

Introduction

During the legislative term that is now coming to an end, the European Commission and the two co-legislators (the European Parliament and the Council of the EU) worked on **several energy-related proposals** with the **dual objectives of:**

- (i) **Reducing the European Union's (EU) dependency on imports from other countries**
- (ii) **Decreasing greenhouse gas emissions, thereby promoting the use of alternative energies**

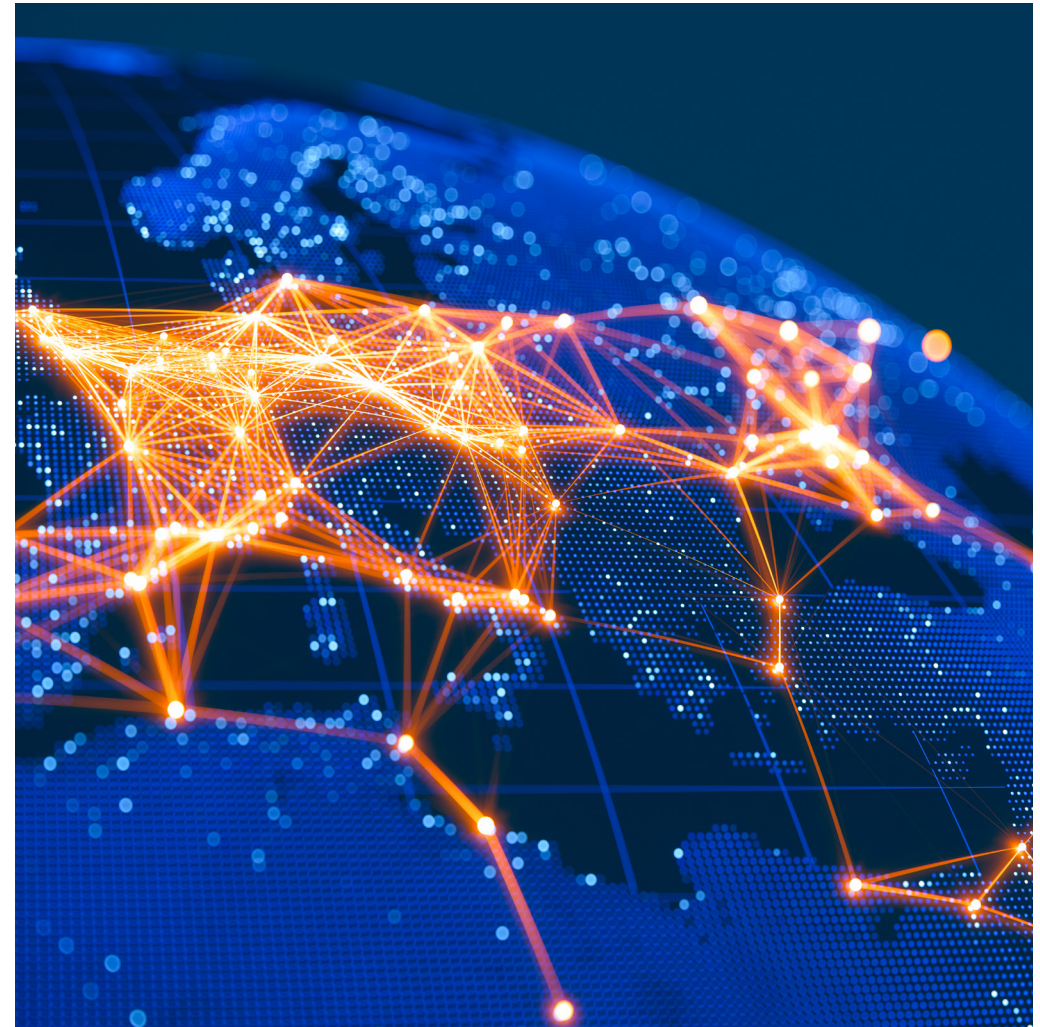
Regarding the first objective, the **EU is in the process of revising the Electricity Market Design** to make the EU energy market more resilient and independent from the short-term market price of electricity. Another initiative in this direction is the **EU Gas Market Regulation Revision**, which aims, among other things, to create a level playing field based on EU-wide rules for the hydrogen market and infrastructure.

In the second category, one of the key measures has been the **expansion of the European Emission Trading System** to other sectors, including the maritime sector. For this sector, the EU has introduced another legislative framework aimed at expanding the use of alternative fuels in maritime transport, **the FuelEU Maritime Regulation**.

