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How to repower the EU?

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What is E3G?



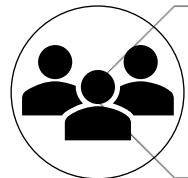
What: [E3G](#) is an independent climate change think tank.



Mission: To accelerate the transition to a climate safe world.



Where: London, Brussels, Berlin, Dublin and Washington D.C. and staff in seven other countries worldwide.



How: We deliver outcomes through coalitions with partners in government, politics, NGOs, science & media.



Funding: Primarily from philanthropic foundations.

Some recent paradigm shifts

- **Decisive and quick EU response**, beyond expectations:
 - Sanctions both structural as well as personal, including unprecedented ones
 - Internal mis-alignment rapidly overcome
 - Alignment beyond the “usual” allies (e.g. Japan, Switzerland)
- **Shifts in traditional doctrines / positions:**
 - Seismic shifts in Germany’s foreign, climate, energy, fiscal policies
 - Sweden and Finland discussing possibility of joining NATO
 - Discussions on EU Membership special procedure (unlikely)
- **Shifts in political priorities & narrative.** Security is top of EU political agenda. Climate/energy just behind (EGD no more about *recovery* but all about *security*), alongside economic situation. Migration measures also expected to rank high:
 - Political (and meetings’) agenda reshuffled
 - Timeline on EGD/FF55 seems less impacted than anticipated for now
 - Emerging, opposing narratives of accelerating EGD/FF55 and revising energy transition/coal and nuclear-phase outs on EU and national level



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Changing energy landscape

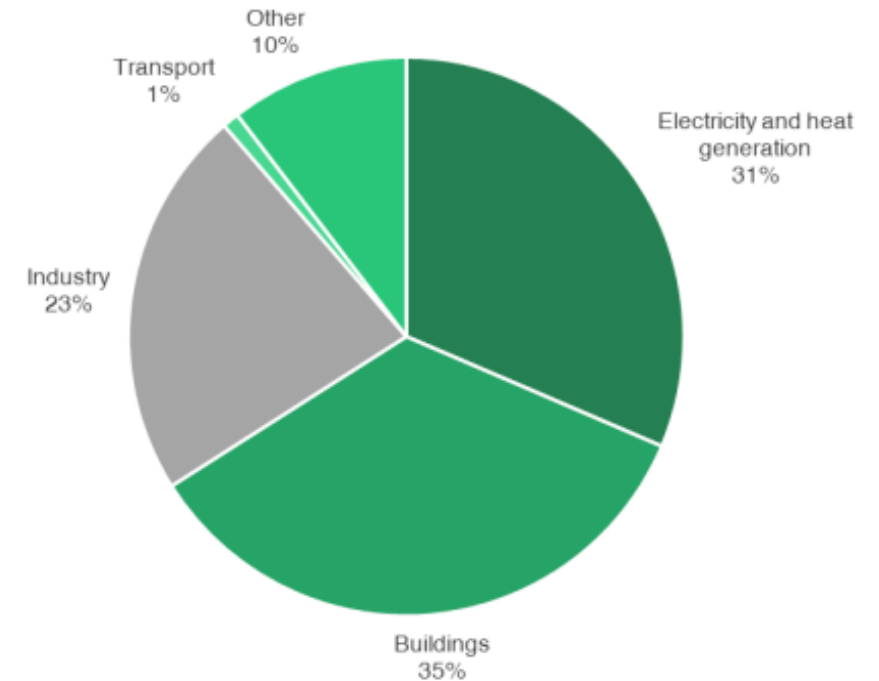
Top priorities are:

- Understand how to quickly cut EU's dependency on Russian gas imports with as little disruption as possible
- Strengthen EU's energy system and geopolitical resilience both in short & long terms

Responses so far have put EU Green Deal as part of solution. But:

- **Serious lack of urgency and over-focus on diversification of supply** -> "short sighted" responses risks to be too little, too late and eat up funding for more effective measures
- **Underestimating the potential of demand-side & energy efficiency** -> Compared to previous crises (2009, 2014) the EU has a much broader range of response measures available. Clean solutions are now mature and have become mass markets.
- Too little attention to social impacts (esp. on low income households) so far

