

## Event Report

# "Lessons from a crisis – How to achieve a climate neutral, energy secure & prosperous transition for Europe & the business sector"

January 25, 10.00-12.00 (CET)

The event was an opportunity to reflect on the progress made during the past year on the Fit for 55 Package, and the response from policymakers and solutions developed by businesses to deal with the energy crisis while increasing the competitive sustainability of industry and green investments. Speakers presented solutions developed by businesses to scale up the production and demand for renewable energy, boost energy efficiency and accelerate the decarbonization of industry. They reflected on the important role of policies in enabling businesses to develop and scale up these solutions looking at recent policy developments like the Fit for 55 Package, RepowerEU plan and EU's response to the Inflation Reduction Act (IRA) in the US. The conversation highlighted the following key messages:

- The progress made with the Fit for 55 Package is positive and the remaining negotiations on climate related files (Renewable Energy Directive, Energy Performance for Buildings Directive) must maintain a high level of ambition.
- Businesses have a clear role for the delivery of the Package and providing solutions to deal with the energy crisis.
- Renewable energy and energy efficiency are essential to speed up decarbonisation and overcome the challenges of the energy crisis.
- The Green Deal Industrial Plan is an opportunity to improve energy systems and the EU's sustainable competitiveness in a context of rising international competition for green industries and technologies.
- Cooperation is a key element of success, including cooperation between businesses and policymakers, and multi stakeholder coalitions involving businesses, citizens and NGOs.

The event was chaired by **Ursula Woodburn**, Director, CLG Europe.

Speakers included:

- **Yvon Slingenber**g, Director of International, Mainstreaming and Policy Coordination, Directorate General for Climate Action, European Commission
- **Pascal Canfin**, Chair of the Environment Committee, European Parliament, Renew
- **Nicolás González Casares**, Member of the European Parliament, S&D
- **Ruth Reichstein**, Policy Advisor, I.D.E.A, European Commission
- **Tomas Lindman**, Deputy Director General for International Affairs, Ministry of the Environment, Sweden
- **Peter Wittoeck**, Head of Climate Change Department, Federal Public Service Health, Food Chain Safety and Environment, Belgium
- **Ana Struna Bregar**, Chief Executive Officer, CER Slovenia
- **Bjørn Kjærland Haugland**, Chief Executive Officer, Skift Business Climate Leaders
- **Gonzalo Saenz de Miera**, President, Spanish Green Growth Group, and Global Director of Climate Change and Alliances, Iberdrola
- **Nina Ekelund**, Executive Director, Haga Initiative
- **Ondřej Boreš**, Corporate Affairs Director, VELUX Czech Republic
- **Sabine Nallinger**, Managing Director, Stiftung Klimawirtschaft

- **Rasmus Valanko**, Managing Director, Systems Transformation, We Mean Business Coalition
- **Martin Porter**, Executive Chair, CISL

## Welcome and Opening Remarks

**Ursula Woodburn**, Director, CLG Europe

Introduced the discussion by mentioning the energy related challenges and the EU's response to these challenges. She highlighted the fact that businesses have always supported the EU's climate ambition and the Green Deal. Businesses would like to see this level of ambition upheld in 2023 in the context of negotiations of the energy related files of the Fit for 55 package (namely the Renewable Energy Directive (RED) and Energy Performance of Buildings Directive (EPBD)) and the EU's response to the US Inflation Reduction Act (IRA). Finally, she underlined how companies have been developing solutions that contribute to the transition towards a climate neutral and clean energy transition and stimulate new green investments.

## Scene setter: Lessons learned from 2022 and looking forward to 2023

**Yvon Slingenberg**, Director of International, Mainstreaming and Policy Coordination, Directorate General for Climate Action, European Commission

In 2022, the EU focused on keeping the Green Deal alive after the COVID-19 pandemic. The Russian aggression against Ukraine resulted in higher energy prices and further reinforced the need for the EU to become independent from fossil fuels, leading to increased investments in renewables and energy efficiency. At the end of 2022, political agreements were reached on five climate files of the "Fit for 55" package, but some parts are still to be finalized. The EU strengthened its Emissions Trading System and introduced the Social Climate Fund to address the needs of vulnerable households and micro-enterprises. Agreements were also reached on CO2 standards for cars and vans, with a target to phase out internal combustion engines by 2035. The business sector will play a crucial role in implementing existing climate legislation.

