan?

Commission's answer:

The implementation of the Recovery and Resilience Facility (RRF), including the assessment of the Recovery and Resilience Plans (RRP) is led jointly by DG ECFIN and SG-RECOVER.

As in the RRP's approved prior to the REPowerEU Regulation, Member States have come forward to the Commission informally, sharing their intentions to support investments and implement reforms. The strategic dialogue taking place between the Commission and Member States needs to be mindful from the fact that, as mentioned before, RRP's reforms and investments remain a Member State prerogative.

Such strategic dialogue has taken place with Member States on energy investments: e.g., dialogues between the Commission and national administration and Transmission System Operations.

In turn, within the Commission, and specifically for the assessment of REPowerEU chapters, the assessment takes place in full collaboration between DG ECFIN, SG RECOVER and DG ENER. The three DGs are fully following the negotiations of REPowerEU Chapters. Any ultimate decision on the RRP's assessment is taken by the College of Commissioners, when the Commission adopts its proposal for a Council Implementing Decision.

DG ENER has been involved from an early stage working with the other teams of the Commission behind the REPowerEU Regulation, that amends the Recovery and Resilience Regulation; drafting Guidance to Member States; and ensuring horizontal consistency and coherence together with the other Commission service. That is, it has been centre placed in designing plans. Three examples:

Spain: RES (reform) – Approved amended RRP. Between January 2022 and March 2023, the Spanish government had a total of about 182 RES projects above 50 MW plus 1,236 RES projects below 50 MW moving along the pipeline for permit approval. In total, this pipeline of projects represented about 69 GWs. By way of comparison, RES installed capacity in the whole EU in 2022 was 58 GW.

Working together with the Commission, the new chapter 31 of the Spanish Recovery and Resilience Plan, the REPowerEU chapter, includes a set of measures to:

- simplify the procedures for certain categories of projects, including the environmental impact assessment and the authorisation procedure;
- clarify and reduce the administrative burden for certain projects as regards the injection of renewable gases into the gas network;
- Establish a deadline for when the regulator has to have issued a report regarding the authorisation of new renewable energy projects;
- Remove restrictions to the deployment of self-consumption and simplifying their permitting procedures;
- Improve the allocation of network capacity.

The interaction with the TFEU article 122 measures adopted by the Commission during the past year and a half provided further impetus to Spain to support and accelerate the deployment of Renewable Energy as part of the clean energy transition foreseen in its REPowerEU chapter in the RRP.

Estonia: Save energy by improving energy efficiency (investment) – Approved amended RRP. The original Estonian RRP had a measure to promote the renovation of 80 dwellings, with the results certified by KredEX Performance calculations. With the submission of an amended RRP, the Commission services worked together with the Estonian authorities to increase the ambition of different energy efficiency measures. This measure was identified as a possible candidate, and has now been approved by the Council, to upscale the number of dwellings to be renovated from 80 to 900.

Croatia: Diversifying away from Russian fossil fuels (investment) – Submitted amended RRP. Croatia is one among seven Member States submitting a request to benefit from the Do No Significant Harm derogation foreseen by the co-legislators to invest in fossil fuel infrastructure. To this end, DG ENER has worked together with other Commission services to ensure the foreseen infrastructure, part of a previous Project of Common Interest gas infrastructure list, which includes both an LNG terminal and evacuation of the incoming gas with wider cross border implications for the region (i.e. Hungary, Slovenia), fulfils the terms of the REPowerEU Regulation. That is, the infrastructure meets Security of Supply concerns; will be operational by 31 December 2026, with gas flowing by that time; and does not jeopardise the achievement of the European Union's 2030 climate targets and the objective of EU climate neutrality by 2050. Our analysis was made possible to assess in such a brief period of time due to it having been previously assessed for the purposes of the PCI list and, again, in the context of Annex III of 18 May 2022 REPowerEU Plan Communication.

On the performance of the REPowerEU plan I would highlight the large interest of the Member States in developing comprehensive REPowerEU chapters. Overall, the amounts likely to be allocated to the REPowerEU chapters are about EUR 57 billion, which is almost triple the EUR 20 billion of REPowerEU grants made available via the REPowerEU Regulation, as Member States complemented the grants with transfers

from the Brexit Adjustment Reserve and loans. As for the content of the REPowerEU chapters submitted so far, we see a close alignment with the EU energy policy, with the largest number of reforms targeting faster renewable energy deployment, and the largest allocations proposed for investments in energy efficiency and decarbonisation of industry, while investments in gas infrastructure are likely to remain well below 5% of the total allocations, and oil projects might be non-existent.

In practice, all adopted REPowerEU Chapters directly address the objectives of the amended RRF Regulation and include the objectives of the Net Zero Industry Act and Critical Raw Materials Act under the umbrella of the Green Industrial Plan.

As showcased in the Commission's RRF Annual Report 2023, the various adopted REPowerEU Chapters include an array of successful reforms and investments. More information on the adopted chapters is available on the country-specific pages of the Recovery and Resilience Facility website.

5. Can you provide an overview of how much of the EU budget was spent in 2022 on energy related objectives, across all EU spending programmes and including the EU Energy Platform launched in April 2022?

Can you give a description of how you ensure that Energy related objectives are implemented consistently across all EU spending programmes?

Commission's answer:

A number of EU spending programmes contribute to energy related objectives. They do not cover the same objectives, level of developments (e.g., Horizon focusing on research and early stage), type of support (guarantee vs grants) or management mode (direct – e.g., CEF, indirect – e.g., InvestEU, shared – e.g., ERDF, Cohesion Fund). Sources of appropriations will also differ depending on programmes (RRF with NGEU, Innovation Fund with ETS credits, other programmes with the voted budget). Some will have a purely cross-border dimension (CEF-Energy) while others would be purely domestic (RRF investments, shared management programmes). The following table offers a comprehensive view of all energy related spending from the 2022 budget.