Another significant revision concerns the **EU Renewable Energy Directive**, which increases the commitments of Member States to use renewable energies and facilitates investments in this sector through streamlined administrative procedures.

Similarly, the **reform of the EU Energy Efficiency Directive** aims to increase the commitments of Member States, accompanied by sectoral legislation such as the reform of the **EU Energy Performance of Buildings Directive**.

Below, we provide an overview (not exhaustive) of some measures in the two thematic areas described.



Enhancing the EU's Energy Independence



Electricity Market Design Revision

The revised rules aim to make the EU energy market more resilient and more independent from the short-term market price of electricity. This can be achieved by using **long-term contracts** and by structuring investment support with **two-way contracts for difference**.

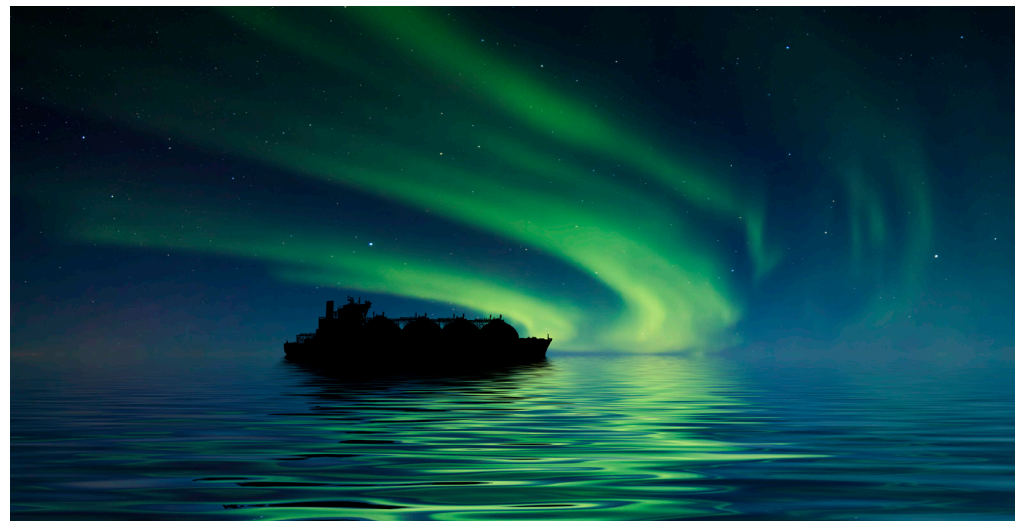
The reform will accelerate the deployment and integration of renewable energy sources in the energy system. It also enhances protection against market manipulation by introducing a **new enforcement regime** with an enhanced role for the Agency for the Cooperation of Energy Regulators (ACER) in cross-border investigations. The reform will also **enhance the supervision of reporting parties** through a liquefied natural gas (LNG) price assessment.

Relevant Legal Documents

- Proposal to amend the Electricity Market Design rules (COM/2023/148 final, 14 March 2023)
- Proposal to amend the Wholesale Energy Market Integrity and Transparency (REMIT) Regulation (COM/2023/147 final, 14 March 2023).

Current Status

The Regulation and the Directive revising the design of the internal electricity market are set to be published in the EU Official Journal following their adoption by the Council.



EU Gas Market Regulation Revision

The review and revision of the Gas Directive 2009/73/EC and Gas Regulation (EC) No 715/2009 is referred to as the "Hydrogen and gas markets decarbonisation package" and was published in December 2021.

The proposed revision creates a level playing field based on **EU-wide rules for the hydrogen market** and infrastructure. It also creates conditions for natural gas infrastructure to be reused for hydrogen. The proposal introduces a **European Network of Network Operators for Hydrogen**.

Relevant Legal Documents

- Proposal for a recast Directive on gas markets and hydrogen (COM/2021/803 final, 15 December 2021)
- Proposal for a recast Regulation on gas markets and hydrogen (COM/2021/804 final, 15 December 2021)

Current Status

The revision is set to be published in the EU Official Journal in the coming weeks following its adoption by the Council.

Reduction of Emissions and Promotion of Renewable Energy



EU Renewable Energy Directive

EU Renewable Energy Directive (RED II) mandates targets for renewable energy use in the EU.

Given the need to speed up the EU's clean energy transition, the Renewable Energy Directive (EU) 2018/2001 was revised in 2023.

