



REPowerEU Plan and

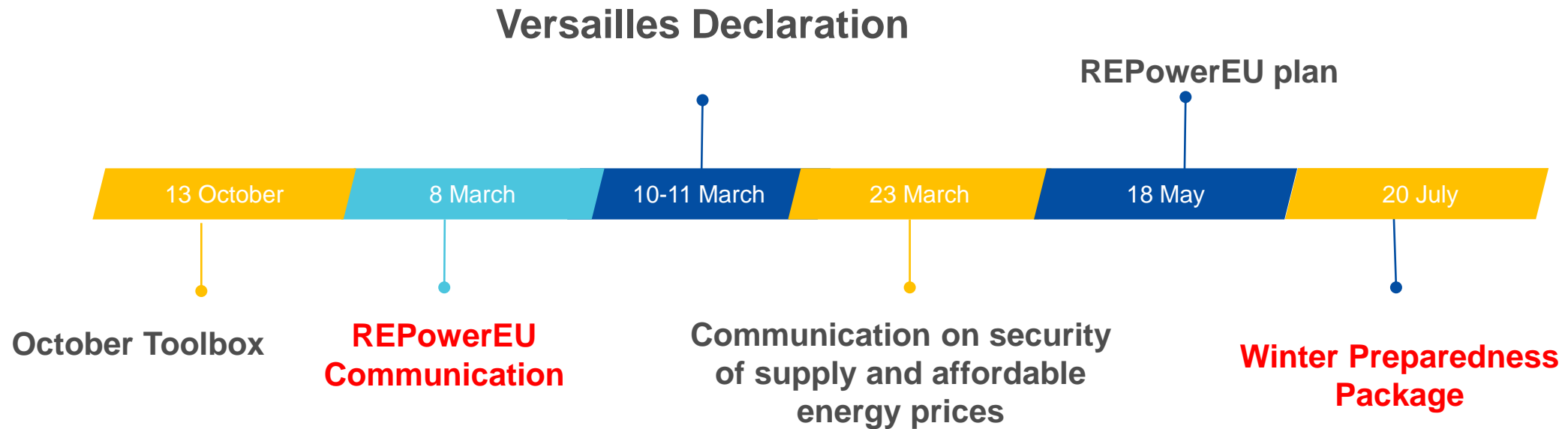
European Gas Demand Reduction Plan

REKK Regional Energy Policy Forum

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Budapest, 13 September 2022

Timeline



Dependence on Russian gas supply



Source: ENTSOG

New geopolitical and energy market realities

Urgency to transform Europe's energy system so that we:

- end the EU's **dependence on Russian fossil fuels**, used as an economic and political weapon
- accelerate our **clean energy transition**
- tackle the **climate crisis**

85% of Europeans believe that the EU should reduce its dependency on Russian gas and oil as soon as possible.

REPowerEU Plan

- A roadmap to reduce the dependence on Russian fossil fuels and fast forward the energy transition
- Based on **3 pillars**:



Energy saving and energy efficiency



Massive acceleration of investment in renewables

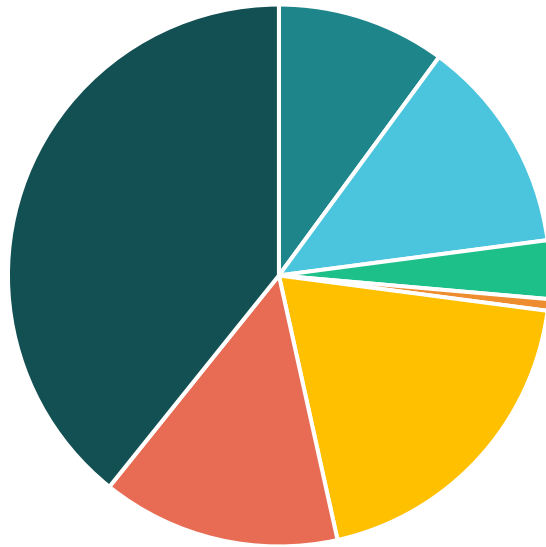


Diversification of our energy supplies



Financing REPowerEU

€210 billion by 2027



- Power grid
- Increase biomethane production
- Import sufficient LNG and pipeline gas
- Security of supply
- Energy efficiency and heat pumps
- Adapting industry to use less fossil fuels
- Renewables and key hydrogen infrastructure

