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Find your way around the European jungle of energy emergency measures

Exceptional times call for exceptional measures – this could very well be the motto of EU energy policy in the last few months, as decision-makers multiply emergency interventions into the energy markets in order to keep prices under control while maintaining supply.

In late July, the Council adopted a first [Council Regulation](#) on demand reduction for gas. However, as soon as the holiday break was over, energy ministers hurried to call for additional measures at an emergency meeting of the Energy Council on 9 September (see our [September issue](#)).

On 30 September, political agreement was reached on a second set of measures focused on electricity price and demand, which were then formally adopted in a [Council Regulation](#) on 6 October. The main intervention concerns a price cap of 180€/MWh on the revenues of inframarginal producers - such as renewables or nuclear, intended to redirect their windfall profits to final electricity consumers. Following the same logic, the Council Regulation also includes a ‘solidarity levy’ on exceptional profits (i.e. over 20% above those made in the previous fiscal period) made by fossil fuel companies. In addition, a mandatory 5% peak electricity demand reduction target is imposed, and Member States are allowed to set a temporary price for supply of electricity to SMEs.

However, compared to the lightning quickness (in Brussels terms) of this agreement, measures on gas have been crawling down the pipeline. Under high pressure to deliver, the Commission presented on 18 October a [proposal](#) for a third set of measures, which the Energy Council on 25 October, broadly supported.

These concerned joint purchases of gas based on voluntary demand aggregation and an intra-day volatility management mechanism, to be brought forward early next year. The text also suggested options for dealing with the question of a gas price cap. However, on this critical issue, the Member States remain highly divided, as 15 of them have been calling for a gas price cap for months, while others remain staunchly opposed and the remaining on the fence. For the upcoming Energy Council on 24 November, the Commission has therefore only come forward with yet another ‘Commission [non-paper](#)’ outlining how the price corridor might work.

Meanwhile, on a slightly different but connected issue, the Commission has proposed on 9 November yet another temporary emergency measure in the form of a [Council Regulation](#), this time aimed at accelerating the permitting procedures for renewable energy. This issue is already a major focus in the REPowerEU amendments to the Renewable Energy Directive, but the intention behind the proposal is to trigger an immediate acceleration of the permitting procedures while waiting for the Directive to be finalised and transposed.

Latest progress on the Packages

- **Fit for 55 package:** all the main FF55 legislative files (RED, EED, ETS, AFIR) have now progressed to the trilogue stage, with the exception of the EPBD. For RED, EED, and ETS, trilogues began towards the beginning of October, and the Czech Presidency is aiming to conclude the negotiations by 15 December. For AFIR, a first political trilogue was held on 27 October, so more time will likely be required. The EPBD, which came later than the other legislative files, is still catching up: while the Council adopted its General Approach on 25 October (see article below) the ITRE Committee in the Parliament is only scheduled to vote on 23 January next year. Trilogues for this file will therefore only start under the Swedish Presidency.
- **Gas Package:** the latest news is that the vote on the compromise amendments in the energy (ITRE) committee in the European Parliament has been delayed, from the 28th of November to the 23rd of January next year. On 13th of February 2023, the plenary will be then asked to vote for the final position of the European Parliament on the Gas Directive and the Gas Regulation.
- **Methane Regulation:** MEPs had time until 13th of October to submit their amendments to the Commission’s proposal. The 1148 amendments submitted show how polarized is the discussion in the European Parliament when comes to methane and the challenges the rapporteurs will face to strike a compromise. The vote on the compromise amendments in the ITRE committee has been scheduled for the 1st of March 2023.

The Buildings Directive (EPBD): Council agreed position

On 25 October, the Council adopted its [general approach](#) for the Energy Performance in Buildings Directive. Negotiations on this file were difficult, and the compromise reached was described by the Czech Presidency as ‘fragile’. Indeed, although ultimately accepting the approach, several Member State representatives expressed their dissatisfaction by co-signing a letter calling for greater ambition in trilogues. The main bone of contention lay with the requirements on minimum energy performance standards (MEPS), as the compromise text only sets mandatory renovation requirements for commercial buildings, leaving Member States to define their own standards and trajectories for the residential sector. However, on a positive note, the Council’s definition of zero-emission buildings (ZEB) seems to expand the energy sources that can be drawn upon to also include energy supplied via the energy grids. This addresses one of the main concerns raised in relation to the Commission’s original proposal, which forbids the use of energy from the grid (even if renewable). One can however note some inconsistency, as the Council maintains the Commission’s proposed definition for nearly-zero energy buildings (NZEB), which does not permit use of energy from the grid.

Digitalising the energy system: EC publishes the action plan

In line with its overarching vision of the “twin green and digital transitions”, the Commission on 18 October published its [action plan on digitalising the energy system](#). The document sets out a number of initiatives intended to facilitate the use of digitalisation in transforming and decarbonising the energy system, while supposedly delivering benefits also to the consumer. Indeed, several key elements required to achieve the energy transition – such as massive integration of renewables, increased decentralisation, or demand response – are heavily reliant on efficient use and sharing of data. While the document announces a plethora of measures, a few key ones can be mentioned here:

- In order to facilitate one of the initiative’s key aims, i.e. boosting investment in digital electricity infrastructure, the Commission proposes that TSOs and DSOs create a **digital twin of EU electricity infrastructure**. This digital twin should be able to inform decision-makers in real time to make processes more efficient.
- A European **energy data space** is to be set up by 2024, building on the rules concerning data exchange for electric vehicles and smart buildings included in RED and EPBD, as well as the mechanisms and access rights defined in the Data Governance Act and Data Act.
- To support strategic coordination at EU-level, the existing Smart Grids Task Force will become the ‘**Smart Energy Expert Group**’, which will now involve all Member States as well as other stakeholders, and have expanded responsibilities. Within the expert group, a ‘Data for Energy’ working group will be set up by March 2023. The working group will assist the Commission in developing implementing acts concerning interoperability requirements and procedures for access to metering and consumption data, and data required for demand response and customer switching.

FOR OUR MEMBERS!

EP data collection on energy savings measures in EU Member States

Last 28 October, the European Parliament’s Economic Governance Support Unit published the results of its collection of national energy saving measures for households, enterprises and public administrations, carried out until mid-September. The overview covers 21 Member States, and overall shows that the majority of the measures for households are voluntary while the majority of the measures for enterprises are mandatory. You can read more details about the study to the following link: <https://bit.ly/3VmknYv>.

Reading of the month

European Commission - [State of the Energy Union 2022](#) (published 18 October 2022)

Upcoming meetings & Events

- EC [Citizens’ Energy Forum](#) (Dublin): 24 November 2022
- CEDEC Board of Directors: 6 December 2022
- CEER Annual Conference: 13 December 2022
- CEDEC Working Group Fit for 55: December 2022 (final date tbc)
- CEDEC Working Group Gas: December 2022 (final date tbc)