China Energy Updates

General overview

In May in China,

- Coal production has continued to slide. It totalled 380 million tonnes in May, down 0.8% year-on-year (YoY), whereas coal imports rose 10.7% YoY, reaching 43.82 million tonnes.
- Crude oil production rose by 0.6% YoY to 18.15 million tonnes, while imports saw a decrease of 8.7% YoY, amounting to 46.97 million tonnes.
- **Natural gas** production saw a 6.3% YoY increase, reaching 20.3 billion cubic meters, with imports up by 7.1% YoY, totalling 11.33 million tonnes.

Regulatory and policy updates

The National Energy Administration (NEA) issued the **Notice on Ensuring the Consumption and High-quality Development of New Energy** in early June, aiming to promote new energy consumption. The Notice proposed **six actions**:

- 1) Accelerate the construction of the supporting power grid projects of new energy (the Notice made a list of 37 power grid projects that will start construction at 2024); projects at 500 KV and above will be managed by NEA at the national level, while projects below 500 kV will be managed at provincial level. The NEA will adjust projects within the national power development plan every year, in addition to accelerating the development of a number of new energy-supporting power grid projects by opening a 'green channel' for national key projects such as large-scale wind power and photovoltaic bases.
- 2) Actively promote the improvement of system regulation capacity and coordinated development of power grids and energy sources: provincial energy authorities will work with the dispatching agencies of the NEA and relevant departments to conduct power system regulation capacity demand analysis based on the growth scale and use rate targets relating to new energy.
- 3) Give full play to the grid resource allocation platform.
- 4) Set up and optimise **new energy use rate targets**.
- 5) Unify the statistical standard of new energy use rate and strengthen the **data verification**, **information disclosure and statistical supervision** of new energy consumption.
- 6) Strengthen the monitoring, analysis, early warning and supervision of new energy consumption.

The Ministry of Ecology and Environment (MEE) together with 14 other ministries*, including the National Development and Reform Commission (NDRC), jointly issued the Implementation Plan for Establishing a Carbon Footprint Management System in June. The Plan stipulates a timetable with clear development goals:

- By 2027, a preliminary carbon footprint management system will be established. China will issue around 100 carbon footprint accounting rules and standards for key products, establish a carbon footprint factor database, as well as a preliminary product carbon footprint labelling certification and grading management system. Positive progress has been made in connecting the carbon footprint rules for key products with international rules.
- By 2030, the carbon footprint management system will be more comprehensive, and the application scenarios will be more diverse. China will issue around 200 additional carbon footprint accounting rules and standards for key products, extend the coverage of the carbon footprint factor database, ensure high quality data, and incorporate a strong international influence, as well as a more complete certification and grading management system for product carbon footprint labelling. The product carbon footprint accounting rules, factor databases, and carbon labelling certification system will gradually align with international standards, and China will actively participate in the formulation of international rules for carbon footprint management.

The State Council has issued the **Energy Conservation and Carbon Reduction Action Plan 2024-2025**, in a **bid to achieve** the targets for energy conservation and carbon reduction stipulated in the 14th Five Year Plan—

^{*} EU China Energy Monitor originally wrote "The National Development and Reform Commission (NDRC) and the Ministry of Ecology and Environment (MEE) together with 14 other ministries" which is incorrect. It has now been corrected.

13.5% reduction of the energy consumption and **18%** of CO₂ emissions per unit of GDP. The newly issued Action Plan aims to **reduce energy consumption and CO₂ per unit of GDP by approximately 2.5% and 3.9% respectively in 2024**. Also, the proportion of non-fossil fuels in primary energy consumption should reach around **18.9% and 20%** in 2024 and 2025 respectively. The energy intensity¹ of industrial enterprises above a designated size² should reduce by around **3.5%** in 2024. Moreover, in 2024 and 2025, the energy conservation and carbon reduction transformations in key sectors and industries are expected to see a reduction of around **50 million tonnes** of standard coal and a decrease in emissions by around **130 million tonnes** of CO₂.

The Plan also stipulates actions in **ten key industries**: energy, steel, nonferrous metals, building materials, construction, transportation, public institutions, and energy-using products.

