Euronest Parliamentary Assembly
Assemblée parlementaire Euronest
Parlamentarische Versammlung Euronest
Парламентская Ассамблея Евронест

28.05.2013

RESOLUTION

on energy security in connection with energy market and harmonisation between the Eastern European partner and the EU countries

Resolution[1]

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The EURONEST Parliamentary Assembly,

– having regard to the Constituent Act of the EURONEST Parliamentary Assembly of 3 May 2011,

– having regard to the conclusions of the Eastern Partnership Summit held in Warsaw on 29 and 30 September 2011,

– having regard to the declaration by the participants of the Southern Corridor Summit held in Prague on 8 May 2009,

– having regard to the European Parliament resolution of 25 November 2010 entitled 'Towards a new Energy Strategy for Europe 2011-2020',

– having regard to the European Parliament resolution of 12 June 2012 entitled 'Engaging in energy policy cooperation with partners beyond our borders: A strategic approach to secure, sustainable and competitive energy supply',

– having regard to the European Parliament resolution of 11 September 2007 entitled 'Towards a common European foreign policy on energy' (2007/2000(INI)),

– having regard to the conclusions of the Council of the European Union of 24 November 2011 on strengthening the external dimension of the EU energy policy,

– having regard to the Joint Communication of 15 May 2012 by the High Representative of the Union for Foreign Affairs and Security Policy and the Commission entitled 'Eastern Partnership: A Roadmap to the autumn 2013 Summit',

– having regard to the Commission communication of 13 November 2008 on the Second Strategic Energy Review,

– having regard to the Commission communication of 17 November 2010 entitled 'Energy Infrastructure Priorities for 2020 and beyond - A Blueprint for an Integrated European Energy Network' and to the European Parliament resolution of 5 July 2011 on 'Energy Infrastructure priorities for 2020 and beyond',

– having regard to the Commission communication of 7 September 2011 on security of energy supply and international cooperation, entitled 'The EU Energy Policy: Engaging with Partners beyond Our Borders',

[1] As adopted in Brussels, Belgium on 28 May 2013

– having regard to the Commission communication of 15 November 2012 entitled 'Making the Internal Energy Market Work',

– having regard to the national strategy papers for energy of Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine for the periods up to 2020 and 2030,

– having regard to the 2012-2013 work programme of the Eastern Partnership - Platform 3 – Energy security,

– having regard to the EURONEST PA resolution of 3 April 2012 entitled 'Energy security, renewable energy, energy efficiency, energy infrastructure: developments in the Eastern Partnership and in the EU countries',

– having regard to the 2011 annual report on the activities of the Energy Community to the European Parliament and the national parliaments and to the annual report of 1 September 2012 on the implementation of the acquis under the Treaty establishing the Energy Community,

A. whereas the Eastern Partnership aims to strengthen energy security through cooperation with regard to long-term, stable and secure energy supply and transit, including through better regulation, energy efficiency and more use of renewable energy sources;

B. whereas global energy and environmental challenges require the development of common and cooperative strategies at international level; whereas the EU and Eastern European partners face common political challenges in terms of lowering emissions in the energy sector and finding the right balance between the different current sources of energy, ensuring reliable and safe supply, and rationalising energy consumption, in particular by increasing energy efficiency;

C. whereas the role of legislators in shaping energy policies and rules and the framework conditions applying to energy markets is crucial for the efficient exploitation of domestic resources, so as to ensure affordable energy prices, achieve a substantial reduction in the impact of energy production and consumption on the climate and the environment, and establish equitable trade relations;

D. whereas the EU Member States and the Eastern European partners will become more interdependent in the future, and have engaged in a meaningful dialogue within the Eastern Partnership on developing energy policies to meet future energy needs; whereas future bilateral association agreements between the EU and the Eastern European partners concerned, including agreements for deep and comprehensive free trade areas, will have an important energy component, with a view to facilitating energy trade;

E. whereas the regional energy policy dialogue under the Eastern Partnership has intensified over recent years, covering the convergence of energy markets, the diversification of energy supply and transit and the development of sustainable energy sources, as well as infrastructures of common and regional interest;

F. whereas energy markets within the EU and in the Eastern European partner countries differ greatly from one country to another, although most are inherited from a situation where public operators of energy supply and distribution have had a dominant role;

whereas energy costs and resources influencing political choices can vary dramatically among Member States and Eastern European partners; whereas most of the countries of Eastern Europe and the Southern Caucasus were bound up with the former Soviet Union for their energy economy and are still highly dependent on imports from the Russian Federation for their oil and gas consumption;

