



Wind of Change: Political decisions and their influence on Europe's energy transition

Partner

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Energy Day, the annual conference of the World Energy Council – Germany, took place on 10 October 2024 at the Berlin-Brandenburg Academy of Sciences and Humanities in Berlin under the title "**Wind of Change: Political decisions and their influence on Europe's energy transition**".



In his opening speech, **Dr Uwe Franke, President of the World Energy Council – Germany** emphasized that the World Energy Council (WEC) and the World Energy Council – Germany are proudly concluding their anniversary year. The World Energy Council – Germany is celebrating this with the presentation of a specially written publication "100 Years – World Energy Council – Germany through the Ages". In this context, he took a look at the beginnings of the WEC and the first *World Power Conference* in London in 1924, under the direction of Daniel Nicol Dunlop. In line with the motto "Wind of Change", Dr Franke also announced that he would resign from his office as President of the World Energy Council – Germany at the end of the year after ten years. In his speech, he recalled the topics and developments since his beginnings at the WEC in 2014. Topics such as cost efficiency,

openness to technology and competitiveness, which were already controversial at the time, have not lost their relevance in the debate on energy supply and climate neutrality today. For 100 years now, the World Energy Council has set itself the goal of promoting dialogue and cooperation with other countries as a global network and learning from others in order to overcome global challenges. However, this is not only the task of the World Energy Council, but above all a task for society as a whole.

In her keynote speech, **Mechthild Wörtsdörfer, Deputy Director-General of the European Commission's DG Energy**, took a look at the European Union (EU) after the European elections and the challenges of the new EU Commission. She highlighted the importance of the Green Deal that has been adopted, which aims to make Europe the first climate-neutral continent. The successes achieved so far include increased security of supply and the reduction of dependence on Russian natural gas from 45 percent to just under 15 percent by the end of 2023. In addition, energy consumption was reduced by 18 percent and new records were set for the expansion of wind and solar energy.



For the new commission, which will take up its work in December, the focus will be on the implementation of existing laws. Prosperity and competitiveness are at the heart of the Commission President's agenda. The most important measures include deepening the internal market, increasing the mobilisation of private investment to transform the energy supply, an electrification action plan, reducing electricity prices, expanding the hydrogen economy and continuing multilateral exchanges, especially with the USA. The main focus will be on strengthening the competitiveness of the European economy. Asked by the moderator of the Energy Day, Dr Carsten Rolle, Ms Wörtsdörfer explained that she was not aware of plans by the EU Commission to temporarily lighten the regulations on the production of green hydrogen, as Federal Minister Dr Robert Habeck had called for.



Stefan Dohler, CEO, EWE Aktiengesellschaft and President of the German Association of Energy and Water Industries, called for more pragmatism in his keynote speech. Affordability, especially for European industry, must be given greater focus. However, the EU requirements from the delegated act on the production of green hydrogen would significantly increase the costs of hydrogen production and lead to higher rather than lower emissions, according to Dohler. However, in order to meet the criteria for the import and production of green hydrogen, it is essential to reduce costs and promote investments. He cites EWE as an example.

The company has decided to invest one billion euros to implement its hydrogen projects in Europe. However, bureaucratic obstacles and lengthy approval procedures led to additional challenges in hydrogen expansion. Simplifying the processes is important in order to tackle the implementation of the agreed goals and strategies. The honeymoon of discussions and objectives is now over, Dohler emphasizes.

In the subsequent panel discussion "**Europe in the "Super Election Year" 2024: After the European Elections is Before the U.S. Elections**", the panelists discussed the impact of the elections in the EU and the US on European energy policy and transatlantic relations, analysing current developments and possible scenarios.



Following on from Mechthild Wörsdörfer's impulse, **Jens Geier, Member of the European Parliament** in the Committee on Industry, Science and Energy (ITRE) and the Committee on Budgets (BUDG), also pointed out the potential of the European Commission in the coming years. However, the EU elections also showed a clear division of society. Forming a majority in the European Parliament is becoming increasingly difficult. 26 percent of the members of the European Parliament reject a strengthening of the European project and try to hinder pan-European solutions, such as the decarbonization of industry and the promotion of the energy transition.



