

# Common EU Energy Policy

## *Potential and Limits*

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European Commission

This presentation reflects solely the personal views  
of the author and does not bind the EU Commission

## EU: Limited (energy) competences

### Exclusive EU Powers

Competition  
Trade Policy  
Customs  
...

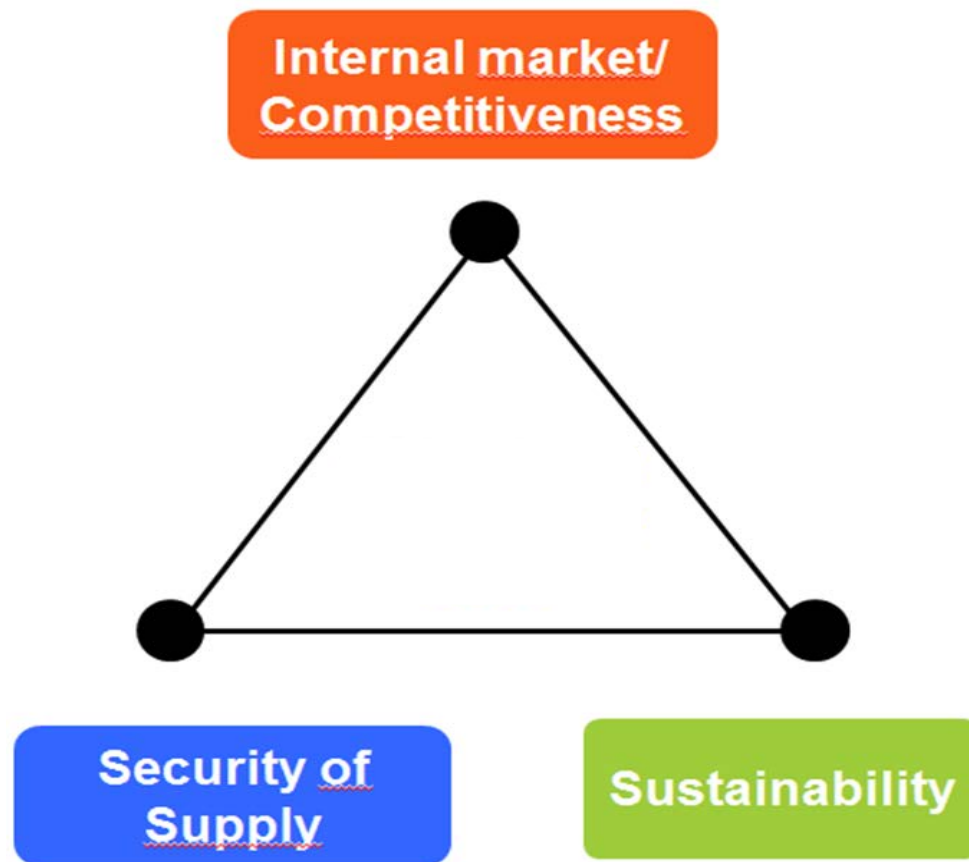
### Shared Powers (EU & Member States)

Transport  
**Energy**  
Internal  
Market  
...

### Mere EU “support”

Culture  
Education  
Industry  
...

# EU Energy Policy: Goals



# Internal Energy Market - the idea:

- *Large-scale investments – on fragmented markets?*
- *Security of supply – without cross-border infrastructure & cooperation ?*
- *Synergies (Aggregation, liquidity, competition,...)*
- *“National” environmental / climate protection?*

## The Reality: a Shared Policy...

### EU Energy Policy Art 194 TFEU

- **Internal Energy Market**
- Security of Supply
- Cross-Border Infrastructure
- Renewables
- Energy Efficiency