Programmes	2022 Amounts (CA/PA) – m€	Programme description / Investment focus
CEF2 – Energy strand	797m€ (CA) / 251m€ (PA)	CEF-Energy aims at supporting investments in building new cross-border energy infrastructure in Europe or rehabilitating and upgrading the existing one. The funding of PCIs will enhance energy market integration and cross-border interoperability, security of supply, energy efficiency. Cross-border projects in the field of renewable energy shall contribute to decarbonization and will enable the cost-effective deployment of renewable energy.
LIFE – Clean energy transition	146m€ (CA) / 50m€ (PA)	To make the EU resilient and climate neutral by 2050. The clean energy transition sub-programme aims at stimulating investment and supporting activities focused on energy efficiency, especially in European regions

		lagging behind in the transition towards clean energy. It will support the transition from fossil fuels to clean energy. It will also provide financing for a cross-cutting initiative labelled Renovation Wave aiming at buildings renovation policies, including EUR 9.4 million in 2022 for the ELENA facility.
ERDF	3067m€ (PA)	Electricity storage, renewable energy, energy efficiency renovation infrastructure & buildings, energy efficiency in enterprises, natural gas. ERDF programmes are multi-annual, with commitments made on annual basis in line with the respective financial plan. For the 2014-20 period, the total amount allocated to energy related objectives is EUR 23,515 million in commitments.
Cohesion Fund	586m€ (PA)	Electricity storage, renewable energy, energy efficiency renovation infrastructure & buildings, energy efficiency in enterprises. CF programmes are multi-annual, with commitments made on annual basis in line with the respective financial plan. For the 2014-20 period, the total amount allocated to energy related objectives is EUR 4,831 million in commitments.
Innovation Fund	1949 m€ (CA)	Renewable energy, energy storage and all projects in Energy Intensive Industries related to either energy consumption or with fuel as a final product. Commitments for the IF are made upon signature of the grant agreements. In accordance with the ETS directive, the IF supports up to 60% of the relevant costs of projects. Upon reaching financial close or upon reaching a specific milestone preceding financial close, 40% of the IF support is disbursed. This on average takes a few years from the signature of the grant agreement.
Horizon Europe - Cluster 5 Climate, Energy and Mobility	965m€ (CA) / 81m€ (PA)* * estimate for PA, completion line excluded	This cluster aims to fight climate change by better understanding its causes, evolution, risks, impacts and opportunities, and by making the energy and transport sectors more climate and environment-friendly, more efficient and competitive, smarter, safer and more resilient. Areas of intervention - climate science and solutions; energy supply; energy systems and grids; buildings and industrial facilities in energy transition; communities and cities; industrial competitiveness in transport; clean, safe and accessible transport and mobility; smart mobility; energy storage
ITER	864m€ (CA) / 613m€ (PA)	The project is aiming to build the world's largest fusion machine. By fostering innovation and international collaboration, the project creates economic growth and job opportunities, while putting the EU in the lead of global fusion research.
Euratom	265m€ (CA) / 271m€ (PA)	Direct and indirect research activities in fields of: nuclear safety, security, radioactive waste, spent fuel management, radiation protection and fusion energy.
Nuclear decommissioning LT	73m€ (CA) / 46m€ (PA)	The programme ensures the safe removal of two soviet-design nuclear reactors, thereby protecting the environment and human health.
Nuclear Safety and decommissioning (incl. for Bulgaria and Slovakia)	69m€ (CA) / 77m€ (PA)	The programme aims to protect the environment and human health by ensuring the safe removal of six older soviet-design nuclear reactors in Bulgaria and Slovakia decommissioning and radioactive waste management of obsolete Joint Research Centre nuclear research installations

InvestEU	188m€ (CA)	Amount corresponding to the InvestEU mobilised guarantee of the signed operations of approx. EUR 1,2 billion covering energy-related eligible areas under InvestEU as at December 2022.
Recovery and Resilience Facility / REPowerEU	4355m€ (estimated cost of actions completed in 2022) Overview full programme included (extract from RRF report 2023)	<p>Amount corresponding to the estimated costs of 27 measures under the “fuel and energy” category of investment under RRF which covers a large range of investments such as deployment of integration of renewable energy, green transition, energy efficiency.</p> <p>Energy Efficiency Energy efficiency accounts for 29% of the total expenditures under the green transition pillar (with a total cost of EUR 72.8 billion). Member States have included in their plans large investments in energy renovations of private and public buildings and investments in the construction of new highly energy efficient buildings. The majority of investments concern the energy efficiency of residential buildings (at EUR 31 billion), which typically targets a reduction in primary energy consumption of 30% or more. Beyond buildings, investments in other sectors will help to decarbonise the production processes in SMEs, larger enterprises and district heating systems, for instance by promoting the integration of cleaner and more efficient technologies for manufacturing processes and centralised heat production (at EUR 7 billion). To this end, some RRFs also include reforms to tackle barriers for energy efficiency, such as amendments to the regulatory framework or the harmonisation of support mechanisms through one-stop shops.</p> <p>Renewable Energy and Networks Overall, total estimated expenditure in clean power – renewable energy and networks – accounts for 14% of the total expenditures under the green transition pillar (at a total cost of EUR 35.3 billion). Many RRFs include measures dedicated to clean energy, such as investments in renewable energy generation, both in already mature renewable technologies as well as innovative solutions. Approximately two-thirds of the overall investment in this area will be spent on renewables technologies (EUR 24 billion), with the remaining amount allocated to investments in energy networks and infrastructure (EUR 11 billion). Increasing the share of renewables also requires an ambitious reform agenda. To this end, the reforms included in the plans aim to create a stable regulatory environment and appropriate synergies between public and private investment, simplify administrative procedures and to adopt new or prolong existing support schemes.</p>
EU energy platform	1m€ (CA)	The EU Energy platform is not a programme. It is part of the REPowerEU Plan and financed under DG ENER policy support budget line (prerogative). It is responsible for coordinating joint purchases of natural gas and LNG and will aggregate the demand of participating companies from the EU and Energy Community which would then be tendered out with a view to matching it with bids from gas suppliers. The budget covers the service of operating the joint platform, the consultants’

		costs to prepare the tender specifications and consultancy work for the technical support.
External Actions	1034 m€ (CA) / 459 m€ (PA)	In line with the Global Gateway's objectives , in 2022 the Commission continued to support actions in partner countries to increase sustainable energy access and decarbonise the energy sector, by spurring renewable energy generation and energy efficiency solutions, and promoting the phasing out of polluting fuels.
Modernisation Fund	1m€ (CA)	EU ETS Modernisation Fund provides support to lower income MS (Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia) in order to finance MS investments aiming at clean energy transition (e.g. energy storage, energy efficiency including renovation of buildings and clean transport, modernization of energy networks) and just transition in carbon-dependent regions (e.g. redeployment, re-skilling and upskilling of workers, education, job-seeking initiatives and start-ups).
Just Transition Fund	169m€ (PA)	The JTF supports coal regions and regions that are heavily dependent on carbon-intensive industries in the process of clean energy transition. JTF addresses the impacts that this phasing out has on the workforce and local communities and among others, supports investments in renewable energy production and energy efficiency measures.

