REPowerEU – will the EU's plan allow a clean break from Russian fossil fuels?

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If there is one news item that has been a consistent theme over the course of Russia's invasion of Ukraine, it has been the dogged discussion about the EU's dependency on Russian gas and fossil fuel supplies. The EU response has not exactly come about swiftly to ensure that imports of coal and oil are covered by the bloc's sanctions packages. Although it continues to be effectively held hostage by Russia on oil, slow progress now appears to be being made. It has however found that striking the right balance for an EU-approach to gas that satisfies citizens and policymakers to be a particularly delicate matter, leading many – including the Ukrainians - to criticise the EU's approach, and for others to wonder whether the EU will ever be able to unshackle itself completely from Russia's fossil fuel grip.

The EU has been keenly aware of this issue and the political ramifications of being viewed as approaching the crisis too cautiously, but plainly has strengthened its resolve in the face of Russian supply disruption to Poland and Bulgaria. In response, it has now published a comprehensive plan that it claims will enable the bloc to end its consumption of Russian fossil

fuels by 2027. The European Commission has been trailing details of this to the media, ahead of last week's full launch of the EU's new External Energy Strategy - 'RePowerEU'. Much of the REPowerEU plan is progressive and maintains a keen focus on EU decarbonisation goals, but some aspects have received mixed reviews from environmental campaigners.

At its most basic, the proposals at the heart of the plan are simple: to pursue an acceleration of clean, renewable energy consumption and energy efficiency, and a decrease of fossil fuel energy consumption (although not as fast as has previously been thought). It is hoped that this will be achieved through the mobilisation of 300 billion euros of public and private investment by 2030 to deliver a combination of accelerated renewable energy production and energy saving strategies, kickstarted by the EU's investment. To the frustration of money, however, the proposals are also accompanied by new EU investment in gas infrastructure.

The ambition is that this funding will incentivise EU domestic energy supply chains and producers to eventually achieve full independence from Russian hydrocarbons by 2027, and significantly reduce greenhouse gas (GHG) emissions by 2030. These are ambitious targets. For context, the EU imported more than 40% of its total consumed gas from Russia in 2021, meaning the EU faces the not-insignificant task of having to rapidly identify replacement supplies to support the phasing out of Russian fuels whilst simultaneously progressing towards its other goals of decarbonisation and reducing consumers' costs. Locking in EU commitments to other sources of natural gas will undoubtedly be to the chagrin of environmentalists across the continent, but there is an argument that this reflects the urgency of the situation facing EU policymakers to rapidly break away from Russian producers and ensure future energy security. Time will tell if this choice proves correct.

The decision to promote the benefits of energy efficiency strategies is one area where the EU has taken the lead on the UK Government's own response and the widely criticised Energy Security Strategy, which largely failed to account for the importance of energy efficiency. As the conflict in Ukraine has drawn on, it has become increasingly obvious that it is the simplest and most cost-effective way to strengthen long-term energy security and shield energy consumers from the volatility of gas markets. By simply reducing the demand for natural gas by increasing energy efficiency, you decrease the financial burden on consumers – you do not pay for gas you never use. The EU has rightly identified that this can cushion against costs for households already struggling with rising energy bills, and is an easily-achievable policy decision that can have fast, impactful benefits for consumers across the continent.

The plan also contains some welcome and crucial commitments to accelerate the take-up of solar panels and other renewable energy sources. Renewables will form the cornerstone of the EU's energy landscape for years to come, meaning it is vital that the targets are sufficiently ambitious and adequately funded. REPowerEU contains refreshed targets for renewable energy generation (1236 GW by 2030 vs. 1067 GW envisaged under previous plans), and a dedicated solar strategy to take advantage of European solar generation potential and strengthen supply chains, accompanied by plans to trigger 26 billion euros of public and private investment in solar alone by 2027 – a mouth-watering prospect for industry. This is a significant factor. It will be of vital importance for the EU to collaboratively work with the renewable industry and scale up manufacturing to cope with the inevitable installation demand. The EU has already committed to pull, and legislate for, the necessary levers to ensure that this can be achieved. For example, the creation of the European Solar Rooftop Initiative and the streamlining of permit-granting for solar projects will ensure a more robust and stable regulatory landscape for installations to be completed and reducing demand for gas imports, thereby protecting EU consumers against price shocks more quickly.

One item that has slipped under the radar of previous analysis is the EU's attempt to foster behaviour change and encourage member states to promote awareness campaigns and incentivise households to save energy in the form of the 'Playing my part' campaign, launched in collaboration with the International Energy Agency. This is one aspect of energy policy that policymakers (the UK Government being one recent example) have historically hesitated to broach, fearful that any attempt to nudge citizens in a particular direction could result in a public backlash, despite an increasingly wide consensus that behaviour change could play a crucial role in reining in energy bills. For the moment at least the EU has taken something of a risk by choosing to pursue this policy, but could soon reap the rewards if the campaign achieves the 5% reduction in gas consumption (equivalent to 13 billion cubic metres of gas) and associated avoided GHG emissions that it claims is within reach.

Hurdles still lie ahead for the strategy. Member states have a crucial role to play, firstly in approving the plans amidst likely opposition from Russia-sympathetic Hungary, and secondly implementing them in full. Significantly, with energy-led inflation beginning to bite across Europe it appears that there is sufficient political will to ensure this can be achieved. EU members will know that it is in both their citizens' financial and their own electoral interests to make the package a success.