G. whereas the energy markets in a number of EU Member States and most Eastern European partner countries remain concentrated in nature, with an excessively limited number of energy suppliers and transmission and distribution operators; whereas past policies were strongly focused on increasing energy supply and less so on demand;

H. whereas the EU has set the objective of, and is committed to, the completion by 2014 of a fully integrated internal energy market, as a key instrument of its overall strategy for enhancing its economic competitiveness while progressing in the transition to a low-emissions economy;

I. whereas the EU has engaged in the liberalisation of the electricity and gas markets by implementing the 'EU Third Energy Legislative Package' adopted in 2009, which foresees as key elements the separation (or unbundling) of the energy transmission and supply businesses and the principle of 'third party access', guaranteeing the right of gas and electricity suppliers to accede to transmission networks under non-discriminatory conditions; whereas, building on progressively liberalised markets, the Member States have benefited from increased trade in energy and have seen a greater convergence of energy wholesale prices, despite still facing challenges in terms of fully implementing the above-mentioned package at transnational and national level;

J. whereas regulatory cooperation and convergence are essential in order to progress towards further integration and interconnection of energy markets and to develop trade relations between energy operators in the EU and the Eastern European partner countries, under fair and reliable conditions; whereas harmonising the technical and operational rules governing the electricity and gas markets in Europe requires further institutional cooperation;

K. whereas the Energy Charter Treaty to which all Member States and Eastern European partners are signatories provides an international forum for energy cooperation, and has a valuable role to play in building an international legal foundation for energy security, based on the principles of open and competitive markets and sustainable development; whereas the Energy Community Treaty set the basis for establishing a fully integrated regional energy market favouring sustainable growth and investment between the EU and nine contracting parties from south-east and eastern Europe;

L. whereas a budget of EUR 271 million was earmarked to provide EU financial support to the Eastern European partners in the energy sector under the European Neighbourhood Policy Instrument for the period 2007-2011, including the INOGATE international energy cooperation programme and the Neighbourhood Investment Facility (NIF), which has facilitated the allocation of loans from the European Investment Bank and the European Bank for Reconstruction and Development for the construction of strategic energy infrastructures;

M. whereas gas-producing countries from Eastern Europe are looking for secure and

efficient routes to export gas directly to Europe, which may oblige them to accept high political risks related to their geopolitical situation, but would contribute to the long-term stability of the region;

N. Whereas the EU, as a major importer of energy, is in need of diversification of sources and routes of supply; whereas energy-producing Eastern partner countries are in need of diversification of consumers;

O. whereas the EU is acting to promote the diversification of gas supply, to build long-term relations with gas-producing and transit countries in the Eastern European region, and to secure energy supply by facilitating the implementation of the Southern Corridor, thus linking the EU market to one of the largest deposits of gas in the world;

Establishing coherent approaches in the energy policies of the EU and the Eastern European partners

1. Underlines the importance of establishing durable and coherent energy strategies in the EU and in the Eastern European partner countries in order to move towards low-emissions energy systems having a limited impact on the climate and the environment and promoting secure, sustainable and affordable energy for the benefit of energy consumers;

2. Calls on the EU Council and the governments of the Eastern European partner countries to ensure that energy security cooperation is clearly identified as a priority under the Eastern Partnership and the European Neighbourhood Policy for the period 2014-2020; expects the third Eastern Partnership Summit to be held in Vilnius in November 2013 to provide an impetus for enhanced cooperation in the energy field in line with the vision for the key themes of the Partnership, namely respect for democracy and human rights, political association, economic integration and mobility for citizens;

3. Supports the objectives and efforts of the Eastern Partnership Platform on Energy Security, and recommends that the EU Member States and the Eastern European partners take steps towards ensuring deeper involvement in, and reaping the full benefits of its developing activities with regard to the integration of European energy markets; encourages the EU Member States and the Eastern European partners to extend their partnership by defining common stances in international forums such as the Energy Charter Conference and in other international bodies concerned with energy and climate;

4. Believes that it is of critical importance to ensure the consistency and coherence of EU external relations regarding key energy producers and transit and consumer countries, as well as to establish coordination and cooperation between Member States in the context of negotiations of agreements between Member States and energy suppliers or third countries;