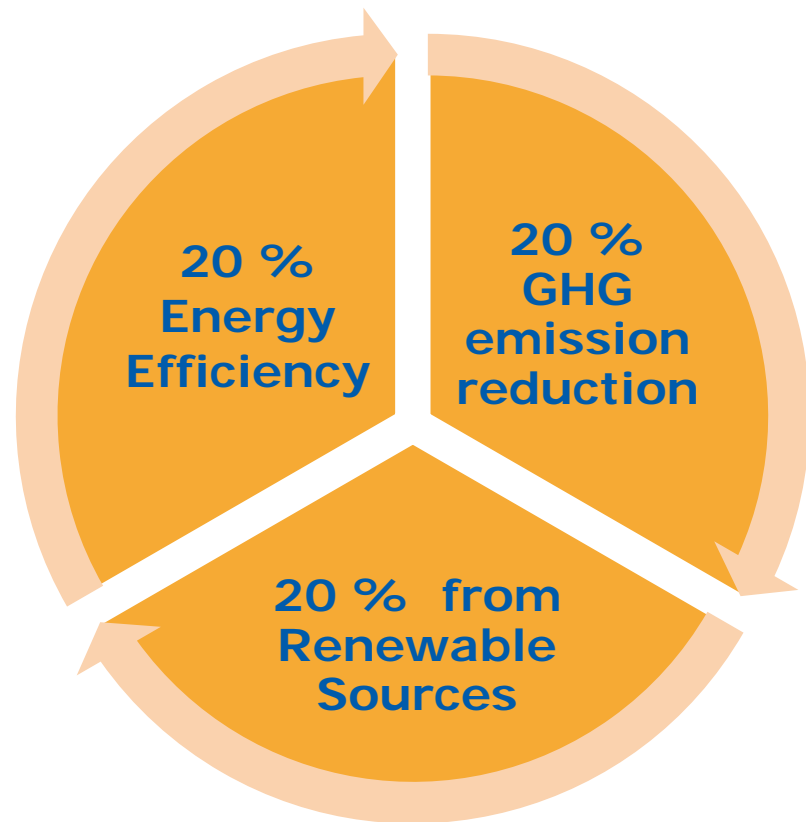
### National Energy Policy

- **Energy Mix**
- National market rules
- Security of Supply
- Renewables
- Energy Efficiency

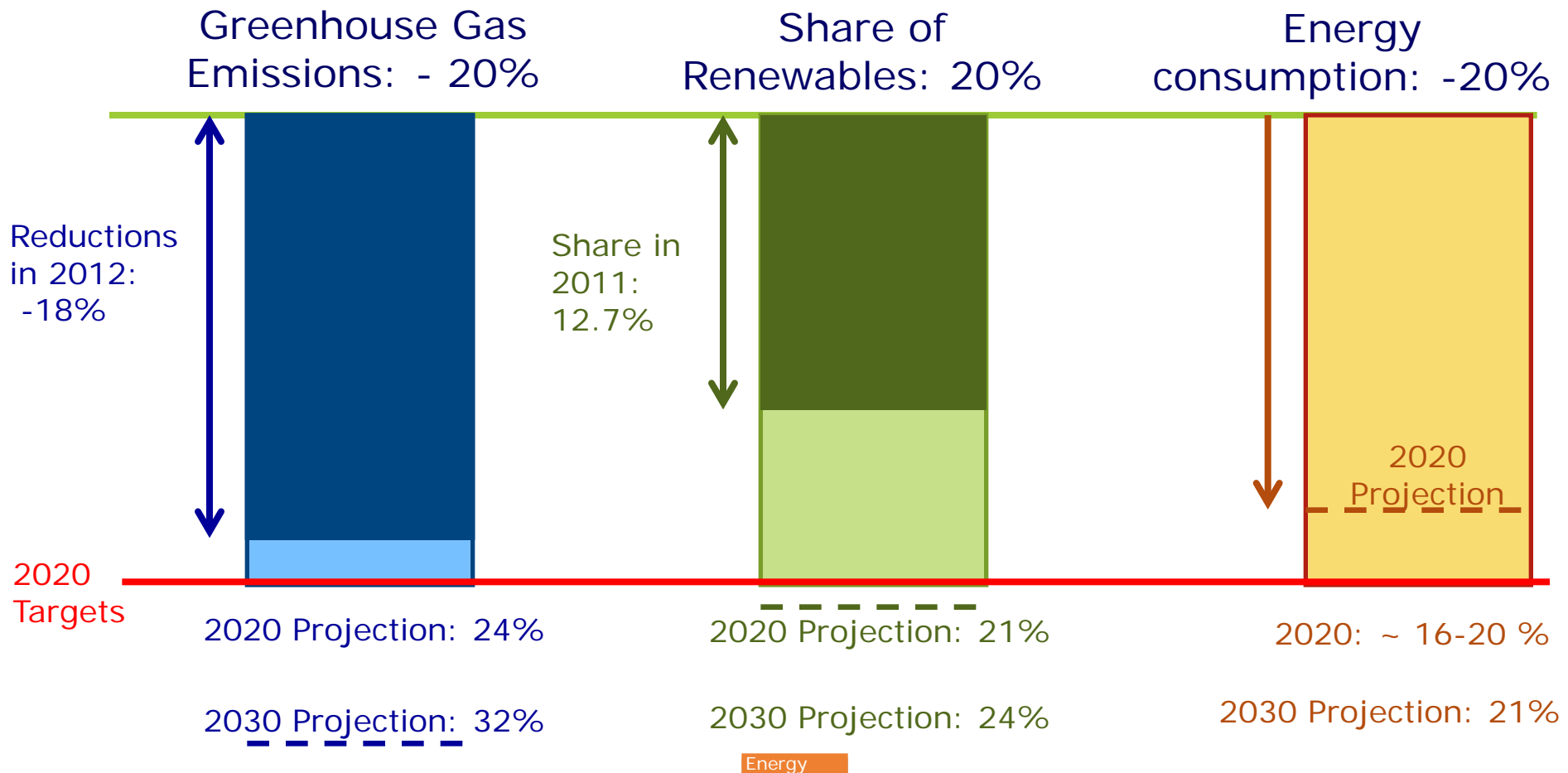
# Sustainability:

## *Decarbonising the EU Energy System*

# Where do we stand: 2020 targets

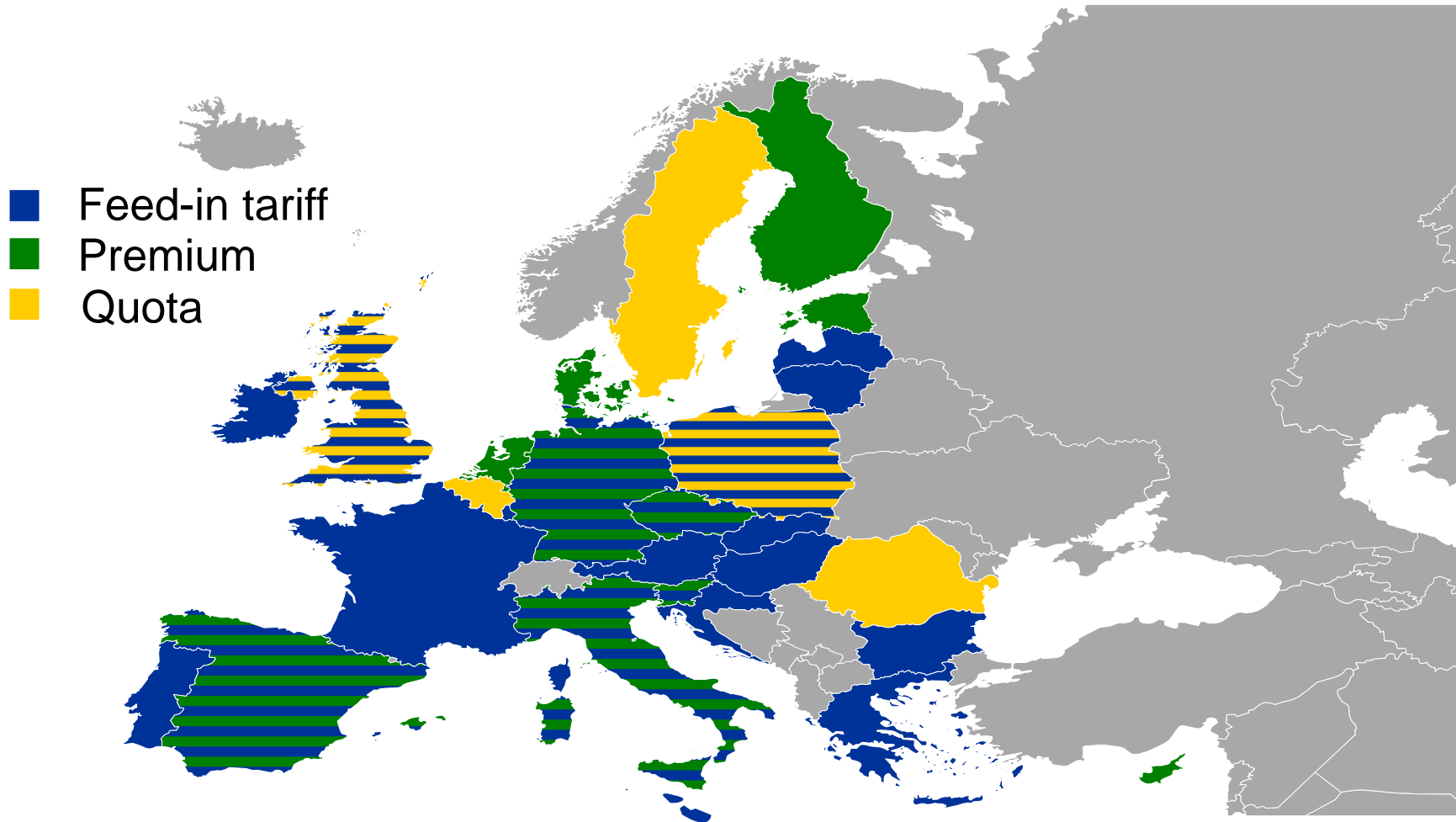


# "20/20/20" Status 2014



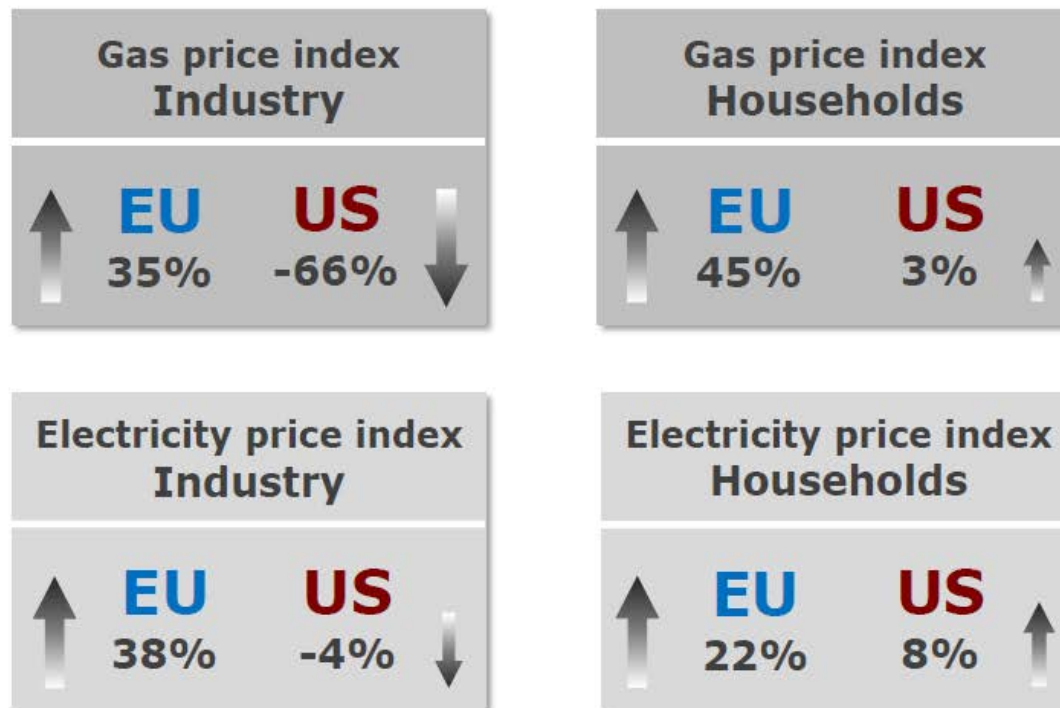


# Market integration: support schemes



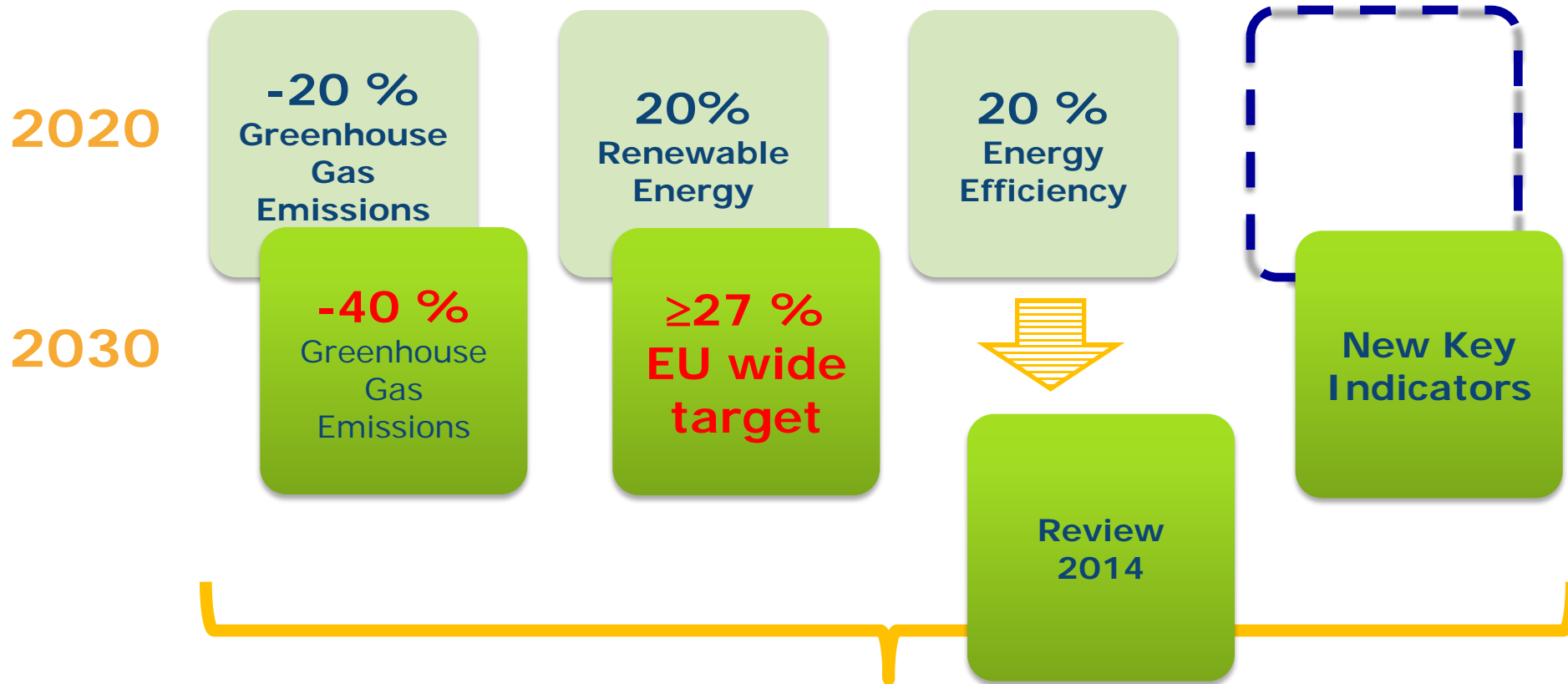
