

Briefing for Director-General Juul Jørgensen

PODCAST RECORDING AND PANEL DISCUSSION: BUILDING A TRANSATLANTIC CLEAN ENERGY ECONOMY

Request (ENER/7807)

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SCENE SETTER

Who	<p>First, you will do a 30-minute podcast recording with Dr. Joseph Majkut, Director of the CSIS Energy Security and Climate Change Program, who will moderate the conversation.</p> <p>Afterwards, you will take part in a private roundtable on building a transatlantic clean energy economy.</p> <p>Alongside you, will be:</p> <ul style="list-style-type: none">• Amb. Geoffrey Pyatt, Assistant Secretary of State for Energy Resources, U.S. Department of State,• Andrew Light, Assistant Secretary for International Affairs, U.S. Department of Energy.• Bélen Martínez Carbonell, <i>EEAS Acting Deputy Secretary General</i> <p>Dr. Joseph Majkut will moderate the conversation.</p> <p>This event is organised by the Center for Strategic and International Studies (CSIS) Energy Security and Climate Change Program (with support from the US Department of State).</p> <p>This roundtable will be held under <u>Chatham House rule</u>.</p>
When	14 March 2024, between 14:00-15:15
Where	The Center for Strategic and International Studies 1616 Rhode Island Washington, DC 20036Ave NW
Why	Your main objectives are to highlight the European Union as an excellent place to invest in for clean energy technologies.
Topics	<u>Podcast:</u> EU-US Energy Council, support for Ukraine, EU-US cooperation on energy security, working with the private sector, clean energy transition.

Roundtable:

- Session 1 topic: **Transatlantic cooperation to reduce emissions from traditional fuels.**
- Session 2 topic: **Maintaining competitiveness in clean energy technologies.**

The roundtable is followed by a Q&A.

TOP LINE MESSAGE

- **The EU is open for business and we are making it easier and better than ever before with the Net-Zero Industry Act and the Critical Raw Materials Act.**

KEY MESSAGES FOR THE PODCAST

EU-US Energy Council: what are you hoping to discuss?

- **Last Ministerial (11th) of these two administrations – critical to take stock of the work and anchor joint priorities going forward.**
- **Agenda topics include: energy security, Ukraine, Moldova, the Western Balkans, and accelerating the clean energy transition. All of this reflects Working Groups and joint EU-US priorities.**
- **Looking forward to fruitful discussions.**

Energy Security: The US and EU have worked together over the last 2 years to protect Europe from an ongoing crisis. Europe has largely avoided the averted worst-case scenarios. As we move into the 3rd year, what are the next areas to focus on?

- **Thanks to the US, Europe has averted an energy crisis = no black outs despite high prices. US is now the EU's main LNG supplier, but second gas supplier after Norway – with +56 bcm exported in 2023.**
- **The priorities going forward are: continue ensuring energy security through LNG exports, “cleaning up” the gas market, and accelerating the clean energy transition globally.**

Ukraine: What are the immediate concerns for Ukraine, particularly the electric power sector? How is the Council working with allies in the region to alleviate stress on the energy sector?

- **Russian attacks on the electricity grid and civilian infrastructure are deplorable. Air defence system are critical, but also emergency and repair equipment, such as generators and spare parts.**
- **Expiry of the Russia-Ukraine gas transit agreement and loss of revenues = no SoS concerns. Important to monitor this.**
- **The EU will continue to support Ukraine for as long as it takes.**
- **Total EU support to Ukraine since the beginning of the Russian aggression amounts to more than EUR 88 billion. On 1 February, the EU Leaders agreed, on the Ukraine Facility, which is worth up to EUR 50 billion.**

US LNG imports: Natural gas/LNG from the United States and increased renewables played a large part in providing additional energy security during those pivotal months. How are the United States and EU planning the next steps together to continue to balance energy security concerns while ensuring progress on the energy transition?

- **EU is on a clear path to climate neutrality. EU will continue importing US LNG – key part of our energy mix going forward.**
- **If all regulation is implemented, the EU will decrease its gas demand significantly by 2050.**
- **EU and US are also working on joint priorities ahead of COP29: global pledge on tripling RES and doubling EE, and methane emissions - co-leading Global Methane Pledge.**

Private sector: Working with the private sector is integral to developing and expanding the deployment of key energy technologies like hydrogen, storage, electric vehicles etc. How does the council coordinate and share information with industry leaders.

- ***We meet with industry leaders bilateral and also coordinate among ourselves.***
- **Highlight the work strand on CRMs/lithium – we are conducting joint engagement with industry: two workshops are being planned.**
- **Looking to build a green transatlantic marketplace for clean tech and CRMs. EU and US working together on this.**
- **We have the same goals, but there are irritants such as the IRA.**

Transatlantic energy cooperation: The council's work on promoting energy diversification has been key to that progress. Moving forward, what are the areas on the trade agenda that can help foster greater collaboration on clean energy innovation?

- **Critical energy transition minerals are becoming increasingly important. This is an emerging work strand in the Council, but mainly for the Minerals Security Partnership.**

ROUNDTABLE OPENING REMARKS

(1-2 min maximum)

- The success of the clean energy transition requires the EU and US to deepen cooperation across and scale up their net-zero industries.
- The EU is open for business and making it easier than ever before with the Net Zero Industry Act and the Critical Raw Materials Act.
- EU wants to engage more with industry. Industry is key to scaling up and accelerating the global clean energy transition. There are enormous business opportunities.
- Today, we want discuss challenges faced by industry in terms of transatlantic investments, what opportunities need support, and areas public-private partnerships will yield strong results for our energy transition goals.

