

26-11-2024



FIRST PART: CALL FOR EVIDENCE

Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 200 member organisations active in 40 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

Feedback on the call for evidence opened by the European Commission as part of the consultation: Fitness check evaluating EU energy security architecture

CAN Europe, Europe's largest network fighting dangerous climate change and representing more than 40 million citizens, welcomes the European Commission's consultation on the revision of the European energy security framework.

The 2022 energy crisis caused by Russia's unjustified invasion of Ukraine exposed the EU's over-reliance on fossil fuels, especially Russian gas, and drastic consequences of energy dependence from autocratic regimes. Beyond climate and geopolitical risks this comes with potential human rights violations but also high price volatility and market instability.

The crisis also led to a strong diversification of external gas supplies and a massive overexpansion of LNG import infrastructures thereby further increasing the EU's import dependency. Demand reduction was the most effective measure that the EU took to deal with the loss of 110 bcm of Russian gas between 2021 and 2023. It covered 77% of the reduction in Russian gas import whilst diversification only covered 23%. In an uncertain geopolitical context exacerbated by Donald Trump's recent re-election in the US and facing the disastrous and unpredictable consequences of climate change, energy security needs to be re-defined to ensure genuine energy independence, with energy demand reduction objectives and a 100% renewable energy system at its core. This energy system will be highly electrified, decentralised and flexible. It will decrease import needs and go hand in hand with a complete phase out of fossil fuels and nuclear power. Energy security also needs to be redefined by putting people's protection at its core value. The recent crisis unveiled an energy security paradigm in which citizens were impacted by high energy prices, while fossil fuel companies registered [record high profits in 2022](#).

We therefore call to structure the revision of the energy security framework by putting people and the planet first, which can be achieved by building on the following principles:

1. **Energy efficiency and gas demand reduction measures must come first**
2. **A framework for a full fossil fuel phase out**
3. **Enhanced interconnected grids and system flexibility for a 100% renewable energy system**
4. **Fighting fossil gas lock-in effects**
5. **Alignment with the climate laws, and especially the EU methane regulation**

1. Energy efficiency and gas demand reduction measures must come first

A steep and continued reduction of energy consumption is paramount to ensure a stronger, independent and more reliable energy system. CAN Europe has developed a [Paris Agreement Compatible \(PAC\) energy](#) scenario which shows how a fully efficient and secure renewable energy system can be developed, by achieving 20% energy savings in 2023 and halving demand by 2040. The scenario also shows the [co-benefits](#) of this transition in terms of energy security and financial savings. Well implemented reduction measures are a low hanging fruit of both energy security and climate transition.

With the Russian invasion of Ukraine, Russian gas supplies to the EU were cut, and new dependencies on other suppliers, which even further weakened the EU energy security, were built up. However, to face the longer lasting disruption of security of supply, measures to lower demand through gas savings were also adopted. The emergency gas demand reduction measures, [Regulation \(EU\) 2022/1369](#), implemented by Member States have proven to be effective and brought down EU gas demand by almost [18%](#) between 2022 and 2024. According to the [Commission](#), these measures achieved 65 bcm reduction in gas supplies with 43% of the reductions achieved in the household sector, 47% in the industry sector and 10% in the power sector. However, according to [independent research](#) based on Eurostat numbers these savings did even amount to 85 bcm compared to consumption in 2021. This is why the review of the gas security of supply (SoS) regulation needs to take a **'gas demand reduction first'** approach and **integrate joint mandatory gas saving measures** as a key tool to address a future energy crisis and as a long lasting strategy to secure and support the energy market's transition towards a fully renewable energy system. It is aligned with the energy-efficiency-first principle, which is enshrined in EU-legislation, and is also key in assessing realistic needs of energy infrastructures.

2. A framework for a full fossil fuel phase out

The role and impact of the EU's dependency on fossil fuels needs to be acknowledged in the revision of the energy security framework, as a vector of insecurity, vulnerability and contributor to the climate crisis, creating unpredictable risks on energy supply, demand and

infrastructure. Diversifying the gas supply sources is not a solution to energy security: relying on LNG is making the EU gas market more vulnerable to geopolitical events, as could be seen with the price spikes on the TTF after the strikes at LNG-export facilities in Australia and the recent tensions in the Middle East. The EU's fossil fuel based market affects energy prices, with high bills for consumers and citizens, leading almost [10%](#) of European citizens to live in energy poverty while fossil fuel companies continue generating [billions](#) in profits. The high gas price volatility is also hampering EU's competitiveness leading to irregular government revenues and public investment, creating an unsecure landscape for European industries, and it is especially harming energy-intensive industries.

This is why the revision of the energy security framework needs to be a milestone to achieve the **full phase out of Russian imported fuels by 2027**. But a revision of the energy security framework will only be successful if it goes further and includes **a framework phasing out fossil fuels and avoiding false solutions**, by implementing an action plan to phase out coal by 2030, fossil gas by 2035 and oil by 2040, and a framework for the decommissioning of fossil fuel infrastructure as well as a [just transition plan for workers](#) employed in the fossil industry.

The fossil gas framework will need to build on the emergency gas demand reduction measures and design a tailored approach for the power, buildings and industry sectors. Aligned with this framework, the revision of the gas SoS regulation needs to **rethink its approach towards the gas storage targets**: while storage has played an important stabilising role in the current gas market, the system as such is not aligned with a structurally decreasing gas demand in Europe. An alternative would be to convert a bigger percentage of gas storage capacity in the EU to strategic reserves and make those accessible only in case of emergency. Gas storage recommendations, if needed, should be based on national phase out trajectories and demand forecasts. An integrated view combining electricity, gas and alternative storage solutions, to avoid excess gas storing becoming a bottleneck in the energy transition, would be beneficial.