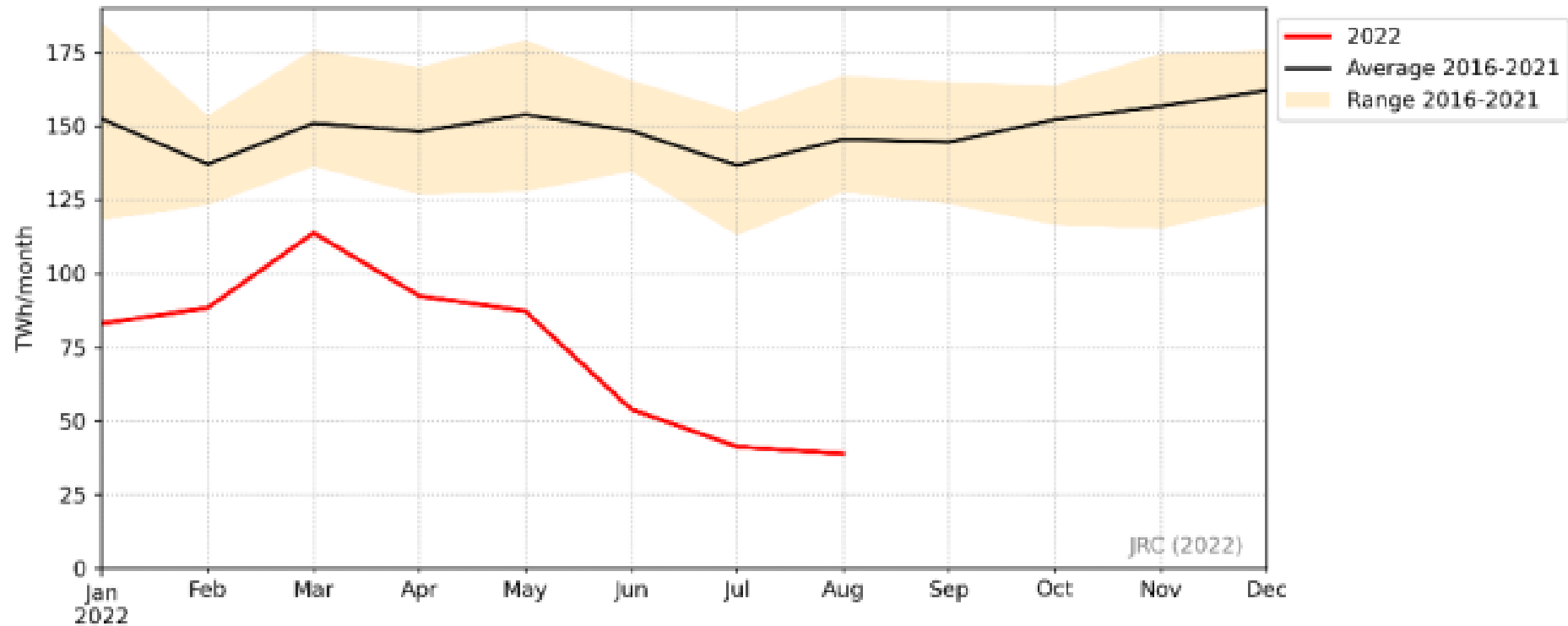
- Additional investments of **€210 billion** are needed between now and 2027 to phase out Russian fossil fuel imports.
- The **Recovery and Resilience Facility** is at the heart of the REPowerEU, investments and reforms are needed.
- Other sources of REPowerEU financing include: Cohesion Policy funds, European Agricultural Fund for Rural Development, Connecting Europe Facility, Innovation Fund, etc.

Winter Preparedness Package

Save gas for safe winter

Why a “safe winter” package ?

Pipeline flows from Russia



Reduction required – disruption as of 1 July

Aug-Mar Demand (8 months, avg. last 5 years)	Demand Reduction required	Trajectory since early '22 (high prices, early savings)	GAP to be covered	Storage Filling levels	Comments
300 bcm	- 10% = 30 bcm	15 bcm (-5%)	15 bcm (-5%)	71% in Oct '22 0% in Apr '23 41% in Oct '23	<ul style="list-style-type: none"> • Average winter • Storage in April '23 is empty • LNG at max. capacity • 13 bcm can be saved by EU Save Plan
300 bcm	- 15% = 45 bcm	15 bcm (-5%)	30 bcm (-10%)	71% in Oct '22 15% in Apr '23 56% in Oct '23	<ul style="list-style-type: none"> • Cold winter OR non-depleted storages • LNG at max. capacity • 13 bcm can be saved by EU Save Plan • Higher impact on industry

See ENTSOG yealy outlook published on 27 July

Gas Demand Reduction Regulation

- Art. 122 TFEU => crisis measure, exceptional and extraordinary, solidarity-based, time-limited

New **obligations** *before* alert declaration

- Demand reduction: **voluntary**, but early efforts as of 1. August count
- Free choice of measures (prioritise measures that do not affect protected customers)
- **New coordination** obligations
 - Emergency plan update by 31.10.2022
 - Reporting on Demand Reduction to COM every 2 months
 - GCG/risks groups to assist with monitoring

EU Alert declaration

- **Commission: Proposal => Council: Adoption** (Council Implementing Act; fast)
- **Trigger:**
 - COM assessment: “alert situation” based on Gas Security of Supply Regulation
 - **or five or more Member States** who have declared alert request proposal (no discretion for Commission *to submit proposal* in this case)
- **Effects:**
 - Triggers **demand reduction obligation** and **enhanced coordination & reporting**
 - No interference with national crisis levels under SOS-Regulation => complements SOS-Regulation, does not substitute it
 - EU alert does not trigger national alerts; does not disappear in case of emergency

Exemptions & possible derogations

=> Address differences between Member States (proportionality)

- **Exemptions**: Baltics in case of **desynchronisation, islands**
- **Derogations** (Member States *may* limit reduction – no automatism):
 - Storage obligation over-fulfilled
 - => Reduction of *Reference gas consumption (not of demand reduction)* by ‘excess’ volume
 - Feedstock reduction
 - => Reduction of *Reference gas consumption* by volume of feedstock
 - Limited interconnection reduction
 - Export capacities < 50% of consumption
 - Use for export maximized (90% use unless no demand)
 - Electricity crisis reduction
 - => Reduction to level necessary to ensure security of supply

Thank you for your attention!