Energy Union

Energy for Europe – serving society, supporting the economy, protecting the environment

Source: Directorate-General for Energy
Where do we stand?
EU's dependence on the energy imports

Since the mid-90s import dependency up by 10 percentage points, but relatively stable in recent years.

Significant decline in production of oil, gas and coal due to depletion of EU reserves and closures of uncompetitive sources against demand that was steadily growing until 2006, but flattening out since then.
Dependence on relatively few Energy suppliers

Imports* of Natural Gas – 2012
Total = 12 824 707 TJ-GCV

Imports* of Crude Oil – 2012
Total = 523 094 kton

Source: EU Energy in Figures - Statistical Pocketbook 2014
Natural gas: in the spotlight for disruption risks

- High import dependency (66%) and import bill (approx. 87 billion Euro in 2013), limited number of suppliers
- Six Member States depend on Russia as single external supplier for their entire gas imports.
- In 2013 energy supplies from Russia accounted for 39% of EU natural gas imports or 27% of EU gas consumption
- Russia exported 71 % of its gas to Europe with the largest volumes to Germany and Italy
What does it mean an Energy Union?

- The Energy Union means making energy more secure, affordable and sustainable. It will allow a free flow of energy across borders & secure supply in every EU country, for every European.

- New technologies & renewed infrastructure will cut household bills & create new jobs & skills, as companies expand exports and boost growth.

- It will lead to a sustainable, low carbon and environmentally friendly economy, putting Europe at the forefront of renewable energy production & the fight against global warming.
The objectives:

- Pool resources, connect networks and unite the EU's power when negotiating with non EU countries.

- Diversify energy sources – so Europe can quickly switch to other supply channels if the financial or political cost of importing from the East becomes too high.

- Help EU countries become less dependent on energy imports.
Reduce Europe's energy use by 27% or greater by 2030

Build on the EU's target of emitting at least 40% less greenhouse gases by 2030

Make the EU the world number one in renewable energy and lead the fight against global warming
Energy Union

1. Security, solidarity and trust
2. A competitive and completed internal market
3. Moderation of demand
4. Decarbonisation of the EU energy mix
5. Research and innovation
Energy Union

1. Security, solidarity and trust
Energy Security, solidarity and trust
Concrete actions

- Security of gas supply
  - EU Energy and climate policy diplomacy
  - Comprehensive LNG strategy
  - Intergovernmental Agreements
  - Alternative suppliers: Southern Gas Corridor and Mediterranean

Source: Directorate-General for Energy
Diversification of supply

- Southern Gas Corridor
- Northern Africa and Eastern Mediterranean
- LNG capacities and new suppliers
Southern Gas Corridor
The pipeline chain to open the Southern Gas Corridor
LNG Strategy
Euro-Mediterranean cooperation

- **Extremely difficult political context** - (Arab Spring effects, Libya state failure, ISIS in Syria and Iraq)

- **Challenges mutually important - Energy Security - Sustainability – Economic Development**
  - **North Africa** – Gas demand doubled – but production has lagged behind - huge potential conventional and unconventional – IOCs reticence to invest
  - *(Algeria, Libya, Egypt, East Mediterranean?)*
  - **Europe** – looking for diversification of routes and suppliers (underused infrastructure) -
  - **North Africa** – meeting growing energy demand – subsidies policy
  - Promoting renewables, energy efficiency
Inter-Governmental Agreements
Reviewing the IGA Decision

What works?

- Useful to receive information on IGAs landscape and features:

What does not work?

- Not sufficient to cure the problem:
  - Commission not informed of ongoing IGAs negotiations
  - No voluntary compatibility check before concluding an IGA
Key Partners
Energy Community
Energy Union

2. A competitive and completed internal market
Work on infrastructure projects, even more in light of recent events at the EU’s Eastern border. In 2013, the EU identified 248 energy infrastructure Projects of Common Interest (PCIs). In 2014, the European Energy Security Strategy identified 33 infrastructure projects essential to improve security supply & better connect energy markets.

Using interconnectors which enable energy to flow freely across the EU without any technical or regulatory barriers.

Energy should flow freely across the EU - without any technical or regulatory barriers. Only then can energy providers freely compete and provide the best energy prices, and can Europe fully achieve its RE potential.
Implementing and upgrading the internal energy market's software. Full implementation and strict enforcement of existed energy and related legislation is the 1st priority to establish the Energy union.

Enhanced regional cooperation within a common EU framework. For instance need to improve cooperation, solidarity & trust in the Central and South-Eastern part of Europe.

A new deal for consumers. Make it easier to switch suppliers, support measures so that consumers have information and incentives to save energy.
Energy Union

3. Moderation of demand
Consuming less energy in order to reduce pollution and preserve domestic energy sources. This will reduce the EU's need for energy imports.

The EU has already put in place the world's leading set of measures to become more efficient in our energy consumption (Eco-labelling, Eco-design…)

Increasing EE in the building sector.

Towards an energy-efficient, decarbonised transport sector (30% of final energy consumption in Europe).
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4. Decarbonisation of the EU energy mix
Consuming less energy in Renewing the European emissions trading scheme, pushing for a global deal for climate change in Paris in December 2015, and encouraging private investment in new infrastructure and technologies.

The Energy Union will ensure that renewable energy is an integral part of a sustainable, secure and cost-efficient energy system. Alongside market support for new technologies, this policy will allow the EU to remain a world leader in competitive renewable energy technology and innovation, and smart and flexible energy systems and services.
The EU has the world's most ambitious commitments on climate change and is pushing for a new international climate agreement to be finalised in Paris. The global transition to low emissions can be achieved without compromising growth and jobs, and can provide significant opportunities to revitalise economies in Europe and globally. Action to tackle climate change also brings significant benefits in terms of public well-being.
Energy Union

5. Research and innovation
Supporting breakthroughs in low-carbon technologies by coordinating research and helping to finance projects in partnership with the private sector.

Goal to be a world leader in developing the next generation of RE technologies.

Facilitate the participation of consumers in the energy transition through smart grids, smart home appliances, smart cities.

Forward looking approach to carbon capture and storage and carbon capture and use for the power and industrial sectors.
Cooperation with Eastern Neighbourhood
In 2015, the European Commission engaged an external team to conduct a "Global assessment of the EU support provided in the field of energy in Eastern Partnership countries and Central Asia (2007-2013)". This assessment provides an external and neutral view on the actions of the EU.

The IEA has very recently issued a Compendium on energy policy reviews in Eastern Europe, Caucasus and Central Asia. It is the first regional review conducted by the IEA beyond IEA countries.
Ukraine and Moldova as Contracting Parties of the Energy Community as well as Georgia have participated in the stress test exercise which was conducted by the Commission in 2014 in order to test resilience to various possible gas disruption scenarios on their gas deliveries.

Construction of the Iasi-Ungheni gas interconnector in 2014. Progresses made on two major electricity interconnections: i) the completion of the "Black Sea Transmission Network" project between Georgia and Turkey and and and ii) ongoing development of the "Caucasus Transmission Network" project between Armenia and Georgia with the financial support of the EU and the IFI's.
• Implementation of Winter package in Ukraine with support of the Commission.

• Work on reform of the Energy Community
THANK YOU