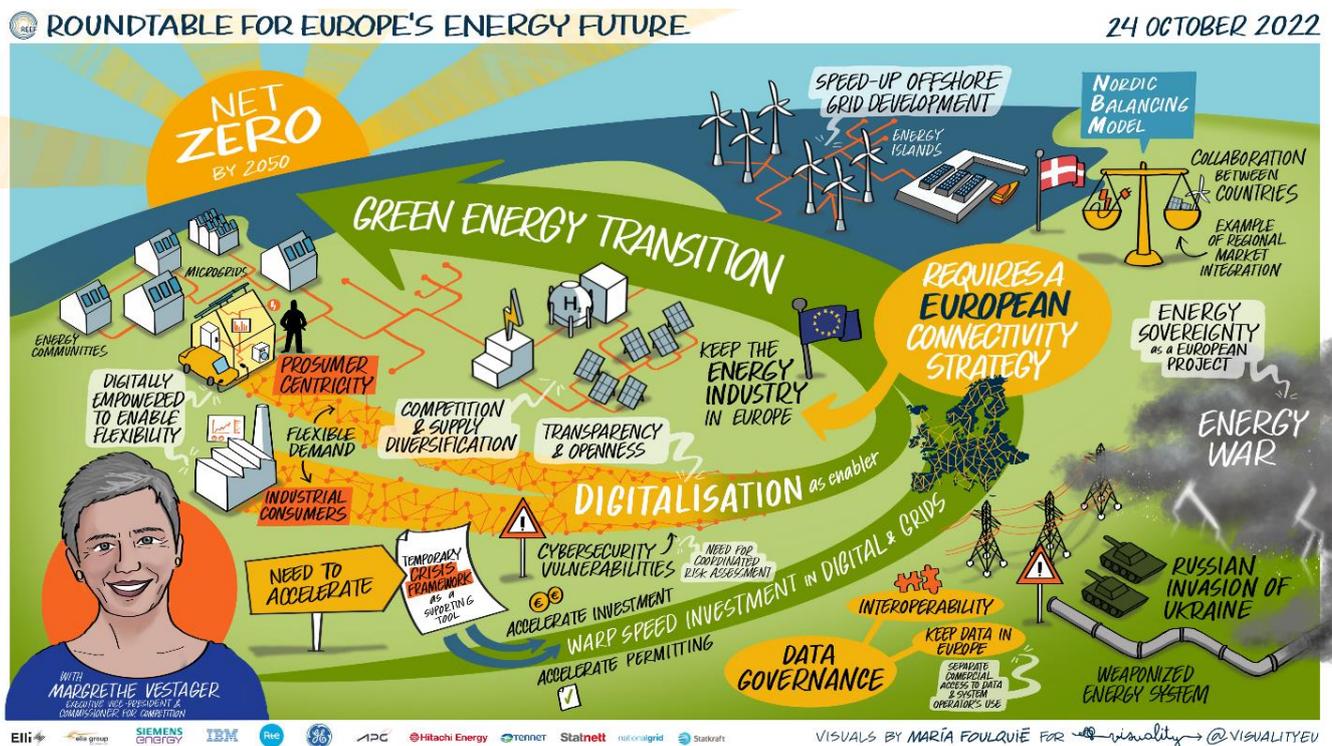


# THE ENERGY WAR IN EUROPE

For REEF as for the rest of Europe, 2022 was dominated by the brutal Russian war in Ukraine and the massive turbulence in the energy market. The year opened with an energy price spike caused by Russian gas-market manipulation stretching back to the summer of 2021 and ended with the worst terrorist attacks by Russia on civilians in Ukraine and massive attacks on their energy infrastructure. However, Europe comes out of 2022 united in its response to the war, but with an urgent need to decarbonise and digitalise the energy system to become energy-independent from Russia, in accordance with the RepowerEU Plan.

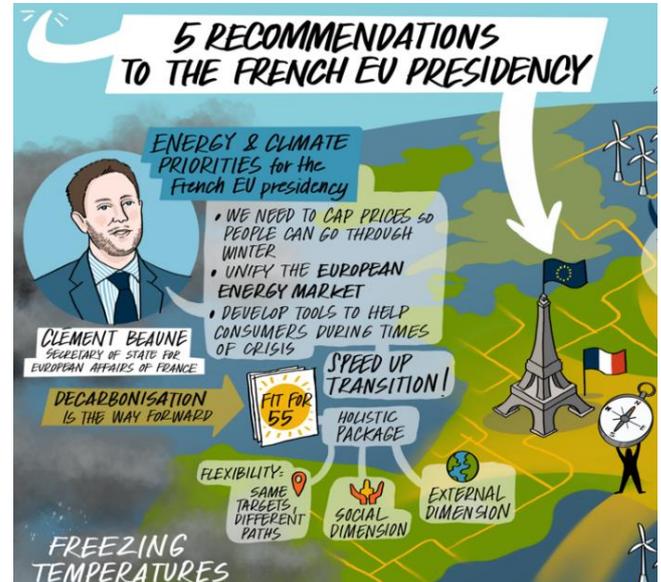
The Russian invasion of Ukraine was a watershed moment in European unification. The war led to the energy market and the digital sector being brought into a new concept of European security, due to the weaponisation of energy and digital infrastructure. REEF has pursued the need for an EU connectivity-strategy to encompass these new threats to European energy security in its meetings with the EU institutions.