Current Status

The amending Directive (EU) 2023/2413 entered into force on 20 November 2023. There will be an 18-month period to transpose most of the Directive's provisions into national law, with a shorter deadline of **July 2024 for some provisions** related to permitting for renewables.

Relevant Legal Documents

Additionally, on **13 May 2024**, the European Commission adopted a series of new and updated recommendations and guidance documents to improve and **streamline permitting procedures and auctions for renewables**:

- Recommendation to Member States on good practices to speeding up permit-granting procedures for renewable energy and related infrastructure projects (C(2024) 2660 final)
- Guidance to Member States on good practices to speeding up permit-granting procedures for renewable energy and related infrastructure projects (Staff Working Document, SWD(2024) 124 final)
- Guidance on designating renewables acceleration areas (Staff Working Document, SWD(2024) 333 final)

The updated permitting guidance provides examples of good practices on faster and simpler permit-granting procedures. It also outlines **standard elements for the design of auctions for renewable energy**.

The European Commission has also adopted a further guidance document on designating **renewables acceleration areas**. Under the RED II, these are locations where the deployment of renewable energy projects is not expected to have significant environmental impacts and the necessary procedures are therefore fast-tracked. Key elements for selecting such areas are the availability of digital tools for planning and mapping, and data on the renewable energy capacity and on the potential environmental impact.



EU Energy Efficiency Directive

EU Energy Efficiency Directive (EU) 2023/1791 sets binding measures to help the EU reach its 2030 energy efficiency target. It also raises the EU's ambition on energy efficiency. It establishes "energy efficiency first" as a fundamental principle of the EU energy policy, giving it legal standing for the first time. In practical terms, this means that **energy efficiency must be considered** by EU countries **in all relevant policy and major investment decisions** taken in the energy and non-energy sectors.

Current Status

The revised Directive was published in the EU Official Journal and entered into force on 10 October 2023. Most of its provisions shall apply from **12 October 2025**.





Energy Performance of Buildings Directive (Revision)

The revised Directive (EU) 2024/1275 establishes a framework for Member States to reduce emissions and energy use in buildings across the EU.

Key provisions include requiring each Member State to adopt a national plan to **reduce the average primary energy use of residential buildings by 16% by 2030 and by 20-22% by 2035. For non-residential buildings, Member States must renovate the 16% worst-performing buildings by 2030 and the 26% worst-performing buildings by 2033.**

Exemptions are possible for certain categories, such as historical buildings and holiday homes.

Furthermore, the law mandates that all **new residential and non-residential buildings must have zero on-site emissions from fossil fuels**, starting 1 January 2028, for publicly owned buildings, and 1 January 2030, for all other new buildings, with specific exemptions allowed.

Current Status

Directive (EU) 2024/1275 entered into force on 28 May 2024, following its publication in the EU Official Journal on 8 May 2024. Member States are required to transpose the recast Directive into their national legislation by 29 May, 2026.

An earlier deadline of 1 January 2025 applies to Article 17(15), which prohibits Member States from providing new financial incentives for installing fossil fuel-powered stand-alone boilers.



EU Emissions Trading System (EU ETS2)

This new system (introduced by amendments to the ETS Directive (Directive 2003/87/EC) by Directive (EU) 2023/959 adopted on 16 May 2023 and entered into force on 5 June 2023) will cover and address the CO2 emissions from fuel combustion in buildings, road transport and additional sectors (mainly small industry not covered by the existing EU ETS, which covers emissions from more than 11,000 power stations and industrial plants).

Current Status

The ETS2 will become fully operational in **2027**. As a first step, the **monitoring and reporting of emissions will begin in 2025**. Regulated entities covered by the ETS2 are required to hold a **greenhouse gas emissions permit by 1 January 2025**, as well as an approved monitoring plan for the monitoring and reporting of their annual emissions.

The Social Climate Fund

The Social Climate Fund, established by Regulation (EU) 2023/955, will become operational from 30 June 2024. The Fund will address the social impacts of the EU ETS2 expected to increase the price of fossil fuels used for driving and heating. To mitigate this effect, the fund will provide €65 billion to finance a transition towards climate neutrality between 2026 and 2032.