The Commission will start working on the 2040 target and launch a public consultation soon. The EU will continue showcasing its efforts and results at the international level. In this regard, COP28 will be an important moment to demonstrate the EU's continued commitment to the green transition. The EU is also working towards increasing carbon absorption in the land sector.

**Pascal Canfin**, Chair of the Environment Committee, European Parliament, Renew

Progressive businesses have played a crucial role in the development of the Fit for 55 Package, and an alliance between them and political forces is necessary to deliver it. This cooperation model is crucial for the future.

The Green Deal faces challenges, including inflation, energy and food security issues, which has created a negative narrative. However, there is also a positive narrative that the polycrisis is a result of dependency on fossil fuels and the solution is to speed up decarbonisation and scaling up renewables and energy efficiency. EU policy makers are working to design new instruments to speed up the Green Deal delivery.

Global competition for the location of green industries and value chains will become more intense in 2023, and the progressive businesses will play a crucial role in the competition with the US and China.

## Climate and energy related priorities of the Swedish Presidency

Tomas Lindman, Deputy Director General for International Affairs, Ministry of the Environment, Sweden

The Swedish Presidency is taking place at a crucial time for the EU with multiple challenges including the invasion of Ukraine and threat to European security, the climate crisis, and biodiversity loss. The EU has a role to play in leading the green transition by example at global level. The Swedish Presidency will prioritise legislation related to energy, including electricity market design and reduction of methane emissions in the energy sector. It will continue to shepherd negotiations on the RED and the EED files and take forward the EPBD, as soon as the Parliament adopts its position in March.

During the last years, there has been a shift where businesses are now becoming drivers in the green transition and not obstacles. Involving the private sector in the early stages of regulatory discussions is crucial. An informal meeting will be held in Stockholm in April to strengthen collaboration with the private sector and accelerate the transition to a net-zero future showcasing good practices and circular business models.

Nina Ekelund, Executive Director, Haga Initiative

The priorities of the Swedish Presidency are welcomed, particularly the focus on sustainability and leading the way globally in the green transition.

The 55% reduction in emissions is a crucial target and hopefully the Swedish Presidency will effectively manage this goal. Two studies conducted in Sweden on emissions of large companies, showed a 300% improvement in reducing emissions over a 10-year period. Some of these companies may even become negative emitters in the coming years. Several Swedish companies are taking the lead in transitioning to a low-carbon economy, including a refinery and a battery recycling factory.

For the Haga Initiative there is a strong need for public acceptance of climate policies, increased focus on the circular economy, avoiding competition between countries in terms of state aid, and connecting biodiversity with climate initiatives.

## Unlocking tomorrow's energy efficiency gains today

Nicolás González Casares, Member of the European Parliament, S&D

The EU is facing a crucial moment for its energy system due to the conflict in Ukraine and the need to decarbonise the energy sector. The EU is also in the middle of a debate regarding the Green Deal Industrial Plan, which is the Commission's response to the IRA. These developments open a small window of opportunity to improve the energy system and competitiveness.

The Renewable Energy Directive is seen as an opportunity, but there are challenges, such as ensuring clean and real bioenergy, making transport sustainable, and accelerating permitting processes. This is also an opportunity to decrease unemployment and ensure that the workforce is ready for big challenges by acquiring necessary skills.

Hydrogen is also being discussed, with a need for strict criteria to ensure the use of green hydrogen and prevent green washing. The electricity market reform is also a pressing issue, as the energy market has shown that it is not functioning well during times of crisis as it has made renewables less cost effective than they can be. There is a need to move quickly to reform the market before the end of the legislative term.

