

Press Release

Herculean task and huge opportunity: “Fit for 55” brings together climate protection and industrial policy

- **European Commission package creates important stimuli for the energy supply system: Raising expansion targets for renewables, incentives for green hydrogen, emissions trading as market-based key tool**
- **Package sets the right course – constructive debate needed on details and pace of implementation**

Essen, 14 July 2021

Markus Krebber, CEO of RWE AG: “Today is a good day for climate protection in Europe. The “Fit for 55 package” creates new opportunities to really increase the pace of the ramp-up of renewables and get the hydrogen economy moving. At the same time, it strengthens the importance of the Emissions Trading Scheme as market-based key tool. Interlinking climate protection and industrial policy makes it possible to maintain jobs and prosperity of society. Now, the task for the EU and its member states is to take action along the set course.”

The European Commission presented its “Fit for 55” package today. The measures contained aim at aligning climate and energy-policy legislation to the new net reduction target of 55 per cent by 2030 compared to 1990 levels. As the centrepiece of the European Green Deal, it brings together climate and industrial policy challenges. RWE also considers this to be the right approach.

The focus for RWE is on three aspects in particular:

Expansion of renewables

Green electricity is the basis for the transformation towards a climate-neutral Europe. The huge expansion in wind turbines and solar power plants therefore is paramount for the sustainable electrification of society. Thus, raising the EU expansion target to minimum 40 percent by 2030 is a logical step. But for Europe to really become the first climate-neutral continent by 2050, the

expansion needs to be even faster. Besides reliable investment conditions in the member states in particular, faster approval processes are needed that will foster and speed up the expansion. The EU framework has long advocated much shorter and leaner procedures.

Incentives for green hydrogen

Green hydrogen is the key to decarbonising industrial production processes. The “Fit for 55” package creates investment incentives that will favour a swift market development. The new goals for the use of renewables in sectors such as transport and industry will also intensify demand for green hydrogen. It is helpful that carbon contracts for difference, aimed at driving hydrogen growth, can be financed via the ETS Innovation Fund.

As soon as possible, more clarity is needed regarding the regulation of hydrogen infrastructure, certification and proof of origin for climate-neutral gases.

The criteria for procuring renewable electricity to create green hydrogen laid out in the Renewables Directive should follow a pragmatic approach in order not to endanger the fast market ramp-up.

Stronger emissions trading and a competitive industry

It is good that the Commission puts further emphasis on the European Emissions Trading Scheme (ETS), thus making it the market-based key tool for EU climate policy for the long term. Minimum prices for CO₂ are not necessary if the ETS is adjusted in a clever way. The positive experiences with the ETS are used to establish a separate emissions trading scheme for transportation and buildings, in order to ensure targets will also be achieved in these sectors.

The wide range of regulations of the “Fit for 55” package presents Europe with a herculean task but offers huge opportunities at the same time. It will be paramount to combine the individual elements in a way that will avoid a “patchwork” effect. Europe needs a solid foundation that will create a climate for investments and innovation to maintain the Union’s leading position in terms of international competitiveness.

Many of the approaches in the package stimulate cross-border collaboration within Europe. With this framework in place, Europe can set standards and an example that others will follow. In global competition, successful international climate diplomacy is therefore preferable to risky isolation measures such as the Carbon Border Adjustment Mechanism (CBAM).

European industry should receive support for the conversion to climate-friendly production respectively CO₂ allowances should continue to be allocated at no cost until a level playing field for carbon costs is achieved.



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RWE AG

RWE is one of the world's leading renewable energy companies. It has capacity of around 11 gigawatts based on renewable energy, including hydropower and biomass as well as a highly efficient gas fleet and an international energy trading business. RWE wants to expand this position by investing in onshore and offshore windpower, photovoltaics and storage technologies. As a driver of the energy transition, the company also focusses on innovative projects such as floating offshore as well as the generation and use of hydrogen. At the same time, RWE is responsibly phasing out nuclear energy and coal. Government-mandated phaseout roadmaps have been defined for both of these energy sources. The company has a total of around 41 gigawatts of generating capacity in its portfolio and employs around 20,000 people worldwide. RWE has a clear ambition: to be carbon-neutral by 2040. On its way there, the company has set itself ambitious targets for all activities that cause greenhouse gas emissions. The renowned Science Based Targets initiative has scientifically confirmed that these emission reduction targets are in line with the Paris Agreement.

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