6. The AAR 2022 of DG ENER states that your DG had an extraordinary heavy workload due to the energy crisis among other factors. It also states that there is difficulty in recruiting staff to Luxembourg and particular that you are missing specialists in nuclear safety. What steps are you taking to increase and incentivise recruitment?

Commission's answer:

DG ENER continuously monitors its staffing needs and has requested reinforcements, accordingly, based on the needs identified. In 2021 and 2022, some of the acquired additional posts were allocated to DG ENER, in great part linked to the creation of the Task Force the second half of 2022. The future reinforcements are meant to contribute to the Commission political priorities of the European Green Deal but also to allow DG ENER to continue addressing the energy crisis.

In the framework of the Green Deal, DG ENER organised a new specialist competition in October 2022 for AD6, together with DG CLIMA and DG ENV (EPSO/AD/401/22). The profile for specialists in the field of energy received over 1700 applications. This competition is now undergoing its talent screener stage and its reserve list, with up to 54 successful candidates, is expected to be published in spring 2024.

DG ENER periodically organises EPSO competitions for nuclear specialists. The last competitions organised were the 2019 AD7 Scientific Research Administrators (EPSO/AD/371/190), which included 20 nuclear research and decommissioning specialists, and the 2021 AST3 nuclear inspector competition, with 40 successful candidates. The validity of the AST3 competition list was extended until June 2025 to

provisionally address the delay of a new AD competition in the nuclear domain due to COVID-19.

On 19 October 2023, a new nuclear-related competition was launched (EPSO/AD/411/23). The competition seeks two profiles: 130 nuclear safeguards inspectors (inspections, research and project management) and 68 policy officers in the area of nuclear energy (legislative, administrative, scientific, advisory, and supervisory activities). Most of the jobs to be filled following this competition will be based in Luxembourg.

7. ECA's report on energy efficiency in enterprises found that the member states' planning of funds was not aligned with their national energy efficiency priorities. In what concrete way are you working together with member states to better focus on energy efficiency priorities (3.57 ECA AR 2022).

Commission's answer:

As announced in its answers to ECA's report on Energy Efficiency in enterprises, the Commission has assessed in 2021-27 cohesion policy programmes whether the planned funding for energy efficiency can deliver the best possible added value, in line with EU objectives and priorities as well as national, regional and local needs and constraints. It has also assessed the fulfilment of the 'enabling condition' related to the National Energy and Climate Plans (NECPs) and Long-Term Renovation Strategies. In its assessment, Commission services assessed that the chosen form of funding is well justified and that the most efficient form is used. In the framework of the mid-term review, for programmes supported by the ERDF, the Cohesion Fund and the JTF, the Member State shall review each programme, taking into account the progress in implementing the NECP as well as the updated NECPs pursuant to Article 14 of Regulation (EU) 2018/1999.

As part of the preparation of the update of the NECPs, the Commission has intensified exchanges with the Member States on the need for more accurate and consistent information on the public and private investments needed to meet their energy and climate objectives, targets and contributions in their updated national plans. In this regard, detailed requirements for information on financing are set out in the guidance issued by the Commission to Member States for updating their NECPs.

The Commission will continue considering energy efficiency issues in the context of the assessment of the draft NECPs and the follow up discussions with Member States ahead of the submission of the final NECPs by June 2024. The Commission is committed to continue working with Member States to improve on the plans, their long-term planning and reporting of progress and to support them in the implementation of the agreed legislation, thus also covering investment needs and plans.

Concerning Energy Efficiency investments in enterprises and Energy Efficiency investments, more generally, Commission services are supporting Member States

managing authorities and energy authorities in the framework of a specific Community of Practice launched in June 2023 to support the implementation of Cohesion Policy European Green Deal investments (Cohesion4Transitions). A specific working group is related to energy investments as well as there being dedicated technical assistance. Commission services also support Managing authorities' efforts to simplify implementation thanks to the introduction of simplified costs for investments in energy efficiency. The Energy and Managing authorities from 27 Member States also regularly discuss the improvement of energy efficiency investments implementation within the network of energy and managing authorities (EMA).

Moreover, the Commission, in cooperation with Member States, is preparing the launch of the European Energy Efficiency Financing Coalition. The Coalition, announced in the EU Save Plan Communication, part of the REPower EU plan, was recently presented by the Commissioner to Member States in the Transport, Telecommunications and Energy Council (Energy) of 17 October 2023. The Coalition intends to create a model based on the triangular cooperation between Member States, the Commission and financial institutions, with the objective of facilitating the mobilisation of private financing for energy efficiency in support of the 2030 and 2050 EU energy and climate objectives.

Finally, in the framework of Article 30 of the recently published recast Energy Efficiency Directive (EU) 2023/1791, the Commission will follow up with concrete guidance to Member States and market actors on unlocking private investments in energy efficiency. To this end, the Commission is preparing a report and guidelines to be adopted by March and June 2024 to map available financial instruments, to assess public financing for energy efficiency and to also evaluate the opportunity of establishing a dedicated fund for energy efficiency investments in the next MFF.

8. ECA in its special report on EU Climate and Energy targets 2023 recommends that the Commission should provide more transparency on the performance of the EU and its member states on energy projects. What steps have you taken to provide more transparency on projects and programs concerning energy?

