

# Latest EU energy policy developments

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# 1. European Energy Security Strategy



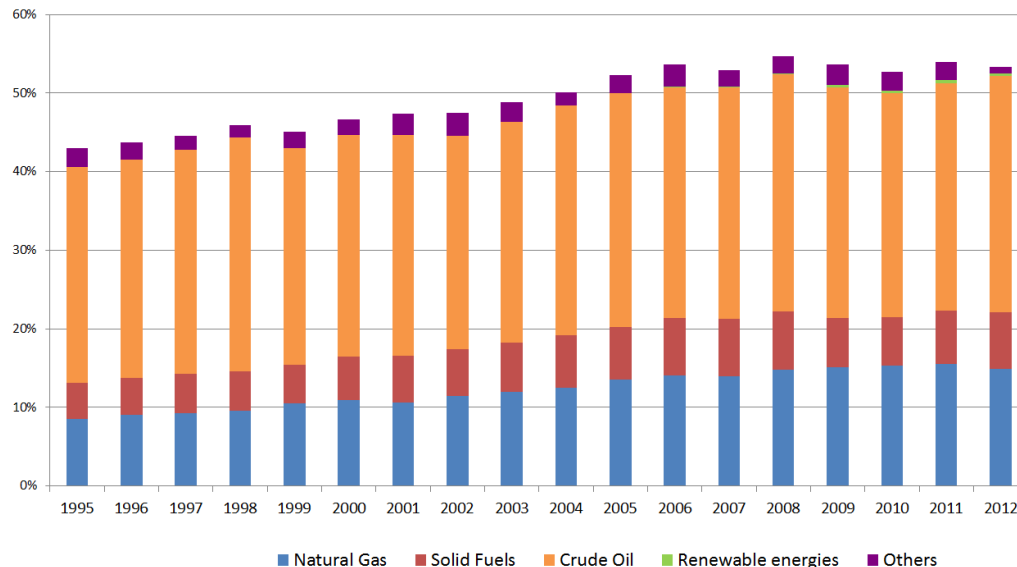
On 28 May 2014 the European Commission has released the **EU Energy Security Strategy** (including in-depth analysis) following a request from the European Council of March 2014 .

It proposes the following key actions:

1. Immediate actions aimed at increasing the EU's capacity to overcome a major disruption during the winter 2014/2015
2. Strengthening emergency/solidarity mechanisms including coordination of risk assessments and contingency plans; and protecting strategic infrastructure
3. Moderating energy demand
4. Building a well-functioning and fully integrated internal market
5. Increasing energy production in the European Union
6. Further developing energy technologies
7. Diversifying external supplies and related infrastructure
8. Improving coordination of national energy policies and speaking with one voice in external energy policy