KEY MESSAGES FOR TOPIC 1: Transatlantic cooperation to reduce emissions from traditional fuels

- **Europe weathered energy crisis**, largely thanks to the United States. Since 2022, **the US has become the EU's top LNG provider and second gas provider altogether after Norway**. The EU imported 56.2 bcm of US LNG in 2023, up from 50.2 bcm in 2022, and accounted for nearly half of all US exports.
- On the home front, **the EU continued accelerating its clean energy transition with REPowerEU and deployed a record 73 GW of renewables** last year, which **displaced more than 13 bcm of gas imports**.
- Our total **consumption of gas went down from 350 bcm (2022) to 295 bcm (2023)** thanks to additional **demand reduction** and the **deployment of energy efficiency measures**.
- Thanks to US LNG, we reached a record **99% gas storage level in November**, and **storage is still quite full now**. There are **no immediate concerns on our energy security**. +15% mandatory savings renewed.
- **The EU will continue importing gas in the future**, notably US LNG, albeit in **gradually decreasing volumes**. This puts the EU in a position to choose the **“cleanest gas” available on the market**. With its 2040 targets, the Commission recommended reducing the EU's net greenhouse gas emissions by **90% by 2040** relative to 1990.
- **AggregateEU** has been a **major success**, with more than 42 bcm in EU gas demand matched up. In 2023, **182 companies** of various sizes and from different sectors decided to subscribe to AggregateEU.
- Building on this success, a new **mid-term (5-year) product** was launched on 15 February 2024, with the next round planned for September.
- **The EU co-leads Global Methane Pledge with the US**, is major donor to two implementing bodies of the GMP (**International Methane Emissions Observatory and Climate and Clean Air Coalition**).

- Co-leading with the **US DoE** the **International Working Group on Measuring, Monitoring, Reporting and Verification (MMRV)**. Working to ensure that does not allow stratification (sell the dirtier gas domestically and export the “cleaner” gas); that **OGMP 2.0 remains at core**; and that remains robust [mass-balanced] system.
- **EU Methane Regulation**: Beginning bilateral outreach on implications of EU Methane Regulation to partners most likely to be affected by its external elements, namely **2027 MRV requirement and 2030 Methane Performance Standard**.

KEY MESSAGES FOR TOPIC 2: Maintaining competitiveness in clean energy technologies

- The **Net Zero Industry Act** aims at **enhancing innovating and scaling up the manufacturing capacity of clean energy technologies**, with the aim of ensuring that 40% of needs are met by domestic production.
- It will **streamline permitting processes** for net-zero technology manufacturing projects, ensure **access to market and finances**, and help **upskill the workforce = create a favourable business environment with a lot of demand.**
- **The EU has sectoral responses.** For example, the main goal of the Commission's **Wind Power Package** is to **support the strategic European wind industry.**
- By 2030, wind energy is expected to supply a third of the EU's electricity. We need to **multiply our wind generation capacity by 2.5 over the next years.** We are already installing record numbers, but we need to accelerate further.
- To scale up industry and create good conditions, the **EU also needs steady and cheap access to energy** and **critical energy transition minerals.**
- **US plays a special role:** the key ally in both regards by ensuring **global security**, welcome our joint work under the **Minerals Security Partnership.**
- But we also face challenges: **IRA poses a challenge** for the EU economy. Important to work on **Transatlantic Green Marketplace.**
- **At the same time, China has a dominant position** on climate and clean energy technologies, but **distorting global level playing field and applying unfair business and trade practices.**

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3. China controls 80% or more of the processing for lithium, cobalt, copper, rare earths and graphite. How is Europe responding?

- **Critical energy transition minerals** are integral to the production of **solar panels, wind turbines, batteries** for energy storage, and **electric vehicles**.
- We adopted a **Critical Raw Materials Act** to strengthen the EU's critical raw materials capacities along all stages of the value chain.
- It will also increase our resilience by **reducing dependencies**, increasing **preparedness**, and **promoting supply chain sustainability** and **circularity**.
- The Act sets **benchmarks** for strategic raw materials **by 2030**:
 - Union **extraction** capacity of at least **10%**.
 - Union **processing** capacity of at least **40%**.
 - Union **recycling capacity** of at least **25%**.
 - **Not more than 65%** of the Unions annual consumption originates in a **single third country**.

- **Strategic partnerships** with like-minded third countries of all continents – including in formats such as the **Minerals Security Partnership** launched with the US – are thus a core part of our efforts.
- Towards China, **decoupling is not our policy** – with a partner as important as China, which is now our most important trading partner in terms of imports of goods, **de-coupling is neither feasible nor desirable**.

4. All: Are attacks on the Red Sea having a wider impact on the risks associated with global trade?

- **We are closely monitoring the maritime situation in the Red Sea.**
- **15.5 Mt of LNG were shipped through the Red Sea to Europe in 2023.** This represented 12,9% of Europe's LNG supply.
- Several majors (e.g. Equinor, BP) temporarily stopped shipments through the Bab el-Mandeb Strait. So far, the situation has had **no material impact on the EU's energy security**.
- **Re-routing the vessels through the Cape of Good Hope adds around 12.5 days**, which entails an additional 15-20 vessels to fill the gap.
- Ensuring **maritime security through the Suez Canal** remains key for oil and LNG trade, diversification, and optimisation of energy supply routes, and to ensure much needed revenues for Egypt at a very difficult juncture for its economy.
- We count on continued strong cooperation with the US both as a trusted and reliable LNG supplier to overcome logistical disruptions.