Commission's answer:

In the Special Report on EU Climate and Energy targets, ECA recommends that the Commission should: (a) use available reporting on greenhouse gas emissions per unit of GDP and per capita to assess the drivers of Member States' progress and to engage with Member States with the aim to improve the performance of their climate and energy action, when needed; (b) assess and report on the EU and Member States' progress towards the targets, by distinguishing the impact of policies in place from the impact of external factors; and (c) implement measures to allow for greater transparency regarding the price of greenhouse gas emissions and individual renewable energy share transfers.

The Commission accepted or accepted partially these recommendations with actions to be taken by end of 2024 (a and c) and March 2026 (b). The Commission will use available reporting on greenhouse gas emissions to report and assess the greenhouse gas emissions per unit of GDP and per capita, for example in the annual Climate Action Progress Report. In addition, the Commission already infers information from the Member States on the effectiveness of policies and measures from the NECPs submitted, where part of the review consists of assessing how likely the policies and measures contained in the plans will help achieving the climate and energy targets. This is complemented with information from the biennial national energy and climate progress reports, which allow the Commission to assess both the evolution in greenhouse gas emissions and to which extent the policies and measures have been implemented. Where appropriate, it will engage with Member States with the aim of improving the performance of their climate and energy action. Finally, the Commission would like to highlight that it is primarily for the Member States to assess the drivers of progress towards their climate and energy targets. The Commission, together with the European Environment Agency (EEA), has supported them, and will continue to do so, through the provision of guidance on the ex-post assessment of policies and measures, together with numerous examples and best practices.

The Commission analyses the effect of external conditions, as appropriate, during the evaluation step of the policy cycle. The Commission will undertake an assessment distinguishing the impact of policies in place from the impact of external factors, where appropriate and possible. Regarding greenhouse gas emissions, the Commission can assess the possibility of carrying out an analysis at EU level and reporting on it in the climate action progress report, if the results are sufficiently robust. This could include work with the EEA to develop an appropriate methodology and to evaluate policies ex-post.

With regards ECA's recommendation related to greenhouse gas emissions, the Commission is committed to make information available about the range of price per annual emission allocation transferred under the effort sharing legislation, based on the reporting under Regulation (EU) 2018/1999²³. With regards to renewable energy share transfers, the Commission will test the possibility, provided it receives the consent of the participating countries, to make public the information about the quantities and the price of the transfer. This could be communicated in the State of the Energy Union Report or through the Union Renewable Development Platform.

As regards transparency on projects and programmes in general, the Commission strives to ensure better accessibility and increased reach of its funding opportunities via targeted communication actions: dedicated information on websites, the development of Sustainable Energy Investment Forums and national roundtables under the LIFE CET sub-programme, publication of evaluation submission and selection results; social media promotion; support for key stakeholders such as National Contact Points (NCPs) for (potential) beneficiary communication; publications/flyers with funding opportunities and participation to key events. The

Commission supports the provision of technical assistance to ensure better access to financing and supports Member States in the implementation of these facilities, including the development of national, regional and local ELENAs, and continue developing the DEEP database, key to de-risk energy efficiency investments, with financial and performance data on more than 38,000 projects in the EU. In addition, the Commission promotes synergies between the programmes, for instance through the CEF or the Innovation Fund programmes. The Commission also took measures to simplify access to funding of instruments through tender and funding portals.

9. In its 2022 AAR, DG ENER mentions the negative result of EUR 7.74 million of the EIB managed Connecting Europe Facility Debt Instrument (-7.8 % of the value of the instrument). It is indicated in the AAR that *'this non-realised loss is linked to the evolution of the fair value of the portfolio'*, and in the annexes to the AAR, it is mentioned that *'this result is due to a decrease of the fair value of the treasury portfolio, in line with the market values in a context of increasing interest rates'*. What does this mean?

And given that the total value of the instrument is EUR 99.29 million, what will happen when the losses continue to happen? Will a new financial contribution from the EU Budget be necessary?

Commission's answer:

The EU contribution is indeed invested in a portfolio of securities, mainly bonds and assimilated investments, that serves as a guarantee for EIB lending operations. This portfolio is valued at market value and the market value varies in function of several parameters. In 2022, the increase of the interest rates led to a decrease of the market value of bonds and similar investments, as the potential buyers would only accept to pay a lower price for bonds with an interest rate under the current market conditions. However, these instruments are not meant to be sold and should eventually be redeemed at nominal value, or 100%. The discount due to the change of interest rates is thus transitory by nature.

While the higher yield environment could eventually benefit the portfolio in the medium term, the forward view on market evolution remains highly uncertain.

Regarding to a potential new financial contribution from the EU budget, DG ENER does not expect at this stage of this instrument that EIB would ask for such a contribution as the decline is only temporary and as the portfolio retains a certain value.

Questions concerning audit, control, and the protection of financial interests

10. In 2022, there has been a notable increase in DG ENER's activities and funds under management, especially through the EU Energy Platform and REPowerEU. How is DG

ENER ensuring the protection of the Union's financial interests as well as the performance of the funds under management in the emergency context?

Commission's answer:

In 2022 DG ENER was required to develop fast and comprehensive responses to the energy crisis that hit Europe, after Russia attacked Ukraine. The REPowerEU action plan was developed, and a significant number of emergency measures have been proposed. At the same time, the Commission proposed additional funding to support the REPowerEU, the largest part of them being channelled via the Recovery and Resilience Facility (RRF), a program which is managed by DG RECOVER. Thus, DG ENER does not manage the RRF budget directly. However, DG ENER has been very much involved in supporting the Member States to amend their Recovery and Resilience Plans (RRPs) and develop REPowerEU chapters, and in assessing the energy measures submitted by the Member States. Moreover, DG ENER is working together with the other Commission services to ensure that our NGEU Green bonds are backed by green investments, e.g., by setting up reliable verification mechanisms to check energy savings achieved by the energy efficiency measures, which represent about 47% of the total measures underlying green bond issuance.