# Import dependency has increased

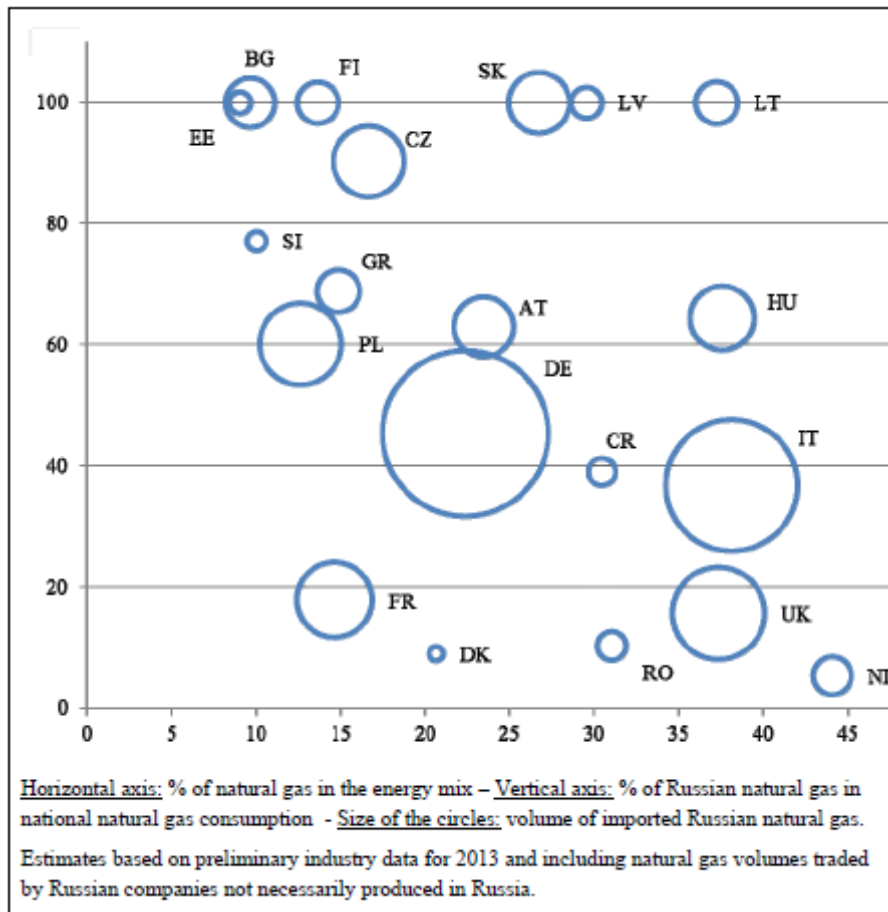
Import Dependence in the EU, %



Source: ESTAT SIRENE v2, Final data as of 02 May 2014

- 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

# 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. Three of them use natural gas for more than a quarter of their total energy needs
- 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

## Immediate actions (in view of next winter)

- Monitoring of gas flows + storage
- Update of Preventive Action Plans and Emergency Plans (Regulation 994/2010)
- Energy Security Stress Tests
- Explore additional gas suppliers (LNG)

# Immediate challenge

## Emergency and solidarity mechanisms

- Review existing mechanisms and protection of strategic energy infrastructures
- New contingency coordination mechanisms based on energy security stress tests, focus on Central and Eastern countries

# Medium to long-term challenge

## (1) Energy demand

- Review of Energy Efficiency Directive (EED): progress towards 2020 target and 2030 policy framework
- Priority sectors: housing, transport and industry
- Address barriers to energy efficient markets (non-legislative)
- Review Energy Labelling and Ecodesign Directives



# Medium to long-term challenge

## (2) Internal market for electricity and gas

- Strengthen regional cooperation
- Complete transposition of internal energy market legislation by end 2014 (unbundling rules, reverse flows and access to gas storage facilities)

## Medium to long-term challenge

### (3) Key interconnectors

- Implementation of Projects of Common Interest (PCI) to achieve electricity interconnection targets:
  - at least 10% by 2020
  - 15% by 2030
- Use available EU level funding to accelerate implementation
- Intensify technical support for critical projects

## Medium to long-term challenge (3bis) Why these key interconnectors?

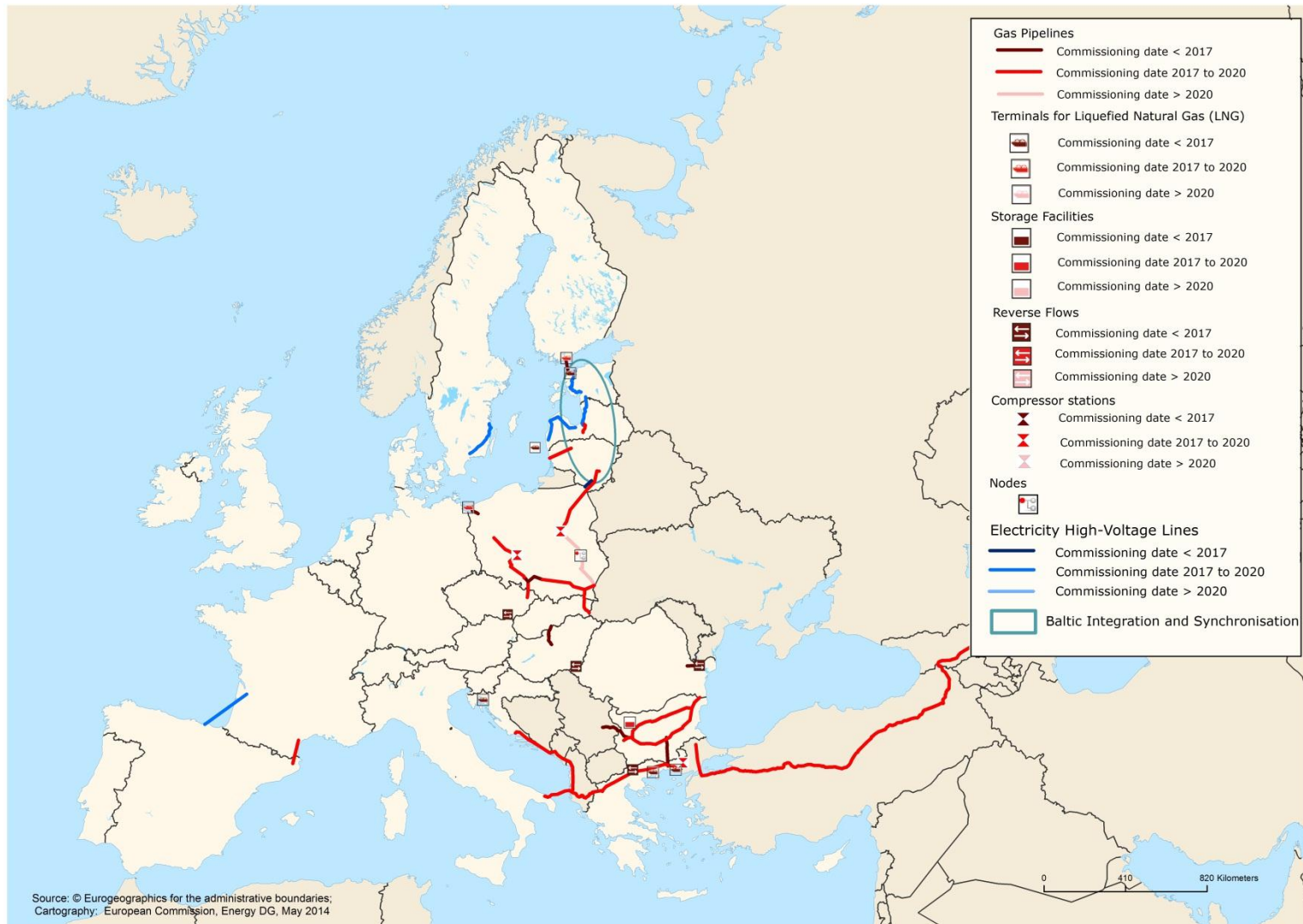
In GAS - 26 projects that:

