

SUMMER 2022



CLIMATE AND ENERGY SUMMIT, BRUSSELS

# Taking the pulse of the climate and energy crises

EVENT REPORT



Cover image credits: [Matthew Henry/Unsplash](#)

Co-organised with



## The way forward

Friends of Europe's 2022 Climate and Energy Summit took place just two months after the Russian invasion of Ukraine and a subsequent further steep increase in gas and oil prices. It also followed the publication of the latest Intergovernmental Panel on Climate Change (IPCC) report in April, which warned that the Earth's surface temperature will increase by 2°C by 2050 if there is no immediate and drastic reduction in greenhouse gas emissions.

In response to the Ukraine crisis, the European Commission published its RePowerEU Plan to reduce dependency on Russian fossil fuels by two-thirds by the end of 2022, followed by a gradual reduction thereafter. Rapid and massive deployment of renewable energy is at the core of this plan. In the short term, however, the plan provides for the diversification of the European Union's oil and gas supply, including agreements on liquefied natural gas (LNG) with the United States and Canada. It is crucial to ensure that any short-term action is aligned with the EU's long-term goal to become climate neutral by 2050.

The Climate and Energy Summit offered several key insights on the way forward:

- **EU and national policymakers** must capitalise on the speed and solidarity shown in response to the Ukraine crisis to develop Europe-wide climate action, stressing that strengthening our energy security and achieving our climate targets are not mutually exclusive.
- **EU coordination** is needed to help member states speed up permitting processes for clean energy infrastructure.
- **The industry** needs incentives and structures from both public and private investors to bring their actions in line with public climate change policies. A framework encouraging private companies to scale up innovation would foster a shared responsibility in this sense.
- **The EU and industry** should focus on deploying low-carbon technologies that are already on the market and offer huge emission reductions in sectors such as buildings.
- **Public and private investors** must consider the emissions reduction potential of all new and emerging clean technologies at an early stage, and remain mindful that costs can fall quickly. For example, the cost of solar panels fell 85% over a single decade.
- Some degree of **EU-level intervention** could help bring energy prices closer to the costs of long-term production and reduce market volatility, in part by rethinking market design.
- **Energy producers and policymakers** should make it easier for consumers to undertake the behavioural changes needed to cut household emissions and energy use. One example is facilitating a switch to heat pumps rather than installing more efficient gas boilers.
- **Big corporates** have a responsibility to use their capital to support a broad societal shift towards carbon neutrality, rather than adopting only company-wide energy efficiency and emissions reduction policies.
- **The EU, national governments and energy companies** need to consider how to balance the electricity grid as more renewable energy is introduced.

## Event summary

### Over track to climate solidarity

*Session I: Strengthening the EU's energy sovereignty*

The twin crises of the coronavirus pandemic and Russia's invasion of Ukraine have "created a perfect storm" for Europe to navigate when it comes to future-proofing energy and climate action, moderator **Dharmendra Kanani** warned, while opening the Climate and Energy Summit. He was optimistic that climate policy would overcome the challenges, particularly because the EU has shown itself capable of reacting swiftly to unforeseen circumstances. "Things that were not possible three years ago are now happening in weeks," Kanani said.

**Diederik Samsom**, Head of Cabinet of the Executive Vice-President Frans Timmermans, said the EU was not only on track but "over track" to meet renewable energy and emissions reduction targets. The aforementioned twin crises "have put the EU Green Deal on steroids – and then supercharged it," he said. The EU adopted a €750bn investment package in 2020 to restart post-pandemic economic recovery, including in clean energy, and the European Commission proposed the REPowerEU action plan this year to end the use of Russian fossil fuels.

