

ZEP Briefing – REPowerEU Plan

Background

The European Union condemned the invasion of Ukraine by Russia on 24 February 2022 and adopted several packages of economic sanctions against Russia. The European Commission adopted on 8 March 2022 a [Communication](#) called ‘REPowerEU: Joint European Action for more affordable, secure and sustainable energy’ to reduce its dependence on Russian energy imports, reinforce its energy autonomy and address rising energy prices.

REPowerEU Plan

Following this initial outline, the Commission adopted on 18 May 2022 a second [Communication](#) called ‘REPowerEU Plan’ to rapidly reduce the EU’s dependence on Russian fossil fuels.

The Communication includes, among others, the following measures:

- Doubling of the autumn 2022 large-scale call of the **Innovation Fund** to approximately **€3 billion**
- Specific funding for REPowerEU in the **Innovation Fund**¹
- Increase of the 2030 target for **renewables to 45% of the EU energy mix** and an amendment of the Renewable Energy Directive to recognise renewable energy as an **overriding public interest**
- Phased-in **legal obligation** to install **solar panels** on new buildings
- EU Solar Strategy to **double solar photovoltaic capacity** by 2025 and install 600GW by 2030
- Increased **Energy Efficiency Target to 13%**
- Target of **10 million tonnes** of domestic **renewable hydrogen production** and 10 million tonnes of renewable hydrogen imports by **2030**
- **Two Delegated Acts** on the definition and production of renewable hydrogen
- Additional funding of **€200 million** in Horizon Europe investments on the Hydrogen Joint Undertaking to **double the number of Hydrogen Valleys**
- **Carbon contracts for difference** to support the uptake of green hydrogen by industry
- Map of preliminary **hydrogen infrastructure needs** by March 2023
- Biomethane Industrial Alliance and financial incentives to increase biomethane production to **35 billion cubic metres by 2030**
- Increase of the Recovery and Resilience Facility with **€20 billion in grants** from the sale of **EU ETS allowances**
- Inclusion of REPowerEU chapters in national recovery and resilience plans

¹ The specific REPowerEU window of the Innovation Fund will support “(1) innovative electrification and hydrogen applications in industry, (2) innovative clean tech manufacturing (such as electrolyzers and fuel cells, innovative renewable equipment, energy storage or heat pumps for industrial uses), and (3) mid-sized pilot projects for validating, testing and optimising highly innovative solutions”. Funding will support existing hydrogen production in industrial processes from natural gas to renewables and the transition to hydrogen-based production processes in new industrial sectors, such as steel production.

- Additional **€10 billion of investment** in gas infrastructure to complement the existing Projects of Common Interest (PCI)
- New call for proposals under Connecting Europe Facility with a budget of **€800 million** to accelerate **electricity PCIs**, with another call to follow in early 2023
- Creation of an **EU Energy Platform** to enable voluntary common purchases of gas, LNG, and hydrogen
- Proposed **EU External Energy Strategy** for energy diversification, including hydrogen corridors in the Mediterranean and the North Sea
- Publication of an **'EU Save Energy Communication'** detailing short-term behavioural changes to cut gas and oil demand by 5%
- Measures to integrate geothermal and solar thermal energy in district and communal heating systems

The REPowerEU plan would entail an additional investment of **€300 billion** from the EU budget and carbon market revenues until 2030. This investment includes:

- **€86 billion** for renewables
- **€56 billion** for energy efficiency and heat pumps
- **€41 billion** to reduce fossil fuels in industry
- **€37 billion** to increase biomethane production
- **€29 billion** in the power grid
- **€27 billion** for hydrogen infrastructure
- **€10 billion** investments to import sufficient LNG and pipeline gas
- **€1.5-2 billion** for oil supply

The European Commission opened 4 initiatives for feedback related to the plan:

- **'Production of renewable transport fuels – share of renewable electricity'**, open until **17 June**, which aims to set out *"the requirements for renewable electricity used to produce these renewable transport fuels so they can be counted as fully renewable"*. [The draft delegated regulation is available here.](#)
- **'Renewable energy – method for assessing greenhouse gas emission savings for certain fuels'**, open until **17 June**, which aims to establish *"a methodology to assess greenhouse gas emission savings from renewable liquid and gaseous transport fuels of non-biological origin and recycled carbon fuels"*. [The draft delegated regulation is available here.](#)
- **'Renewable energy projects – permit-granting processes & power-purchase agreements'**, open until **19 July**, which aims to *"facilitate renewable energy production projects focusing on barriers, including: the length of permitting procedures, the complexity of rules and processes for site selection and administrative authorisations, grid-connection issues, and staffing of permitting authorities"*. [The staff working document is available here.](#)
- **'Regulation on REPowerEU chapters'**, open until **19 July**, which aims to amend the Recovery and Resilience Facility (RRF) by adding dedicated REPowerEU chapters. [The proposal for a regulation is available here.](#)