5. Calls, therefore, for increased transparency and greater EU involvement in negotiations of agreements between Member States and third countries, as these agreements could also have an impact on the functioning of the EU's internal energy market;

6. Highlights the EU Council's decision of 4 October 2012 establishing a mechanism for

the exchange of information between the Member States and the Commission on intergovernmental agreements in the energy field; considers that this decision will contribute to further coordination between Member States' policies and for joint action and solidarity; stresses that the domestic and external energy policies of the EU and the Eastern European partners need to be transparent in order to create a cooperative climate based on mutual trust and reciprocity;

7. Recognises the value of the Early Warning Mechanism established by the EU and the Russian Federation in order to guarantee an early evaluation of potential risks and problems related to Russian energy supply to the EU, and to ensure rapid reaction in case of an emergency situation; stresses, however, that in case of political and commercial disputes, as well as for technical reasons, where potential disruptions of energy supplies may be foreseen they should be communicated before they actually occur; recommends that the EU and the Russian Federation engage in a dialogue aimed at extending similar mechanisms to the Eastern European partners and establishing a common framework for mutual assistance, solidarity and dispute settlement, in case of crises which may threaten the energy supply of one or more of the Member States or the Eastern European partner countries;

Developing a more open and harmonised regional market for energy

8. Stresses that developing an open and integrated energy market between the EU and its Eastern European partners is economically beneficial and is instrumental in enhancing their political ties, economic integration and solidarity under the Eastern Partnership; emphasises, in this regard, that opening borders between neighbouring countries in the Eastern European region would have a significant impact on the regional economy and energy markets, allowing in particular for more opportunities in energy transport and trade;

9. Considers that the EU's external energy policy should be based on and promote the principles of solidarity, transparency, subsidiarity, sustainability, and cooperation, as well as reciprocity, a rule-based market approach and coordination between the EU Member States and the Eastern European partners; stresses the need for coordinated joint actions in the field of energy security, transparency and the creation of new transport corridors;

10. Emphasises that establishing efficient markets in energy, while also marking the transition to a low-emissions economy, will require large-scale investment in generation, transmission and distribution infrastructures in line with the 2050 climate and energy objectives; believes that public and private investors will fund ambitious long-term projects if the energy markets can rely on stable, transparent and harmonised rules guaranteeing fair competition and empowering consumers so that they can play an active role in choosing suppliers and energy provision modes;

11. Strongly believes that the harmonisation of energy market rules in the EU and the Eastern European partner countries is essential in order to encourage competition and innovation, mitigate the risk of abuse of dominant positions on the energy supply and distribution markets, facilitate crossborder trading, and develop compatible procedures allowing energy companies to operate at transnational level;

12. Takes the view that the liberalisation of national energy markets in the Eastern European partner countries will only succeed if implemented gradually, and that the immediate priority should be ensuring sound and transparent management by public energy stakeholders;

13. Stresses that a well-functioning competitive market entails energy prices that reflect the costs of generation, transmission, and distribution; recognises the environmental and social dimension of energy policy; recommends that consumer protection and affordable energy prices for vulnerable categories of consumers should be guaranteed;

14. Strongly supports the EU's objective of achieving a 20 % share of renewable energy sources in its energy consumption by 2020; emphasises, in this regard, that opening up energy markets and boosting their integration should greatly facilitate the participation of new players producing renewable energy;

15. Believes that renewable sources of energy will become more and more economically competitive; considers that a stable or at least predictable regulatory framework, as well as competition, are conducive to investment in renewable energy sectors; calls on the EU and the Eastern European partners to further share experiences and strengthen their policy dialogue on means of promoting renewable energy sources, on a basis of common and coherent approaches, without creating unnecessary burdens for the state budgets; recommends that the EU Member States and the Eastern European partners facilitate the establishment of preferential treatment for trade in energy generated from renewable sources, i.e. under the mechanisms and conditions provided for under Directive 2009/28/EC;

16. Stresses the huge potential in terms of economic growth and environmental impact of implementing the EU energy efficiency acquis; underlines, in this regard, the importance of an energy regulatory framework as a driver stimulating market transformation towards more energy-efficient products and services, transport means, and buildings, while also creating behavioural changes in energy consumption by citizens and companies; recommends that the EU Member States and the Eastern European partners develop energy efficiency strategies with realistic targets for energy saving and for implementing energy efficiency regulatory frameworks;