Coal industry updates

LU Zhiren was appointed as the **new chairman of the China Shenhua Energy Company** at the end of May._LU has been working at Shenhua, the world's largest coal producer, since it was founded in 2004. In 2017, **Shenhua** absorbed the China Guodian Corporation, to become the China Energy Investment Corporation. As the country's **top coal producer**, Shenhua produced **325 million tonnes** of commercial coal in 2023, up 3.4% YoY, while it sold 450 million tonnes of coal, a 7.7% increase YoY. Shenhua's current market value is around CNY 841 billion.

An anti-corruption campaign in Shanxi's coal sector has seen a shake-up at Shanxi Coking Coal Group Co., with two high-ranking figures placed under investigation: WU Huatai, former party secretary and chairman of the Group between 2014 and 2019, and YANG Shihong, the company's chief economist. Seven senior officials have been dismissed since the campaign was launched in 2022.

Shanxi Coking Coal Group Co. is China's largest coking coal production and processing enterprise, and was ranked 431st among the Fortune 500 companies in 2022. It was **established in October 2001** and is headquartered in Taiyuan, the capital city of Shanxi Province. It has 22 subsidiary companies.

Oil and gas sector insights

In mid-June, NDRC issued its **No. 21 Order—Management Measures for Natural Gas Use**, which will **come into effect on 1 August 2024.** The document aims to regulate the use of natural gas, optimise consumption structure, improve efficiency, promote economical use, and ensure energy security. It classifies natural gas use into **four categories: priority, restricted**³, **prohibited, and allowed**.

Local governments and relevant departments at all levels are encouraged to provide policy support in planning, land use, finance and tax for **priority gas projects**, which include:

- 1) Urban residential use for cooking, heating water, etc.
- 2) Gas consumption for public service facilities (kindergartens, schools, hospitals, social welfare and assistance institutions recognised by civil affairs departments, government agencies, employee canteens, hotels and other accommodation venues, catering venues, shopping malls, office buildings, ports, docks, train stations, bus stations, airports, etc.).
- 3) Communal heating in central urban areas and new urban developments.
- 4) Rural clean heating projects (including residential cooking, domestic hot water, etc.) that have been included in national planning plans, with identified gas sources, affordable prices, which have been developed based on local gas capacity.
- 5) Interruptible industrial users that use natural gas as fuel.
- 6) Natural gas peak shaving power station projects with identified source of supply and economic sustainability.
- 7) Natural gas cogeneration projects.
- 8) Solar thermal power generation projects with supplementary combustion infrastructure.

¹ Energy consumption per unit of added value.

 $^{^{\}rm 2}$ Those with a gross annual business income of over CNY 20 million.

³ The restricted categories pertain to areas that are not conducive to resource and energy conservation, hinder the optimization and upgrading of the industrial structure, or involve low-level repetitive construction. New projects (and expansions of existing capacities) in these areas are prohibited. The initiation of such projects must first obtain approval from the relevant project management authorities.



- 9) Natural gas distributed energy projects (with over 70% of comprehensive energy use efficiency, including comprehensive use of renewable energy and multi-energy complementary projects).
- 10) Ocean transport, engineering, official vessels, and marine engineering equipment for the development, use, and protection of the ocean (including dual fuel and single liquefied natural gas fuel), as well as transport, engineering, official vessels, and equipment using liquefied natural gas as a single fuel in inland rivers, lakes, and coastal areas).
- 11) Freight trucks, intercity passenger vehicles, buses and other transport vehicles using LNG as fuel.
- 12) New forms of natural gas use in cutting-edge areas, such as comprehensive energy supply projects for oil, gas, electricity, and hydrogen, and terminal natural gas hydrogen blending projects etc.

