

DG GROW
Meeting with Eurelectric
23 June 2021

Name of Cabinet Member: Joan CANTON

Name of the Director who has cleared the briefing:

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Main contact person: [REDACTED] (GROW.I3, [REDACTED])

MINI BRIEFING

[Scene setter/Context of the meeting/ Objective of the meeting:](#)

This is a meeting with [REDACTED], Eurelectric [REDACTED] (electric sector association), [REDACTED] [REDACTED] Electrica (an electricity distributor and supplier in Romania), and [REDACTED] E.O.N (an international supplier of gas and electricity).

They will explain how they mobilise the power sector to make the European Green Deal a reality, with the help of renewable and carbon-neutral electricity. They have sent Eurelectric's recommendations on making EU's industry "Fit for 55" with the power sector as a key enabler. Their main points are:

1. Promote the Green Deal as a social, industrial and strategic opportunity for all Europeans;
2. Drive an affordable low carbon electricity for EU citizens, making CO2 the new EU currency;
3. Ensure that the full range of technologies contributes to cost-effective carbon neutrality;
4. Show the resilience and flexibility of the power system as key asset for the Green Deal.

This meeting is an opportunity to hear their suggestions and present DG GROW's actions in supporting decarbonisation efforts.

KEY messages

- The Climate law and its “Fit for 55” package are at the heart of the European Green Deal, the new growth strategy for Europe.
- With the Industrial Strategy Update, the Commission proposes new measures to support the green and digital transitions.
- Energy intensive industries (EII), such as steel, will require a particular focus on decarbonisation and technology upgrading.
- All these efforts require important investments in means of production, research and innovation, and new infrastructure.
- We want a modern and competitive European industry, acting as a key enabler for a sustainable and inclusive economic growth.

Defensives / Q&A

How to make the EU electricity sector attractive for investors building on well-functioning open energy markets?

- To attract investments in low-carbon sectors, there are several possibilities in EU funding, including Horizon Europe, the Innovation Fund, the Recovery and Resilience Facility, and a range of EU state aid instruments, falling under environmental and energy guidelines and projects of Common European Interests (IPCEIs).
- In particular, a large number of EU member states are currently preparing an IPCEI for clean hydrogen. Industrial alliances are already giving results in the field of batteries and raw materials.
- Financial frameworks and concrete alliances are good opportunities to co-create decarbonisation initiatives, in partnership with industry, public authorities, social partners and other stakeholders.

Important policy initiatives such as the revision of the EU Emissions Trading System (EU ETS) and the creation of a CBAM (Carbon Border Adjustment Mechanism) are under discussion within the Commission. What will be their impact on supporting and decarbonising industrial sectors?

- The financial value of free allowances is a very important consideration for energy intensive industries. Regarding steel, the industry indicates that it amounted to around 3.66 billion euros in 2019. On the other hand, the cost of purchasing allowances that are auctioned has an impact on the margins of the sectors concerned.
- Therefore, the transition to a stricter ETS will have to allow for gradual adaptation. The implementation of other instruments such as the CBAM will have to be done in coordination with the ETS. To decide on the different policy options, we will need to maintain the current level of protection against carbon leakage in our industries without compromising the EU's environmental objectives.

Background information

The Union of the Electricity Industry – Eurelectric is the sector association representing the interests of the European electricity industry at pan-European level. They represent the power sector in over 30 European countries, speaking for more than 3,500 companies in power generation, distribution and supply.

By mid-July, the Commission will unveil the '**Fit 4 55**' legislative package with the most important laws to achieve our climate goal. The initiatives of the package are the following:

- Revision of the **EU Emissions Trading System (ETS)**
- **Carbon Border Adjustment Mechanism (CBAM).**
- **Effort Sharing Regulation (ESR).**
- Amendment to the **Renewable Energy Directive (RED).**
- Amendment to the **Energy Efficiency Directive (EED).**
- Revision of the Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and **forestry (LULUCF).**
- Reducing **methane emission in the energy sector.**
- Revision of the **energy performance of Buildings Directive (EPBD).**
- Revision of the **Third Energy Package for gas.**
- Revision of the **Energy Tax Directive.**
- Revision of the directive on **deployment of alternative fuels infrastructure.**
- Revision of the regulation setting **CO2 emission performance standards** for new passenger cars and for new light commercial vehicles.