The fund will be financed by revenues generated from the auctioning of EU ETS and EU ETS2 allowances. In order to receive support, Member States will be required to submit a plan detailing national measures and investments. Plans may target for instance actions aiming at:

- Decarbonisation of heating and cooling systems and integration of renewable energy generation and storage in buildings
- The provision of financial support or incentives for zero- and low-emission vehicles and related infrastructure

Two years after the implementation of the plans, the European Commission will have to provide an evaluation report and may propose amendments to the fund.



Maritime Emissions in the EU Emissions Trading System

Since **January 2024**, the EU's Emissions Trading System (EU ETS) has been extended to cover CO₂ emissions from all large ships (of 5,000 gross tonnage and above) entering EU ports, regardless of the flag they fly. Emissions from maritime transport are included in the overall ETS cap.

Current Status

The first deadline for surrendering **EU ETS emission allowances by shipping companies will be in September 2025** in all Member States, in respect of emissions reported as taking place from 1 January 2024 to 31 December 2024.

Relevant Legal Documents

- Amendments to the Regulation on the Monitoring, Reporting and Verification (MRV) for maritime transport (Regulation (EU) 2015/757) by Regulation (EU) 2023/957 were adopted on 16 May 2023 and entered into force on 5 June 2023
- Amendments to the ETS Directive (Directive 2003/87/EC) by Directive (EU) 2023/959 were adopted on 16 May 2023 and entered into force on 5 June 2023



FuelEU Maritime Regulation

The main objective of Regulation (EU) 2023/1805 is to **increase the use of renewable and low-carbon fuels in maritime transport within the EU**. To this end, the regulation sets **progressive fuel requirements to reduce the GHG intensity of onboard energy, starting with a 2% reduction in 2025 and reaching 80% by 2050**, based on a baseline of 91.16 g CO₂/eMJ from 2020 data collected under the Monitoring, Reporting, and Verification Regulation (EU) 2015/757.

This legal framework applies to:

- 100% of the energy used during calls at EU ports and voyages between two EU ports (intra-EU)
- 50% of the energy used on voyages between an EU port and a non-EU port (extra-EU)

The Regulation applies to commercial vessels over 5,000 gross tonnage used for cargo or passenger transport, regardless of the flag.

Current Status

Regulation (EU) 2023/1805 was published on 22 September 2023, in the EU Official Journal and came into force on 12 October 2023.

The FuelEU Maritime Regulation establishes **a comprehensive reporting mechanism for monitoring activities conducted by shipping companies (or other obligated entities)**. This mechanism involves the use of templates currently being adopted by the European Commission, which is developing an implementing regulation to create a model for emissions monitoring plans. Shipping companies (or other designated entities) will need to **submit these monitoring plans for each vessel to verifiers by 31 August 2024**.

The European Commission is also working on implementing acts pursuant to Article 13(5) of the FuelEU Maritime Regulation, which will provide further specifications on the rules for verification activities under the Regulation.

Relevant Legal Documents

- Regulation (EU) 2023/1805
- Draft Commission Implementing Regulation on the template for monitoring plans pursuant to Regulation (EU) 2023/1805 (Ares(2024)2310241, 27 March 2024)
- Draft Commission Implementing Regulation on verification activities pursuant to Regulation (EU) 2023/1805 (Ares(2024)2311836, 27 March 2024)

How Can We Help?

At our firm, we are well-equipped to assist international clients in familiarising themselves with new regulatory frameworks and ensuring compliance. Our combination of national and international regulatory experience enables us to support clients across various EU Member States. We combine a unique mix of legal and public policy expertise to provide advocacy, regulatory and strategic advice to a range of leading companies and industry associations.

Our EU Public Policy team has been recognised since 2019 as one of the [Best in Brussels](#) and in the spotlights of [Chambers and Partners](#).

We invested in our sustainability policy practice early on, serving clients across a wide range of industries and issues, as trusted advisers and well-respected counterparts to key policymakers and regulatory authorities. We are fully immersed in relevant ongoing regulatory and legislative policy debates related to sustainability and environmental, social and governance (ESG) and have operational experience to address compliance with the more granular aspects of regulatory compliance.

We accompany our clients throughout the complete life cycle of legislative and regulatory issues affecting their operations – from cradle to grave – combining best-in-class advocacy, regulatory compliance and EU litigation expertise.

As lawyers qualified in various jurisdictions and areas of practice, we provide clients with pragmatic, effective and strategic expertise and services regarding environmental and sustainability policy through our presence over 40 offices across four continents. Our team comprises more than 70 dedicated, collaborative public policy professionals and more than 1,500 lawyers globally.



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