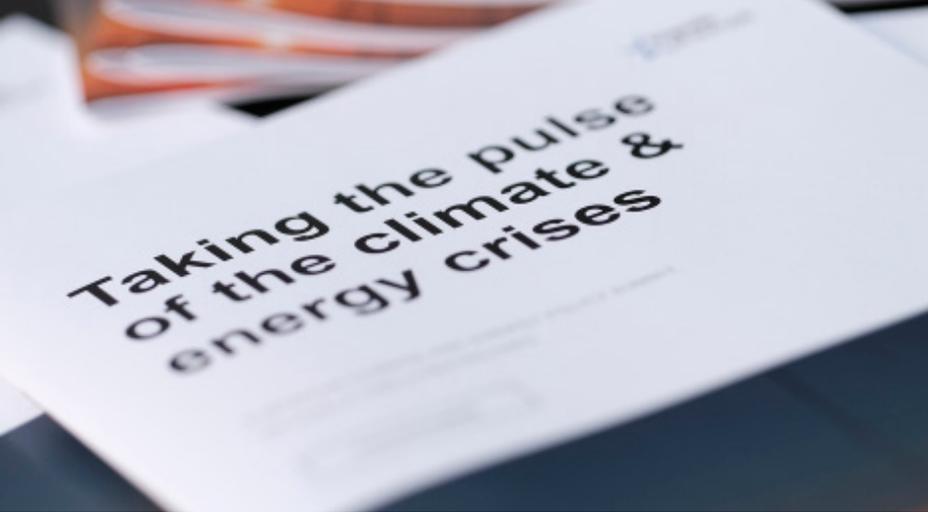
Getting 45% of energy from renewables before the end of this decade could mean installing an additional 2,000 square kilometres of solar panels. This translates to fitting solar panels on 25,000 homes every day, Samsom said. But rather than being discouraged by the scale of the challenge, he advised Europeans to put this in context. "It's doable. We put more than 25,000 kitchens in homes every day," he said.

“The pandemic and the energy crisis have put the EU Green Deal on steroids – and then supercharged it.

**Diederik Samsom**, Head of Cabinet of the Executive Vice-President Frans Timmermans

REPowerEU will help the EU meet climate goals by moving further away from Russian fossil fuels, but work has already been set in progress by proposals under the 'Fit for 55' package, said **Jean-Pierre Clamadieu**, Chairman of the Board of Directors of ENGIE. To meet the objectives set by Fit for 55, Europe now needs "collaboration between the European Commission, member states and the private sector."

Challenges for EU countries that may be overcome through the implementation of climate policy include improvements to energy access and the slow permitting process for clean energy infrastructure in many member states. In France, it typically takes 10 years for an offshore wind farm to be permitted.



1. **Diederik Samsom**, Head of Cabinet of European Commission Executive Vice-President for the Green Deal Frans Timmermans
2. **Laura Cozzi**, International Energy Agency (IEA), Chief Energy Modeler
3. **Jean-Pierre Clamadieu**, Engie Chairman of the Board of Directors



Permitting problems are an area in which the EU could give a push to member states, said **Simone Mori**, Head of Europe at Enel Group. Some short-term intervention in market fundamentals is reasonable from both the EU and member states, but countries also need to address the root cause of the problem: the volatility of gas prices in Europe, coming from the volatility of a single spot market. “We need to stop only thinking [in the] short term,” said Mori. “We need to bring energy prices much closer to the long-term costs of energy production.”

In addition to these overarching market design issues, the EU should encourage member states to help consumers improve energy efficiency and reduce their energy demand. “This is an area where we are completely off track,” said **Laura Cozzi**, Chief Energy Modeller of the International Energy Agency. In some cases, for instance, national energy providers will not let consumers install a heat pump, saying they should instead switch to a more efficient gas boiler. “We should treat consumers as adults in the room,” said Cozzi.

“ We should treat consumers as adults in the room.

**Laura Cozzi**, Chief Energy Modeller, International Energy Agency

Any measures proposed by the EU must be seen as “a package that delivers” – particularly when it comes to poorer countries in the Global South, said **Sascha Thielmann**, Head of Energy Policy Support Programme at the German Agency for International Cooperation (GIZ). EU energy and climate regulations can have a direct impact on prices and supply in developing countries, making it important to keep in mind the social impact of policies. He said there were now three “dimensions” to be considered for EU energy policy. First, with focus on switching from climate change to energy security, it is important for policymakers to show that “there is no conflict between the two. There might be some short-term compromises that we have to make, but we are on track towards an energy transition.” The additional demands on industry to speed up an energy transition should also be kept in mind, he said. Thirdly, if countries look to increase imports of natural gas from the Global South, we need to really make sure that these imports are not having negative impacts on the energy transitions of those countries in the Global South.

“ Solidarity is already a key word when it comes to energy and climate.

