

Center for Strategic and International Studies

TRANSCRIPT

Online Event

“EU Energy Security: A Conversation with VP Maroš Šefčovič and Dr. Ernest Moniz”

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FEATURING

Maroš Šefčovič

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European Commission*

Ernest Moniz

*President & CEO, Energy Futures Initiative;
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CSIS EXPERTS

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*Transcript By
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Joseph Majkut: Good morning and welcome to CSIS. My name is Joseph Majkut. I'm the director of our Energy Security and Climate Change Program.

I'm very excited to bring you two illustrious guests today, so I'll skip a long introduction. But we're here to have a conversation about the EU, the U.S., energy security, climate change, and strategies for making sure that people get the energy resources they need both today and in the future.

Our first guest is Maroš Šefčovič. He's the vice-president for the EU Commission on Interinstitutional Relations and Foresight. He formerly served as the EU commissioner for energy and has a long and illustrious career in public service. He's a native of Bratislava, Slovakia.

Our other guest is the Honorable Ernest Moniz. He's the president and CEO of the Energy Futures Initiative but he previously served as secretary of energy from 2013 to 2017 under President Barack Obama, again, capping off a long career of public service. And, as is popular in our house, the gentleman is a nuclear physicist. (Laughter.)

So, with that, I'd like to introduce Mr. Šefčovič to give us your thoughts, sir, on what brought you to Washington, what's the state of things in Europe, and we can take it from there.

Welcome, sir, to CSIS.

Maroš Šefčovič: Thanks. And first and foremost, thank you very much for your kind invitation. And for me, it's also an honor to share the podium with Secretary Moniz because we've been working on many very important issues at that time.

Ernest Moniz: We were both doing energy together.

VP Šefčovič: Yes. It's energy, but already at that time assistance to Ukraine and so many projects which are now coming to fruition now after many years of our common cooperation.

Of course, what is the determining factor of the policymaking in Europe and what was, I would say, the themes we've been discussing in all the meetings with my American friends and interlocutors is the drama which is taking place in Ukraine, this atrocious war, and how all this meant the paradigm shifts for our energy policies, for our foreign policies, how the world has changed and how we are coping in Europe with a situation that – something which was unthinkable just a few years ago. The fact that the war would come back to the European continent has happened and, of course, it put a lot of stress on all parts of economics, of policymaking, of social cohesion in Europe.

But I know that you do not have that much time so if you'll allow, I'll just focus on the impact on the energy security, security of supply in Europe.

In our times with Secretary Moniz, we've been both pushing very hard for the diversification of fossil supplies to the European Union. We've been working on making sure that our infrastructure is better equipped, that the gas is not flowing only from the east to the west, that we've been building LNG terminals. We got the new pipeline coming from Azerbaijan. We've been interconnecting our networks, and I have to say that if we wouldn't have done all those investment in the infrastructure the last year it would be terrible for us.

It was very difficult, but it would be terrible. As it was said by one interlocutor, I was talking to yesterday that people still cannot distinguish what is it to mean to have that gas for a very high price and not to have it at all, and we've been very close to not to have it at all.

So, therefore, we had to go through this dramatic saving, rationing. As you know, some of our energy-intensive industries had to halt the production. I'm teasing my American friends, telling them that usually when we come to the States, they're kind of shivering because your air condition is very strong everywhere. Now we have a feeling that your offices are overheated because, I mean – (laughter) – we have 16 degrees in our offices across Europe because we are really saving the energy.

What was very important last year and what I think it's forging further our strategic not only political but also energy security relationship is the fact that the United States of America and your LNG industry saved the day for us. You managed to increase the output and deliver 56 million cubic meters to the European customers and that we managed to adjust our infrastructure, so we've been able to absorb it and, therefore, right now, I mean, the situation is a little bit better.

We had a mild winter. Our storages are still at record levels. But we cannot be complacent because incidents happen. We have war on our continent. We still remember very well what might happen if one of the export terminals have a technical accident or simply that something is not working out.

