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Council: State of play of the “Fit for 55”

The Council published a report on the state of play and overview of progress made on the “Fit for 55” package within the Council. More detailed progress reports are expected to be published regularly.

Work on the files is still at early stage and Member States are still asking clarification to the EC on the proposals and their impact at national level. As expected, work on **transport** files has been prioritised and indeed progressed faster. This is the case for Alternative fuels infrastructure regulation (AFIR), CO2 standards for cars and vans, and ReFuelEU. When it comes to the AFIR, Member States ask for adjustments of some of the targets for recharging and refueling infrastructure (e.g. in areas with low-traffic density).

As regarding the **energy** files Renewable Energy and Energy Efficiency directives, the Presidency intends to prepare a first revised text on both to serve as a departure point for work under the French Presidency from January till June 2022. For the REDII the discussion is notably focusing on granting more flexibility regarding the sub-targets for renewables (in H&C, DHC, transport and industry) and on sustainability criteria for biomass. For the EED, Member States plead for flexibility at national level; they are critical towards the additional administrative burden imposed and the details on EU-level rules on energy poverty. Also, they ask for a revision of the definition of efficient DHC to better reflect national circumstances.

However, a clear Council position should not be expected by the end of the year, because Member States want to clarify the direction of travel of all closely related files to maintain coherence within the Fit for 55 Package. The full report is available here: <https://data.consilium.europa.eu/doc/document/ST-13977-2021-INIT/en/pdf>

Leaked: Gas package and methane regulation

During the last days several leaks of the remaining parts of the “Fit for 55” have been circulating. Still too early to provide an overview, and still several weeks for the Commission to change the content. But what we can say is that what has been better known as the “gas package” seems to include a new [Gas Regulation](#) and a new [Gas Directive](#) with [annexes](#). No sign of a separate hydrogen package though, which is then treated in the same gas legislation.

Together with these, a leak of the [Methane Regulation](#) with [annexes](#), and a [Communication on Sustainable Carbon Cycles](#) have been circulating.

The publication of the final proposals is still expected by the 14th of December. Stay tuned.

EP: Priorities for the upcoming state aid guidelines (CEEAG) revision

On 21st of October MEPs adopted a [resolution](#) with their priorities for the **planned revision of the Commission’s state aid guidelines on climate, energy and environmental aid (CEEAG)**. In its resolution the EP call on the Commission to align the different aid categories with the European Climate Law to support the move towards climate neutrality and the phasing out of fossil fuels. They also request the EC to send a clear signal that any support must be compatible with the Paris Agreement, the EU’s green transition and social objectives.

In line with what has been agreed in the negotiations on energy infrastructure legislation (the EU rules on Trans-European Networks for Energy – TEN-E Regulation), the resolution – while noting that the guidelines are aimed at facilitating the phasing out of fossil fuels – stresses that any support should contribute to significantly reducing overall emissions by providing for a binding timeframe for gas projects to become dedicated hydrogen assets. In light of the ambitious Fit for 55, MEPs also stress that more rather than fewer sectors might require public support through state aid.

The Commission launched a public consultation for the review of the guidelines in June 2021, to which CEDEC has also provided a reply. Following the consideration of public and private stakeholders, the EC is expected to adopt the new guidelines **by the end of 2021**.

EC presents: Report on the State of the Energy Union 2021

Every year the Commission takes stock of change and progress in the implementation of the EU energy and climate policies, by publishing its **State of the Energy Union report**. This [year’s report](#) – published on 26th of October – is adopted against the backdrop of spiking gas and electricity prices in the EU.

Key findings of the report show that **renewables** overtook fossil fuels as the EU’s main power source in the EU for the first time in 2020, **generating 38% of electricity**, compared to 37% fossil fuels. The share of **renewable energy sources in the overall EU energy mix** has reached at least **22%**, although some Member States remain at risk of failing to meet their national binding target. Subsidies for renewable energy and energy efficiency increased in 2020. To this day, nine Member States have phased out coal, while 13 are committed to do so by a certain date. In 2020, GHG emissions in the EU27 reached their lowest level in 30 years, down by 31% from 1990 and 10% from 2019 levels.

While most trends are positive, the report shows that an acceleration is nevertheless required. Areas for further action are highlighted in the conclusion:

- Continued monitoring of energy price developments by the EC to ensure its response to the current energy price surge remains proportionate and focused on the most affected.
- Putting in place a legislative framework fit for the EU’s enhanced climate and energy targets, including the revision of the Energy Performance of Buildings Directive (EPBD) and initiatives on hydrogen, gas market decarbonisation and methane.
- More public and private investments in energy efficiency and renewable energy are crucial for the transition. In 2022, the EC will present an EU Solar Energy Strategy.
- Fossil fuel subsidies: in 2022, the EC intends to adopt an implementing act on National Energy Climate Plan (NECP) progress reporting, to ensure uniform reporting on the phasing out of energy subsidies, in particular for fossil fuels.
- Specific attention to energy poverty, in particular in situations where higher energy prices affect low and lower-middle-income households.

The main report is accompanied by five inter-related reports: [Annex on Energy subsidies in the EU](#), [Progress on competitiveness of clean energy technologies](#), the [Climate Action Progress Report](#), the [Carbon Market Report](#) and the [Fuel Quality Report](#).

FOR OUR MEMBERS!

Postcard from CEDEC Annual Congress 2021

10th of November, like every year and exceptionally in hybrid format, CEDEC held the Annual Congress. This year the discussion turned around the hot-topic **“Fit for 55: Who paves the way? Who pays the bill?”**. The discussion centred on the impact the proposed provisions will have on different actors in the local energy value chain, industrial sectors, local authorities and consumers. The last months of skyrocketing energy prices, more than ever showed us the importance to keep energy affordable and realise decarbonisation along cost-efficient pathways. To learn more about the event and the interesting debates, you can access the press release [on our website](#) and a nice overview of the [tweet moments](#).

Reading of the month

[European Security and Markets Authority \(ESMA\) – Preliminary report on the EU carbon market](#)

Ongoing consultations

- [Public consultation on digitalising the energy sector – EU action plan](#) – 24 January 2022
- [Public consultation on the revision of the guidelines on State aid for broadband networks](#) – 11 February 2022

Upcoming meetings & Events

- Workshop Gas Quality and Hydrogen handling Prime movers’ group: 25 November 2021
- CEDEC Working Group Gas: 6 December 2021
- EC Citizen’s Energy Forum: 8-9 December 2021
- ENZA event “System Integration in practice”: 8 December 2021
- Digitalisation of gas distribution networks – a key enabler for the energy transition: 9 December 2021
- CEDEC Board of Directors: 15 December 2021