



Questions and Answers on REPowerEU: Joint European action for more affordable, secure and sustainable energy

Strasbourg, 8 March 2022

1. What is the current situation on energy prices, supply and storage in Europe?

Energy prices are at record highs and remain volatile. Just before the invasion of Ukraine, wholesale gas prices were around 200% higher than a year ago (February 2022). Wholesale electricity prices had followed a similar pattern. High energy prices were originally fuelled by strong global demand for gas in the post-COVID-19 economic recovery, and now Russia's invasion of Ukraine is aggravating the energy crisis even further. Uncertainties about supplies from Europe's main supplier – Russia – increase market instability, driving up volatility and prices even further. The outlook for the medium term indicates that energy prices will remain higher than the recent average for some time.

Gas storage in the EU is sufficient to cover our needs until the end of this winter heating period, even in case of full disruption of supplies from Russia. The storage filling level across Europe is just under 30% at the moment. Member States have contingency plans ready, as required by the [Gas Security of Supply Regulation](#) that can be activated if necessary to guarantee supply. We can rely on a meshed network with pipeline interconnectors between Member States (including the availability for reverse flows) and connected Liquefied Natural Gas (LNG) terminals. All regions now have access to more than one source of gas. We are therefore less vulnerable to supply squeezes coming from an individual supplier than in the past. The Commission has been monitoring the situation very closely and remained in permanent contact with the Member States.

Europe has also made efforts to steadily diversify energy supply routes and sources. The Southern Gas Corridor bringing gas from Azerbaijan is operational, and we are cooperating notably with Norway, Qatar, Japan, South Korea and the US, among others. In 2022, there has been a steep increase in LNG imports into the EU. These imports reached 10 billion cubic metres (bcm) in January, the highest ever amount – and provisional figures indicate that volumes have remained high in February.

2. How much does the EU rely on energy imports from Russia?

The EU is reliant on fossil fuel (gas, oil and coal) imports for our energy needs, amounting to 57% to 60% of gross energy consumption in the past 5 years. Although domestic production of renewable energy sources has increased significantly in recent years, the declining production of EU coal, lignite and gas has meant that the EU remains dependent on imports for gas (90% of consumption), oil (97%) and hard coal (70%).

In the **gas sector**, Russia provided around 45% of the EU's total gas imports in 2021. Over the past years, this number has been on average around 40%. The other main gas suppliers to the EU were Norway (23%), Algeria (12%), the United States (6%) and Qatar (5%).

For **crude oil**, Russia was also the largest supplier of EU imports (27%), followed by Norway (8%), Kazakhstan (8%) and the USA (8%). In the **hard coal** sector, even though import volumes have declined in recent years, Russia also remains the leading supplier (46%), followed by US (15%) and Australia (13%).

3. What measures has the Commission proposed to Member States to mitigate high prices?

In October 2021, the Commission presented a [Communication on energy prices](#), including a toolbox, outlining what Member States can do under existing EU rules to help vulnerable consumers and businesses to face high prices. These covered three types of measures in particular: energy subsidies and vouchers, tax reductions and measures to avoid energy disconnection. 25 Member States have introduced special measures in line with the toolbox. The Commission estimates that these measures benefit 71 million household customers and several million micro, small and medium-sized enterprises.

The European Central Bank has recently estimated that energy price shocks will reduce GDP growth by around 0.5 percentage points in 2022. The invasion of Ukraine will exacerbate the situation. In

today's [Communication](#), the Commission proposes a range of further measures that could be taken at national or EU level to mitigate high prices.

The Commission confirms that, in the current exceptional circumstances, Member States can **set regulated prices for vulnerable consumers, households and micro-enterprises** in order to help protect consumers and our economy. The Commission also confirms that Member States can consider **temporary tax measures on windfall profits** and exceptionally decide to capture a part of these returns for redistribution to consumers. Such measures need to fulfil certain criteria to ensure that they are proportionate, limited in time and that they avoid undue market distortions. The Commission provides guidance in the Communication in this regard, as well as recalling the possibility to **use increased emissions trading revenues** to ease pressure on household consumers.

EU State aid rules can also offer Member States options to provide short-term support to companies affected by high energy prices, and help reduce their exposure to energy price volatility in the medium to long term. Following a consultation on targeted amendments to the Emissions Trading System State aid Guidelines, the Commission will also be consulting with Member States on the needs for and scope of **a new State aid Temporary Crisis Framework** to grant aid to companies affected by the crisis, in particular those facing high energy costs.

4. What measures does the Commission propose to prepare for next winter?

The Commission has carried out an urgent risk preparedness analysis on security of gas supply and shared it with the Member States. The Commission has been modelling the EU preparedness for different gas disruption scenarios. The results indicate the EU's resilience to wide-scale disruptions, and the fact that gas supplies are sufficient even in case of full disruption of supplies from Russia for this winter heating season. Our analysis also shows that it is crucial to **ensure the refilling of storage ahead of the next winter heating season**.

Gas storage usually supplies 25-30% of EU gas consumed in winter. In this Communication, the Commission outlines proposals to achieve higher filling of gas storage levels to be well-prepared for next winter. By April, the Commission will make a **legislative proposal on minimum gas storage**, establishing a 90% filling target by 1 October each year, designating gas storage as critical infrastructure and tackling the storage infrastructure ownership risks. The Commission will also propose to give full tariff rebates at storage points. As long as EU legislation is not in place, the Commission urges Member States to take measures to refill storage ahead of the next heating season and conclude **solidarity arrangements** as foreseen by the existing Gas Security Supply Regulation.