Therefore, the heads of states and the government decided that we should use the economic and political weight of Europe and start a platform for common purchase of gas. Again, we do not want to overdo it. What we are focusing on is to purchase together 15 percent of the gas we need for the – of our storage capacities just to make sure that we would avoid the drama of the last, which were the big companies from Europe, big member states kind of trying to outbid each other on the global gas market. And it pushed the

price of gas well over 350 euros per megawatt hour, which in our electricity pricing means that you had the situation in our member states where electricity cost 1,000 euros per megawatt hour. So, you can – you can imagine what kind of reaction it would trigger in United States of America when on top of it you would have to pay 12, 13 dollars per gallon of gas for your car.

So, this is just, I mean, describing to you what kind of dire straits we are navigating through in Europe and why I came here to talk to our American partners to work with us and help us to build this common purchase of gas, because we're not going to do it only for ourselves. Ukrainians ask us to be part of this common purchase platform, Moldova as well, Western Balkan countries, so we are doing it for Europe, our neighbors, and the aim is to have, of course, better security of supply, energy security, and of course, we believe that it will have positive impact on prices so our economy will stay competitive.

Yesterday we had roundtable between, I would say, European and American majors – major gas companies from Europe, major LNG company from U.S. I was presenting the concept how you want to do it, and I was very clear that I fully understand that what we need is a combination of kind of political insistence that we have to do it better than the last year when it comes to energy security. But we're ready to listen to the industry because we know that this would only work where there is a commercial value, where this would be industry-led process. And therefore, we'll be working very closely with yours and our energy companies to make sure that this energy platform will be value-added for them and for us, and we can kind of really open these new, huge opportunities for American LNG exporters because we are the biggest gas markets, we are the best interconnected, and we're closest to you. So, I think there is natural fate for our industries to work together.

Maybe last point I would mention, because it was, of course, discussed with my colleagues as well: We've been, of course, touching upon IRA, where from one side, of course, we are extremely pleased that America is going to make such decisive steps towards climate goals, and I think we share the same goal to be climate-neutral in the second half of the century. We just want to make sure that this is done in a fair way and that we would look at IRA as opportunity to build additional bridges and not additional barriers between us. And I'm glad that our discussion on this is ongoing and I hope that the outstanding issues which are there will be able to be sorted out in friendly discussion. They should be between our strategic allies.

So, I think that I opened quite a few topics – (laughter) – also eager to listen to Secretary Moniz, and of course, we will be happy to answer the questions.

Dr. Majkut:

Excellent. Well, thank you kindly for the introduction.

You know, Dr. Moniz, I think your assessment of the last year, lessons learned, and paths forward would be a great place to start.

Dr. Moniz: Great. And it's wonderful to be back with my good friend here, Maroš.

We should remember – Maroš started out with Ukraine, of course, not surprising – and we should remember that the Ukraine war did not start a year ago; it started in 2014 with Crimea and the Donbas and all of that. And at that time, the G-7 and the EU, I think President Obama took a lead to convene, or have convened, the group, but the group came together, and the G-7 and the EU approved in June of 2014 a fresh look at the principles underlying energy security, and two elements of that I want to recall. One is really the overarching description of our approach to energy security was that it is a collective responsibility among friends and allies. It's not just one country's responsibility. That, of course, aligns completely with what Maroš said in terms of how the natural gas, the LNG markets have responded. I have to, by the way, say that Europe, once it showed in 2014 with the infrastructure networking – 2014, 2015, et cetera – and more recently things like building a floating import terminal in six months, Europe has shown that it can move quickly when it needs to.

I think one of our issues is: Can Europe match that with long-term planning that is effective for competitiveness and the like? We'll come back to that.

But collective response is an absolutely critical thing we must keep in mind, and that will be – when I was secretary that was manifest in, frankly, approving the majority of the LNG export licenses that are today supplying Europe. And we shouldn't forget Asia, as well, Japan, Korea.