Olga Bogdanova, Deputy State Secretary, Ministry of Finance in Latvia and President of the World Energy Council Latvia, brought a Baltic perspective to the discussion and emphasized that only a united European Union with common climate goals can shape the energy transition and the associated climate protection in a fair and sustainable way. The European Green Deal and the EU's climate targets are an opportunity to drive forward the energy transition, but existing gaps such as investment security and digitalisation must be closed. Not only in Latvia, but also in Europe as a whole, there is a need for certainty that investments are worthwhile. In an international comparison, there is also still a large digitization gap in Europe. Without innovations and openness to technology, there is a strong competitive disadvantage from a global perspective, which must be overcome.

Professor Dr Andreas Goldthau, Director of the Willy Brandt School of Public Policy at the University of Erfurt, pointed out the relevance of transatlantic relations. He highlighted possible scenarios of the U.S. presidential election and its effects, especially on international cooperation. The agenda led under Joe Biden would most likely be continued in a government led by Kamala Harris. This includes the reduction of the fossil fuel industry and the expansion of renewable energies as well as transatlantic partnerships. With a Republican-dominated Congress, however, action is limited. If the Republican Party under Donald Trump wins the election, immense changes, especially in climate, energy and industrial policy, are foreseeable. A fast withdrawal from the Paris Climate Agreement is to be expected, which could have an impact on international ambition levels. The termination of many international agreements, both in terms of international security and trade, is also to be expected. However, many other agreements cannot simply be terminated.



Stefan Dohler explained that the goals set in Germany, such as climate neutrality by 2045, can only be achieved through international cooperation and the expansion of the hydrogen economy. As one of the largest hydrogen importers, Germany in particular is dependent on stable and reliable hydrogen partnerships. Political change is always challenging for the industry. Long-term goals and the necessary developments take time and are difficult to implement with constant political change. Investments and innovations are much more successful in a politically stable environment.



In her subsequent **keynote speech**, **Olga Bogdanova** addressed the challenges and opportunities of energy transition financing. She explained that additional investments of more than €620 billion per year by 2030 are needed to meet the goals of the European Green Deal. The financing of the Green Deal is made up of municipal, national and international funding and is based on both public and private sources of financing. In Latvia, the focus is primarily on private investment, with public funds contributing up to a third to finance the necessary investments. The investment intensity varies in the different countries and depends on the size of the country, the economic structure and the energy generation portfolio. In order to promote private investment, clear strategies and incentives for companies are needed.



In addition, Bogdanova presented the World Energy Scenarios (*WEC Scenarios*), which the WEC 2024 republished. The scenarios are a comparison of global energy prospects that examines different but similarly likely futures, taking into account current trends. The WEC describes two scenarios with this approach: *ROCKS* and *RIVERS*. In the *ROCKS* scenario, national self-interests and industrial competitiveness would be in the foreground for many states, while international agreements and cooperation have little effect. National strategies are therefore responsible for reducing greenhouse gases. In the *RIVERS* scenario, nation states work more closely together, but struggle to reach binding agreements. Digital progress and market dynamics are changing energy supply and demand, and new forms of international cooperation are emerging.

A special feature of Energy Day 2024 was the presentation of the jubilee publication "100 Years – World Energy Council – Germany through the Ages", which was written by the office in cooperation with two historians on the occasion of the association's 100th anniversary.

The authors of the publication **Dr phil Martin Münzel** and **Dr Sebastian Panwitz** reported together on the **founding period of the World Energy Council (WEC)**:



Germany has been a major player since its founding by the Scottish entrepreneur Daniel Nicol Dunlop and on the first World Power Conference in London in 1924, but this had to be defended against some resistance so shortly after the end of the First World War. In 1930, Germany hosted the conference itself for the first time in Berlin, with a considerable number of visitors. Among the prominent guests was Albert Einstein, who referred to his well-known theory of relativity. The second World Energy Conference in

Germany took place in Munich in 1980 in the midst of the election campaign between Helmut Schmidt and Franz-Josef Strauss. Further astonishing background information on the organization's history has been recovered from several archives.