**Mechthild Wörsdörfer**, Deputy Director-General for Energy at the European Commission



1. **Simone Mori**, Enel Group Head of Europe
2. **Sascha Thielmann**, Head of Energy Policy Support Programme at GIZ (German Agency for International Cooperation)
3. **Mechthild Wördsörfer**, European Commission Deputy Director-General for Energy



**Mechthild Wörsdörfer**, Deputy Director-General for Energy at the European Commission, was “quite confident member states are ready to work together with the EU” in response to the energy price and climate crises. Speed and solidarity have been seen in Europe’s response to Russia’s invasion of Ukraine. Since there was not enough natural gas in storage to deal with potential supply disruptions, countries asked Europe to act. Within 10 days, the Commission proposed new rules on national gas storage levels and these were adopted within two months. There is now a “legally binding filling obligation” for member states, Wörsdörfer reminded the summit. “Solidarity” is already a key word when it comes to energy and climate.

### **A clean-energy market emerging from the EU**

*Session II: Creating the conditions for climate innovation*

About half of the technologies needed to bring emissions to net-zero have not yet reached the market. Europe has, however, seen innovation policy packages drive huge market uptake and declining costs for clean technologies, with the cost of solar panels falling 85% over a decade.

“The idea that technologies are not here yet should not be an excuse not to act yet,” said **Diana Ürge-Vorsatz**, Vice-Chair of Working Group III on Climate Change Mitigation at the IPCC.

The coronavirus health crisis saw two innovative mRNA vaccines developed in less than 12 months. A similar laser focus is now needed when it comes to finding ways of replacing Russian oil and gas with clean energy.

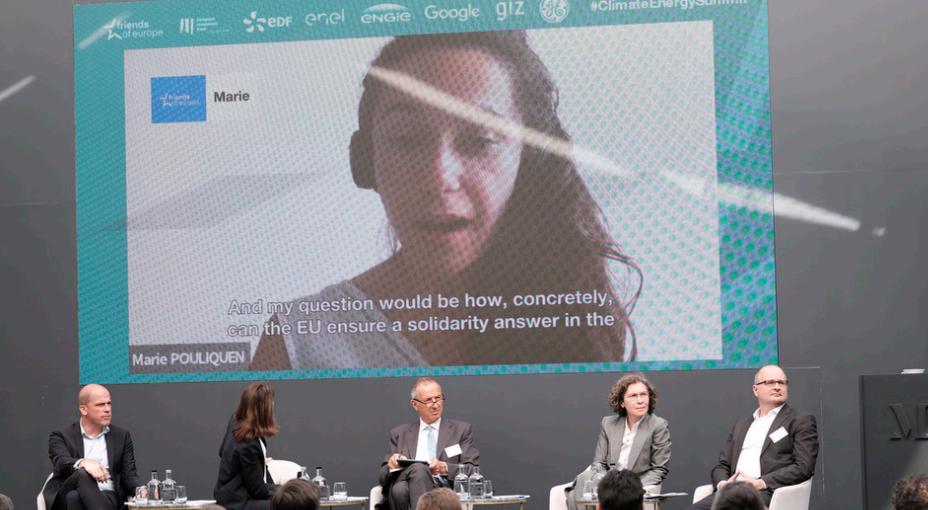
Ürge-Vorsatz said that many industries and sectors already have the technologies needed to meet climate targets. This is, for instance, true of the buildings sector, she said. “Net-zero buildings are today possible in virtually all situations. If we deployed net-zero buildings now, we could be independent of non-EU imports of natural gas in all member states by 2040.”

“**The idea that technologies are not here yet should not be an excuse not to act yet.**

**Diana Ürge-Vorsatz**, Vice-Chair of Working Group III on Climate Change Mitigation at the Intergovernmental Panel on Climate Change

Just eight years ago, no one wanted to hear about hydrogen power, said **Enass Abo-Hamed**, Co-Founder & CEO at H2GO Power and 2022 European Young Leader (EYL40). It is now widely seen as one of the most promising alternatives to fossil fuels.

As a young entrepreneur, Abo-Hamed said it was particularly challenging to attract attention and funds for innovation. “The only reason we exist today is public money. The UK gave us enough money to exist at the start.”