This crisis was a central theme for REEF-meetings during 2022 under the Elia Presidency; we met with **French Europe Minister Clément Beaune** in January at the start of the French Presidency of the EU Council. Here our main message was the need for Strategic Leadership in the EU in front of the growing turbulence in Ukraine. Following two internal CEO strategy sessions led by REEF Chair Chris Peeters in April, we met with all three EU institutions including **Member of the European Parliament Emma Wiesner** in September. In October, we handed over REEF messages on digital energy to **Executive Vice President Margrethe Vestager** for the European Commission in a physical meeting at the Berlaymont. Key messages from REEF to all the EU institutions throughout the year focused on the urgent need to solve the climate and energy crisis and the need for a strong electricity market design.



During these meetings REEF also underlined that accelerating the Green Deal is the best way out of the crisis and that digitalisation is a key enabler of a successful transition; strong leadership of European industry and more cooperation across sectors are also seen as key elements of the solution. Europe has adopted a policy of short-term crisis management, while the integrity of the Single Market is a prerequisite for any effective policy response. **The European approach**, and the discussion within REEF, centred around how to address this turbulence with resilient messages and to deliver on climate action while addressing energy price volatility, increasing renewable energy production and grid developments, supporting the digitalisation of the energy sector, as well as making the market design fit for 2030.

In its first meeting of the year, REEF shared five key recommendations with the French Council Presidency, represented by Europe Minister Clément Beaune, on how accelerated **European Strategic leadership** through a strengthened internal energy market can help Europe through the energy crisis. Developing offshore renewable digital technologies is important. Beaune stressed the importance of advancing the Fit for 55 package in order for the EU to reach its 2030 climate objectives. Furthermore, he emphasised the internal and external dimension of the transition, internally by **securing social standards** in European countries during the process through financial support, and externally by ensuring the transition is not undertaken alone, but within an interconnected energy system in Europe.



Following the outbreak of Russia's war in Ukraine on 24 February, REEF assessed the war's consequences on the energy sector: supply-chain disruptions, protecting the EU's energy independence, safeguarding a holistic market design for electricity, speeding-up the digitalisation of the energy sector including cyber security issues, accelerating clean energy infrastructure deployment and ensuring the efficient use of flexibility and green hydrogen. In parallel to the RepowerEU plan, **REEF also delivered a manifesto** with clear messages on how to reduce dependencies on unreliable energy suppliers and to develop a secure, clean, affordable and resilient energy system in Europe as quickly as possible.

During the summer, **REEF welcomed Maxim Timchenko, CEO of DTEK, one of Ukraine's largest energy companies**, to the Roundtable and agreed to set up a close cooperation between REEF and Ukraine. This led to the launch of REEF's subgroup on assistance to Ukraine, which coordinates the REEF member companies' support. Looking at the future, Ukraine aims to increase its asset base in renewables and develop interconnections in with Europe and export to Europe.

As the crisis intensified, REEF presented a set of **key principles to serve as a basis for a new long-term market design and short-term emergency measures**. In September, the CEOs of the Roundtable met with key representatives from the Commission, Council and Parliament to discuss existing challenges to the EU's energy sector amid the current energy crisis, the war in Ukraine and the new EU electricity market design. REEF highlighted that the crisis was not caused by the electricity market design, but Russia's decision to halt its supply of natural gas. The current situation in European energy markets is unprecedented. REEF expressed its readiness to support the European objectives of balancing short-term emergency relief measures for industry and consumers with longer-term goals to make Europe fit for 55 by 2030.