In addition, answering to the Council's request, the Commission set up the EU Energy Platform; meant to support the Member States to negotiate and acquire the necessary quantities of natural gas. DG ENER has been preparing the set up and the work of the EU Energy Platform, putting in place the necessary mechanism to facilitate the aggregation of demand, and the matching of demand and supply. EU Energy Platform does not manage any funds. There is EUR 1 million budget for operating the Platform, which means a cost for functioning of the Energy Task Force as one of the DG ENER's directorates.

The energy crisis increased the pressure to make substantial funds available very fast, and the task faced by the Commission was very complex. Yet, we have managed to adjust crisis instruments previously developed (e.g. repurposing the RRF from an instrument meant only to support recovery after the COVID -19 crisis to an instrument that also supports the REPowerEU), and put in place tools that ensure sufficient financing sources for the measures that needed financial support (e.g. through the amendment of State aid rules and through emergency measures that allowed to tax windfall profits and revenues generated by fossil fuels activities and create additional amounts available to support those in need).

As far as the REPowerEU chapters in the RRFs are concerned, in accordance with the RRF Regulation, the principal obligation to take all appropriate measures to protect the financial interests of the EU and to ensure that the use of funds complies with Union and national law lies with the Member States. In order to check that Member States fulfil their obligations, the Commission has assessed each national control system in depth and carries out system audits on national control systems. Please refer

to DG ECFIN's Annual Activity Report on more information on the RRF control system.

The protection of the Union's financial interests is at the core of DG ENER control strategy and internal processes, whether operational or financial. DG ENER closely monitors that the EU funds made available to the Member States under the programs managed by DG ENER are used to finance measures that are significantly contributing to our common energy objectives and avoid lock in effects.

Concerned DGs' control strategies include specific ex-ante or ex-post, legal, operational, and financial controls on the procedures as well as on the signature of contracts and agreements.

In addition to the controls stemming from the control strategy listed above, actions are subject to scrutiny of the Internal Audit Service, in its capacity of internal auditor of the Commission and of the decentralised agencies, and of the European Court of Auditors, in its capacity of external auditor of the EU Institutions. The contractual provisions applicable to public procurement and grants ensure that audits and on-the-spot checks can be carried out by the Commission services, including OLAF, using the standard provisions recommended by OLAF. They also include provisions to ensure access to information and persons by the European Court of Auditors.

To combat fraud, corruption and other unlawful activities, the provisions of Regulation (EU, Euratom) No 883/2013 concerning investigations conducted by the European Anti-fraud Office (OLAF) and the European Public Prosecutor's Office (EPPO) established by Council Regulation (EU) 2017/1939 apply without restriction. The Commission maintains a robust antifraud strategy, the CAFS. Commission services complement this by local antifraud strategy that cover the activities falling under their respective remit.

For expenditure under indirect management, entrusted entities have the responsibility to maintain an antifraud strategy and to ensure the protection of the EU interests. Entrusted entities other than EU bodies are subject to pillar assessments that ascertain that the apply controls that are consistent with Commission's requirements.

Some Regulations may also contain specific provisions targeted at preventing fraud and irregularities.

- 11.** What are the minor deficiencies identified for principles 10, 11 and 12 of the internal control systems? Could you please provide more detail about the fact that component III 'Control Activities' is considered as 'partially effective'? What activities do you undertake to remedy the situation?

Commission's answer:

In line with the Commission's Internal Control Framework, DG ENER has assessed its internal control system in 2022 and has concluded that it is effective, and the

components and principles are present and functioning well overall, except for principles 10, 11 and 12, for which minor deficiencies were identified.

- as regards ICF Principle 10 “Performance of Control Activities”: In the wake of the COVID-19 crisis no administrative physical checks could be performed as regards some assets (for instance detectors) that are physically situated in distant nuclear sites. As a result, the rule that has been defined before the crisis was not fully complied with. There was no loss of assets. The situation was addressed in 2023. Revised corporate asset management rules, bringing the necessary simplifications are, as of October 2023, in their final stage of adoption.
- as regards ICF Principle 11 “Control over technology”, the degree of update of the IT Security Policies /Plans was behind the target at the end of 2022. Since then, steady progress has been made and the issue is being resolved as Security Policies are at 95% up to date in October 2023 and will be fully updated by end of 2024.
- As regards ICF Principle 12 “Procedural controls”, in 2022 DG ENER recorded two exceptions stemming from unusual delays of contractual procedures. The question of exceptions is being closely monitored and the topic is included in awareness raising actions directed to staff.

I would like to also provide some background to how the deficiencies are assessed. The Commission adopted a specific methodology for assessing the state of internal control. Under that methodology, the fact that several principles of a component present deficiencies results in the component being considered as partially effective, even if the deficiencies are considered minor. However, given the limited impact of the deficiencies, it did not have any incidence on the Authorising Officer by Delegation's declaration of assurance.

12. Indirect management covers 91.5% of DG ENER expenditure in 2022. What is the experience with national managing and audit authorities in terms of control and audit of the spending? What are the most frequent errors; where do they occur, and what measures has the Commission taken to mitigate them?

Commission's answer:

Under indirect management, DG ENER works with entrusted entities, and not with national managing and audit authorities. The largest share of DG ENER's expenditure corresponds to the Euratom contribution to the ITER Project (83% of the payments in 2022), for which the entrusted entity is Fusion for Energy (F4E) Joint Undertaking that is subject to a separate discharge. There is no error associated to the transfer of funds between the Commission and the Joint Undertaking.

Other expenditure under indirect management includes the delegation of funds to the EBRD and the national agencies, in particular the Lithuanian Central Project

Management Agency for the Nuclear Decommissioning Assistance Programme (NDAP) (6%); as well as the budgetary support to the ACER agency (2%).

As regards the F4E Joint Undertaking and ACER, both entities are audited by the European Court of Auditors.

Concerning the NDAP, the expenditure corresponds mostly to procurements aiming at the dismantling of the installations. Over the years the scope of these procurements has been restricted to activities specifically linked to the decommissioning itself. The Commission ensures close monitoring of the underlying contracts so to limit the risks of errors. Under Indirect Management, the accounts and management declarations received from the entrusted entities (such as EBRD) are subject to an audit opinion on which DG ENER relies. Furthermore, DG ENER closely monitors and supervises these entrusted entities through periodical risk reviews and on-site technical assessments.