But secondly, that document really was the first, I would say, kind of governmental declaration that energy security and climate response are one conversation because in that document – in addition to the things like diversification of supply that was mentioned – it also made the explicit point – not that it's particularly profound, if you like – but the governments signed up to the statement that moving to low-carbon energy was part and parcel of energy security as well, and for obvious reasons. But I think that was an important declaration and, frankly, one of the few silver linings one can see from the very dark clouds of the Russia-Ukraine – the Russian invasion of Ukraine is that I think that idea that energy security and climate – and geopolitics and social equity – are one conversation. We cannot solve any of them I would posit without addressing all of them. And so, I think that's a very important ongoing discussion, certainly between Europe and the United States.

Secondly, I would note that – OK, Maroš, you mentioned the IRA – and I guess I fully expected that you would. Let me just say that in the United States the IRA clearly is a landmark piece of legislation. And I do also – I always want to remind people that in addition to the major incentives for clean energy, we shouldn't forget it was also a deficit reduction bill, which is very important in terms of the economic impacts, et cetera, et cetera.

But we also had the infrastructure law roughly a year earlier. We had the CHIPS and Science Act a few weeks before the IRA, and all of that is in the bucket – first of all, to use impolite words – industrial policy. Now we call it industrial strategy to make it more palatable.

We've always had some of that. We have it now in spades. I think frankly this is a place where Europe is now reacting very strongly: the Green Deal Industrial Plan of just a few weeks ago, I guess – I guess it was, et cetera. And I think that – what I conclude from that is I think the IRA is very important for the United States. The IRA, as structured, including the elements that Europe has been sensitive to, shall we say, those were essential to get the legislation passed. It was essential for the United States to be moving forward with a strong clean energy transition plan.

I would argue the IRA was also necessary for Europe. I'll listen to your responses, but I would argue that a lot of the movement in Europe towards discussing industrial strategy, the state aid – revisiting of state aid, et cetera, has been in response to this conversation. And so, what I hope – we both hope is that this has started a conversation on both sides of the Atlantic that it's very essential. And that will provide the foundation for us to be able to come together and talk about good hygiene supply chains in the future, collective responses, et cetera.

So, I think we're going through a necessary phase, on both sides of the Atlantic, to have that conversation become effective. And by the way, on both sides of the Atlantic, when I talk about industrial strategy, it's all about implementation – on both sides. We talk about it, we've got legislation to do it, you have the beginning of a plan and the discussions, but on both sides, implementation does not follow automatically from what we've done so far.

Dr. Majkut:

Well, and one of the things that has been most striking and impressive over the past year is Europe's response to the loss of Russian gas and is working to diversify its supply even more. I mean, Dr. Moniz, they're beating us on permitting, right – building infrastructure and facilities much faster, setting up zones where renewables can be automatically permitted to reduce build times for new generation capacity. Maybe there's a lot more we can learn from the European example on the U.S. side. We can spend a lot of money –

Dr. Moniz: Well, so let me jump in with a first response and then Maroš will respond to that.

I would say – I would say school is out on that conclusion. That is, clearly Europe has, as I said, shown remarkable response. Much of that is permitting. But that is kind of a crisis mode. Certainly, on our side of the – of the Atlantic, permitting is a mess. It's a complete mess. And arguably, the issue of infrastructure buildout for clean energy is, in our view, probably the pacing item as to whether we can actually get there.

Dr. Majkut: Right.

Dr. Moniz: But I think the real question is going to be hopefully we're past – hopefully Europe, all of us get past this current crisis mode. And then it's going to be: What do we do for a decade and two decades and three decades? Because I think on both sides of the Atlantic the voices will not be quiet in terms of accelerating things like permitting. Social justice issues/environmental justice issues will be increasingly important, et cetera.

Dr. Majkut: Mr. Šefčovič, I mean, the U.S. and our LNG industry has been very helpful. That came at great cost, right? Like, I think it's sometimes hard for a lot of people here in the United States to understand the energy price challenges that Europe has faced over the last year. Can you explain to our audience a little bit more how this joint purchasing mechanism can do two things that feel in tension to me, secure supply and reduce prices?

