



9th ROMANIAN ENERGY DAY

THE EUROPEAN GREEN DEAL AS THE KEY RECOVERY MECHANISM AND GROWTH STRATEGY FOR THE EU

Tuesday 20th of October 2020

Summary and statements

The Romanian Energy Center Association organized on October 20th, 2020, for the 9th consecutive year, the Romanian Energy Day conference, an event already established as the main dialogue platform between the energy industry in Romania and South-Eastern Europe and the political decision-makers from Brussels.

Entitled "The European Green Deal as the main recovery mechanism and growth strategy for the European Union", this year's conference debated in the presence of 20,000 online participants, the development framework of the European energy sector post-2020, the financial and infrastructure challenges, as well as the perspectives of the Romanian energy industry regarding the transition to a low-carbon economy, all of which aim to provide clean and affordable energy for future generations. The European Union is reinventing itself by embarking in the most ambitious project since its inception. The goal of becoming the first carbon-neutral continent takes on "uncharted territories" and will strongly test the cohesion of its member states. From uniting political elites towards common goals, to revolutionise the technical capabilities and strengthen the social cohesion and acceptance, the European Green Pact will reaffirm Europe's relevance in the world, while reducing the gap with the local political structures.

The energy industry will emerge significantly changed from the SARS-CoV-2 crisis. Three key pillars are increasingly becoming of salience for companies' resilience and economic competitiveness, affordability and ultimately for security of supply, (1) digital technologies, (2) smart networks and (3) clean generation technology (as directly as possible) linked with consumers. These create the premises for clean, available and affordable energy for the next generation.

Finally, the conference tried to tackle the debate of whether the European Green Deal project is on track, the financial and infrastructure challenges and Romania's ability to integrate the European energy and climate packages into national policies for the next decade.



Opening the 9th edition of Romanian Energy Day, **Mr. Corneliu BODEA, President of the Romanian Energy Center**, pointed out the importance of cooperation and mutual support, while also making bold decisions, especially during rough times such as the COVID-19 pandemic. Investments are also crucial in modernising the generation capabilities, the large-scale adoption of digitalization, smarter transport and distribution networks as well as energy efficiency. According to Mr. Bodea, the European Green Deal is a huge opportunity and the best suited mechanism for the recovery of the European economy.

Corneliu Bodea: "The European Green Deal is a huge opportunity and the best suited mechanism for the recovery of the European economy"

Collaboration in order to support the transition to the green energy is mandatory also from the point of view of **Mrs. Kadri SIMSON, Commissioner for Energy**, assuring the audience that adequate funding is in place for supporting the transition mechanism towards the 2030 ambitions. In face of the current crisis, the European Union is determined to turn adversity into opportunity, for modernising the economy and its society. Furthermore, the EU is committed to be the first climate neutral continent and is actively assisting its member states, across all sectors, to reduce their CO2 emission by at least 55% by 2030, with a proposed 30% of EU's next budget and the recovery package going towards climate related investments.

Kadri Simson: "30% of EU's next Budget and the Recovery package will be allocated towards climate related investments"

Commissioner Simson announced the adoption last week (i.e. October 14th 2020) of its State of

the Energy Union report and the individual assessments of the national energy and climate change plans, being on track regarding the 2030 targets in terms of reduction of CO2 emissions and integration of renewable energy sources. Better attention though should be placed on energy efficiency, which is slightly behind target.

On funding opportunities specifically for Romania, the country will have available around EUR 14 billion under the Recovery and Resilience Facility and a further EUR 2 billion under the Just Transition Fund, in addition to the EUR 29 billion of Cohesion Policy funds.

Today, 34 million EU citizens struggle to keep their houses warm and all citizens must be at the heart

Kadri Simson: "The European citizens must be at the heart of a clean and fair energy tranzition"

of the clean and fair Energy Transition. In Romania the EU is working on a transition strategy from coal in Jiu Valley for a new

outlook for its citizens, smart transition and for a long-term perspective.



Kadri Simson also mentioned the Offshore Wind energy strategy, which will be finalised in November 2020, representing new energy resource key for the green transition. Also, the revised trans-European energy network regulation will be tabled by the end of 2020 and the revised renewable energy, energy efficiency and internal gas market legislation will become available next year. However, Commissioner Simson stressed-out that the European Commission cannot act alone, but with the crucial role of its member states which must adopt the European legislation into their national frameworks. The subsequent robust, transparent and liquid energy markets are key for attracting investments and assure security of supply. The Commissioner also pointed out the importance of stimulating the local investments and sustainable growth, with special focus on SMEs.

In conclusion, the European Commission is a partner for national, regional and local authorities to provide advice, financial support and good practices.