Under indirect management, the role of the national authorities differs from the situation observed under shared management, where national managing authorities manage the budget, whereas national audit authorities are responsible for determining an error rate that might be used for subsequent corrections.

13. What was the recommendation given by OLAF in 2021 to DG ENER? What is the status of its implementation?

Commission's answer:

In the recommendation to DG ENER issued on 7 December 2021, OLAF recommended DG ENER to work in partnership with EU Member States to improve control systems for end-uses of waste feedstock and biodiesel produced from waste. The recommendation concerned in particular the possible differences in controls applied to products imported into the EU from third countries.

At the beginning of 2022, DG ENER set up an action plan following OLAF administrative recommendation. At the time of OLAF monitoring exercise in 2022, DG ENER had reported two out of four actions as completed and the remaining actions to be implemented in 2023. As a result, OLAF's current assessment of the implementation status of this recommendation was 'ongoing'. In the course of the 2023 monitoring exercise, DG ENER will be requested to provide OLAF with an update on the status of implementation.

DG ENER took the recommendation into account in the framework of the revision of the Renewable Energy Directive and in the design of the associated database. The database has now entered the "production stage". The two actions falling fully under the remit of DG ENER are therefore considered as implemented as of mid-2023.

Considering that the database is still to be populated by data inputs from Member States and operators, the last action aims at ensuring the follow up of these developments over a longer period.

Questions concerning policy objectives

14. DG ENER is central to the EU achieving the objectives of the European Green Pact. What have been the major actions carried out in 2022?

Commission's answer:

In 2022, DG ENER has been at the forefront of the Commission's crisis response, leading in the development of the [REPowerEU Plan](#), the core framework in the European policy response to this unprecedented situation. The plan includes a coherent set of actions to save energy, enhance energy efficiency, diversify and secure energy supplies, boost renewable energy deployment and smartly combine investments and reforms. The Commission proposed the Recovery and Resilience Facility (RRF) as the main instrument to channel financial support from EU funds for REPowerEU through about EUR 225 billion in loans and, in addition, EUR 20 billion in new grants financed via the sale of Emission Trading Scheme (ETS) allowances.

Throughout 2022, DG ENER responded to the energy price crisis by acting immediately to reduce supply risks and curb high energy prices for European consumers and companies. In addition, DG ENER implemented measures to respond to Russia's attack on Ukraine and rapidly reduce Russian gas dependence. The management and response to both crises were fully aligned with our 2050 climate neutrality goals and the European Green Deal and have accelerated the ongoing European energy transition. In 2022 the EU managed to increase its renewable energy production and capacity, reaching a record of 41 GW of new solar energy capacity installed and increasing wind capacity by 16 GW; 39% of EU's electricity came from renewables and, for the first time, more electricity was generated from wind and solar sources than from gas. In 2023, the European Parliament and the Council reached a provisional agreement to raise the binding renewable energy target to at least 42.5% by 2030, up from a 32% target.

In addition to the REPowerEU plan and the Gas Storage Regulation¹, which was the first legislation proposed in response to the crisis in March 2022, the Commission proposed, and the Council adopted in record time several emergency legislative initiatives, under Article 122 of the Treaty on the Functioning of the European Union (TFEU), during the course of 2022 to mitigate the effects of the energy crisis in industry and households. These included the Gas Demand Reduction Regulation², the Regulation to address high energy prices³, the Solidarity Regulation⁴, the Market Correction Mechanism⁵ and the Permitting Regulation⁶. These initiatives helped ensuring security of gas supply by reducing demand for gas by 18% between August

¹ COM(2022)/135 final - Regulation (EU) 2022/1032.

² COM(2022) 361 - Council Regulation (EU) 2022/1369.

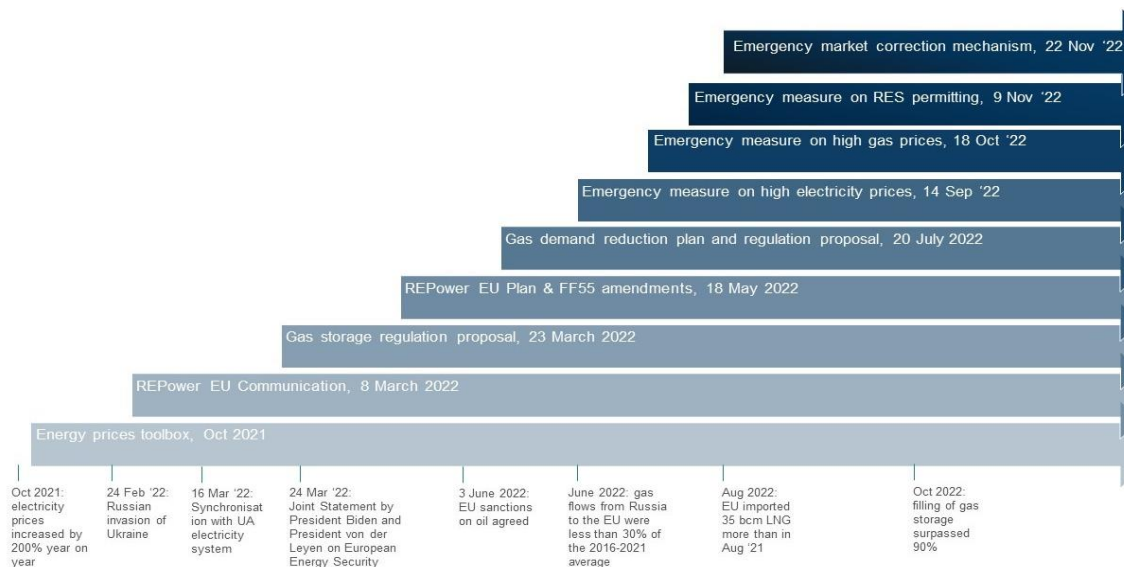
³ COM(2022) 473 - Council Regulation (EU) 2022/1854.

⁴ COM(2022) 549 - Council Regulation (EU) 2022/2576.

⁵ COM(2022) 668 - Council Regulation (EU) 2022/2758.