1. **Dharmendra Kanani**, Director and Chief Spokesperson at Friends of Europe



When it comes to the private market, there is still a tendency for companies to do work in house. “What I would really like to see is a framework that integrates innovation efforts with scaling capabilities,” Abo-Hamed noted. “Climate change is everyone’s problem. We should facilitate winning for everyone.”

**Caroline Golin**, Global Head of Energy Policy and Market Development at Google, warned that there was a need for “incentives and structures” to align corporations with public climate change policy. This could make it harder for companies to say they were carbon neutral if they didn’t also support a wider social shift to clean energy. This means fundamentally reforming the way we incentivise buyers. “The bulk of corporates are not doing as much as they could with capital to guide change.”

“The bulk of corporates are not doing as much as they could with capital to guide change.

**Caroline Golin**, Global Head of Energy Policy and Market Development, Google

The power grid is often the elephant in the room in any climate change debate. Very few people understand “the physics of how grids work”, said **Martin O’Neill**, Vice-President of Strategy at GE Gas Power. Questions about the transmission and distribution of power in the shift to renewables rarely get enough attention.

He predicted that gas turbines would be on the grid for at least another decade, providing the stability needed for renewables to be added to the power mix. This gas-plus-renewables grid will require “massive investment right now”.

Keeping a fossil fuel like gas on the grid is itself questionable if Europe hopes to meet climate change and energy security targets. “Europe doesn’t have a good track record on transition technologies. They often become permanent,” said **Ann Mettler**, Vice-President, Europe at Breakthrough Energy.

Labelling some gas investments as sustainable under the EU taxonomy further risks undermining climate and energy policy. “It was questionable that gas was in the taxonomy before the war in Ukraine,” said Mettler. “It is very questionable now.”

### All together for climate change policy

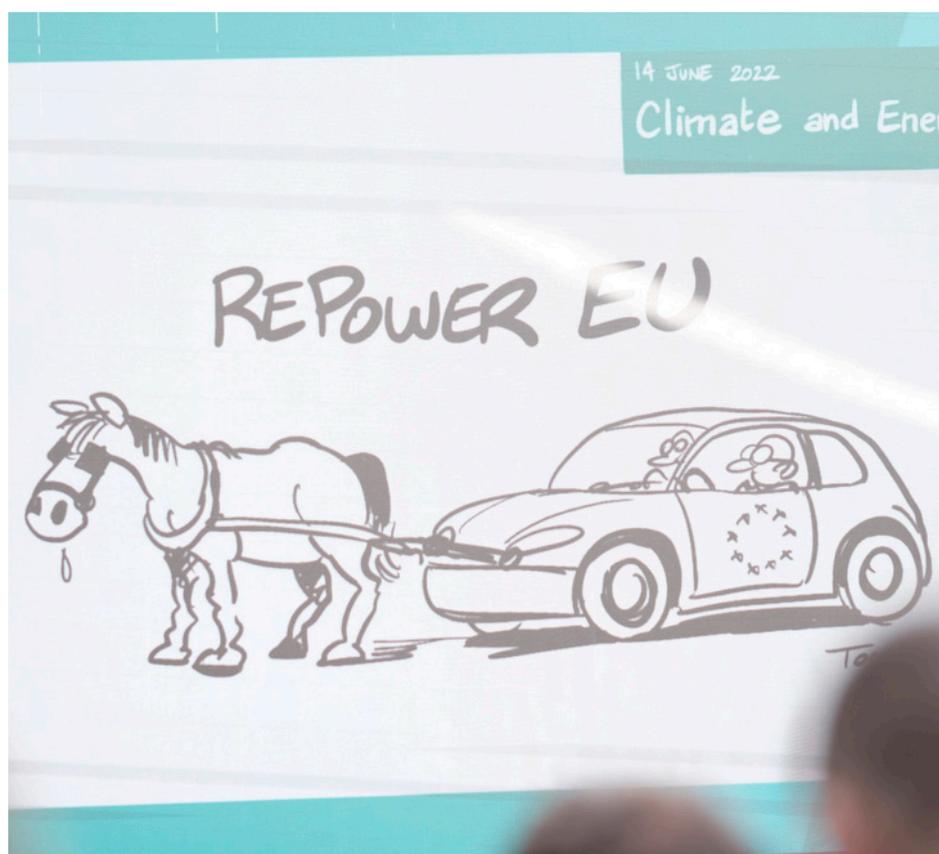
#### *Session III: Financing the transition to climate neutrality*

The third and final panel of the event heard that companies may simply be able to block ambitious climate change policies, unless EU countries withdraw from a 1994 international energy treaty. “EU energy policies are not going to happen unless we withdraw from the Energy Charter Treaty [ECT],” warned **Yamina Saheb**, Lead Author at the IPCC.