- help MS with the highest dependence on a single supplier
- increase solidarity in the most vulnerable parts of the EU
- can contribute to enhancing security of supply in the short to medium-term

In ELECTRICITY - 6 projects that:

- end the isolation of the Baltic states and their complete dependence on Russia for the balancing and operation of their electricity system
- end Iberian isolation

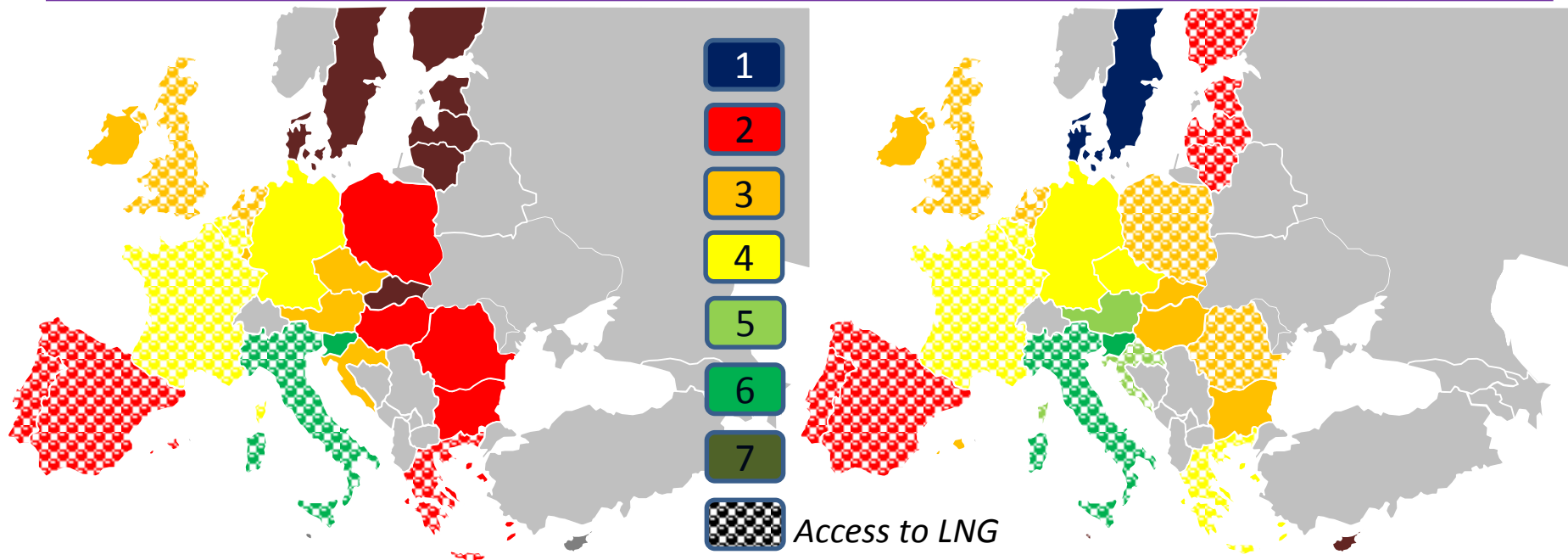
# Key security of supply infrastructure projects