'Restricted' refers to gas use in areas that are not beneficial to resource and energy conservation, industrial structure optimisation and upgrading, or low-level redundant construction. To be more specific, it includes:

- 1) Rural clean heating projects other than Article 6 $(4)^4$ and Article 9 (2^5) .
- 2) Construction of baseload gas power generation projects for 14 large coal bases in Shendong Coal Group, Henan, Yunnan, Guizhou and north of Shaanxi, etc.
- 3) Production of methanol using natural gas as raw material and downstream product devices for methanol production, and methanol production projects using natural gas as a substitute for coal.
- 4) Projects using methane as raw material: primary products affected include small carbon chemical projects such as acetylene and chloroform.
- 5) Synthetic ammonia and nitrogen fertiliser projects using natural gas as raw materials, and 'coal to gas' projects in synthetic ammonia plants.
- 6) New natural gas hydrogen production projects other than Article 9 $(4)^6$.

Natural gas uses that do not comply with relevant laws and regulations and the Guiding Catalogue for Industrial Structure Adjustment, that waste natural gas resources significantly, and that fail to meet the requirements of energy revolution, are categorised as '**prohibited**'. Production of synthetic ammonia through natural gas atmospheric intermittent conversion processes is included in this category.

Natural gas uses that are not included in the previous three categories, as well as comply with relevant national laws, regulations, and policies are categorised under "**allowed**", including:

- 1) Household heating users in urban areas who have already been connected but have not implemented centralised heating.
- 2) Newly-added clean heating projects (including residential cooking, domestic hot water, etc.) that have been included in national planning plans, with identified gas sources, affordable prices, and have been transformed based on the gas capacity.
- 3) In the industrial fields of building materials, electromechanical, light textile, petrochemical and chemical engineering, metallurgy, etc., Natural gas substitutes coal, oil or liquefied petroleum gas projects with good environmental and economic benefits, natural gas substitutes and liquefied petroleum gas projects, and new construction projects using natural gas as fuel.
- 4) Industrial boiler fuel natural gas replacement project in the central urban area of the city.
- 5) Natural gas power generation projects other than Article (6) (7) (8) and (14).
- 6) Natural gas hydrogen production project that supports hydrogenation units for refining and chemical enterprises, as well as cold rolling of steel.

⁴ Rural clean heating projects (including gas for cooking and domestic hot water, etc.) that have been included in national planning and have completed construction in areas where gas sources have been secured and gas prices are affordable in accordance with the "gas-based reform" policy.

⁵ New rural clean heating projects that have been included in national planning and implemented in areas where gas sources have been secured and gas prices are affordable in accordance with the "gas-based reform" policy.

⁶ Natural gas replacement projects for industrial boiler fuel in urban central areas.



China imported 32.42 million tonnes of LNG in the first five months of 2024, a YoY increase of 18%, with LNG imports from the US representing the biggest increase, 58% YoY. As a result, the US has moved from seventh to sixth on China's list of LNG suppliers.

Of all the countries that supply China with LNG, seven supply over one million tonnes. These are (in order) Australia, Qatar, Malaysia, Russia, Indonesia, US, and Papua New Guinea.

Electricity updates

The State Grid welcomed its new general manager, PANG Xiaogang, in June. PANG joined the State Grid in September 2022 as a board member and deputy party secretary of the company. Prior to this, he worked in the Southern Power Grid for many years. He became board member of Yunnan Power Grid and the director of Kunming Power Supply Bureau in 2010, and in July 2019 he was appointed the director, party secretary, and board secretary of the work department (Party Group Office, General Manager Office) of the board of Southern Power Grid. The position of the general manager at the State Grid has been vacant since March 2024, when ZHANG Zhigang was promoted from general manager to chairman.

June saw the formal launch of **Shandong power spot market**, after 30 months of trial operation. A third-party assessment by China Electric Power Planning & Engineering Institute found that the Shandong power spot market met the conditions for formal operation. It has a complete and compliant regulatory system, market risk prevention and control, information disclosure, credit management, technical support systems, personnel, venues and other systems and supporting guarantees are also complete. This is the third spot market to launch in China. At the end of last year, **Shanxi Province and Guangdong Province** also launched their own spot markets.

Shandong is China's **largest photovoltaic province**. At the end of 2023, the installed capacity of wind and photovoltaic power in the Shandong power grid exceeded 80 million kw, more than any other province in terms of installed capacity.

