

# Energy in Europe

# NEWSLETTER

June 2014

# Editorial

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Energy policy continues to be high on the agenda of Europe's leaders.

The meeting of the European Council in June was a pivotal occasion for a number of reasons. Jean-Claude Juncker was designated as the next Commission President. But Europe's leaders also agreed on the priorities that will drive the EU's strategic agenda over the next five years. It comes as little surprise that energy policy forms one of the 'five overarching priorities which will guide the work of the European Union over the next five years', given its continued and growing importance in recent years.

Specifically, the agenda called for affordable energy, secure energy and sustainable energy. Clearly, this very much builds on our previous work. The European Council also endorsed the Commission's proposals for the necessary measures to enhance energy security at its most recent meeting. Our challenges today also demand renewed focus and urgent action. The EU will now have to work hard to moderate energy demand. It will need to further diversify its energy supplies and routes, and quickly develop the infrastructure it needs to complete the Internal Energy Market. And Europe has to redouble its efforts against global warming.

Another remarkable event in June was the signing of a Memorandum of Understanding between the College of Europe and my Directorate General. Stronger cooperation between the European administration and academia is of great and mutual benefit.

Our cooperative efforts also need to be extended further afield. I have been in the United States this week, working to further increase our cooperation with the US government, with academics and a number of other stakeholders. Despite the significant energy resources of the United States, many of their energy problems are the same as ours. There are very good reasons to try to tackle them through close cooperation.

Dominique Ristori



**Dominique Ristori** Director-General for Energy

### Press room – Highlights of the month

### ENERGY COUNCIL, 13 JUNE, LUXEMBOURG

The last Energy Council under the Hellenic Presidency was held on 13th of June in Luxembourg. Energy Commissioner Günther H. Oettinger represented the European Commission. The Council reached a political agreement on the issue of Indirect Land Use Change (ILUC) related to the production of biofuels (directives relating to the Quality of Petrol and Diesel Fuels and the Promotion of the Use of Energy from Renewable Resources). This was followed by a comprehensive policy debate on the follow up to the May European Council, encompassing aspects of energy policy such as energy security, the completion of the internal energy market and the policy framework for 2030. Discussions contributed to the preparation of the June European Council.



Read the press release and conclusions of the meeting: http://www.consilium.europa.eu/meetings?lang=en&id=57b895b8-d71e-495a-8b87-b5c377f1211d

# **EUROPEAN COUNCIL, 26-27 JUNE, BRUSSELS**

EU leaders nominated Jean-Claude Juncker as their candidate for President of the European Commission. They took stock of progress made towards a final decision in October on the 2030 climate and energy policy framework and supported the immediate implementation of a set of most urgent measures to strengthen Europe's resilience and increase its energy security. Furthermore, they also discussed a strategic agenda for the EU and the peace plan proposal in Ukraine.

Read the full press release:

http://www.european-council.europa.eu/councilmeetings?meeting=15c64c6d-a970-4735-bb5f-8bd7f0e75f03&lang=en&type=EuropeanCouncil

# EU SUSTAINABLE ENERGY WEEK, 23-27 JUNE, BRUSSELS

#### What is the EU Sustainable Energy Week (EUSEW)?

Now in its ninth edition, the **EU Sustainable Energy Week (EUSEW)** – **23 to 27 June 2014** – is the premier event for public authorities, energy agencies, private companies, NGOs and industry associations engaged in helping to meet the **EU's energy and climate goals**. It featured activities dedicated to energy efficiency and renewable energy solutions in Europe and around the world.

First launched by the European Commission in 2006, EUSEW is organised with the support of the Executive Agency for Small and Medium-sized Enterprises (EASME).







#### NORWAY'S VIEWS ON EUROPEAN ENERGY SECURITY

As a major exporter of natural gas and oil to Europe, and as part of the internal energy market under the EEA Agreement, Norway supports the goal of enhanced energy security in Europe and understands the desire to strengthen policies in this area.

The Commission recently presented its European Energy Security Strategy. We are pleased to see the strategy places strong emphasis on infrastructure development and the importance of continued efforts to make European energy markets as efficient as possible. Indeed, a well-functioning, integrated energy market is the single most important factor for ensuring security of supply in Europe. It is vital that energy policy and instruments are transparent and well-targeted, so as to avoid unanticipated effects or distortion in the energy market.

Infrastructure development is vital for the electricity sector. Crossborder trade in electricity benefits all countries involved. It enables efficient use of resources and better utilisation of energy systems, increases the security of supply, and allows for greater integration of renewable energy.

A well-developed gas infrastructure, effective price signals and a diversity of supply sources are important to ensure that gas is transported to where it is most needed, depending on the balance of supply and demand at any given time. Clear signals from both the market and relevant policymakers on the role of natural gas in the future energy mix, as well as a clear and coherent regulatory framework, are crucial to ensure the necessary future investments in the upstream gas sector. Today, Norway supplies about 110 BCM of gas annually to Europe – more than one fifth of EU's consumption, and we will be a significant supplier for many years to come. Towards 2020, gas production in Norway could increase up to 130 BCM.

Norway is, and will continue to be, a stable and reliable energy partner for the EU.



Mr Atle Leikvoll, Norwegian Ambassador to the EU



#### Günther Oettinger @GOettingerEU

**24/06/2014** Congratulations to the winners of the Sustainable Energy Europe and the ManagEnergy Awards, and thanks to all participants! #EUSEW14



# **Background story**

### DG ENERGY SIGNS MEMORANDUM OF UNDERSTANDING WITH THE COLLEGE OF EUROPE AT FIRST JOINT ROUNDTABLE

On Wednesday 25 June, around 110 representatives of leading academic institutes, energy companies, NGOs, European energy regulators and the EIB attended the first High-level Roundtable on the European Energy Security Strategy, jointly organised by the College of Europe and DG ENER. This Roundtable also provided the occasion for the signature of the Memorandum of Understanding between the Directorate-General for Energy and the College of Europe. This cooperation should lead towards closer links between EU academics and the EU in the field of energy.