VP Šefčovič: Thank you very much for that question. And indeed, I think that we can learn from each other a lot because we started with this very vast policies layout which we called the Green Deal with lots of partial legislation which was already approved. And we've been going more or less sector by sector, and then the United States of America came later with IRA – which is, as I said, welcome from the – from the proposition of the fact that two major economies are having the same goals, how to become climate-neutral by 2050.

What I think we have to avoid is that we would have, I would say, obstacles/barriers built in between us and kind of have an unhealthy discriminatory competition between, I would say, the technologies, which are still being matured, which are still perfecting. I'm talking about batteries and I'm talking about EVs because there will be huge demand, I would say, in Europe, in U.S. And therefore, I think that it would be much better to join the forces, to look together what we can do with critical minerals, critical raw materials, how to get them in adequate quantities. And this is what we are discussing with our American friends, that competition is good but kind of discrimination is not. And that's, I think, what we – what we need to figure out.

And therefore, I'm glad that we are – we are talking about this issue because I agree that it was a landmark legislation. Fully appreciative of the fact how politically important it was, how difficult it was to get – to get approved. But now I think we have to kind of tweak it in a way that, of course, U.S. industry but also the industry in the countries of your allies would see how this would work and how it promote(s) our cooperation.

Coming to the – to the energy platform, what we want to do is, within couple of weeks – I'm talking two, three weeks – to have very clear indication from our member states what is the volume, what is the aggregation, how much gas we would like to purchase together through this platform. As you know, we consume in the EU around 400 billion cubic meters. Our capacity for storage is around 100 billion cubic meters. Now, this is, I would say, what is the size, especially in the winter times when you need to have the storages full. And you would remember how we've been always with a huge intensity talking to our Ukrainian friends before each winter – fill up your storage, fill up your storage – so we wouldn't have some kind of emergencies in the – in the middle – in the middle of the winter. And actually, the experience from the last August when we needed to find gas for this last 15 percent of our storage capacity led to this enormous spiral which pushed prices through the roof. And what we want to do is now to shave off that bump of this 15 percent.

Therefore, as I said, we do not want to do something momentous/tremendous. We want to be very down to earth. We want to be very reasonable, very realistic. But I think that if we manage to purchase jointly this 15, 20 billion cubic meters, it would kind of send further assuring, I would say, signals towards our economy that we have enough energy to power our energy-intensive industry; that it will have, I would say, reassuring impact on the – on the energy prices.

So, coming back to the mechanics of it, we are going to aggregate the demand within two to three weeks. We are going to approach the global suppliers to know what's currently the situation. The message I'm getting from U.S. LNG industry, the market is very tight. But also, I kind of sent the signal that it's tight but there is still gas. You know, I mean, we can – we can get to Europe about the already contracted, long-term contracts. And we have also, too, the part of the mechanics would be to develop the instruments which would make it also commercially attractive for our partners.

What I hear a lot is longer-term contracts. We are ready for that. I hear a lot the need to take care of especially the partners from smaller member states or from small industry like ceramics, like – I don't know – fertilizer

companies who do not have that creditworthiness to enter into the discussion with suppliers, like Sempra for example. So we need to bring the value added of European Union into aggregating the demand, looking for the ways that we can make sure that creditworthiness is good enough for the – for the suppliers and combine it with these long-term contracts, so we would – we would kind of create this new avenue where we would open business opportunities for American LNG but at the same time to improve security of supply for European – for European consumers.

And we would like to come with a, let's say, official public procurement process to the global markets before the next filling season. So, I'm talking about mid-April. And so that's a very tight schedule we are working on. And of course, that was a big part of my discussions with our American friends because here I would say also the public policies and I would say political oversight of this process I think will be very important.

Dr. Majkut: So just a very brief follow-up, if I may, for –

Dr. Moniz: And I had a – you first, sir. Go ahead. (Laughter.)

Dr. Majkut: No, no, please go ahead.

Dr. Moniz: All right. I just had a comment around it because – and you mentioned the long-term contracts, et cetera. I'd like to go back and kind of link this discussion again to the climate discussion. And this you can consider a request, Mr. Vice-President.