Clean energy updates

The world's first 18 MW offshore wind turbine was successfully installed by Dongfang Electric Corporation (DEC) in Shantou, Guangdong province, on 5 June. This is currently the largest installed wind turbine in the world, with a rotor diameter of 260 metres and a swept area of 53 000 square metres, equivalent to the size of 7.4 standard football fields. It can generate 38 KWh of electricity per revolution, and 72 GWh of electricity annually, enough to power around 36 000 households. At the same time, it can save more than 22 000 tonnes of standard coal and reduce carbon dioxide emissions by more than 59 000 tonnes per year, according to DEC.

State Grid announced the full commissioning of its 1.4GW Fujian Xiamen Pumped Storage Power Station in June after the fourth and final unit came into operation. Each of the four units has a capacity of **350 MW**, with the first three units commissioned between October 2023 and March 2024. As a key project in the 13th Five Year Plan for the Development Plan of Fujian Province and the largest single unit pumped-storage power station in the province, the power station will help ensure the safe and stable operation of the Fujian power grid, promote clean energy consumption, and underpin energy structure adjustments.

Fujian is one of the provincial-level demonstration zones for the new power system of State Grid Corporation of China. As of end-2023, the installed power generation capacity in Fujian Province exceeded 80 million kW, with clean energy accounting for 63% of the total installed capacity.

NEA will take multiple actions to avoid duplicated construction of low-end photovoltaic capacity, said LI Chuangjun, Director General of the New Energy and Renewable Energy Department of the NEA. Firstly, the new installed domestic capacity market for photovoltaic power generation is to be consolidated. China will continue to develop both centralised and distributed projects, large-scale wind and photovoltaic bases in deserts area, and distributed installations for individual use. China will also accelerate the construction of a new energy infrastructure network and improve the grid's ability to accept, configure, and regulate new energy generation, including

photovoltaic power. Finally, coordination between multiple state departments is to be strengthened in order to standardise the rules for the photovoltaic industry.

EU Energy Updates

International cooperation and trade

EU signs EUR 1.4 billion in agreements to support Ukraine's recovery. At the Ukraine Recovery Conference in Berlin on 11 June 2024, European Commission President Ursula von der Leyen announced the signing of EUR 1.4 billion in **new guarantee and grant agreements under the Ukraine Facility's Investment Framework**. These agreements, which form part of the EU's Ukraine Facility, are intended to support Ukraine's recovery and reconstruction, **focusing in particular on energy infrastructure, transport, municipal sectors, and access to finance for small and medium-sized enterprises**. The EU's initiatives include EUR 1 billion in loan guarantees and EUR 400 million in blended finance grants to benefit private companies and state-owned enterprises. The agreements are expected to **unlock EUR 6 billion in investments** and will help Ukraine on its path towards EU membership, promoting a green, digital, and inclusive economy. The EU remains committed to supporting Ukraine's energy resilience, **pledging EUR 50 billion through the Ukraine Facility** until 2027 to aid in Ukraine's reconstruction and integration into the EU energy market.

EU proposes provisional countervailing duties on Chinese electric vehicle imports. On 12 June, the European Commission announced the imposition of provisional countervailing duties on Chinese battery electric vehicles (BEVs) from 4 July, in response to an investigation that has identified unfair subsidisation. The duties will be 17.4% for BYD, 20% for Geely, 38.1% for SAIC, 21% for other cooperating Chinese producers, and 38.1% for non-cooperating producers. These measures, set to be introduced if China fails to resolve the issues identified, and the specific form of these duties, will be determined by individual Member State customs authorities and collected upon implementation of the final countervailing duties. The investigation, initiated on 4 October 2023, will conclude within 13 months, with the announcement of temporary duties due within nine months of initiation and the implementation of final measures four months after the temporary duties are enforced. The Commission is seeking to engage with Chinese authorities for a WTO-compatible resolution, while stakeholders have been informed of the provisional duty levels.

