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EU-US Energy Council Press Statement

Energy is an important component of the EU-U.S dialogue in the 21st century, because it has effects across our foreign, economic and development policies. By working together on energy, the EU and the U.S. are increasing our mutual security and prosperity; underpinning stable, reliable and transparent global energy markets; and coordinating our regulatory regimes and research programmes to speed the deployment of tomorrow's clean and efficient energy technologies.

Our cooperation supports economic growth and job creation, and advances our climate change goals. The European Union and the United States established the EU-U.S. Energy Council at the ministerial level in November 2009 to deepen our dialogue in these areas. The Energy Council met again today to review progress and delegate new projects to the working groups on security, technology and policy.

Ministerial-level Participants on the EU side were the EU High Representative Catherine Ashton, Energy Minister Freya Van den Bossche for the EU Presidency and Commissioner for Energy Günther Oettinger, and on the US side US Secretary of State Hillary Clinton, and Deputy Secretary of the US Department of Energy Daniel Poneman. We, the Principals, reviewed the work of the Energy Security Working Group and were encouraged by progress since the last meeting in the development of a Southern Corridor to diversify sources and routes to help meet Europe's long-term natural gas requirements.

P R E S S

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We noted the June 7, 2010 signing of a gas transit and pricing agreement between Turkey and Azerbaijan, which opened the way for producers and shippers to negotiate contracts to bring Caspian gas to European markets.

We look forward to the conclusion of commercial agreements with the Shah Deniz II consortium in early 2011, which will trigger actual construction of the necessary infrastructure.

We considered additional, non-Caspian sources of gas for the Southern Corridor, agreeing that Iraq has the potential to export while meeting its own domestic requirements.

In this context, we call on the Iraqi authorities to implement new hydrocarbon and revenue sharing legislative arrangements.

We recognized that the principles set out in the EU-Iraq MOU of January 18, 2010 on a Strategic Energy Partnership will be a basis for discussion of energy cooperation with Iraq. We also discussed the potential implications of the changes in global gas markets, including the rapid development of unconventional gas resources and the shift in trade patterns for liquefied natural gas (LNG). We reviewed progress on our shared goal to foster a more stable, transparent and efficient energy market in Ukraine.

We were encouraged by the initial steps Ukraine has made to reform its energy market, notably, the passage of the natural gas market law (July 2010), aligning domestic gas tariffs to market conditions (August 2010), and signing the Protocol of Accession to the Energy Community (September 2010).

We also expressed our intention to seek further progress in the implementation of the March 2009 Joint Declaration on the modernization of the Ukrainian gas transit system that was signed by the European Commission, Ukraine and the International Financial Institutions.

Looking forward, we charged the Energy Security Working Group to continue close contacts to support the Government of Ukraine on the following priorities:

- (1) improving the investment climate to facilitate the development of indigenous oil and gas resources;
- (2) modernizing the gas transit system;
- (3) financially restructuring and increasing the transparency of the national oil and gas company, and

- (4) implementing energy efficiency measures and promoting renewable energies. We directed the Energy Security Working Group to consider issues related to Nigeria and to encourage the Nigerian government to use its oil and gas resources to promote economic development to the long-term benefit of the nation, while sustaining a positive investment climate and protecting the environment.

Toward those ends, we urged the use of the Extractive Industries Transparency Initiative and of other mechanisms to improve transparency and accountability in the oil and gas sector. We noted the importance of power sector reform to enhance access to electricity for Nigeria's citizens. We reviewed the substantial progress made in the Working Group on Technology and Research on technologies important for a low carbon, sustainable global economy, including hydrogen and fuel cells, solar power, carbon capture and storage, bio-energy, energy efficient buildings, technologies critical to the deployment of renewable energy, including smart grids and advanced materials, and technologies of long-term strategic importance such as nuclear fusion. We commended the high levels of information exchange, joint research projects, researcher exchanges, and mutual peer reviews.

We congratulated the Working Group for an ambitious agenda of joint expert workshops, notably the Workshop on Storage Technologies for Power Grids in Washington D.C. October 19-20, 2010, and a Workshop on Rare Earth Elements for a Clean Energy Future on December 3, 2010 at the Massachusetts Institute of Technology (MIT). Looking to the future, we tasked the Working Group to maintain the momentum of co-operation, highlighting areas for future work including an action plan to lower the cost of energy storage on power grids; exploiting lessons learned from projects for bio-refineries using ligno-cellulosic and algal feedstocks; deepening collaboration on demonstration of carbon capture and storage (CCS); and accelerating work on advanced energy materials, including rare earths. We asked that work be accelerated on expanding researcher exchanges on low carbon energy solutions, facilitating participation by qualified researchers in each other's energy research, and in forming alliances among our premier energy technology research bodies. We also welcomed the focus of the Energy Policy Working Group on energy efficiency, carbon capture and storage, smart grids, electric vehicles and nuclear safety.

We highlighted the importance of enhancing co-operation on energy efficiency in the buildings sector and products, and of convergence between EU and US standards in those areas. We recognised the mutual benefit of working towards common standards, convergent regulatory frameworks and effective incentives for the deployment of emerging clean energy technologies.

In this context, we welcomed the expert level, November 17, Transatlantic Workshop in Brussels on electric vehicles and grid connectivity, which permitted an exchange of views on policies to support electro-mobility, including vehicle demonstration and deployment, charging and vehicle-grid connectivity.

We welcomed plans to hold a workshop early next year on carbon capture and storage, bringing together developers of European integrated demonstration projects with their counterparts from large scale U.S. projects. We recognized the importance of developing energy resources in a safe, reliable and environmentally sustainable way.

We agreed to exchange expertise on environmental issues related to the utilisation of unconventional gas resources, including shale gas, especially with a view to addressing the issue of public acceptability.

We recognized the potential benefits from sharing information on our regulatory initiatives and best practices related to offshore drilling, and agreed to consider practical ways to support the process currently underway in the G-20. We expressed appreciation of the contributions by commercial stakeholders, the scientific community as well as energy experts that were instrumental in helping achieve progress in each of the three Working Groups. We encouraged stakeholders to build on these results and to continue contributing to the work of the Energy Council.