Virgil POPESCU, Minister for economy, energy and business environment expressed his strong support for the implementation of the Green Deal mechanisms in order to reach national energy and climate targets and to properly balance the energy transition. Coal cannot be excluded on the short term without putting something else in return, replacement that should be done in a sustainable way.

Virgil Popescu: "The European Green Deal mechanisms are very important to reach the national energy and climate targets and properly balance the energy transition"

Ambassador Luminița ODOBESCU, Permanent Representative of Romania to the European Union, pointed out that the energy sector is one of the most important sectors for the economic recovery and Romania should be actively involved in order to make the best use of the advantages brought by

Luminita Odobescu: "The energy transition can only be achieved with the strong co-operation between European institutions, national governments, businesses and citizens"

the EU financial instruments, including the transition to low carbon

energy generation while also actively involving its citizens. Ambassador Odobescu is strongly supporting the absorption of European funds for implementing green energy, digitalization and energy efficiency in buildings, as they create growth opportunities and jobs.



Further on, **Mr. Tudor CONSTANTINESCU**, the principal advisor to the director general of DG Energy, emphasizes that public policy and energy policy should go hand in hand. In the context of the energy transition, Mr. Constantinescu points out the importance of flexibility and adaptability through integration and digitalization, with innovation

standing at the core of energy transition. He believes that Romania has a huge potential in smart and efficient buildings.

Tudor Constantinescu: "Innovation is at the core of the European Energy Transition"

Mr. Cristian BUȘOI, Chair of the Committee on Industry, Research and Energy in the European Parliament, pointed out that the Green Deal and the Green Recovery are the most strategic directions that EU can pursue in the near future, the impact on society as a whole will be very important for the coming years and decades. Delivering a green transition is vital in terms of the climate challenges. Fighting the climate change is vital for us. The European Commission and European institutions in general are trying to see the Green Deal as a win-win strategy in order to unleash innovation, restructure of the critical sectors and make use of sustainable energy plans. At the same time the proposed Green Recovery will allow Member states to restore their economies while deepening their energy transition and creating jobs and certainty for investors. The goal of the EU parliament is a 60% reduction of the greenhouse emissions by 2030, a very ambitious goal and difficult to reach not only for Romania. After the negotiations, Mr. Busoi believes that the target will be established at a 55%. We need to focus on research and innovation and on the security of the energy supply. In Romania's case, gas is the transition fuel, we should also take into consideration hydrogen. The 750 billion euros fund of the Green

Recovery is extremely important for fuelling the economies.

Cristian Busoi: "The European Green Deal is the win-win strategy for Europe to unleash innovation, restructure critical sectors and develop sustainable energy plans"

Mr. Cristian BĂDESCU, the special representative of the Ministry of Foreign Affairs of Romania on energy security pointed out the very costly geopolitical shift from coal to gas. Regional energy dialogue

is important to ensure the fluidity and transparency of a functional regional energy market. Moreover, efficient energy diplomacy is needed, concrete

Cristian Badescu: "Regional energy dialogue is important to ensure the fluidity and transparency of a functional regional energy market"



projects being a mandatory component besides the dialogue between governments, such as the BRUA interconnector and the Iasi-Ungheni-Chisinau pipeline, together with Romania's endeavour to identify resources within own boundaries.

Furthermore, innovation and research are key components to ensure the proper energy transition, aspects widely agreed among the speakers.

Mr. Christian ZINGLERSEN, Director of the Agency for the Cooperation of Energy Regulators, mentioned that from the regulatory perspective it seems that the role of the Governments in influencing the energy systems is increasing in order to meet the ambitious political priorities set for the European energy systems. This brings up the utilization of the indigenous resources across Europe, a key priority for many. The increasing integration of the current electricity and gas markets has improved the possibility for having further reliance on indigenous resources, at least for electricity, a significant share will be added to the renewable generation. We need to focus on the neutral reliance inside Europe and neighbouring countries also, such as Ukraine for a better integrated energy market. A lot of the political attention goes to the alignment of the economy recovery with longer term energy transition objectives, there is a significant work to be done for facilitating market coupling. A key issue is improving the European infrastructure planning. On the hydrogen subject, there is quite a lot of work for the gas infrastructure to be ready for this change.

Mrs. Roxana CALIMINTE, Deputy Secretary General at the Gas Infrastructure Europe, expressed that Europe should potentially benefit from the whole value chain, production, transport, storage, distribution and supply. Regarding hydrogen, its cost is rapidly decreasing, but it also requires political commitment and policy.