2020 GAS CONSUMPTION BY SECTOR (EUROSTAT)



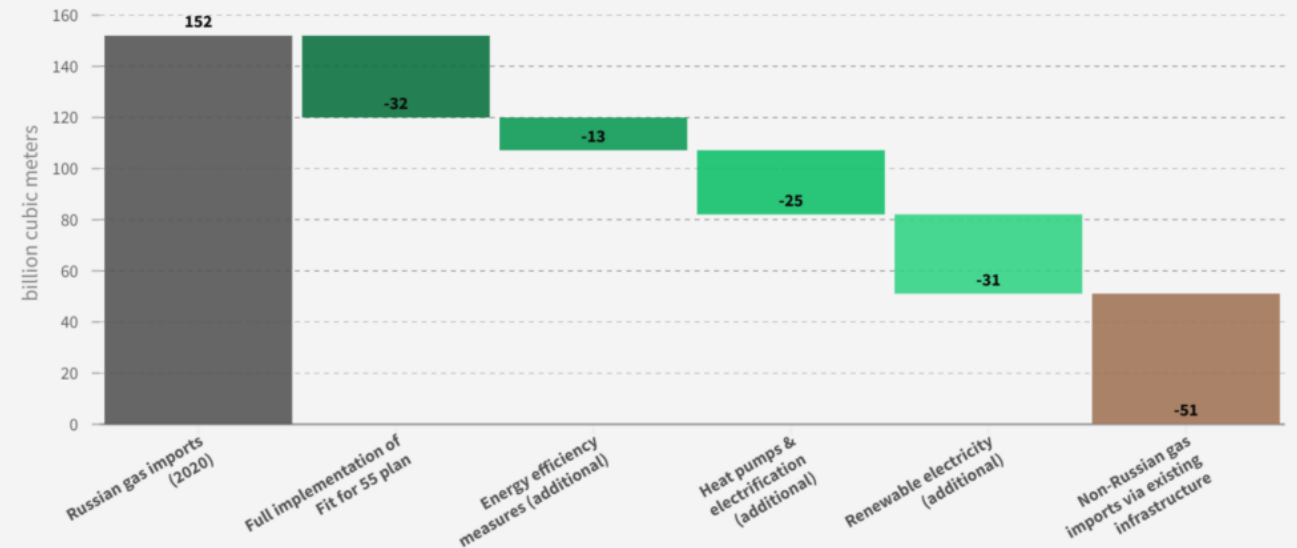
Russian gas imports can stop by 2025

New [joint analysis](#) by E3G, Bellona, Ember, and Regulatory Assistance Project shows that:

- Clean energy can replace two-thirds of Russian gas imports by 2025.
- New gas import infrastructure is not required.
- Coal power does not need to be extended.

EU can stop Russian gas imports by 2025

Russian gas imports cut by 2025 through the implementation of Fit for 55 plus additional clean energy solutions

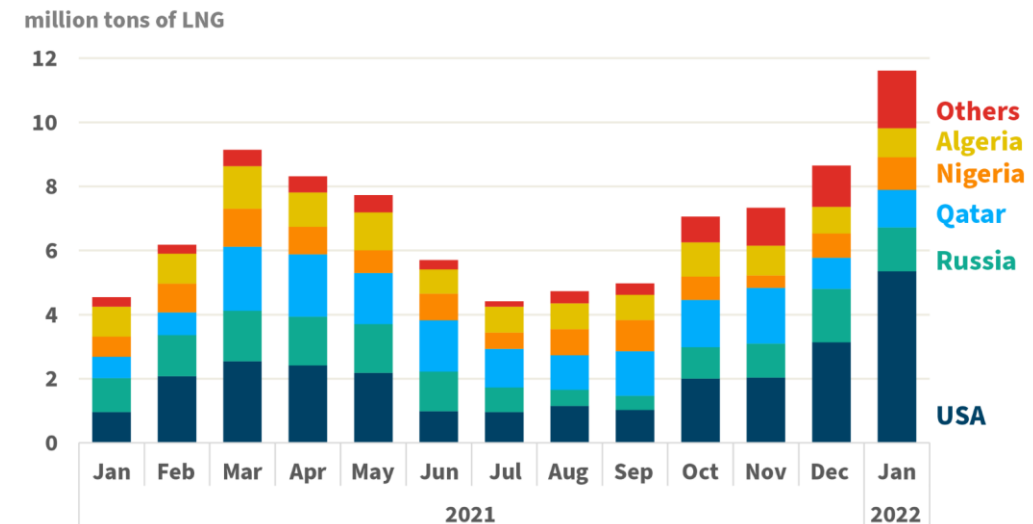


Sources: Analysis by Bellona, E3G, Ember and Regulatory Assistance Project (RAP) • EU Commission model-based projections supporting the Fit for 55 policy initiatives (MIX scenario)

What about LNG & hydrogen?

- Some additional LNG (as much as the market can afford and as much as the transport infrastructure can take in) does bring a **short-term relief, in terms of supply, not on price**. Adds some security to EU's energy supply. This "LNG patch" can be strategically used this year and over the next couple of years – as a relief measure, but by no means a sufficient or sustainable solution to the problem
- **Price (and short-term supply) volatility is a feature inherent to the global gas market** and ramping up supplies is not going to fix it. LNG can't possibly become the backbone of the security of energy supply for the EU – not in the short- nor in the long-term.
- **Avoid gas infrastructure or contractual gas lock-in**. The "substitution" effect from Russian gas to other sources is expected to decline sharply after 2025, meaning that additional import or other gas infrastructure will face rapidly declining utilisation.
- **Renewable hydrogen for use as industrial feedstock and energy storage**. Its use must be targeted where no other viable decarbonisation alternatives (electrification, EE, etc) are available

European LNG imports by source



Source: Kpler LNG Service (data downloaded on February 1, 2022).

Recommendations to repower the EU

In order to cut by 66% the EU's gas demand from Russia by 2025:

- **Get policy priorities right** -> increasing the ambition and fast tracking of “Fit for 55” targets as well as additional actions such as prioritizing clean investments in the MFF and the RRP
- **Support roll out of renewables, heat pumps and prioritise energy efficiency** -> clarify financial resources (RRF, MMF) and reduce admin burdens
- **Remove any incentives that currently deepen or perpetuate gas consumption** -> e.g. replace financial support for gas heating systems with support for clean heating
- **Address social impacts** and define solidarity response, both within Member States and with most vulnerable countries
- **International energy partnerships** should be based on rapid renewable energy deployment and support for efficiency measures to create stronger and more sustainable economies



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About E3G

E3G is an independent European climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

More information is available at www.e3g.org