As we all know, gas – it's been evident in our conversation already gas – natural gas is so central to the whole energy platform, the energy security issues, et cetera, but it's also a central issue on the energy transition to low carbon. And here it's not only in Europe, clearly, but Europe, given the current situation, could really benefit – and we would all benefit – with a clear statement that natural gas is being viewed not just as a 10-year let's say long-term contract, but is being viewed as a multidecadal critical component of the energy transition. And frankly, I have not heard such a clarion statement. Neither have I heard it in many quarters in the United States. But we know – we all know this is a central issue.

I believe COP-28 in Dubai is going to be a critical moment. And I believe – this is similar in spirit. As you know, we discussed years ago how we've got to get nuclear into the dictionary of discussion. In the same way, even though it's not carbon-free obviously, but natural gas is critical to the discussion of energy transition. It's not good enough for us just to talk about how great it's going to be in 2050 or 2060; we have to talk how we're going to get there. And so that's something I think that, working together, the U.S. and Europe

and other countries – and COP-28 may be an opportunity for that – it would make a huge, huge difference. We know it's controversial, but critical.

Dr. Majkut: And one could understand how, like, a cooperative mechanism actually might help, right, that it's tough for any individual leader to come out and take a stance like that. Maybe a cooperative group can kind of hedge the political risk a little bit, if you will.

Dr. Moniz: Right, and also having the United States as, certainly, obviously, one of the major suppliers of Europe fits in to some teamwork here. But if we don't kind of have, frankly, mature discussions around, let's say, the role of natural gas – and oil, of course, also in fuels, to a significant extent, but natural gas in particular – if we don't have that conversation and have everyone understanding we must build the coalitions to address our low-carbon needs and this is part of it, as I said earlier, it's very hard to solve any one of these problems without solving them all: security, climate, geopolitics, social equity, et cetera.

Dr. Majkut: Also, if I may, I think, you know, what Dr. Moniz raised earlier, that Europe's at the – I think of it as the start of a marathon, right, kind of accelerating energy transition, responding to the lost Russian gas supply. And I'm interested in your thoughts on how this mechanism can also help Europe speak with one voice on issues like hydrogen, right? Hydrogen plays a big part in European energy strategy now. Where is it going to come from? What emissions intensity? What sources of hydrogen are going to be acceptable? What forms? And I'd be really interested in your thoughts on how these cooperative mechanisms can help Europe speak with one voice on that front as well, where I think the tie-up between energy security and industrial strategy really can be cooperative between the U.S. and Europe.

VP Šefčovič: So, thank you very much. To start with, I would say example of the – of the last year that – you know that we are extremely focused on making sure that we would be climate neutral in the second half of the year. And we have a host of legislation which was approved in that regard. And if you have any frontrunners in that, these are our Nordic countries.

But if you look at the statistics of the last years, you would see that even the cleanest of the Nordic countries have in one case increase of the CO2 emission(s) by 50 percent. Why? Because they had to go back to coal. As many economies in Europe and from the CO2 emissions the last year I think would be actually worse on the record of the last maybe 10, 15 years because of the scarcity of energy.

So, I think that also, I would say, with this lesson learned, I think I can – I can make it very clear – and I would just repeat the words of President Ursula von der Leyen – that we very clearly stated that gas is very important

transitional fuel. Therefore, it allows me also to speak about long-term contracts because if you look, again, in our – in our legislation – so I mean, there is just one obligation, that we shouldn't kind of extend our long-term contracts after 2049. So, we have still – we have still 30 years to go.

Of course, with all our policies linked to the Green Deal, we have different projections with reducing, you know, the importance of the fossil fuel. But it's very clear that between now and 2049 there is still a huge distance. We have to do a lot of things. And my offer to American partners yesterday was they can look at the long-term contracts from the perspective that over time they can be transformed from long-term contracts for gas to long-term contracts on energy. Because I think I heard a lot of stories yesterday how your companies are decarbonizing gas, what we can do with biogas, what we can do with hydrogen, and I think this is a priority area for – both for you, for us. Now we are discussing different colors of the hydrogen – pink, blue, gray, and so on and so forth. I think we would probably need all of them because we need to create the market, which is adopting also some measures in this regard just this week.