Mrs. Anca-Iulia CIMPEANU, Policy Officer at Unit B1 Internal Energy Market I: Networks and Regional Initiatives, pointed out the subjects in discussion: the revision of the 10 years regulation and the communication of the off-shore renewable strategy which will be published in November 2020. The challenge to meet our 2030 and 2050 energy and climate objectives is immense. Massive investments from the private sector are required in order to develop off-shore and on-shore networks, a clear grid planning. The commission is working to align the criteria used in the selection of projects



of common interest (PCI) on interconnections and smart grids with the climate ambitions and commitments. The energy infrastructure is a key enabler for the transition to the climate neutrality. The offshore wind energy is a key element to build a power system largely based on renewables and it is the heart of an integrated energy system for a climate neutral Europe.

Mrs. Tiziana de Feo, Head of EU Government Relations at GFG Alliance – Liberty Steel Group, highlighted the importance of hydrogen and the European Green Deal. GFG Alliance’s purpose is to contribute to the green society, economy and industry by decarbonising the aluminium and steel industries and the energy power sectors. The company embraces the European energy and climate targets and is fully committed to the EU and Romania, implementing their internal programme called CN-30 (Carbon neutral 30) GFG’s plan to decarbonise the steel and aluminium production by 2030. RO is a great potential and can be at the forefront with other EU countries, providing the support of the policy framework, the availability of funding, involvement of stakeholders, assurance of energy demand and development of renewable energy sources. Mrs. Tiziana de Feo gives a final message of working together to achieve all these goals.

Continuing the more applied panel discussions, **Mrs. Fiona WILLIAMS, research director at Ericsson**, highlighted the importance of keeping the stability of the grid, goal achieved only through cooperation between the relevant partners. The TSOs need new techniques to be able to adapt, the DSOs need transparency of their networks and to be able to remotely operate their grids, the power plants should provide the adequate supply of affordable energy and the consumers and prosumers need to be motivated to play an active role in the energy transition.

The last panel of Romanian Energy Day, moderated by **Mr. Sorin ELISEI, Director of Energy and Resources Industry at Deloitte Romania**, attempted to look at the bigger picture by drawing a 360 degrees view on the Romanian energy industry’s transition and reconversion.



According to **Mrs. Anca DRAGU**, Deputy General Manager at **E.ON Romania**, European funds will be allocated to support schemes, yet the private sector is definitely needed in major energy market decisions, such as continuing the massive investments in green energy (red. to reach the renewables target within the National Integrated Plan for Energy and Climate Change).

Mr. Adrian GOICEA, President of the Supervisory Board at **Transelectrica**, reassured the audience that the Romanian transport and system operator is very much dedicated to implementing the mechanisms of the European Green Deal, considered to be the backbone of the energy sector's development. Furthermore, Transelectrica's vision is to become the technical and operational authority of the regional power system, together with achieving balancing through storage.

Mr. Carlo PIGNOLONI, CEO and Country Manager at **ENEL Romania** and President of the **Romanian Wind Energy Association**, observes changes at local levels but calls on for public dialogue between all stakeholders in order to find the right solutions for the authorities to implement. The permanent dialogue is also a prerequisite for a proper framework to allow private investors to intervene and points out the complex nature of the European Green Deal which goes beyond energy, towards industry, infrastructure and EU funds allocation.

Mr. Ondrej SAFAR, CEO of **CEZ Romania**, highlighted the importance maintaining a close dialogue with the local authority when developments are being built and identifying the right benefits for the the local economy, the development of the local industry and the creation of jobs. Regarding market functioning, Mr. Safar points out the salience of long-term predictability of the market price, key element for any project to be bankable.

Mrs. Lacramioara DIACONU, member of the board at **Complexul Energetic Oltenia**, points out that the shift introduced by the European Green Deal towards pursuing the 2030 energy and climate targets need to comply to both the rules of the European Community and the environment requirements.



Mrs. Mihaela TOADER, Head of Strategy at Romgaz, provided an insight into Romgaz's strategy, company looking into renewable energy sources and the petrochemical industry, besides natural gas. Hydrogen (red. from renewables) is needed for greening natural gas.

Mrs. Varinia RADU, Head of Energy and Projects Romania and CEE Deputy Head of Energy at CMS Cameron McKenna, pointed out that transition has multiple meanings, transition from fossil to renewable energy sources, from high to low carbon generation, from fragmented energy sector to a more unified system comprising of oil & gas, heat, renewables and a more integrated sector. Regulation can play an important role in incentivising investors, with the new energy law and the PPAs transmitting an important signal to investors. However, we need access to the grid, the adequate capacity of the grid and the completion of investments announced by Translectrica. Romania is becoming a hot spot again, confidence from investors is building up, yet a strong legislative framework is needed.