

Sectoral Social Dialogue Committee Gas

Working Group meeting

Draft Minutes – 7 June 2022, 09.00-13.00 (CEST)

Information

- Working languages: Simultaneous interpretation during the meeting will be provided in EN, ES, FR (active) and PL (passive)
- Hybrid (Brussels)

9.00-10.00 **Preparatory meeting for trade unions**

10.00-10.10 **Welcome by the Chair**

- Adoption of the agenda

Matthew Lay, UNISON, and chairman of the SSDC Gas greets the participants and introduces the main issues what will be discussed in the meeting.

- Adoption of the minutes of the last SSDC meeting (21/03/22)

Magali Viot, FNME CGT: Notes that previous minutes do not fully capture the interventions of all participants. Minutes will be improved in the future. The minutes are adopted.

10.10-10.30 **Discussion on the situation in the gas sector and the effects of the war in Ukraine**

- Updates from participants on the situation in their countries

Matthew Lay remarks on the difficult situation in the UK. Increasing prices hit both industries and citizens.

Bronagh O'Hagan, Eurogas, the Commission has worked quickly. Eurogas welcomes communication from commission on biogas and hydrogen, including on storage and infrastructure. Eurogas pleased with ambition. Concerned about delay on coal to gas switch, Eurogas struggle to see a future for coal. Important to decarbonize gas sector

Magali Viot: war in Ukraine is clearly changing energy flows (example of France and Italy). Concern on the good maintenance of assets. Concerning storage, France has reached 50 percent of capacity. Diversification in gas supplies is affecting the market, prices: Companies are making record profits. Another phenomena is the increase of costs of methane LNG. The market cannot continue

to have the same power that it has, energy poverty needs to be tackled more effectively.

Matthew Lay remarks it would be useful to understand what progress has been made on the diversification efforts and switching away from Russian gas. In particular related to transmission networks.

Bronagh O'Hagan responds that investments require time. Commission moved quickly at the start of the year.

Matthew Lay, why Russian gas became so widespread is because they invested a lot on transmission networks. Networks that go west to east were not economically convenient. Asks for a general overview on investments on transmission network.

Bronagh O'Hagan, does not have the information ready at that moment, will look for more information.

Patrick Mathieu, FNME CGT: transmission networks have been reduced to the dominant flow coming from Russia (east west, north south). North south flows, transit to Spain: today there is an increase of gas going from France to Spain. The current situation is driven by the market. We have to make sure that the flows can provide for our basic needs. We need more diverse sources. We should foresee a hydrogen blend infrastructure that might serve over the course of the transition and later could be used for hydrogen only.

Magali Viot: there is a need to be consistent in EU energy policy. Today some infrastructure as well as storage assets can already be converted for hydrogen. This would allow a less expensive transition. We need to be very careful about speculation on the markets, profits must not come at expenses of citizens. We need a European approach for the transition and diversification.

10.30-11.00 **Just transition – skills and jobs in the gas sector**

- Presentation by Italgas on the future of work initiative

Presentation does not take place due to connection problems. Possibly at the next SSDC plenary in autumn.

- Discussion with members

11.00-11.30 **Update and next steps for project “Challenges and opportunities for employment in the gas sector”**

Ana Martinez Garcia, Syndex

Anna Martinez Garcia: presents an update on where we are on the **project** with social partners on employment in the gas sector. They are integrating all of the comments that came out from Brussels mid-term seminar in April. Important. Good practice development came up, as well as future trends of employment, automation, digitalization, role of apprenticeships in the transition. Regarding

collective bargaining, how can we strengthen collective bargaining. On social dialogue, ensure that collective agreements are respected.

Country reports cover 1. employment data, 2. Data on the current and future energy mix, 3. Main trends and policies implemented by countries on employment and technical changes related to energy transition. Good practices from other sectors also apply to gas sector. Proposing methodology for setting up future jobs that might exist. We expect final report before Christmas holidays.

Sophie Grenade, IndustriAll, the seminar and the presentation were useful and good. Invites participants to provide suggestions. On best practices: how do we get the best information.

Ana Martinez Garcia, Syndex, there are 2 channels: firstly, a dataset from companies regarding good practice that are already publicly available, secondly, hearing about best practice from trade unions.

Bronagh O'Hagan, underlines the importance of the report.