The representatives from the EU institutions fully supported the points raised by REEF. In addition, they reiterated the importance that the **upcoming energy market redesign must not be driven by short-term concerns and must not disrupt the European energy market's functioning**. In parallel, the EU must build sufficient capacity to reduce its

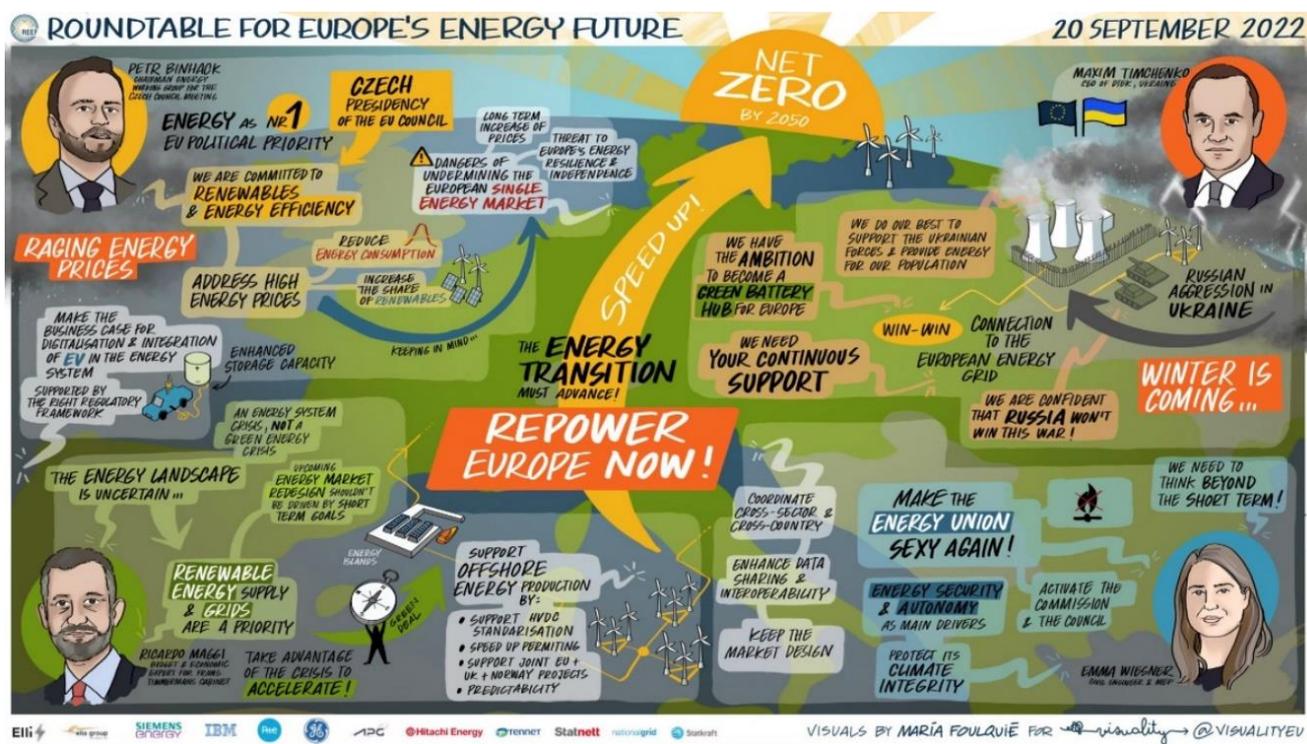
dependence and allow for greater flexibility of the energy system, whilst maintaining ambitious climate objectives. MEP Emma Wiesner made the case for energy security and climate action to be considered in an upgraded Energy-Union proposal. Maxim Timchenko, CEO of DTEK, stressed the significant potential to increase physical capacities and commercial flows with Ukraine in the short, medium and long-run and noted that the Ukrainian wish to increase its asset base in renewables and develop interconnections with Europe constitutes a great contribution to energy resilience of Europe as a whole and to the implementation of the decarbonisation goals of REPowerEU.



Following the Commission’s release of its action plan on digitalising the energy sector, REEF held a meeting with **European Commission Executive Vice-President Margrethe Vestager** in October. In this meeting, REEF stressed the importance of digitalisation as an enabler of the energy transition by accelerating permitting times and the exchange of data. REEF member companies delivered four key messages which they believe reflect important areas where additional action can be taken: Firstly, opening the energy market, enabling sector country and facilitating energy flows; secondly, fostering and supporting investments in digital infrastructure and tools; thirdly, enhancing cybersecurity and resilience; and, fourthly, serving social fairness and empowering consumers. The EVP equally noted the key role of digitalisation to contribute to energy efficiency, grid management and for empowering consumers and secure fairness.

Throughout 2022, the Secretariat organised 21 sherpa-meetings, and together with the REEF Presidency organised two half-day workshops at the Elia HQ in Brussels, to share ideas and experiences. Furthermore, 5 CEO meetings were organised, of which one was in-person in Brussels (October). The Secretariat also organised meetings with its contacts in the EU institutions, expanding REEF’s position as a trusted partner for the Commission, Council and Parliament to present concrete advice on policy.

We are also happy to have included **two new REEF members during 2022** with **Volkswagen Elli**, a provider of energy and charging solutions joining us in January, and **Ukrainian energy company DTEK**.



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