### Rasmus Valanko, Managing Director, Systems Transformation, We Mean Business Coalition

The We Mean Business Coalition is a group of organizations that work with businesses to drive climate leadership. The group is working with over 10,000 companies to lead the transition from the corporate sector to address climate change. These companies represent a market cap of \$38 trillions. The coalition is collaborating with businesses across their value chains, as well as with governments, to make systemic changes.

The group is seeing positive progress in energy and transport sectors globally. However, emissions are still rising globally, and the group is working with EU governments to push for a 100% decarbonised power system by 2035, no new coal development or financing, and phasing out fossil fuel subsidies by 2025. The EU has a key role in the international environment as sustainability leaders can play a significant role in forums like the G7 and G20.

### Gonzalo Saenz de Miera, President, Spanish Green Growth Group, and Global Director of Climate Change and Alliances, Iberdrola

The Spanish Green Growth Group is concerned about multiple crises including the climate crisis, economic crisis, energy crisis, and biodiversity crisis, which are all caused by the current energy model based on fossil fuels. The EU needs to replace fossil fuels with renewable energy and electrifying sectors such as transport and buildings to decarbonize 70% of the economy. When electrification is not possible, green hydrogen should be used with incentives for production and demand to scale up and reduce costs.

Businesses consider the transition towards renewables as a huge opportunity, as it will improve competitiveness, create sustainable jobs, and contribute to energy security. Moving forward, businesses believe it is necessary to promote information and awareness, set policies and regulations that accelerate the transition, reinforce regulatory stability, and streamline administrative procedures.

The Spanish Green Growth Group is engaged in multi-stakeholder alliances with environmental NGOs and industries and believes that working in alliances is the only way to achieve their goal of reducing emissions and accelerating the energy transition.

### Ondřej Boreš, Corporate Affairs Director, VELUX Czech Republic

The Czech Republic is representing a region that is not known as a big supporter of the green transition, but there are still companies that see opportunities in it. VELUX has signed partnerships and agreements with other companies to decrease carbon emissions and reduce waste. The company is working with universities and NGOs to find solutions, and inspiring customers to reduce their impact on the environment with their products.

Policy wise, the revision of the Energy Performance of Buildings Directive (EPBD) is a huge opportunity to improve living conditions and comfort for people in Europe. In order to make the transition a success, we need cooperation, inspiration, and a holistic approach.

### Ana Struna Bregar, Chief Executive Officer, CER Slovenia

Small and Medium Enterprises (SMEs) are important in Europe, as they represent 99% of enterprises and employ two thirds of the employees. However, they face challenges in achieving sustainability and adapting to new policies and regulations and sometimes lack resources to invest in green technologies and innovation. The banks are also putting pressure on these companies as they are making their investment portfolios “greener” and more sustainable.

There is a need for support and assistance for these companies, such as a clear and stable policy framework,

financial support, and simplified procedures. There is a positive movement within the companies to engage employees and find new solutions, but more needs to be done in terms of working with policymakers to raise ambition and achieve sustainability goals.

### Building blocks for a renewables based and resilient EU energy market

Martin Porter, Executive Chair, CISL

Technology plays a role in the implementation of the Green Deal. President Von der Leyen's announced the [Green Deal Industrial Plan](#) and the [Net Zero Industry act](#). This initiative is the EU's response to the USA's Inflation Reduction Act provisions on clean technologies. The Green Deal Industrial Plan aims to increase the competitiveness and productivity of EU's clean industry with the Green Deal as its strategic basis.

The EU has a strong starting position in the global race to accelerate the development of clean industry . In its strategy for competitive sustainability, for the EU needs collaboration and common rules, keeping focus on the long-term strategic competitiveness and the importance of investment in innovation. Other aspects of the competitive sustainability strategy –skills and the social component including the “just transition” – will also be fundamental.

Sabine Nallinger, Managing Director, Stiftung Klimawirtschaft

The current energy crisis triggered by Russian aggression against Ukraine has put the European economy under enormous pressure. Nonetheless, this is the right moment for the EU to pick up speed in the race to decarbonisation.