17. Recommends that state aid to energy sectors should be concentrated on energy security projects, the construction of strategic energy infrastructures, developing new and improving existing sustainable technologies and renewable energy sources, and increasing energy efficiency; considers that public service obligations relating to the security of energy supply must be made transparent to energy stakeholders and operators;

18. Stresses that the EU and the Eastern European partners concerned must ensure that their energy sector cooperation under future association agreements is in line with EU internal market rules, in order to provide energy operators with a secure and stable legal environment for the future;

19. Recognises the value of the Energy Community Treaty (ECT), which establishes a basis for the long-term creation of a fully integrated regional energy market between the EU and its south-eastern and eastern neighbours; stresses the growing interest in the Energy

Community throughout the Eastern European region, as shown by the accessions to the Treaty of Moldova and Ukraine in 2010 and 2011 respectively, as well as by the participation of Armenia and Georgia as observers; takes the view that EU cooperation with Armenia and Georgia, as well as with Azerbaijan and Belarus, must be developed in line with the objectives of the ECT and on the basis of mutual interest and the specificities of individual countries;

20. Recommends extending the life of the Energy Community beyond 2016 and enhancing its cooperation framework by establishing an operational roadmap allowing for the modernisation of energy sectors within the Community's contracting parties and further progress in the harmonisation of energy market rules, as well as adapting the decision-making and organisational structures of the Energy Community to future challenges;

21. Stresses that the Community's contracting parties have committed themselves to implementing the rules of the EU acquis pertaining to the electricity market, renewable energy, security of supply, energy efficiency, and the EU Third Energy Legislative Package; considers that the parties should pursue the approximation of their energy regulatory frameworks to EU standards and rules, and ensure that new bilateral agreements with third parties comply with their obligations under the Treaty;

22. Recognises the importance of the legislative and technical support that the EU provides in helping the Eastern European partners implement reforms aimed at approximating to EU standards and rules; calls on the EU to maintain the current level of financial resources available for this kind of support under the future European Neighbourhood Instrument for the period 2014-2020;

23. Stresses the need to further develop exchanges of experience and the networking of expert communities on regulatory policies and practices between the EU and the Eastern European partners; welcomes, in this regard, the setting-up on 23 November 2012 of the Energy Community Competition Network, the purpose of which is to serve as a platform for the promotion of cooperation and exchange of experience with respect to competition policy, legislation, and enforcement of the EU competition acquis within the Energy Community; welcomes the initiative of conducting annual expert seminars under the Energy Security Committee of the Euronest PA;

24. Takes note of the achievements and progress made in implementing the Eastern Partnership Flagship Initiative on energy, the primary objectives of which include the promotion of electricity market convergence; is aware of the existence of varying degrees of maturity in terms of development of electricity markets in the Eastern European partner countries and recommends deploying further efforts to promote electricity market liberalisation;

25. Underlines the importance of strengthening the role and independence of national energy regulators; calls on the national regulators of the Member States and the Eastern European partners to step up their cooperation by developing common training programmes and regular exchanges within the Agency for the Cooperation of Energy Regulators and the Energy Regulators Regional Association;

26. Commends the actions of the Covenant of Mayors which brings together 48 signatory

cities from Eastern European partner countries committing to implement sustainable energy policies in order to meet or surpass the EU objective of reducing carbon dioxide emissions by 20 % by 2020, through increased energy efficiency and the development of renewable energy; stresses the critical role of local authorities, as producers and regulators of energy, in fostering market changes in the fields of urban planning and mobility, energy efficiency of buildings and the promotion of decentralised and renewable energy sources; recommends intensifying the activities of and EU support for the Covenant of Mayors, as a platform for exchange and a tool for multi-level governance within the Eastern Partnership;

27. Believes that the developing the exploitation of unconventional hydrocarbon energy fossils, in particular shale gas, at global level may have a major impact on energy markets within the EU and the Eastern European partner countries; recommends that the EU and Eastern European partners engage in an exchange of knowledge and expertise under the Eastern Partnership Platform – Energy Security, regarding the policies and regulations applying to non-conventional gas developments in Europe and to share best practices to ensure the protection of human health, the climate and the environment;

28. Emphasises the need to ensure that the EU Member States and the Eastern European partners apply the highest standards regarding environmental protection and safety in building and managing energy infrastructures; calls, in this regard, on the EU and the Eastern European partners to further develop their cooperation in strengthening the regulatory framework for nuclear safety;