⁶ COM(2022) 591 - Council Regulation (EU) 2022/2577.

2022 and August 2023 and electricity (during peak hours), and to accelerate renewable energy deployment. They also aimed at redirecting excess profits of energy producers to consumers and industry, reducing excessive price hikes, and strengthening solidarity between Member States so that one steps in when another is at risk of gas supply shortage. Member States decided to pool their demand for gas through the newly created EU Energy Platform⁷ and to make the first steps towards joint purchasing through AggregateEU, the demand aggregation mechanism. The Gas Demand Reduction Regulation has in the meantime been prolonged. Other measures adopted under Art. 122 TFEU have also proved their usefulness in the crisis.



The timeline of the EU response to the energy crisis

Although the main activities in 2022 were linked to the crisis response, DG ENER continued to support interinstitutional negotiations on the ‘fit for 55’ package: **Renewable Energy Directive**⁸, the **Energy Efficiency Directive**⁹, the **Energy Performance of Buildings Directive**¹⁰ (the latter three as amended under the **REPowerEU proposal from May 2022**¹¹), the **Hydrogen and Decarbonised Gas Market Package**¹², the **Methane Emissions Reduction in the Energy Sector Regulation**¹³. Negotiations on these important files have made significant progress in 2022 and have largely already been finalised in 2023: The co-legislators approved a higher renewable energy target and a higher energy efficiency target for 2030. Negotiations on the energy performance of buildings, the hydrogen and decarbonised gas market legislation, and on the methane proposal are ongoing and co-legislators aim at reaching an agreement by the end of 2023. Outside the ‘fit for 55’ package, the

⁷ [EU Energy Platform](#)

⁸ COM(2021)557 final.

⁹ COM(2021)558 final, Directive (EU) 2023/1791

¹⁰ COM(2021) 802 final, negotiations ongoing.

¹¹ COM(2022) 222 final

¹² COM(2021) 803 final, COM(2021) 804 final.

¹³ COM(2021) 805 final.

ongoing work on the proposal for **Ecodesign for Sustainable Products Regulation**¹⁴ is also worth mentioning, where discussions are also ongoing.

15. For the first time, under the 2021-2027 MFF, DG ENER is also implementing part of the LIFE programme within MFF heading 3. What measures are you taking to improve the coordination with DG ENV and DG CLIMA, which are also implementing part of the LIFE programme? (Environment and Climate) (EAC AR 2022, 7.4).

Commission's answer:

As for the measures being implemented to ensure effective coordination with DG ENV and DG CLIMA, the following can be mentioned:

- Monthly coordination meetings between DG ENV, DG CLIMA and DG ENER take place, plus ad hoc meeting if needed. Meetings and close coordination increase on an ad hoc basis to prepare key deliveries, like, for example, the LIFE Multi-Annual Work Programme (MAWP) 2025-2027 and LIFE Programme Committee meetings.
- Coordination meetings between DG ENV, DG CLIMA and DG ENER at manager level take place on ad hoc basis, often on a monthly/two-monthly basis. For example, the last one took place on 25 September 2023 to address the issue of Member States' access to information and another one is planned for 27 October 2023.
- One meeting per quarter of the LIFE Working Group takes place between DG ENV, DG CLIMA, DG ENER and CINEA at manager level.
- Participation to the CINEA steering committee (quarterly), the supervision body of the executive agency where all parent DGs participate, under the lead of DG MOVE.
- Close coordination between the budgetary/finance units takes place, also to optimise overall LIFE budget implementation.
- Finally, daily close dialogue and cooperation between the three DGs, including at DG level, ensuring the services work together as one.

16. The new 'Regulation on the governance of the Energy Union and Climate Action' introduced the requirement for member states to establish 10-year national energy and climate plans (NECPS) outlining policies for 2021-2030 to achieve climate and energy targets (ECA special report on EU Climate and Energy Targets 2023). As part of this action, the Commission monitors progress based on member states' reporting. What are some of the major findings of the Commission? What countries are lagging behind?

Commission's answer:

This year is the first time that the Commission assessed the Progress towards meeting the EU and Member State 2030 targets based on the integrated climate and energy

¹⁴ COM(2022)0142

progress reports submitted by the Member States. The main outcomes of the assessment are contained in the State of the Energy Union and the full assessment is presented in an accompanying staff working document.

The assessment covers in particular:

- progress towards the targets, objectives, and contributions across the five dimensions of the Energy Union
- implementation of Member State policies and measures, their financing, and their impact.

Member States' progress reports and their analysis have fed our assessment of where the Union stands in order to meet its 2030 objectives, including binding Union targets.

This assessment is crucial to take stock of where the EU stands in meeting its 2030 climate and energy ambitions.

Overall, there is positive development on the main goals:

- EU greenhouse gas net emissions decreased by around 3% in 2022, continuing the overall downward trend of the past 30 years.
- The share of renewable energy in gross final energy consumption reached 21.8% in 2021, for an average yearly increase of 0.67 percentage points since 2010.
- In 2021, primary energy consumption in the EU (1311 Mtoe) remained lower than in 2019.
- Member States have made good efforts to increase cross-border electricity interconnectivity.

At the same time, the assessment shows that substantial ambition and implementing efforts are still needed to deliver on the 2030 increased Union's objectives.

The update of the NECPs is crucial to build on the progress achieved so far. Member States now need to reflect a new legislative and policy environment, to ensure that they will achieve collectively the increased ambition through policies that are based on credible and solid Member State planning.

- 17.** In April 2022, the Commission and Member States established the EU Energy Platform with the objective to secure energy supplies for the EU. A new Task Force within DG ENER has worked in close cooperation with member state and industry to strengthen international outreach activities and secure new energy supplies from reliable international partners. What is the progress of this new task force? What steps have been taken to further strengthen close cooperation with member states and industry?

Commission's answer:

The Task Force has worked very closely with the Member States, industry and international partners.