## Access to new resources

Number of supply sources a country may potentially access to through key infrastructure projects (at least 5% share) – before and after (2020)



Supply Sources: Azerbaijan (new source), Algeria, Libya, Norway, Russia, Union Production, LNG (one source)  
do not prejudice any commercial contracts

## Medium to long-term challenge

### (4) Oil market and refining sector

- Energy Taxation Directive: oil + alternative fuel taxation
- Speed up deployment of alternative fuels infrastructure
- Diversification of oil supply
- Consolidation of EU refining capacity in a way that does not threaten security supply
- Cooperate with the International Energy Agency (IEA) on oil value chain monitoring

## Medium to long-term challenge (5) Renewable energy

- 20% RES by 2020, but market-based
- Coordinated RES support
- Accelerate fuel-switch in heating
- Supporting Finance for renewable projects (EIB, national investment banks, ESI Funds)

## **Medium to long-term challenge**

### **(6) Indigenous production of energy resources**

- Consider hydrocarbons and clean coal taking into account 2030 energy and climate change objectives
- Assess unconventional gas potential (Recommendation 2014/70/EU)
- Carbon Capture and Storage (CCS) (NER 300 Programme, EEPR), review of CCS Directive



## Medium to long-term challenge (7) Diversification of supply

- More transparency in gas supply and prices
- Develop and expand link to Norway, Southern Gas Corridor, Mediterranean hub
- Active energy trade policy
- Diversification of fuel supplies (e.g. nuclear fuel)

## 2. The New Commission



# A Resilient Energy Union with a Forward-Looking Climate Change Policy

*"I want to reform and reorganise Europe's energy policy into a new European Energy Union. We need to pool our resources, combine our infrastructures and unite our negotiating power vis-à-vis third countries. We need to diversify our energy sources, and reduce the high energy dependency of several of our Member States."*

## Renewables in the first place



*"we need to strengthen the share of renewable energies on our continent. This is not only a matter of a responsible climate change policy. It is, at the same time, an industrial policy imperative if we still want to have affordable energy at our disposal in the medium term. I strongly believe in the potential of green growth. I therefore want Europe's Energy Union to become the world number one in renewable energies".*



## Energy Efficiency Communication

**ENERGY EFFICIENCY** IS  
one of the most cost-effective options  
for reducing greenhouse gas emissions,  
while **improving the security of our  
energy supply and creating jobs**



**#EUEnergyChallenge**  
**#EnergyEfficiency**

## Energy Efficiency Communication



**TODAY**

### ENERGY EFFICIENT SOLUTIONS INCLUDE



#### Energy efficient BUILDINGS

to lower consumption,  
to improve air quality and  
to reduce external noise



#### HYBRID and ELECTRIC CARS

to reduce fossil fuel  
use and dependence



#### Smart METERS

to control energy use



#### Households APPLIANCES

to cut energy bills and  
to promote competitive products



### ENERGY EFFICIENCY WORKS !



NEW AND  
RENOVATED BUILDINGS  
consume **50%** of the energy  
they did in the 1980s



NEW CARS  
consume **2 litres less fuel**  
than in 1995 (reduction from  
7.7 l/100 km to 5.6 l/100 km)



EU INDUSTRY  
energy intensity  
fell by **19%**  
between 2001 and 2011



REFRIGERATORS rated A and  
above increased their market share  
from <5% (1995) to **99%** (2012)



#EUEnergyChallenge  
#EnergyEfficiency



# Energy Efficiency Communication



## TOMORROW

TARGET  
20%  
2020



~100% households  
will have  
smart meters



Member States will invest  
**€45 billion** in smart meters  
for electricity and gas



The EU will invest in **energy  
efficient buildings**,  
notably in the extensive  
renovation of existing buildings



Households will **save about  
€465/year** through  
energy efficient appliances

### OUR LIVES

Better homes, control of  
energy use, lower energy bills

TARGET  
30%  
2030

### ENERGY DEPENDENCE

1% of energy savings  
= 2.6% fewer gas imports

### INDUSTRY

Opportunities for local companies  
and high value-added appliances  
in an efficient market



### JOBS

More jobs,  
especially in  
construction  
and equipment

### CLIMATE

Reduced greenhouse  
gas emissions

### GROWTH

Further investments in  
energy saving technologies  
to benefit the economy



# Thank you for your attention!

More questions? Please look at our website:

<http://ec.europa.eu/energy>

Or email me at:

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