



EUROPEAN COMMISSION
DG Employment, Social Affairs and Inclusion

Employment and Social Governance
Social dialogue

GAS SECTORAL SOCIAL DIALOGUE COMMITTEE
Working group
29 November 2021
10.00-13.00
DRAFT MINUTES

Participants:

Employer representatives

Eurogas

Ms Kavita Ahluwalia, Uniper - Chair

Ms Laura Bosetti, Eurogas

Ms Bronagh O'Hagan, Eurogas

Mr James Watson, Eurogas

Mr Gabriele Nicotra, Eurogas

Ms Paloma Izquierdo Fernández, Repsol

Ms Candela Rejón, Repsol

Mr Thierry Chapuis, AGFAZ

Ms Evaggelia Antoniadoum, DEPA

Ms Emmanuela Georgakopoulou, DEPA

Ms Marina Zangogianni, DEPA

Mr Andrea Cotti, Anigas

Mr Theodore Terzopoulos, DEDA

Mr Sebastián Mariňák, CGA

Mr Aleš Pecka, Gasnet

Mr M. Zaferis, DEDA

Ms Virginie Krone, BDEW

Employee representatives

IndustriAll Europe

Mr José Belo Dos Reis, CFDT FCE Chimie-Energie

Ms Anne Laszlo, CFE CGC Energies

Ms Sophie Grenade, industriAll Europe

Mr Benjamin Denis, industriAll Europe

Mr Piotr Lusiewicz, NSZZ Solidarnosc KSPCH

Mr Krzysztof Mos, NSZZ Solidarnosc KSPCH

Ms Ana Filipe, SIMA

Mr Rafael Cavero Leal, UGT Fica

Mr Jose Maria Gonzalez de Juan, UGT Fica

MR Tamas Szekely, VDSZ

Ms Gyula Varga, VDSZ

EPSU

Mr Jakob Embacher, EPSU

Mr Philippe Lepage, FNME-CGT, France

(...)

1. Welcome by the Chair - Ahluwalia Kavita: Adoption of the agenda and of the minutes of the last SSDC meeting – 20/09/21

2. Presentation of toolbox for energy prices by the EC – Adele Tesarova (European Commission, Head of unit Ener B.1): Gas sector has an important role to play when it comes to the energy decarbonisation, but some adjustments are needed. A more focused on biogas and natural gas approach is needed, as well as sector coupling. Regarding the ongoing gas crisis, many and different factors should be considered among all geopolitical factors. She highlighted the importance of green policies and the ETS mechanism. She also mentioned that the EU dependency on volatile fossil fuel price should be reduced and that renewables is the only solution to be green and independent. She also presented the communication of the EC on the Toolbox for energy prices which is encouraging Member states to take actions on the national level.

Q&A:

- **Benjamin Denis (IndustriAll Europe):** stressed the need to address the spike of energy prices, which may affect vulnerable categories. He stressed the need to stick to the EU Pillar of social rights saying that EU also needs to deliver on EPSR and Porto Declaration to ensure decent living standards and income for all. He also insisted on the fact that urgent actions are needed given impact on industry costs and on power purchase (through energy price and inflation). He explained that the solution should tackle measures enhancing solidarity among Member States to purchase, store or transport energy must be rolled out as quickly as possible. Regarding the ESMA preliminary report, concerns have been expressed about the lack of clarity when it comes to monitoring of the EU ETS. the rules of the energy market. He finished his reaction by saying that IAE deplores the lack of attention to a series of rules of the EU energy market. For instance, the 'marginal pricing method' used on the EU electricity market considerably amplifies the impact of the gas price increase on the electricity price. ACER Spring report must go deeper in assessing the possible price-setting alternatives that would better fit for an electricity system including important intermittent sources.

Jakob Embacher (EPSU): agreed with IndustriAll about the need for more consistent measures to support people in need and the urgent need to tackle energy poverty.

James Watson (Eurogas): welcomed the toolbox of the European Commission, addressing social policy regarding energy. On one hand it is important to follow state aid guidelines, on the other it will be important to have long term contract agreed with supplier to tackle price volatility.

Philippe Lepage (FNME-CGT): stated that each Member States have different position when it comes to primary energy supply. He asked for a review of the deregulation of the European energy market as this has these consequences of crisis in energy prices and supply. The EC toolbox is welcomed but not enough, there is an urgent need for a long term policy.

NSZZ Solidarnosc Poland: stated on the need for more EU solidarity and explained the situation of the coal phase out in Poland, where renewable energies are not ready yet. So there is a risk of more Russian dependencies on gas.

3. Roundtable with members on the different national measures adopted to reduce the impact of rising energy prices and their eventual effect on the national gas sector

Gary Carter (GMB): stated that the UK has a privatized and deregulated market. As a consequence of the spike of energy prices twenty companies went under special administration due to the fact that those companies were reliant on the spot market. 1.7 million consumers going to supply of last resort.

Szeleky Tamas (HU): HU buy most of the gas from Russia and the current government is not particularly attentive to vulnerable consumers need.

