

EU Green Deal: First European Climate Law

VIP of the month: Thierry Breton

EC presents: A new EU industrial policy

Sustainable finance: TEG final report on Taxonomy

From our members — Integrating hydrogen in gas distribution networks

Reading of the month

Ongoing consultations

Upcoming meetings & events

EU Green Deal: First European Climate Law

With the aim of enshrining the 2050 climate-neutrality target into law, on **4 March** the European Commission adopted its highly-awaited proposal for the [first European Climate Law](#). The Climate Law will also amend the [Governance Regulation](#) adopted in 2018 as part of the [Clean Energy Package](#), under which Member States had to submit their National Energy and Climate Plans (NECPs) for achieving the 2030 emission reduction target.

The proposal for a Climate Law sets out that, by September 2020, the EC shall review the EU's 2030 target in line with the climate-neutrality objective, and shall explore options for a new target of 50% to 55% emission reductions compared to 1990 levels (whereas the [current target is 40%](#)).

In order to adapt the existing legislation to the higher target, the proposal foresees several measures. Firstly, by 30 June 2021 the Commission should assess the need to amend relevant existing legislation. Secondly, the Commission is given the power to adopt delegated acts to supplement the Climate Law Regulation with a 2030-2050 EU-wide trajectory. Thirdly, the Commission will have to assess the collective progress and the consistency of Member States' efforts every 5 years, beginning on 30 September 2023.

Together with the Climate Law proposal, the EC launched a public consultation on the future European Climate Pact (cf. ongoing consultations) to gather ideas for effective, inclusive and ambitious action. The European Climate Pact is expected to be presented in the third quarter of this year.

EC presents: A new EU industrial policy

On **10 March** the Commission put forward its new approach to European Industrial policy, consisting of four Communications and a Commission Staff Working Document. The package includes an [EU Industrial Strategy](#), which aims to deliver on three key priorities: making European industry competitive on the global stage; achieving the Green transition with the objective to make the EU climate-neutral by 2050; and supporting the industry's digital transition. Please [click here](#) to access the complete package of documents.

The strategy outlines several key actions, of which most relating to energy and climate have already been addressed in previous EC publications (i.e. EU Green Deal, European digital strategy). An interesting new element is the proposal for the creation of a European Clean Hydrogen Alliance.

As part of this package, the EC has also published a dedicated [SME Strategy](#), which aims to increase the number of SMEs engaging in sustainable business practices and deploying digital technologies. Regarding the definition of SME (cf. [EC Recommendation of 6 May 2013](#)) the EC concludes that it is fit for purpose and easily applicable. Nonetheless, the EC will further assess and report on specific issues raised.

Sustainable finance: TEG final report on Taxonomy

On **9 March**, the Technical Expert Group (TEG) on Sustainable Finance has published its [final report on Taxonomy](#). This final report provides very important input for the delegated act that the Commission is now going to write in order to deliver on the Taxonomy Regulation. Through means of a delegated act, the Commission will create an EU classification system to determine whether an economic activity is environmentally sustainable. During this drafting process, the Commission will be assisted by a "platform" of experts, which is likely to mirror the structure and the composition of the TEG.

In particular, the report, complemented by a [technical annex](#), recommends to consider an emissions threshold of 100g CO₂e/kWh when assessing the sustainability of any power generation technology, including cogeneration. As a consequence, new electricity distribution infrastructure connecting generation facilities should be eligible when respecting this emissions threshold. Storage and transportation of any fossil fuel should not be eligible, as well as the expansion of the gas network. Retrofitting and repair of the gas network should be eligible only if the infrastructure is ready to transport hydrogen and low carbon gases – surprisingly saying nothing on biomethane. However, the TEG report lacks clarification on the definition and inclusion of other low-carbon solids, liquids and gases, as the EC still needs to work on the definition of 'low carbon'.

From our members:

STEDIN (NL) - Integrating hydrogen in gas distribution networks

Through a series of innovative pilot projects, Dutch grid operator Stedin is exploring how to integrate hydrogen into the gas distribution grid. Hydrogen is an important innovation topic for Stedin as it is expected to play an important role in the future energy system. One Stedin pilot project is particularly interesting and representative. This pilot will take place in the village of [Stad aan 't Haringvliet](#) (South Holland): here Stedin is converting the local natural gas grid into a hydrogen grid and it is aiming to change all appliances in 600 houses by 2025. An earlier study, conducted by Kiwa, indicated that switching from natural gas to a hydrogen grid is technically possible using the existing natural gas grid, with relatively low costs. In this pilot project, Stedin wants to understand how to make the switch from natural gas to hydrogen with minimal discomfort to home owners.

The project will be a valuable example for other countries that would like to follow and explore the potential of hydrogen. By performing such a pilot, Stedin will also be able to discover which regulatory challenges grid operators may face when taking this step.

Reading of the month

DG ENER study [Assessment and Roadmap for digital transformation of the energy sector towards an innovative Internal Energy Market](#)

Ongoing consultations

[Public consultation to establish the priority list of Network Codes](#) – deadline: 14 April 2020

[Public consultation on MiFID and MiFIR](#) – deadline: 20 April 2020

[Public consultation on the future European Climate Pact](#) – deadline: 27 May 2020

[Public consultation on the European Data Strategy](#) – deadline: 31 May 2020

[Public consultation on the White Paper for Artificial Intelligence](#) – deadline: 31 May 2020

Upcoming meetings & events

- CEDEC Working Group Smart Grids: 28 April 2020
- EU Gas Regulatory Forum (Madrid): 29 & 30 April 2020—**CANCELED**
- EU Electricity Regulatory Forum (Florence): 7 & 8 May 2020—**CANCELED**
- CEDEC Annual Congress (Brussels): 18 November 2020



VIP of the month: Thierry Breton

Having completed the Herculean task of convincing key MEPs he was a suitable candidate, Thierry Breton is now the Commissioner for Internal Market. Not so straightforward, considering that his compatriot and first candidate for the job Sylvie Goulard was rejected by the IMCO committee due to legal and ethical concerns, giving the newly formed Commission a hard time. Breton is now in charge of key strategical policies as his portfolio spans from digital, industry, space and defense issues. Despite being the second choice of French President Emmanuel Macron, Breton does not lack the skills and knowledge needed for this role. His extensive CV includes top positions such as former CEO of the tech company Atos, French Minister for Economy, Finance and Industry, CEO of France Telecom, just to mention a few. It is often said that tech companies are pioneers of the future. Likewise Breton is also looking ahead: "On 5G we are the front runners when it comes to patents. So I want Europe to keep its position, also on the 5G post. This is why I asked my DGs to already work on the 6G (...)" he said in his [closing speech](#) at the 12th Annual Space Conference. Fun fact: it is his "fault" if we cannot enjoy full HD on Netflix during the Coronavirus confinement.