# Prices affect competitiveness

## Trends in energy price indexes 2005-2012



Source: International Energy Agency

# "2030" Strategy



*New governance system*

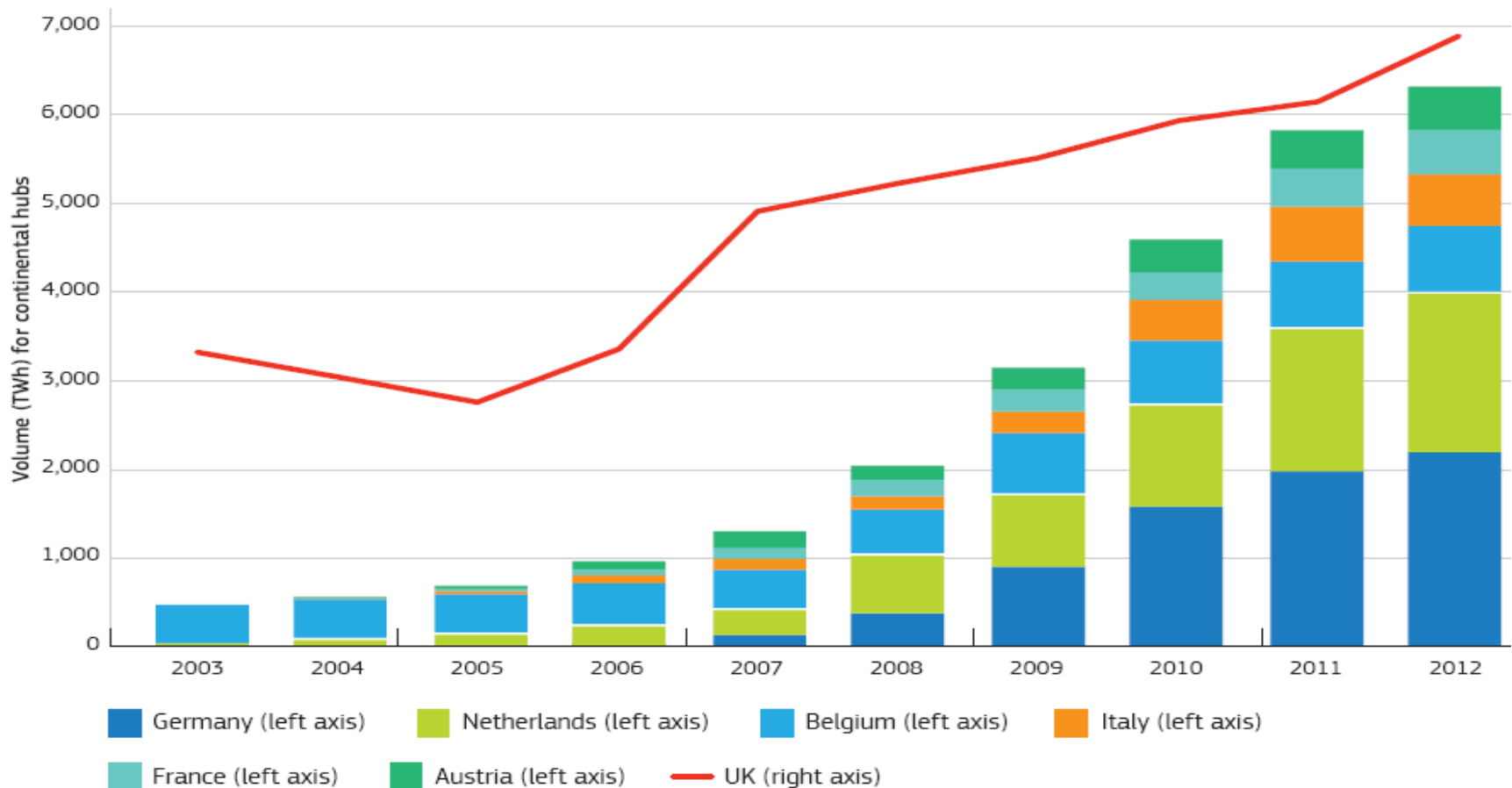
# Internal Energy Markt

## Core Principles:

- *Competition instead of State Monopolies*
- *Reaping potential of EU-wide market of 500m*
- *Network access: Unbundling, third party access*
- *Infrastructure coordination*
- *Common rules for grids and cross-border trade*

