

ENERGY DIALOGUE – LUXEMBOURG

15/07/2022

Ms ANNE CALTEUX – HEAD OF THE REPRESENTATION

Mr GUUS VAN DE SCHOUW – POLICY OFFICER AT DG ENERGY

Ms VALENTINA RUSCONI – EUROPEAN SEMESTER OFFICER FOR LUXEMBOURG

Ms CHARLOTTE UHER – COMMUNICATION OFFICER

Participants: TR-Engineering, European Consumer Centre (ECC) Luxembourg, EnerCoop Uelzechtdall, FEDIL - The voice of Luxembourg's Industry, Luxembourg Institute of Science and Technology (LIST), Chamber of Agriculture, Secrétariat européen commun de l'OGBL et du LCGB (SECEC), Confédération syndicale indépendante du Luxembourg (OGBL), Ministry of Finance, Ministry of Energy, Luxinnovation

Ms Anne Calteux welcomed the participants to the Energy Dialogue and introduced **Mr Guus Van de Schouw** from the Directorate General for Energy of the European Commission.

In her introduction, she presented the actions and priorities of the Commission in the context of the European Green Deal, most notably the Fit for 55 package and the latest REPowerEU initiative in the light of the current geopolitical context. She also stressed that the REPowerEU proposal foresees the possibility to add a chapter in the Member States' Recovery and Resilience Plans. Furthermore she recalled that the Commission in its annual country specific recommendations invited Luxembourg to:

- reduce its overall reliance on fossil fuels by accelerating the deployment of renewables, electricity transmission capacity, and investment in energy efficiency in both the residential and non-residential sectors;
- support municipalities in developing detailed local plans for the deployment of renewable energy, including wind power and photovoltaics, and for district heating and cooling systems; and
- further promote electrification of transport and invest in public transport networks and infrastructures.

Ms Calteux left the floor to **Mr Van de Schouw**, stressing that this file is an absolute priority which will accompany us on the long term.

Mr Van de Schouw introduced himself and explained that in DG Energy he is working in the Unit A1 which is responsible for strategic coordination and planning, inter-institutional negotiations, governance of the energy union, coordination and assessment national energy and climate plans. He also stressed that he is the coordinator in charge of Luxembourg.

He moved to present the 3 pillars of REPowerEU to reduce the dependence from Russian fossil fuels (reduce energy demand, diversify energy sources, and accelerating the green transition). All the necessary actions will range from increasing import of liquefied natural gas (LNG), pipelines from North Africa, bio-methane, clean rooftop solar, wind (offshore), heat pumps, renovating existing buildings and making industry more efficient, as well as reducing the demand via behavioral changes, amongst others. From the financing side he explained the different financial tools available. In the current context, he added that coal consumption might increase in the short term, as we are in a crisis of reliability, but highlighted that in the long term it will have to be phased out. This process will have strong implications for regions relying on it.

Among the solutions to increase the share of renewables, he presented the issue of permitting, and that the European Commission has provided guidance on best practices and a recommendation on speeding up permitting-granting procedures. As for supporting the increase of solar energy, he described four flagship initiatives, such as making use of all the roof top space, currently an untapped resource, although there are bottlenecks in terms of available skills. For renewable gases (bio-methane and hydrogen) the EU is creating a regulatory framework and accelerating funding and industrial partnerships. He also stated the importance of planning infrastructure in a long-term perspective.

Questions from participants

LIST asked whether the Commission was envisaging to introduce not just incentives but also penalties.

GVdS clarified that the instruments provided by the Commission are transposed into laws at national level. The Commission sets standards (e.g. for products) and then it is up to member states to decide on taxation. The current levels of energy prices provide a very strong incentive to reduce energy demand and invest in energy savings.

OGBL stressed that in Luxembourg the risk is that high energy standards for buildings will be limited to only those who can afford it. The trade union also highlighted the social dimension of this transition and the impact on existing jobs.

GVdS agreed that small scale interventions need to be adequately targeted and that the EU has in place measures such as the Just Transition Fund. **AC** pointed out that the Social Climate Fund intends to address a fair green transition.

FEDIL stressed the need to strike a balance in the discussion between environmental protection, the energy transition, and the economy. The industry association added the need to step up communication and to have a prominent climate ambassador as in the US. From a technical point of view, there is the need to improve interconnections between countries (a discussion point of the last 20 years), also in the view of increasing cross-border renewable power purchase agreements. It should further become possible to take the latter into

account for national renewable targets. Another priority is for climate policy to become more cost-effective; one example is the additionality principle for hydrogen which makes it too expensive and thus difficult to use in the industry. Another goal should be to bring down the price of electricity for the industry to enable the electrification of heat. Within the context of diversification of gas supplies, **FEDIL** warned against substituting one dependency with another, and added that it must be possible to discuss again the topic of gas exploration in the EU during a transition phase.

GVdS clarified that the green energy and low prices are not conflicting, as green energy has become more and more cost-competitive, while acknowledging the challenge of cross-border connections. On the matter of dependencies he stressed that currently the European Union has a huge dependency on Russian fossil fuels, with some member states extremely exposed, and this calls for a need in terms of diversification of sources. As for the gas exploration potential in Europe, he gave the example of the Netherlands, a country rich in gas reserves that can however not be extracted anymore due to the risks for the environment and of earthquakes. **GVdS** added that even if fossil fuels will still play an important role in coming years, there is still very much room for expansion of renewables.

ECC Luxembourg explained that the worry amongst consumers has increased recently, and that it is important to provide information and encourage changes in behavior.

The **Ministry of Energy** explained that the request for information has increased incredibly at the Klima-Agence, and that there has been an evolution of the behavior of both companies and consumers. There has been a steep increase in demand for heat pumps and solar, with specialised companies booked until the end of the year. The Competence Centre is providing trainings to reskill specialists in installing gas heaters into heat pump installers.

The **Chamber of Agriculture** explained the crisis that the biogas producers have faced recently in Luxembourg. One of the main concerns for the association is that agricultural land could be used for producing electricity, as in Luxembourg around 50% of cultivated land is not owned by farmers. The issue of food sufficiency should be taken into account, especially with the consequences of climate change such as the droughts in Italy and Spain.

TR-Engineering enquired on the models or calculations to determine energy needs for electric vehicles, in the context of the European ban on the sale of new gas-powered cars by 2035.

GVdS explained that the models used for strategies such as REPowerEU include energy demand, its uses and generation, including mobility systems. Also batteries in e.g. electric cars will play an important role in demand side flexibility. Replying to **FEDIL's** observation of the legal challenges of this idea, this is a venue to enable consumers to become "prosumers" (with smart solutions already being brought to the market).

The **Ministry of Energy** explained that in Luxembourg it is done by Creos and Enovos.

The Dialogue was concluded with the statement that energy will remain a long-term challenge to be addressed both at EU and at national level. The Commission is committed to contribute actively to finding adequate

solutions to tackle the various aspects of the energy crisis. As such, a new communication is to be adopted on 20 July by the College as regards a gas demand reduction plan to prepare EU for the next winter.

The Q&A session was continued on an informal basis between the stakeholders during the reception following the Dialogue.