



EUROPEAN COMMISSION
Office of the President Ms Ursula von der Leyen

Head of Cabinet

Brussels, 19.08.2022
Ares (2022) 3577580

Dear [REDACTED],

On behalf of President von der Leyen, I would like to thank you for your letter and its annex that we have carefully read.

From the first day of Russia's barbaric aggression of Ukraine, the European Union and its Member States stood firmly with Ukraine and the Ukrainian people, with concrete assistance on several fronts.

On 18 May 2022, the Commission published the REPowerEU plan to make Europe independent from Russian fossil fuels as soon as possible and well before 2030. The main strands of action under the plan are: saving energy by promoting energy efficiency and enhancing preparedness; diversifying energy supplies; quickly substituting fossil fuels by accelerating Europe's clean energy transition; and smartly combining investments and reforms.

REPowerEU is part of the European Green Deal and builds on the Fit for 55 legislative proposals tabled last year actually increasing and accelerating some of its goals. It proposes a legal amendment to raise the 2030 targets therein for energy efficiency and renewable energy to 13% and 45% respectively, precisely to counter the specific impact from a swift transition away from Russian fossil fuel imports.

As you flag in your letter, the potential for energy efficiency and electrification for households and industry is significant. The Commission published guidance to Member States on renewable energy and power purchase agreements (PPAs) to support such electrification as well as hydrogen uptake. The Innovation fund will double its 2022 funding for a large-scale call to around EUR 3 billion, with specific REPowerEU windows that will, for instance, support increased electrification and hydrogen use, notably in industrial processes, allowing a switch away from natural gas to renewables and the transition to hydrogen-based production processes in new industrial sectors such as steel-making. Later, we plan to also develop contracts for difference in this context.

To enhance industry's contribution to REPowerEU and reinforce its competitiveness, the Commission will intensify work on the supply of critical raw materials and prepare a legislative proposal, as well as continue its work on the Circulation Economy Action Plan.

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E-mail: [REDACTED]

Commission européenne/Europese Commissie, [REDACTED]

With regard to your concerns about an inclusive and fair transition process, let me stress that the Just Transition Pillar of the European Green Deal is at the centre of the EU decarbonisation effort and is a key tool to ensure that the transition towards a climate-neutral economy happens in a fair way, leaving no region, no community and no citizen behind. This includes legislative initiatives to address energy poverty and financial support to the most affected regions, in particular coal regions in transition, through the Just Transition Mechanism. The Commission also proposed a Social Climate Fund to provide financing for energy poverty.

With regard to training schemes, the Solar Strategy includes an EU large-scale skills partnership to develop the necessary skilled workforce to produce, install and maintain these panels. Similarly, the new REPowerEU chapter of the Recovery and Resilience Plans supports an accelerated requalification of the workforce towards green skills, as well as support of the value chains in key materials and technologies linked to the green transition.

Regarding the funding and financial incentives, the Commission's analysis indicates that REPowerEU entails additional investment of EUR 210 billion between now and 2027, on top of what is needed to realise the objectives of the Fit for 55 proposals. Such investment will have benefits. Implementation of the Fit for 55 framework and the REPowerEU plan will save the EU EUR 80 billion in gas import expenditures, EUR 12 billion in oil import expenditures and EUR 1.7 billion in coal import expenditures per year by 2030.

The REPowerEU objectives can be financed through a mix of national and EU funding sources as well as private funding. At EU level, the Recovery and Resilience Facility (RRF) is at the heart of the REPowerEU Plan implementation. Already, EUR 225 billion in loans is available to help finance REPowerEU objectives and may be requested up until 31 August 2023. In addition, it is proposed that the RRF financial envelope will be increased by EUR 20 billion, financed from a limited amount of auctioning of Emission Trading System allowances currently held in the Market Stability Reserve, without negatively impacting the long-term environmental goal of the Emission Trading System.

The Commission will also offer higher flexibility for Member States to transfer resources to the RRF from other funds.

Member States can consider taxation measures to incentivise energy savings and reduce fossil fuels consumption. The Commission will also work closely with the European Investment Bank, other implementing partners of the InvestEU Programme and Member States to accelerate lending, blending and advisory products for renewables, energy efficiency and electricity networks. Under the Connecting Europe Facility – Energy (CEF-E) – the Commission launched a new call for proposals for Projects of Common Interest with a total estimated budget of around EUR 800 million.

The Commission values your support and wishes to continue the constructive cooperation for the benefit of the citizens and the economy.

Yours sincerely,