EU-Japan energy collaboration. On 3 June, at **the Japan Energy Summit in Tokyo**, EU Energy Commissioner Kadri Simson reaffirmed the robust energy collaboration between the EU and Japan, evidenced by their 2021 Green Alliance and 2022 Memorandum of Cooperation on Hydrogen. Highlighting the European Green Deal's goal of climate neutrality by 2050 and achieving 40% renewable electricity, Simson announced the launch of a new hydrogen market development mechanism, underscoring the EU's leadership in clean hydrogen investment. At the High-Level Hydrogen Business Forum, she noted the EUR 720 million awarded for seven projects by the EU Hydrogen Bank in response to 132 bids across 17 countries, with another auction planned for this year and the first non-EU project auction next year. Simson called for enhanced EU-Japan cooperation in creating global hydrogen market standards.

Clean energy updates

Net-Zero Industry Act finalised. On 27 May, the European Commission welcomed the **final adoption of the Net-Zero Industry Act (NZIA)**, which aims to strengthen the EU's clean tech manufacturing capacities and support job creation within the sector. The Act sets a benchmark for the EU to **meet at least 40% of its annual deployment needs** for strategic net-zero technologies **by 2030**, providing predictability and long-term signals to manufacturers and investors. It also **targets an annual injection capacity of 50 million tonnes of CO₂ storage by 2030** and improves investment conditions by simplifying permitting procedures and reducing administrative burdens. Public authorities will consider sustainability and resilience in procurement processes. The NZIA will also support energy-intensive industries and **establish Net-Zero Acceleration Valleys and Industry Academies** that will train up 100 000 skilled workers within three years. This legislation is part of the Green Deal Industrial Plan and aims to ensure Europe's competitive edge and energy security by reducing its dependency on external technologies. European Network of Network Operators of Hydrogen (ENNOH) comes one step closer to establishment. On 18 June, the EU announced a significant step towards the establishment of the European Network of Network Operators of Hydrogen (ENNOH), slated for 2025. Hydrogen Transmission Network Operators (HTNOs) have agreed on the draft rules that are essential for formation of this new network. EU Energy Commissioner Kadri Simson emphasised the Commission's high regard for ENNOH, highlighting its role in developing a European hydrogen infrastructure. The agreed drafts, which include the Articles of Association, Rules of Procedures, and List of Members, will now be evaluated by the Commission and the Agency for the Cooperation of Energy Regulators (ACER). This agreement marks a positive step towards completion of the remaining processes and future cooperation between operators once ENNOH is established. The establishment of ENNOH is expected to make a significant contribution to the development of harmonised technical and operational rules for the efficient and safe operation of an interconnected hydrogen system, aligning with the EU's hydrogen targets.

New EU methane regulation to cut harmful emissions in Europe and beyond. On 27 May, the EU adopted its first-ever rules to curb methane emissions from the energy sector. This regulation **mandates fossil fuel industries (gas, oil, and coal) in Europe to measure, monitor, report, and verify their methane emissions**, and take actions **to reduce them**. It also aims to stop avoidable flaring and venting, which will only be permissible in emergencies or for safety reasons. Importantly, the regulation will extend its impact by **introducing stringent requirements for imported fossil fuels**, ensuring exporters adhere to the same standards. Additionally, the EU will establish a **global methane monitoring tool** and **a rapid alert mechanism for 'super-emitting' events**. Energy Commissioner Kadri Simson emphasised the importance of the regulation in combating methane emissions, which account for a third of global greenhouse gas emissions, thus improving environmental and public health both in the EU and globally.

Energy efficiency updates

Protecting and empowering energy consumers. On 18 June, the Directorate-General for Energy highlighted the European Commission's initiatives to address energy poverty and empower consumers. **In 2023, rising energy costs saw 10.6% of Europeans struggle to keep their homes adequately warm**, 1.3% up on 2022. To tackle this, **the EU has revised key legislation**, including the Energy Efficiency and Energy Performance of Buildings directives, **to protect the most vulnerable households**. New rules on Electricity Market Design and decarbonised gases will enhance consumer rights, offering diverse contract options and preventing disconnections. By 2050, half of EU households could be producing their own energy, facilitated by energy-sharing and community initiatives. The REPowerEU Plan aims **for establishment of one energy community per municipality with over 10 000 residents by 2025**. The initiatives are complemented by the annual Citizens' Energy Forum, which promotes best practices and stakeholder engagement to support a fair energy transition. The next forum is scheduled for 5 December 2024, in Budapest.