# Internal Energy Market: a Success Story...

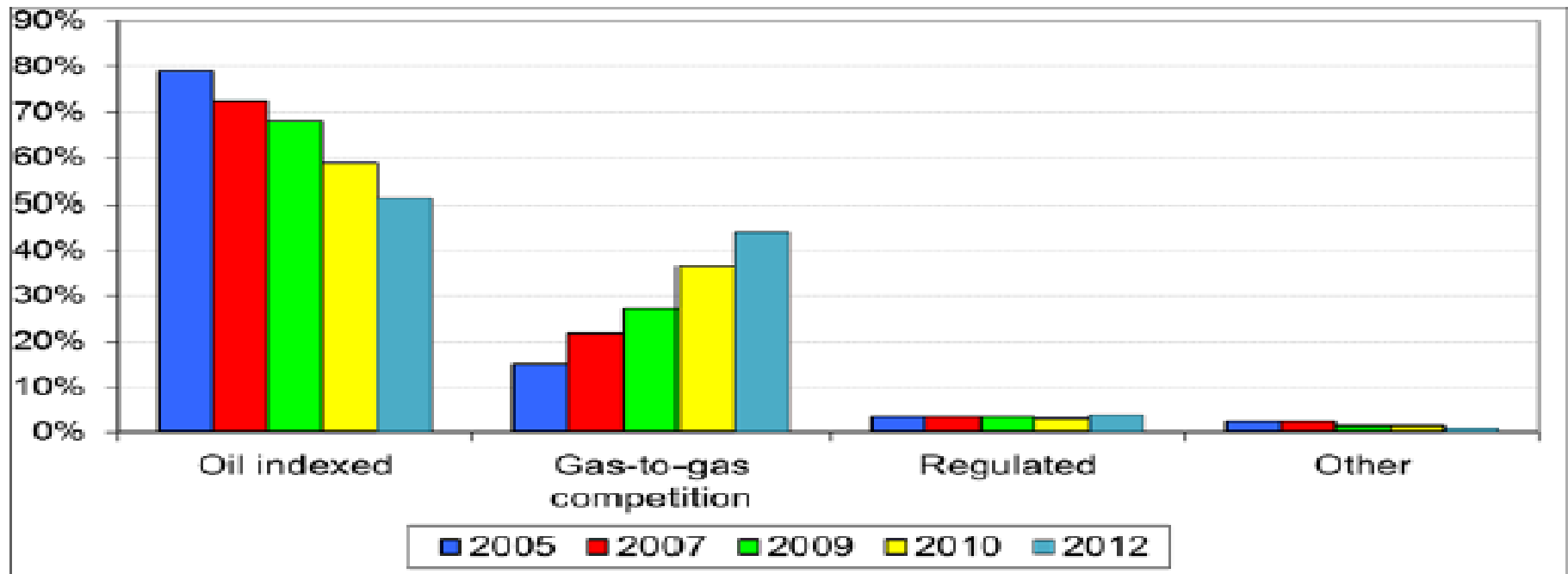
## *Traded volumes at EU gas hubs*



# Internal Energy Market: a Success Story...

## *Hub-based Gas Pricing*

**Wholesale gas price formation mechanisms in Europe**



*Source: International Gas Union*

# Internal Energy Market• a Success Story... *Market Coupling*

## 2014

- Optimised capacity calculation