#### Read the full article

http://ec.europa.eu/energy/events/20140625\_high\_level\_roundtable \_energy\_security\_en.htm

### Question from a Member of the European Parliament

#### **Question by MEP Juozas Imbrasas (EFD) to the Commission**

Subject: Energy independence and common union

In public, Warsaw calls for establishment of the energy union in Europe, which would reduce dependency on the Russian energy resources. Lithuania is currently buying gas only from Gazprom and paying the highest price in all of Europe. One of the positive steps forward would be our participation in the common diversified gas market. This year we also hope to complete the Klaipėda liquefied natural gas terminal, which could contribute to the implementation of the idea and the proposal. It is also important that at the end of 2015 Lithuania will have become an unenclosed island of electrical energy. Presently we are building the electrical connection LitPol Link with Poland; we are also building the electrical connection with Sweden. These two connections must be introduced in 2015, and only in this case could we speak about the development of the common European Union energy system. I believe this could help to partially solve the issue on competition among countries, where individual states pay larger sums of money both when buying gas and when producing and importing electrical energy. The common EU energy community could exploit its own resources, i.e. shale gas and coal; moreover, all Member States could buy gas in commodity exchange, thus dictating their own terms, rather than accepting the proposals of monopolies. I believe this also applies to the idea of greater communality in purchase. We would like for Europe as a whole to start participating in public procurement - there are various mechanisms and methods to this end, for example, exchange. In order for Europe to be able to dictate terms, not just accept them, it is very important that, in search of various mechanisms and methods, a general policy would be applied. I hope that these proposals will also be reflected in the proposal of the Commission, which will discuss European energy independence and which will be presented during the European Council meeting in Brussels, this June.

Does the Commission not consider that the common union would not only ensure a more competitive economy, but also reduce the political and economic dependence on Russia and its gas concern Gazprom?

Does the Commission not believe that Europe needs the energy union, because it leads to the competitiveness of the European economy, it would also increase energy and political independence, and it applies in particular to countries heavily dependent on the Russian gas supply?

The integration of the internal energy market is of particular importance for the security of energy supply. This includes the construction of infrastructure, in particular where Member States still lack interconnections to the rest of the EU. The recently published list of projects of common interest provides a good overview of key projects. In a functioning market with sufficient interconnections, price differences between Member States can be expected to decline considerably. The Commission has issued at the end of May an energy security strategy paper which sets out a series of measures that can improve the EU's energy security, including a more efficient use of energy, the exploitation of indigenous sources and the diversification of external sources of supply in addition to a better integration of the internal EU energy market and enhanced solidarity mechanisms in case of supply disruptions.

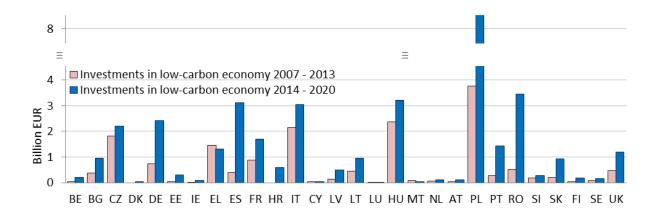
The Commission is aware of the Polish proposal of an Energy Union. The proposal is based on six pillars, five of which are rather closely aligned with the Commission's positions. One element of the proposal, the suggestion to create an agency for joint gas purchases, is currently being examined by the Commission. In the view of the Commission, a fully functioning internal market for gas will go a long way towards reducing price differences in Europe. Our strategy to enhance energy security in Europe must therefore build on a strong internal energy market. Anything that could undermine the functioning of the internal market should be avoided.

# Figure of the month

All Member States are required to allocate significant shares of Cohesion policy funding to support the shift towards a low-carbon economy, due to the immensity of the challenge in the area and the important benefits of such investments in terms of regional development, competitiveness, growth and jobs, as well as to alleviate energy poverty. Based on preliminary data, some

E38 billion from the European Regional Development Fund (ERDF) and the Cohesion Fund

(CF) will be allocated to these objectives. This represents more than a doubling of funding in this area compared to the 2007-2013 period.



<u>Read the full document on Cohesion policy investments in energy 2014-2020:</u> http://ec.europa.eu/regional\_policy/information/guidelines/index\_en.cfm#10

### Coming up next

# Scheduled for Commission adoption

#### Third quarter 2014

- Communication on an Energy Efficiency Strategy (Review of the Energy Efficiency Directive)
- Report on state of implementation of the internal energy market
- Communication on the internal energy market at retail level
- Communication on nuclear off-site emergency preparedness and response and nuclear third party liability and insurance

# **Events**

#### 10-11 July 2014

Ministerial Conference: "Gas developments in the Mediterranean Region and their impact to EU's security of supply", Valetta, Malta

# **Calls for Tenders**

#### http://ec.europa.eu/dgs/energy/tenders/index\_en.htm

Until 29 July 2014

Collection of Data and Services for the Energy Market Observatory

# Also ongoing (no deadline)

Horizon 2020: Experts wanted for biggest EU research programme yet

# **Call for Grants**

#### Until 19 August 2014

CEF Energy Call for Proposals 2014 http://inea.ec.europa.eu/en/cef/cef\_e nergy/apply\_for\_funding/cef\_energy \_call\_for\_proposals\_2014.htm

# Colophon

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