So from this perspective, I think we, indeed, have to be very realistic that our goals are clear. But we also have to develop very concrete strategies how to – how to get there and take into account that we paid enormously high price for our dependency and for the fact that we simply haven't been more diversified in our supplies.

And if you allow me just one point, because it was always a bit frustrating moment of our discussion – with Secretary Moniz being a prominent nuclear physicist – that we couldn't use the word “nuclear” in EU-U.S. – (laughter) – declarations.

I think that there also we had very intense discussion over the last few years, and we have seen that somehow everything came together at the wrong time. Nuclear fleet in France was not operating at the full speed. We didn't have enough water for our hydropower stations. There was not enough wind the last year. And I could go on. And also, it was really a very difficult year from the perspective of energy output.

And you could see that there is certain, I would say, nuclear renaissance in Europe; that you have more projects to be proposed in Nordic countries, in Finland. My country, Slovakia, there was just another reactor put into the operation. There is a big interest for the small modular nuclear reactors, which might be, of course, a very important source of energy in the future and we are all working together on fusion, which, hopefully, will bring us the dependence of clean energy in the future.

So, I would say that we are kind of reexamining all the, I would say, postulates of energy policies of the past because everything was put in such a stark contrast last year that we need – we really need to have another look at all these policies. And how to distinguish the energy suppliers, how to put the sustainable criteria on a high level.

Just to give you the example with our battery regulation, because I'm working a lot with European Battery Alliance, and that was a discussion we had yesterday with our American partners. We want that each battery would have a digital passport – where your critical raw materials came from, what's the carbon footprint of these batteries, what's the obligation for reuse and recycling.

And I think that we have to introduce this sustainability criteria into as many products as possible so we, as the developed world, we're serious about tackling the climate change with kind of the spreading of these standards to other economies and to make sure that we will not be investing in the clean technologies and at the same time creating the market for dirty products coming to our shores.

I think it's very difficult to do but I think we have to use a combined power of being the two biggest economies in the world to push this new approach to sustainability into the marketplace.

Dr. Majkut: You've set me up for a great question about a climate club that – but I – unfortunately, I think we'd like to go to the audience, if that's OK.

Dr. Moniz, do you have a quick intervention?

Dr. Moniz: Just one brief comment because I was very pleased, clearly, with Maroš' statement that there are many colors of hydrogen and we need to think about them all as part of different regional solutions because there's often been, again, too much of a one-size-fits-all idea about solutions. That's very important.

But I have to tell my friend here you forgot the color turquoise – (laughter) – which I'm extremely enthusiastic about. So –

Dr. Majkut: We welcome a question from the audience. If you don't mind stating your name and where you're joining us from and questions go up at the end, as you well know.

Q: Great. Hi. It's Emily Meredith from Energy Intelligence.

And you talked about the mechanics of the procurement in terms of asking for bids. But can you also talk about signing the contracts? Who's going to be

the party signing the contracts? Will they be done in aggregate? Just a bit more about how that will work. And then can you also talk about – there's been some discussion about a need for a cap or other kinds of sanctions on Russian LNG imports and can you talk about where you see that going? Thank you.

Dr. Majkut: Please, go ahead.

VP Šefčovič: Thank you. I think these are both very, very valid, very relevant, relevant questions.

I would say that now we are kind of discussing with our member states but also with the companies what would be the most pragmatic way forward in aggregating the demand. Most probably we'll create the kind club of the companies which are interested in procuring the gas together. And there are two modes which we can foresee, one where we will use the services of so-called central purchase rather or where we would use the services of agent which would kind of, you know, negotiate on behalf of this consortium. And we are kind of figuring it out to with the companies what would be the most pragmatic, what would be the most practical solution for the future.

