

Minutes on the meeting with SustainablePublicAffairs, SSAB and KREAB

10/03/2022 16:00-16:30 (online/ webex)

Participants

- [REDACTED] – [REDACTED], SSAB
- [REDACTED] – [REDACTED] at KREAB
- [REDACTED] – [REDACTED] #SustainablePublicAffairs
- [REDACTED] – [REDACTED] at #SustainablePublicAffairs
- [REDACTED] – [REDACTED] at #SustainablePublicAffairs

Participants from the European Commission

- Sarah Nelen
- Antoine Colombani
- Joan Canton
- [REDACTED]

[REDACTED] explains that he would like to touch upon three topics:

1. SSAB new strategy to cut emissions
2. The upcoming visit of EVP Timmermans to Sweden this March
3. The Commission's communication on energy security and repower EU

SSAB took the decision to transform their whole production process. They want to phase out blast furnaces and entirely replace them with electric arc furnaces by 2030. Moreover, they plan on expanding and building two new steel mills. That way they can save up to 8 million tons of CO₂.

The Board has pushed this plan. The goal is to get rid of almost all emissions by around 2030.

There are two important drivers: 1. First results using HYBRIT are promising. This value chain approach was presented at COP26 and raised interest of competing steel producers. They want to follow suit. Using this approach, SSAB managed to develop one out of the seven selected projects for funding of the Innovation Fund. 2. When SSAB started in 2016, they were unsure about sufficient demand for fossil free steel. This has shifted, as there is great interest now and customers start to ask for large volumes of this steel. Even after the expansion of the production facilities, demand will exceed supply.

SSAB presented their transformation plan to market players and investors. They are proud that the necessary investments can be financed without state aid. They stress the importance of state aid for research and development and the need to scale up renewable electricity generation, as this is decisive for the speed of the transformation.

SSAB is looking forward to the visit of EVP Timmermans in Sweden later this month. They highlight their readiness to support on outstanding issues regarding the trip.

Sarah Nelen thanks for the good overview and communicates her appreciation of the high ambition. She will relay this information also to the responsible colleagues.

raises a question on hydrogen. Does the commission plan a shift to fossil free hydrogen or will blue hydrogen still play a role? What are the implication on forthcoming policies?

Sarah Nelen explains that the Commission's line of its July 2020 Communication is still valid, but that the transition needs to be accelerated. The end goal is renewable hydrogen, but there is room for low carbon/blue hydrogen in the transition process.

highlights that the focus needs to be set on hydrogen that can achieve climate neutrality. He explains that there is an issue in getting enough renewable energy projects started. Permitting is one of the bottlenecks here. He asks for ideas on how to overcome this issue and how to deal with local opposition to renewable energy projects.

Sarah Nelen explains that the Commission will not be able to solve every local issue but the right signals can help the upscaling.

welcomes these signals. Permits for renewable energy plants will decide the pace for the transition. Are there any implications on the Fit for 55 ambition in light of the current situation? SSAB strongly supports this package and a strong price signal. They fear a backlash.

Sarah Nelen explains that the current crisis has an impact but that the aim is to anchor the green deal in the measures set to overcome the situation. Similarly, the RRF intends to boost the economy after the covid crises in a more sustainable way. Now energy dependency needs to be reduced and renewable energy needs to be expanded. Circular economy plays a crucial role in providing critical raw materials. In some Member States, high gas prices provoked critical discussions about the CO2 price, but the Commission reacted analytically and provided correct figures to clarify the situation.

Joan Canton also underlined the need to accelerate the green transition. The question is how to facilitate that. RePower EU is highly ambitious, but it is direly needed. What are possible bottlenecks?

: SSAB is an important player in Sweden but on an international scale, it plays only a minor role. For him the main issue concerns renewable electricity. The supply of the right amount of renewable electricity, at the right time and the right location is essential. SSAB asks for incentives to encourage a shift in technology. Almost green should not be considered sustainable.

stresses that companies suffer from high energy prices, but that this can also present an opportunity. State aid needs to be used wisely to avoid lock-in effects in old technologies.

Antoine Colombani explains that the commission will seek dialogue before taking the decision on state aid. All Member States can express their views. Temporary interventions might be justified by the economic disruption and the resulting struggles of companies, but no decision has been taken.

Regarding CBAM there is a strong willingness in Council to make progress. This is linked closely to the ETS proposal, where the phase in of CBAM and the phase out of free allocation will be discussed. In the Commission's proposal this will happen gradually to ensure companies have enough time to adjust. Companies will also lose their export advantages. It is essential to ensure WTO compatibility. The Commission's proposal was carefully calibrated in this respect.