29. Recommends that the EU and the Eastern European partners ensure synergies between their respective activities within the framework of the Eastern Partnership, the Energy Community, the Black Sea Synergy, the Baku Initiative and the INOGATE international energy cooperation programme;

30. Stresses the potential mutual benefits to be gained by for the EU and the Eastern European partners from the full-scale development of the Southern Corridor and the positive impact of the diversification policy, allowing more competitive energy prices in the EU and the Eastern European partner countries and reducing dependence on energy imports from market-dominant suppliers;

Strengthening integrated and interconnected energy networks

31. Stresses that the energy interconnection capacity between the EU Member States and the Eastern European partners is insufficient and remains a significant obstacle to the development of a competitive integrated market in the electricity, oil and gas sectors;

32. Notes that heavy dependence on imports from market-dominant suppliers may be used as an instrument of foreign policy pressure; stresses, in this regard, that diversification of suppliers and routes is highly necessary in order to strengthen geopolitical independence and ensure real competition between gas and oil sources within the EU and the Eastern European partner countries;

33. Considers that markets and private investors should have the primary responsibility for ensuring the financing of future networks and infrastructures, while public investment should play the role of leveraging private financing;

34. Recognises the need for a continuous energy supply that is safe and reliable as a topical challenge; stresses that reliable energy services are a part of global prosperity and provide an opportunity to improve standards of living, enhance industrial productivity and competitiveness on the global market, and boost economic growth and job creation;

35. Welcomes the Commission's proposal for a regulation establishing the Connecting Europe Facility (CEF) as a new integrated instrument for investing in EU infrastructure priorities in transport, energy, and telecommunications; highlights the need to take full account of the Eastern neighbourhood dimension when planning EU energy infrastructure priorities;

36. Calls on the EU and the Eastern European partners to intensify their policy dialogue for determining common priorities in diversifying energy supply sources and routes; recommends that energy infrastructure planning by the EU and the Eastern European partners should include development of the transit corridors, in particular the Southern Corridor, including the trans-Caspian energy transportation projects and the reinforcement or extension of the existing transit corridors;

37. Underlines that the development of a trans-Caspian oil and gas corridor and a Southern Corridor, along with the further development of the Baku-Tbilisi-Ceyhan and Baku-Supsa pipelines, should link the countries of central Asia to Europe, both economically and politically, while at the same time offering opportunities to Eastern European countries as reliable transit partners;

38. Stresses the role of the Black Sea region in terms of the diversification of gas supply sources and routes to the EU, as well as renewable energy potential due to its geostrategic location; notes the particular importance of developing the Southern Gas Corridor, as highlighted by the Commission communication entitled 'Energy infrastructure priorities for 2020 and beyond – A Blueprint for an integrated European energy network'; recommends that the EU and the Eastern European partners stimulate the development of energy transportation projects and transit infrastructures;

39. Recommends that the EU and the Eastern European partners stimulate projects which aim at modernising gas transport infrastructure by enabling reverse-flow transmissions;

40. Stresses that new infrastructures for the efficient transmission of electricity, by exploiting new technologies, in particular smart grids and meters, are a key element in developing an integrated electricity network and increasing energy efficiency;

41. Stresses the need to strengthen research cooperation in the field of energy production, transmission and storage between the EU and the Eastern European partner countries;

42. Calls on the Commission, the Agency for the Cooperation of Energy Regulators (ACER), the European Network of Transmission System Operators for Electricity (ENTSO-E), and the European Network of Transmission System Operators for Gas (ENTSOG) to intensify their cooperation and to involve counterparts from Eastern European partners in developing network codes and interoperability rules for electricity and gas transmission infrastructures;

43. Stresses the critical role of the ENTSO-E in contributing to the functioning of the EU internal market and crossborder trade by improving the management of the European electricity transmission network; encourages the efforts of Moldova and Ukraine to upgrade their electricity transmission capacity, with the objective of achieving the interconnection of their power grids to the European grid and joining the ENTSO-E;

44. Notes that the development of renewable sources entails challenges for the existing network infrastructures, since some renewable sources generate a variable supply from numerous local production sites; calls on the EU Member States and the Eastern European partners to encourage well-planned investment in the adequate infrastructure for renewable energy, in order to facilitate their integration into markets and stimulate research activity related to the creation of new innovative capacity for electricity transmission and storage;

45. Instructs its Co-Presidents to forward this resolution to the President of the European Parliament, the Council, the Commission, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the European External Action Service, and the governments and parliaments of the Member States and the Eastern European partner countries.