Under the ECT, foreign investors are able to sue national governments over policies that limit the use of fossil fuels, she explained. This is “a major loophole” protecting foreign investments, through which countries “lose sovereignty in energy policy”.



1. **Martin O'Neill**, Vice-President of Strategy at GE Gas Power
2. **Caroline Golin**, Global Lead on Energy and Climate Policy at Google
3. **Ann Mettler**, Vice-President of Breakthrough Energy
4. **Enass Abo-Hamed**, Co-Founder and CEO, H2GO Power, European Young Leader 2022



She said the loophole was killing off ambitious climate action because EU countries have faced over 100 Investment Dispute Settlement claims under the ECT over national plans to phase out coal and other fossil fuel investments.

“ EU energy policies are not going to happen unless we withdraw from the Energy Charter Treaty.

**Yamina Saheb**, Lead Author at the Intergovernmental Panel on Climate Change

**Ismail Ertug**, Member of the European Parliament, turned attention back to clean energy investment challenges within the EU itself. “We as politicians have to decide what is green and what is not,” he said, ahead of a European Parliament vote on an energy taxonomy that would label some gas and nuclear investments sustainable. “The taxonomy is without doubt necessary. I really doubt nuclear could become, in the end, green,” Ertug said. “It is already far more expensive than renewable energy. I doubt taxonomy with nuclear will be successful in the European Parliament.”

**Xavier Girre**, Senior Executive Vice-President, Finance at EDF Group, said nuclear was undoubtedly carbon neutral. “There is no low-carbon future for Europe without nuclear,” he argued. A clear taxonomy would help investors move towards carbon neutrality, and “nuclear is key to streamlining this energy transition.”

Financing clean energy also means considering the use of a carbon tax. “We do need a forum of global cooperation that works,” said **Vitor Gaspar**, Director of the Fiscal Affairs Department at the International Monetary Fund (IMF).

COP26 showed that countries are by and large ready to commit to net-zero by 2050, but there is still a deficit of global action, Gaspar explained. “The crucial point is that carbon taxation leads to revenues that can be used to support global goals.”

Above all, Europe needs to consider which new clean technologies should be financed as part of a transition to climate neutrality.

“ If we want to meet these commitments, we’ve got to move to renewable energy.

**Constance Kann**, Sustainability and Quality Management Director at the European Investment Bank

“We know if we want to meet these commitments, we’ve got to move to renewable energy,” said **Constance Kann**, Sustainability and Quality Management Director at the European Investment Bank. Since the EU is behind when it comes to installing wind capacity and because both solar and wind are “intermittent” sources of energy, she said emerging technologies, including hydrogen, power storage, and carbon capture, use and storage, must also be examined.



1. **Ismail Ertug**, Member of the European Parliament
2. **Yamina Saheb**, Lead Author, Intergovernmental Panel on Climate Change (IPCC)
3. **Vitor Gaspar**, International Monetary Fund (IMF) Fiscal Affairs Director
4. **Constance Kann**, Sustainability and Quality Management Director, European Investment Bank



## Conclusion

The urgency of cutting greenhouse gas emissions is mounting as the EU's 2030 climate deadline approaches. Policymakers and private companies, along with the public sector and citizens, are looking to the EU to show them the way to mitigate mounting temperatures and extreme weather.

The coronavirus pandemic and Russia's invasion of Ukraine have clearly shown that member states are ready to work together with the EU. The speed at which vaccines were rolled out to treat COVID-19 and sanctions were agreed in response to Russia demonstrate that Europe is not slow to reach consensus and act.

Questions are likely to remain for years over which technologies and energy sources will best help the EU and national energy grids to decarbonise. Recent decades show, however, that ambitious climate and innovation policy mobilise private funding and public support, revealing new clean energy possibilities and slashing costs.

Cooperation and focus across the EU is now more than ever needed to steer Europe and its citizens to a cleaner energy system.