- EU-wide aggregation of bids and offers

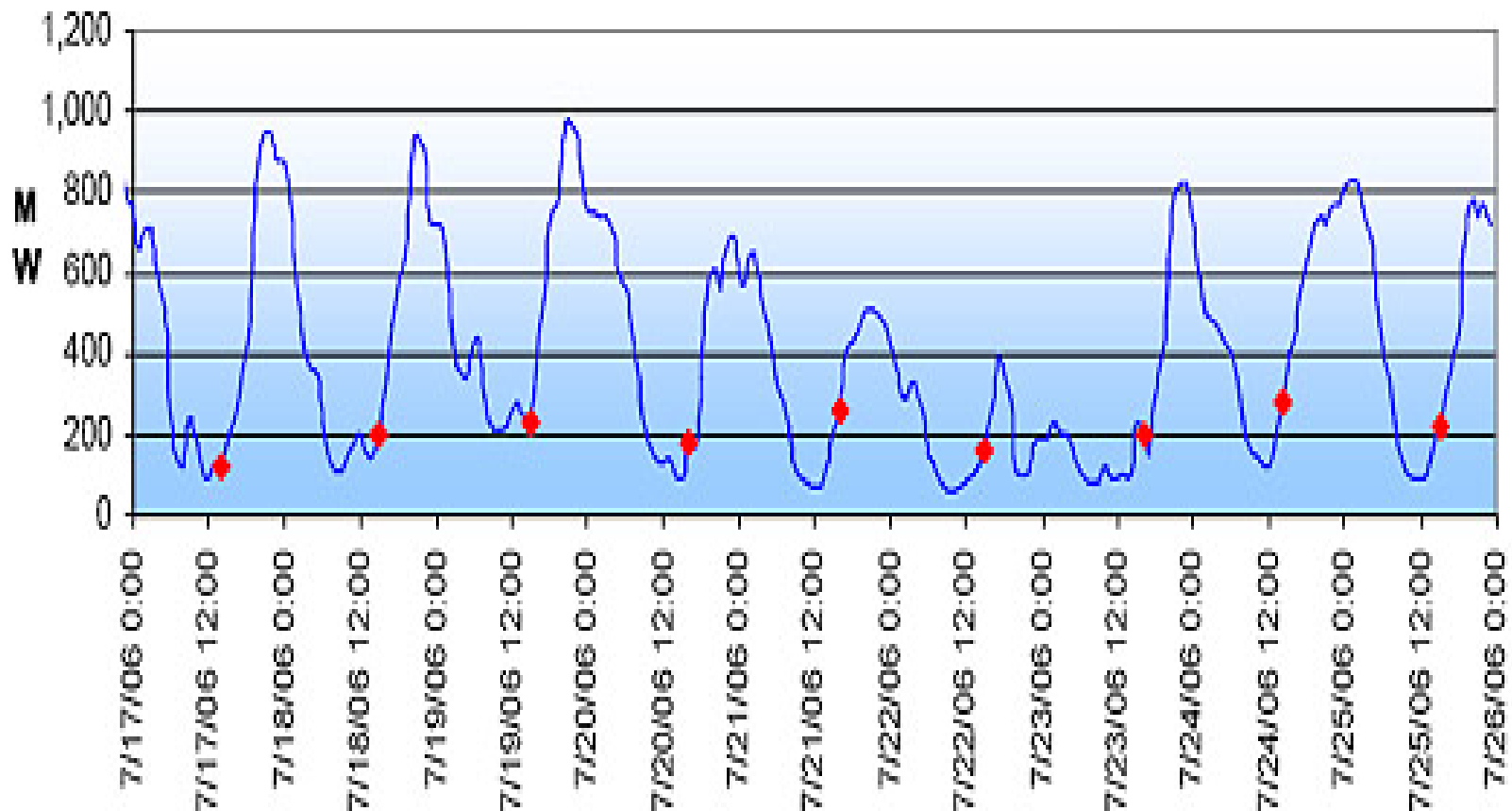




# Internal Energy Market: Problems

- *Member States hesitant to liberalise*
- *New wave of state interventions (decarbonsation)*
- *Reregulation? Renationalisation?*