German companies, which are leading the development of clean technologies such as smart energy storage solutions, electrification, and renewable energy, have a central role in the green transitions. Stiftung Klimawirtschaft advocates the need for an effective European industrial strategy, with more flexibility in supporting the industrial transformation, preserving the integrity of the European single market, and implementing change quickly and pragmatically.

The Commission President's proposal of a Net-Zero Industry Act is a positive moment, and it is fundamental to find the right balance between competition and cooperation in Europe. In this sense, the Stiftung Klimawirtschaft is a vocal supporter of a holistic European strategy for sustainable competitiveness, coupled with the right incentives to accelerate innovation, production capacity from clean energy sources, and urges everyone to take action without delay.

Bjørn Kjærland Haugland, Chief Executive Officer, Skift Business Climate Leaders

For Skift, which represents some of the most climate ambitious businesses in Norway, collaboration among nations is extremely important, especially with the US and China, in order to successfully tackle the issues of the green transition.

The sixty Norwegian climate leaders represented by Skift, along with the government, have three priorities in promoting green investments. Setting a clear price on carbon emissions, using public procurement to facilitate the transition to green markets, and enforcing climate reporting to the same level as financial reporting. Some of Norway's practical steps towards these goals include a gradual increase in carbon pricing to \$200 by 2030 (giving enough time to businesses to adapt), the ban on fossil fuel cars by 2025, a ban on fossil fuel ships in World Heritage fjords by 2026, and a target for new ferries to be electric by a certain date.

Overall, the key points for Skift Norway are: clear priorities, targets, and public procurement to drive investments towards a more sustainable future.

[Peter Wittoeck, Head of Climate Change Department, Federal Public Service Health, Food Chain Safety and Environment, Belgium](#)

There are good reasons to be optimistic about the progress being made so far in the green transition, such as the success in the implementation of the European climate law and the sustainable finance framework. However, there is still a long way to go and there are challenges ahead. For example, the European Union only represents 10% of the world's emissions and to not exceed the 1,5°C Paris goal the global emissions need to peak before 2025 (according to an IPCC report). Unfortunately, the Belgian Climate Change Department also noted that there still is resistance against headline political messages about phasing out of fossil fuels, as seen in the international negotiations at COP27. In this regard, key question that should be addressed is how European companies can contribute to the reduction of global resistance to the climate transition and their role as international actors.

Moreover, having a “just transition” in the climate change efforts is central, specifically in terms of jobs, upskilling and reskilling, which will be a priority during the 2024 Belgian Presidency. Other Belgian priorities include: the European Union's industry strategy, the circular economy, and the revision of the SME strategy in the context of the climate transition. Finally, the topic of biodiversity and the role of SMEs in the European economy was also briefly raised.

### Concluding Remarks

[Yvon Slingenberg](#)

The European Commission, following up on the other speakers' remarks, deems that a holistic approach towards the green transition is needed and should include simplification and speeding-up of solutions, improving the visibility of solutions, and using the European Social Fund to prepare the workforce for new skills. On top of that, a holistic approach should also include the Innovation Fund to play a role in large-scale and small-scale solutions, bringing together funding streams and regulation, as well as private money, to make these solutions a reality.

Finally, for the Commission, is important to achieve real impacts on the ground soon to avoid a backlash from the citizens.

[Martin Porter](#)

The way we understand competitiveness in the economy to reflect the transition towards a more sustainable model of development needs to factor in planetary boundaries, such as climate change, biodiversity, circular economy, and resource use. That is what the [Competitive Sustainability Index](#), developed by CISL, which uses the Commission's Competitive Sustainability Framework does.

There are many positive trade-offs to this transition and measuring sustainability is key to making sure it is done correctly and efficiently.

[Ursula Woodburn](#)

She ended the meeting by expressing her support for the remarks made about the importance of accountability and the momentum for this across the world. She believes that businesses are ready to support this cause and looks forward to working in alliances with others to drive forward important questions in this area.