Considering that not all Member States have storage capacities available on their territory, the Commission proposal will set out a mechanism to ensure a **fair allocation of security of supply costs**. The Commission will also support coordinated gas refilling operations, for example through joint procurement, collecting orders and matching supplies.

On 15 December 2021, the Commission [tabled legislative proposals](#) to reinforce the **security of gas supply** framework with targeted measures to better coordinate storage and enable joint procurement of strategic stocks, as well as strengthening solidarity between Member States. This includes a proposed revision of the EU Security of Supply Regulation which would enable a voluntary joint purchase of strategic reserve stocks. The Commission encourages the EU co-legislators to accelerate the agreement on these proposals.

5. How is the Commission proposing to eliminate the EU's dependency on Russian gas?

With the objective of phasing out our dependence on fossil fuels from Russia well before 2030, the EU has proposed REPowerEU, a plan, to increase the resilience of its energy system (see question 6) and diversify its gas supply sources via higher LNG and pipeline imports from non-Russian suppliers, and boosting the use of biomethane and renewable hydrogen. Already before the end of the year REPowerEU could result in the EU's gas demand going down by volumes equivalent to two thirds of Russian gas imports from last year.

Over the last ten years, the landscape of the European gas market has significantly changed. The market design together with the increased gas interconnection capacity (including reverse flow capabilities) has resulted in major infrastructure improvements including through [Projects of Common Interest](#).

Thanks to this, in recent months, the Commission could engage with a range of partners around the world to diversify supplies of gas through pipelines or through LNG. The US, Norway, Qatar, Azerbaijan, Algeria, Egypt, Korea, Japan, Nigeria, Turkey, Israel are among those countries. This has resulted in record volumes of LNG imports in January and February. The EU has the potential to import a further 50 bcm of LNG on a yearly basis. Today's Communication underlines the importance

of further diversifying our suppliers and infrastructure, accelerating projects already foreseen and analysing other new infrastructure needed with a strong cross border dimension and hydrogen compatibility.

In December 2021, the Commission presented legislative proposals aimed at facilitating the uptake of renewable and low carbon gases, including hydrogen – thereby encouraging the decarbonisation of the EU gas market, boosting the diversification of supply, and reinforcing energy security for all citizens in Europe. To boost the EU production of **biomethane**, the REPowerEU plan would aim for 35 bcm of biomethane production by 2030, doubling the current EU ambition, using sustainable biomass sources such as agricultural wastes and residues.

REPowerEU would also create a **Hydrogen Accelerator**, developing integrated infrastructure, storage facilities and port capacities. The Commission estimates that an additional 15 million tons of renewable hydrogen can replace 25-50 bcm per year of imported Russian gas by 2030 (10 mt imported renewable hydrogen from diverse sources and 5 mt more renewable hydrogen produced in Europe, in addition to the 5 mt already planned).

6. How can the clean energy transition help reduce faster EU's gas dependency on Russia?

An integrated EU energy system largely-based on renewables and greater energy efficiency is the most-cost effective solution to reduce our dependence on fossil fuels at the level of homes, buildings and industry. This is the second pillar of the Commission's REPowerEU plan. The full implementation of the Commission's Fit for 55 proposals would already lower our gas consumption by 30%, equivalent to 100 bcm, by 2030. The case for energy efficiency has never been stronger, as lowering energy consumption in households and enterprises means not only reducing energy imports from Russia, but also reducing energy costs for EU citizens and businesses. The energy system measures in REPowerEU would support an additional saving of over 25bcm a year.

The Communication encourages **an accelerated roll-out of solar, wind and heat pumps**. This could bring important energy savings and reduce significantly the use of fossil gas for power and in buildings. On **solar energy**, the Commission estimates that by accelerating the roll out of rooftop solar PV systems by up to 15TWh this year the EU could save an additional 2.5 bcm of gas. We will present a dedicated communication on solar energy in June to unlock solar energy's potential. The Communication also proposes to roll out 10 million heat pumps in the next five years to help European families reduce their dependency on gas and lower their energy bills.

By implementing the REPowerEU plan, Europe will have sufficient renewable electricity and renewable gases to accelerate the **decarbonisation of Industry based on faster electrification and switch to hydrogen**. This will give European industries a competitive advantage and allow for faster reindustrialisation.

Investment in renewables is still too often hampered by long permitting procedures and other administrative barriers at national level. Today's Communication looks at how regulatory bottlenecks can be eased to **speed up renewables permitting** and minimise the time for roll-out of renewable projects and grid infrastructure improvements. The Commission will publish in May a Recommendation on fast permitting for renewable energy projects addressing the key barriers and good practice solutions to tackle them.

Similarly, the Commission and the European Investment Bank Group will conclude in 2022 the financing mechanisms that would be best suited to promote the development of **power purchase agreements** (PPAs) in Europe. A [public consultation on both permitting and PPAs](#) is currently ongoing and the guidance should be published before summer.

For more information

[Press release on REPowerEU](#)

[Factsheet on REPowerEU](#)

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Press contacts:

[Tim McPHIE](#) (+ 32 2 295 86 02)

[Ana CRESPO PARRONDO](#) (+32 2 298 13 25)

[Giulia BEDINI](#) (+32 2 295 86 61)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)