Elisabeth Neu (FR): It is clear that vulnerable consumers should be helped, but the range of people that receive supporting measures should not be enlarged.

CZ: many customers are under the last suppliers resort mechanism due to the closure of some energy suppliers. Nonetheless, the Government decided that customers of electricity and gas in the Czech Republic would not have to pay value added tax on energy collected in November and December.

Portugal (Ana Filipe SIMA): Currently, all natural gas consumed in Portugal originates from third countries, with a part being received by high-pressure pipeline, the other part by sea. Portugal is characterized by not having natural gas deposits. The supply of natural gas to the Portuguese market is carried out through long-term "take or pay" contracts, in which the main natural gas supplier countries are Algeria and Nigeria. The Iberian Natural Gas Market (MIBGAS) was created and with the creation and development of the Iberian natural gas market, with the consequent integration of the gas systems in Spain and Portugal, it assumes particular relevance for consumers and suppliers in both countries. Taking into account the importance of the Iberian Peninsula's capacity to receive liquefied natural gas (LNG) in the European and world contexts, it is possible to envisage the affirmation of the Iberian Natural Gas Market as an international reference market. This allows access to all agents under conditions of equal treatment, transparency and objectivity, which should be ensured, in the short term, in MIBGAS. The creation of this Iberian Natural Gas Market aims to increase security of supply, through the integration of markets and coordination of both systems in the natural gas sector and the reinforcement of interconnections; Increased competition, reflecting the larger size of the market and the number of participants; Simplify and harmonize the regulatory framework in both countries; Encourage the efficiency of regulated and liberalized activities, as well as market transparency. The process of harmonization and construction of MIBGAS has been developed gradually and by mutual agreement between Spain and Portugal, underlying an active contribution from both

countries in its implementation. The start of this negotiation, on the same platform that is used in Spain, and with rules very similar to those in force for products delivered in that country, is an important step towards the development of the national natural gas market and its integration with the market of our neighboring country - Spain, with a view to the future development of additional mechanisms for market integration, in a context of unique rules for both countries, which contribute to a more robust and transparent price formation. With regard to the consumption of natural gas, the consumption of natural gas to supply thermoelectric power stations has been increasing. In 2020, natural gas was responsible for close to 26% of the electricity produced in the country, still below hydropower (28%). Until September, renewables were responsible for 61% of the electricity generated and 39% came from fossil energies. The consumption of natural gas in Portugal soared because with the removal of coal from the national energy mix, natural gas was used more to produce electricity. However, it has stabilized and this can be explained by the strong slowdown in the Portuguese economy due to the Covid-19 pandemic, which led companies and industries to consume much less gas. I would like to add that Portugal had committed to putting an end to the use of coal to produce electricity by November 30 and has reached that goal before the deadline. The Pego Thermoelectric Plant ran out of stock and, therefore, production ended. Initially, the country planned to stop using coal for this purpose only in 2030. The Pego coal plant, which was responsible for 4% of the country's emissions, was the second most polluting plant, but the first, the Sines plant, was closed in January of this year. The solution, for now, is the use of combined cycle power stations that transform the thermal energy of natural gas into electricity.

Spain: The closure of the Magre pipeline which reduces the arrival of natural gas from Algeria via Morocco. It is proposed to replace it by increasing the capacity of the Medgaz pipeline and increasing transport by LNG vessels. In Spain in 2020 natural gas accounts for 24 % of primary energy and approximately 18 % of electricity generation through combined cycle power plants. The challenge for the future is to concretise the alternative to natural gas in the energy mix, will hydrogen and renewable gases be? There is a need for European and national institutional policies to ensure a just transition. In this process, account must be taken of the future closure of combined cycle plants, which guarantees conditions for the employees of the incumbent undertakings, the auxiliaries and the territories in which they are located.

4. Situation of the employment in the gas sector and Just Transition:

Presentation by Polish social partners – Gaz System: the presenter provided key information about their business and figures of human capital involved in Gaz System. The presenter has also identified the pros & cons of the ongoing energy transition at European level as well as the role of natural gas in Central Eastern and South Eastern Europe.

5. Digital solutions for integration of renewable gases

Presentation by SmartSim GmbH, Dr. Stefan Rickelt: the presenter highlighted that the gas industry will undergo a diversification of sources. To this extent, grid operators will have to deal with a more complex system, in which there will be more local injection points and different gas qualities. Within this context, digital solution will identify the energy determination when different gas qualities are injected.

6. Update on the joint project “Challenges and opportunities for employment in the gas sector in the context of the European Energy Transition: Ensuring a Just Transition for workers”

Jakob Embacher (EPSU): updated on the status of the study and the main deliverables.

7. Discussion on the Work program 2022-2023

Sophie Grenade (IndustriAll): showcased the 2022 work program proposal, that will be based on 2 axes:

- Fit for 55: common understanding of challenges and opportunities
- Just transition in the gas sector: changes needed in the workforce

The work program has been shared with members and any feedback is welcome. It will be finalized and presented during the first meeting of 2022.

8. AOB

This was the last meeting chaired by Eurogas, next year EPSU will be chairing