Finally, the implementation of a fossil fuel phase-out framework should be developed together with enhanced gas market transparency, including the traceability of the origin of a country's gas mix giving more visibility on upstream emissions reporting. The implementation of the methane regulation is highlighting this transparency need and the objective of phasing out Russian gas has stressed several problems of unclear gas origin, leading to political finger pointing between Member States (for example, Germany importing gas via Belgium being labelled as "Belgian gas" while Belgium gas is in reality coming from Russia LNG imports or transshipment). This transparency should also be applicable to gas from all provenances, allowing the EU to establish criteria regarding climate and environmental impacts, upstream emissions leaks, due diligence and human rights and security of supply.

3. Enhanced interconnected grids and system flexibility towards a 100% renewable energy system

The safest and quickest solution for the EU to face future energy crises without further incentivizing the climate crisis is by promoting the **uptaking of cheaper, more reliable**

renewable energy and building on proximity and local based solutions such as energy communities. Renewable energy has already been proven to be cheaper than fossil fuels, and the surge in renewable energy production has been instrumental in [mitigating the impact of the fossil energy price crisis](#) for numerous Europeans.

Acceleration of sustainable renewable energy deployment to strengthen energy security should include enhanced demand-side flexibility measures and improved transmission and distribution-level grids uptake, promoted in nature-friendly ways. CAN Europe's PAC [Roadmap for power grids](#) shows that tomorrow's energy system will have up to 70% electrification levels and very high cross border electricity trade with increasing [transmission capacity](#) for cross zonal trading to 70%. Increased electrification has already positively impacted energy security through supporting the integration of home-grown renewables and limiting gas import needs, but this electrification needs to be renewable based only and avoid any lock-in risks into fossil gas powered electricity production. Community energy projects will also be an essential element of this framework, strengthening resilience and fostering a stable, inclusive, and secure energy future for all by reducing vulnerabilities and lessening dependence on energy imports and fossil fuels. Instead of relying on emergency measures, energy communities build energy security from the ground up, diversifying production and buffering against global disruptions and geopolitical turmoils.

4. Fighting fossil gas lock-in effect

Historically, the argument of energy security has been developed on the basis of a centralised and fossil fuel based energy system. The 2022 crisis revealed the downside of this system and the increasing vulnerability of gas pipelines, power plants and fossil gas infrastructures overall. The revision of the energy security framework is a welcome opportunity to **include specific safeguards fighting the fossil gas lock-in effects due to uncoordinated gas infrastructure development** relying on unsupervised and uncoordinated energy needs assessments. As an example: the Belgian TSO wants to double its transmission capacity to Germany while Germany wants to continue investing in onshore LNG terminals on top of the already leased FSRUs.

While gas demand is projected to structurally reduce and EU LNG demand [reaches its peak](#) in 2024, total LNG import capacities are projected to reach [408 bcm](#) in 2030, largely outweighing the 2030 gas demand projections (around [184 bcm](#) according to ACER, if the EU implements all the REPowerEU measures). Further investment in new gas infrastructures will only lock us into increased fossil gas dependency. Today, newly built fossil gas infrastructure, branded as Hydrogen Ready, even though future Hydrogen demand is highly uncertain, further exacerbates fossil gas infrastructure lock-ins. ACER recommended in its [Hydrogen Markets report](#): *“When future demand is highly uncertain, consider incremental infrastructure development based on market needs (to avoid building too much network too fast and stranded assets).*

The EU needs to enhance the transparency on gas demand forecasts, strengthen the civil society's engagement and incentivize independent energy demand assessments in the gas SoS regulation revision, to fight off the conflicting interests of the fossil gas industry in the

development of energy infrastructure plans. The EU needs to focus on making the most with its existing infrastructures, invest in their resilience to climate change impacts and anticipate the gas grid decommissioning needs in order to avoid stranded assets.

5. Alignment with climate laws, and especially with the EU methane regulation

The recently adopted legislations from the European Green Deal will have a great impact on the energy security framework which needs to be realigned. The consumer protection measures and climate laws should be mainstreamed in this energy security fitness check. In particular, the gas SoS regulation needs to be aligned with the recently adopted EU methane regulation, especially regarding the methane mitigation measures from imported energy sources, as methane abatement measures have an energy saving and energy security potential. Gas is mainly composed of methane, and methane is one of the first and easiest low hanging fruits to tackle the climate crisis, a crisis affecting energy security. Methane abatement measures are a way to create gas revenues and can further strengthen the EU's reduction of gas imports, via gas saving measures. One of the most important blind spots of the current SoS regulation is the lack of gas savings measures or demand reduction approach (the reference to demand reduction measures is only made in the Annex VIII of the Regulation, as part of the list of demand size non-market-based measures). This can be tackled by prioritising the implementation of a methane import standard, thus strengthening the supply chain by reducing leaks and creating additional gas capacity. Curtailing flaring and methane leakages could save over 45 bcm of fossil gas in countries that currently export to the EU, those enabling an existing gas source without needing to construct any new import infrastructure. Methane abatement could also further help the EU to reduce its reliance on Russian gas. The revision of the infrastructure standards (article 5 SoS) and gas supply standard (article 6 SoS) integrating an energy efficiency perspective allowing to apply methane emission reduction standards should be considered.