Energy use in EU households lowest since 2016. According to Eurostat, the statistical office of the European Union, **energy use in EU households totalled 10.1 million terajoules (TJ) in 2022**, marking the lowest level since 2016. This represents a decrease of 7.7% from the 11 million TJ recorded in 2021. Households accounted for 25.8% of final energy consumption and 18.1% of gross inland energy consumption in the EU in 2022. The majority of final energy consumption in households was sourced from natural gas (30.9%), with electricity accounting for 25.1%, and renewables and biofuels on 22.6%. The primary energy use in households was for space heating (63.5%), followed by water heating (14.9%), which together accounted for 78.4% of final energy consumption. Lighting and electrical appliances accounted for 13.9% of energy use, while other end uses and space cooling had the lowest shares at 0.9% and 0.6%, respectively.



Energy market Integration updates

Team Europe commits EUR 472 million to support Tunisia on the Italy-Tunisia Electricity Interconnection Project (ELMED) and the related ecosystems. On 13 June, during the Tunisia Investment Forum, Team Europe announced a commitment of EUR 472.6 million to the ELMED subsea electricity interconnection project between Italy and Tunisia. This includes **EUR 334.6 million in EU grants**, with **additional financing of EUR 125 million from the EBRD, EIB, and KfW**. The project, supported by a EUR 307.6 million grant from the Connecting Europe Facility and an additional EUR 27 million from the Neighbourhood Investment Platform, will enhance energy security and economic stability in Northern Africa. **ELMED aims to transmit 600 MW of electricity through the 200 km undersea link by 2028**, fostering Euro-Mediterranean energy cooperation and supporting Tunisia's aim for 35% of its energy to come from renewable sources by 2030.

Oil and gas updates

EU natural gas demand fell to 12.72 terajoules (TJ) in 2023, its lowest level since 2008. According to Eurostat, natural gas demand in the EU has seen a continuous decline, dropping by 7.4% in 2023 to 12.72 million terajoules (TJ), marking the lowest level since monthly cumulative data collection began in 2008. This follows a 13.3% decrease in 2022. The reduction in demand is attributed to measures implemented under the Council Regulation (EU) 2022/1369: the regulation sets out coordinated demand-reduction measures for gas as part of the REPowerEU plan to end the EU's reliance on Russian fossil fuels. The ongoing energy crisis and rising energy prices have also had a part to play. In 2023, major natural gas consumers within the EU, including Germany, Italy, and France, have all reported reduced demand. Of the 27 EU Member States, 21 saw a drop in natural gas demand, with increases only in Finland, Sweden, Poland, Malta, Denmark, and Croatia.

EU gas and electricity markets made considerable progress in 2023. On 6 June, according to the reports for the 4th quarter of 2023, EU gas and electricity markets made considerable progress in 2023 in diversifying supplies, incorporating more renewables and returning to stable, more affordable prices after the energy crisis of 2022. Gas consumption fell 7% from 2022 and 20% from 2021. Russian gas imports dropped to 43 billion cubic meters (bcm) in 2023, down from 79 bcm in 2022. Renewables generated 44% of electricity, overtaking fossil fuels which accounted for 32% for the first time.

Total gas imports declined to 290 bcm in 2023, with LNG accounting for 41% of imports. **EU gas storage reached record highs, averaging 95% filled in Q4.** Wholesale gas prices fell by 67% from 2022, and retail prices averaged EUR 116/MWh, down 17%. Electricity consumption decreased 3% in 2023, while renewable capacity rose 14%. EV sales grew by 16% in 2023, with close to 643,000 new EVs sold in Q4 2023. These quarterly figures translate into an impressive 25% of market share - lower than China, but 2 and a half times the market share registered in the U.S.