Maira Kusch, Head of the Office of the World Energy Council – Germany, emphasized the involvement of the young generation in the current work of the World Energy Council – Germany through the Young Energy Professionals (YEP) network. Since 2008, young professionals under the age of 35 from the entire energy industry have been involved in the network. Currently 70 people are active.

The event concluded with the panel discussion "**Wind Power on the High Seas: Global Potentials and Perspectives of Offshore Wind Energy**". Based on the annual publication "Energy for Germany 2024", the global potentials and challenges of offshore wind energy were discussed. Despite increased raw material costs, bottlenecks in supply chains and at times a lack of expansion prospects, offshore wind energy offers great potential for a climate-neutral energy supply and cross-sectoral decarbonization worldwide. Offshore wind is considered an important driver of innovation within the energy industry. In order to exploit its full potential, however, offshore wind energy needs reliable framework conditions and a long-term expansion path.



The mandate of the **International Renewable Energy Agency (IRENA)** since its founding in 2011 has been to "drive the energy transition as a whole in all member states," says **Kathrin Lippner, Associate Programme Officer** at IRENA. In 2030, 500 GW of offshore wind generation capacity would be needed to meet the 1.5° target. According to current plans, around 275 GW would be on the way. She is more optimistic about the level of innovation, in which Europe is well represented, measured by registered patents.

Christoph Mertens, CEO Summit Renewable Power GmbH, no longer sees the bottleneck in the "ramp-up" of offshore wind energy in the approval procedures, as was the case recently, but in the still small supply chain. Bottlenecks in the development of new plant capacities are foreseeable, as shown by the fact that special ships are fully booked until the end of this decade. He also criticized the lack of consistency in the determination of German expansion targets and the resulting uncertainty among investors in the offshore value chain. Banks do not finance projects if the electricity purchase is not regulated in advance. The cost pressure from the auction design is passed on to the supply chain. Chinese turbines would be necessary to achieve the climate targets, as would systemic protection against dumping prices.



Stefan Kapferer, CEO of 50Hertz Transmission GmbH, also sees a peak in the completion of projects around 2030 with the effect of a lack of availability, for example of converter platforms from Western manufacturers, which would be brought forward for reasons of securing critical infrastructure. Therefore, he pleaded for a "clever alignment" of the project pipeline between 2030 and 2040. Electricity consumption is also rising more slowly than assumed five to six years ago. Therefore, a "reality check" of the tendered goals is appropriate. Kapferer also referred to the so far unfavourable cost distribution between European countries for offshore expansion. For example, electricity demand and options for offshore expansion are not balanced and need a balance to be discussed together.



Patrick Wendeler, CEO, BP Europa SE, described the strategic transformation of an oil and gas company into an "integrated energy company" since 2020. For now, BP is involved in regions where integrated value chains already exist (such as the USA and Asia). The framework in Germany is stable. However, there are long periods between the final investment decision (FID) and completion, as well as frequent postponements of the FIDs on the investor side. Earning opportunities for everyone in the value chain are important in order to be successful as a whole. Learnings considering the limited financial resources, are "not to do everything at the same time" and to achieve synergies. In addition, he considers a focus on the consistent implementation of the wind charter to be central.



Moderator **Dr Carsten Rolle, Executive Director of the World Energy Council – Germany** summarised from the panel: The financing of the grids must be broadly supported, because electricity prices differ greatly, and the creditworthiness of consumers is crucial for the successful financing of projects at sea. A meshed offshore grid serves as a target image, offshore in the Baltic Sea only works in a European way, and there is also a discrepancy between one's own goal and what "we are capable of doing". Consistent expansion targets help align the offshore wind supply chain. International cooperation creates the desired synergies.

In his closing remarks, Dr Rolle thanked all speakers for their valuable contributions as well as the audience for their participation in Energy Day 2024. He also expressed his sincere thanks to the official partner of the conference, Summit Renewable Power GmbH (subsidiary of Sumitomo Corporation).