Magali Viot asks questions about precise dates about steering committee and the final study workshop.

Jakob Embacher, EPSU: 27th June steering committee, 26th January final study workshop

11.30-11.45 **Break**

11.45-13.00 **Impact of unbundling on the sector and the employment transition**

- Benedikt Klausner, DG ENER
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Benedikt Klausner: presentation on unbundling of gas sector and the objectives of the gas package. In order to reach the zero emission target, considerable funds need to be mobilized. Regarding gas sector, fossil gas can be replaced with low-carbon gases mainly biomethane and hydrogen. Hydrogen is still expensive to produce. Therefore, it should only be used in industries that cannot be electrified. Hydrogen is not going to be used for households, since electrification is more convenient. Renewable hydrogen can be produced more locally. Distribution will happen by converting existing gas grid. Networks should be open to third parties to increase competition. Experience from the past show that even with 3rd parties in place, energy companies use the ownership of grids to keep out competition. This is why unbundling on energy sector was introduced. In the proposal, unbundling is going to be applied to hydrogen networks. It is the most efficient way. Presents vertical and horizontal unbundling.

Sophie Grenade, unbundling is a very important issue for trade unions. Transitioning to new jobs is a big challenge. Why commission is not supporting the transition on the side of retraining workers and help transition on their side.

Jakob Embacher, workers in the gas sector are highly skilled. We need to rely on existing skills and train workers to prevent skills shortages and bottlenecks.

Patrick Mathieu, we need to take advantage of existing skills and not create rules that risk to demotivate workers in training,

James Watson, support union comments, looking at distribution grids – we have skills that relate to running hydrogen blends.

Need to take into account that we also look at distribution, not just transmission - 70% of industrial applications linked to distribution grid.

Wouldn't make sense for companies to invest in hydrogen grids if they would not be able to run them eventually, to attract skills we need to make sure that there is a future in running gas networks; important for industry to be able to leverage investments & attract skills.

Matthew Lay, unbundling represents threat to just transition in gas sector, rules need to be in line with just transition.

Magali Viot, agrees with points made on the retention of skills, building new infrastructure and adapting existing infrastructure are not incompatible, we should pursue both at same time. Regulation should favour investment in networks. Adapting will be much cheaper. Need to use current storage infrastructure. If we don't convert existing infrastructure it might end up unused.

Benedikt Klausner, repurposing gas grids is indeed much more efficient, cheaper than to build fully new networks, package supports that through grandfathering of existing pipelines.

We will need parallel networks for hydrogen and natural gas.

On the attractiveness of investing in hydrogen – package is a regulatory framework, doesn't directly aim at creating incentives.

We see role for considerable public funds that can go into hydrogen infrastructure.

Opportunities for workers – skills will be similar. Employees will have great opportunities in entering hydrogen infrastructure.

Positive effects on labour market will prevail over negative effects.

It is true that rules limit commercial flexibility of operators concerned, but is necessary to protect competition to the benefit of all.

Jakob Embacher, we are not convinced that competition as a goal in itself really beneficial to society, what is this argument based on?

Benedikt Klausner, DG COMP assessed the problems of lacking ownership unbundling in 2007, see on website.

Sophie Grenade, social partners will come back with a statement on the problems of unbundling – social partners need to be involved in decision making

Benedikt Klausner, there are no restrictions on gas operators in terms of pursuing investments in skills development, beyond fact that they need a subsidiary

Anne Laszlo, CFE CGC Énergie, in France the policy of pursuing competition, came to detriment of large suppliers like EDF – esp in electricity, hence why there is a concern about unbundling in gas

Matthew Lay, hydrogen brings new need for skills in order to be able to operate it. Experience shows that there are skill shortages.

Network operators will invest in human capital in line with business plans.

Concern that unbundling leads to less talent development, not more: New operators will not invest in new skills, but attempt to “poach” talent.

Benedikt Klausner, will be enough opportunity to contribute to process in the EC, EC is aware that we need to leave flexibility for hydrogen industry to develop.

- Nevin Alija, GGND

See presentation on the Portuguese distribution network and the adaptation to hydrogen, sent by email to participants.

- Discussion around a preliminary draft for a joint social partner statement on the Commission’s initiative on horizontal unbundling of network operators in the gas sector

Meeting time comes to end, participants are invited to send comments per email.