Nuclear energy updates

First general assembly of the European Industrial Alliance on Small Modular Reactors. On 29 May, the European Commission hosted the inaugural General Assembly of the European Industrial Alliance on Small Modular Reactors (SMRs). Attendees included Energy Commissioner Kadri Simson, Internal Market Commissioner Thierry Breton, and Commissioner for Innovation, Research, Culture, Education, and Youth Iliana Ivanova. The event brought together **278 Alliance members from Member States**, including representatives from industry, research organisations, start-ups, training centres, academia, and civil society organisations. The assembly's **key objective is to accelerate the development, demonstration, and deployment of SMRs in Europe by the early 2030s**, reinforcing the nuclear supply chain and enhancing EU cooperation. SMRs are intended to support the clean energy transition, boost energy security, decarbonise electricity generation and industry, produce low-carbon hydrogen, and provide heat to industrial and urban districts.



Energy infrastructure and energy security updates

European Commission conducts 'Cyber Europe' exercise to enhance cybersecurity preparedness in energy sector. On 20 June, the Directorate-General for Energy participated in 'Cyber Europe,' an exercise aimed at bolstering preparedness for large-scale cyber-attacks on Europe's energy infrastructure. The exercise, which focused on testing coordination, cooperation, and crisis management capabilities, involved 30 national cybersecurity agencies, multiple EU bodies, and over 1 000 experts. Energy Commissioner Kadri Simson emphasised the critical nature of such exercises in enhancing readiness against evolving cyber threats, particularly given the increased vulnerability of interconnected smart grids. Commissioner Thierry Breton noted that **in 2023**, **the global energy sector faced over 200 cyber incidents, half of which targeted Europe.** The exercise will be followed by an analysis report providing strategic guidance to fortify the sector's resilience, alongside ongoing efforts to update the 2017 Recommendation on coordinated responses to significant cybersecurity incidents and crises.

European Commission approves aids granted by member states - Italy, France, and Czechia - to provide state aid for advancing renewable energy and decarbonisation efforts. In May, the European Commission approved Italy for issuing EUR 35.3 billion to add 4 590 MW of renewable electricity capacity by 2028, supporting innovative technologies like geothermal and offshore wind, financed through electricity bill levies. At the same time, approved France to provide EUR 4 billion for decarbonisation of its manufacturing sector by 2025, aiming for 40% emissions reductions and 20% energy efficiency improvements. The project is expected to save 9.3 million tonnes of CO₂ annually. Approved Czechia to issue EUR 3.2 billion state aid for high-efficiency CHP plants to meet EU energy efficiency targets. The aid will save 9.3 million tonnes of CO₂ yearly, with a full shift to renewable gases anticipated by 2050. All schemes align with EU rules on Aids granted by States⁷, and support the Green Deal and REPowerEU Plan while ensuring minimal market competition distortion.

EU approves EUR 1.4 billion state aid request for hydrogen projects from seven Member States. On 28 May, the European Commission approved EUR 1.4 billion in state aid⁸ from Estonia, France, Germany, Italy, Netherlands, Slovakia, and Spain to support the fourth Important Project of Common European Interest (IPCEI) in the hydrogen value chain, known as 'IPCEI Hy2Move'. This initiative aims to develop innovative hydrogen technologies for mobility and transport. The project covers advancements in fuel cell technologies, on-board hydrogen storage, and hydrogen production for refuelling stations, and is expected to create around 3 600 jobs. The aid, matched by EUR 3.3 billion in private investments, aligns with the European Green Deal and the EU's goal of a 90% emission reduction in mobility and transport by 2050.

Prepared by HU Yifan and ZHANG Enrui, Senior Policy Expert and Deputy Team Leader, ECECP Edited by Helen Farrell

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⁷ State aid is a form of aids granted by EU member states. It is important to note that the EU does not provide the funds itself; rather, it is the member states that do so. The EU's role is to ensure that any state aid request is in compliance with State Aid Rules, preventing distortions of competition and ensuring that such aid does not adversely affect trade between member states. For details of State Aid Rules, please refer to https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008E107&from=EN.

⁸ As above



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