- Firstly, a demand aggregation and joint purchasing platform, AggregateEU, was set up to provide an additional avenue for selling and buying gas complementing usual market mechanisms. Three tendering rounds have been organised in May, June, and September, and one more round is scheduled before the end of 2023. After the first three rounds, more than 44 bcm of gas demand from European companies have been aggregated and more than 52 bcm have been offered by international suppliers. After seeking the most competitive offers, AggregateEU has matched a total amount of 34.78 bcm of gas to cover European demand. Overall, the EU Energy Platform is delivering excellent results in aggregating demand and coordinating the purchase of natural gas and has proofed to attract strong interest from market players.
- Secondly, the Commission is leading an ad hoc Steering Board composed of EU Member States' representatives supervising and providing political guidance to the activities of the EU Energy Platform and AggregateEU mechanism. In addition to the ad hoc Steering Board, the Commission worked with EU Member States through regional groups established to facilitate more efficient usage of gas infrastructure for diversification and to better adapt the EU Energy Platform to regional specificity.
- Thirdly, the Commission had substantial dialogues with European and international companies to facilitate commercial engagements. An Industrial Advisory Group was established with the Commission and work contacts took place with multiple gas exporting companies.
- Fourthly, the Commission has organised several outreach meetings with the international gas suppliers at industry level and also with the gas consuming industry.
- Finally, close talks were engaged with key suppliers of gas at political and senior official level (e.g., EU-US Task Force, Norway, Algeria, Israel and Egypt, Nigeria, Azerbaijan and to a limited extend Pacific region countries). Those efforts also translated into memoranda of understanding (Egypt and Israel, Azerbaijan) and joint statements (US, Norway).

18. DG ENER has contributed to ensuring increased gas supplies from countries such as Norway, US, Azerbaijan and Algeria. The Annual Activity Report for DG Energy states 'though no imminent physical shortage of gas is currently expected, challenges remain because of uncertainty linked to external factors.' Please give more details about the challenges. What are the obstacles?

Commission's answer:

Indeed, the Commission has done multiple efforts to ensure the Security of Supply of gas during the energy crisis, which includes the outreach the third countries among other measures.

For instance, we have closely followed up with the [EU-US Task Force on Energy Security](#) which contributed to achieving in 2022 that the United States exported approximately 50 billion cubic meters (bcm) of liquefied natural gas (LNG) to the EU - up from circa 20 bcm in 2021 (and flows continues in this direction for 2023).

We may have left behind the worst of the crisis, but global markets could remain tight for a few years until new LNG liquefaction capacity comes online, especially in the US and Qatar. In any case, the increase in LNG import capacity in the EU, the demand reduction effort, and the gas storage commitments (among other factors) have significantly improved the outlook for the EU and today under the normal circumstance, gas shortages are unlikely. However, over the course of the summer and autumn, we have seen that any perceived market tightness (e.g., strikes in Australia, longer-than expected infrastructure maintenance in Norway, Balticconnector incident or wider global geopolitical developments) may result in temporary price volatility episodes which are however likely to remain within the ranges observed before the crisis.

However, risks such as unfavourable weather, infrastructure failures, further cut of Russian supply or tightness of LNG supply (especially if they were to materialise at the same time) could tighten the markets and push prices and volatility up again, but unlikely to the level observed in 2022.

Energy crisis is not over. The recent episodes of significant volatility in summer 2023 and again in early October on the back of the Middle East crisis and the Balticconnector accident show that markets are still nervous and tend to overreact even to relatively small shocks in demand or supply globally. We must stay vigilant. Steady demand reduction efforts, orderly and progressive reconstitutions of gas storage stocks, and continuous diversification effort will be key to avoid price spikes. But unless major unlikely disruptive geopolitical or infrastructure events happen (e.g., serious aggravation of current war conflicts), the price storms seen in summer 2022 should not be coming back.

19. In your Annual Action Report, you state that DG Energy's priority action since the energy crisis that unfolded in 2022 was to enhance EU preparedness to Russian gas supply disruptions. What measures have you taken to make sure that other DG Energy priorities are not overshadowed by this priority?

Commission's answer:

In 2022, DG ENER contributed to turn the crisis into an opportunity to accelerate the clean energy transition, which is aimed at making Europe the first climate-neutral continent by 2050.

While engineering recovery from the crisis and directing further investment towards the objectives of the European Green Deal, DG ENER put several legislative actions in motion to advance on the clean energy transition and its increased climate objective

for 2030. In July and December 2021, the Commission proposed the ‘fit for 55’ package, a set of proposals to revise and update EU energy legislation. It included, inter alia, proposals on the Renewable Energy Directive¹⁵, the Energy Efficiency Directive¹⁶, the Energy Taxation Directive¹⁷, the Energy Performance of Buildings Directive¹⁸, the Hydrogen and Decarbonised Gas Market Package¹⁹, the Methane Emissions Reduction in the Energy Sector Regulation²⁰, a Social Climate Fund²¹ and several other proposals. Negotiations on these important files have made significant progress in 2022 and have largely already been finalised in 2023.

In 2022, the co-legislators approved a higher renewable energy target and a higher energy efficiency target which was proposed by DG ENER as part of the crisis measures to accelerate the clean energy transition.

DG ENER together with other Commission services led the EU response to the energy crisis and, in May 2022, adopted the REPowerEU plan²², including a strategy on external energy engagement²³. While the ultimate goal was to end dependency on Russian fossil fuel imports at the latest by 2027, the Plan had the objectives to save energy and address high energy prices, to diversify energy supply and to accelerate further the clean energy transition – which are all DG ENER priorities. Therefore, DG ENER priorities were not overshadowed by the security of supply needs which is also a key priority, but on the contrary all the actions taken were in line with DG ENER strategic priorities and those indicated in the mission letter of Commissioner Simson which have now been largely fulfilled. It’s safe to say that the energy crisis in fact has been accelerating Europe’s green transition.

¹⁵ COM(2021)557 final.

¹⁶ COM(2021)558 final, Directive (EU) 2023/1791

¹⁷ COM(2021) 563 final.

¹⁸ COM(2021) 802 final, negotiations ongoing.

¹⁹ COM(2021) 803 final, COM(2021) 804 final.

²⁰ COM(2021) 805 final.

²¹ COM(2021) 568 final, adopted Regulation (EU) 2023/955.

²² COM(2022) 230 final.

²³ JOIN(2022) 23 final.