Into our regulation, which we have to respect, it was very clearly also included the fact that we will do all this bidding, we'll do all that work but of course, because it was never done before, it's the first of its kind, we'll see what kind of proposals we'll be getting at the end of this process. And in the end, it will be voluntary decision of these companies to sign – to sign the contracts. So therefore, I think we have to do a really good job to see that with a common platform, with a common purchase, you get – you get better deal than if you are acting alone. And I think especially for smaller companies – ceramic firms, steelers, fertilizer; all the companies from, let's say, Baltic states or smaller or medium-sized member states would have a problem to get into the negotiations with giant LNG companies – this would clearly be value added. But we will have to really work very hard, and therefore we are discussing it so intensely with our member states and the companies how to make sure that this would be attractive for them, that this would work, and that we can actually deliver on very, very short, very short schedule.

If it comes to caps, yesterday – or I think it was today because we have this – (laughs) – time difference, the president of the commission announced a 10th package of sanctions. Where we are focusing right now: on making sure that we'll cover the loopholes and circumvention of the sanctions which have been approved at that time; we are going to ban different type of technologies and components to be exported to Russia. But for the first time, I would say, in the European history, I mean, we're kind of linking up these sanctions also with, I would say, the impact on Iran to prevent, I would say,

the sale of drones and components to Russia. And of course, the discussion on different caps on energy products is evolving. I mean, you see that it's working quite well with all exports, with petroleum products, and of course, this is something which is under consideration, but at this moment in time, we've been looking for different sources of gas to make sure they will have enough security of supply for the last year and this year to those who are challenging.

Dr. Majkut: Excellent. Maybe we can take one more brief question, if that's OK with you, sir?

VP Šefčovič: Please. Of course.

Dr. Majkut: Excellent.

Please go ahead.

Q: Thanks. Jennifer Dlouhy with Bloomberg News.

I just wanted to follow up again on the gas plan. Have you seen any appetite from major European energy companies to buy gas on the international markets together? And understanding you expect to have demand aggregated by mid-April, do you still expect joint purchases well before summer?

VP Šefčovič: I can respond very briefly to both: Yes, and yes – (laughs) – but elaborate a little bit on this, of course. Major energy companies, they've been, and they are quite cautious in this approach. What it would mean from the, say, compliance point of view, from the competition perspective, what would be, I would say, the disclosure obligations, so on and so forth. So, we are discussing all these aspects in great details with them. And of course, I cannot name the concrete companies right now, but we have European majors who are interested in the common purchase of gas, because they also understand that there is this huge public call to work together and to deliver better prices this year because it's important for the functioning and overall performance of the European economy. And we are discussing how to make it work in the most practical way for them and for us.

And of course, to be successful we definitely want to come up with this common purchase proposal by mid-April, before the filling season starts, because that's my message to our member states and to our companies: every week of delay could cost us billions. I mean, we have to learn the lessons from the last year; we have to be on time; we have to come to the markets in a predictable timeframe with a very clear demand and the conditions. And our aiming with all the schedule is extremely tight. We would like to do it by mid-April.

Dr. Majkut: Excellent.

Dr. Moniz: I would just add one brief comment, and I think this is all very, very important, and hopefully is going to go smoothly and on time.

VP Šefčovič: Hopefully. (Laughs.)

Dr. Moniz: But I would just remind everyone that our Asian allies also are very important for supply – again, Japan, South Korea. I think they were extremely cooperative in allowing – especially in the United States, since we don't have destination clauses, we had flexibility, and the shift in cargos to Europe was very, very dramatic, responding to supply.

I think we have to look forward, I believe, collectively, especially to the coming winter because – I was just in Japan a few weeks ago, and they have – they have their own challenges to meet, so – yeah.

Dr. Majkut: Yeah. Thank you. I think we're all going to have to work hard to manage this issue over the next few years.

Dr. Moniz: Collectively.

Dr. Majkut: Collectively.

Dr. Moniz: Allies and friends.

Dr. Majkut: Yes, thank you very much.

Mr. Šefčovič, thank you so much for joining us at CSIS this morning. Congratulations on your trip and a safe trip home.

Dr. Moniz, thank you kindly for being here today. You are both welcome back any time.

Dr. Moniz: Thank you.

VP Šefčovič: Thank you for heaving us.

Dr. Majkut: Friends and colleagues, this is Joseph Majkut signing off for CSIS. Thank you for joining us today.

(END)