# Renewables need Aggregation





# Benefits of the internal energy market: *yearly savings\**

➡ ***Electricity:***

*€12,5 - €40 bn per year*

➡ ***Gas:***

*up to €30 bn per year*

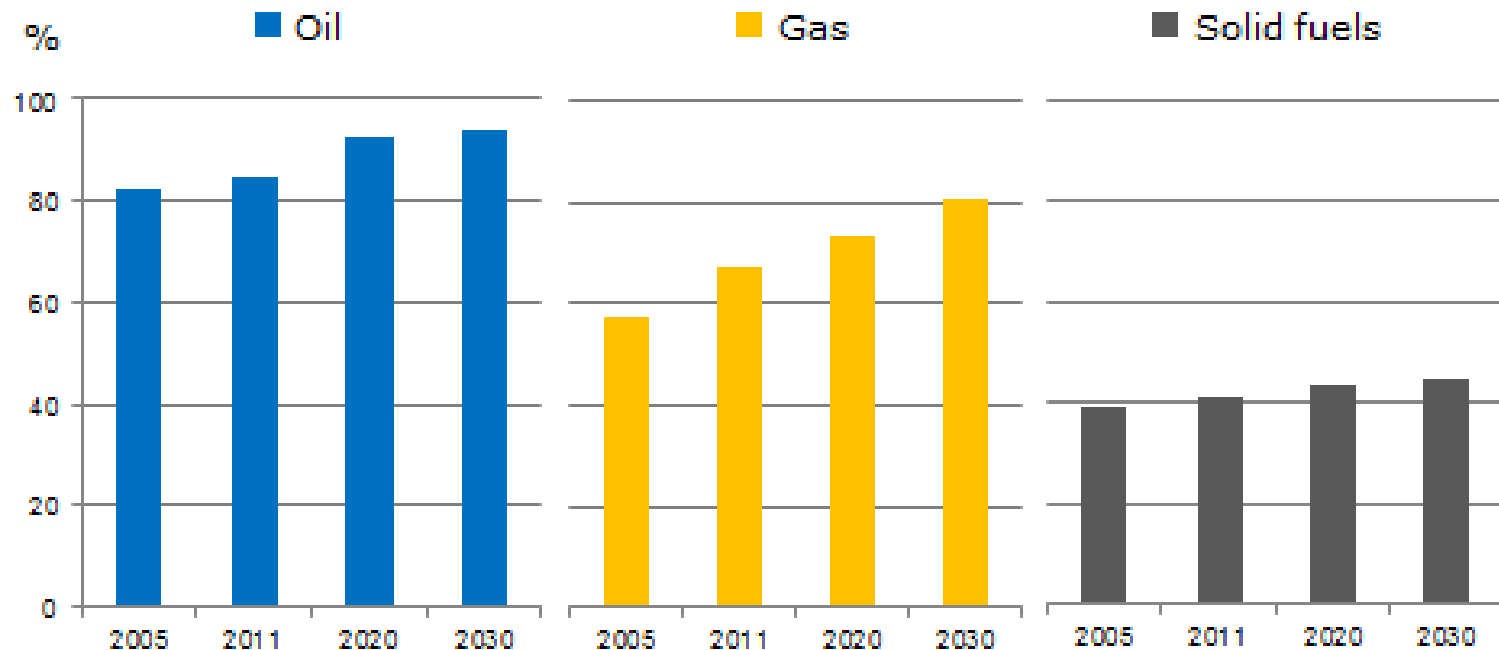
\* Study: Benefits of an Integrated European Energy Market (9/2013)

# Security of supply

# EU Energy Dependence

EU imports € 406 bn of oil, gas & coal every year

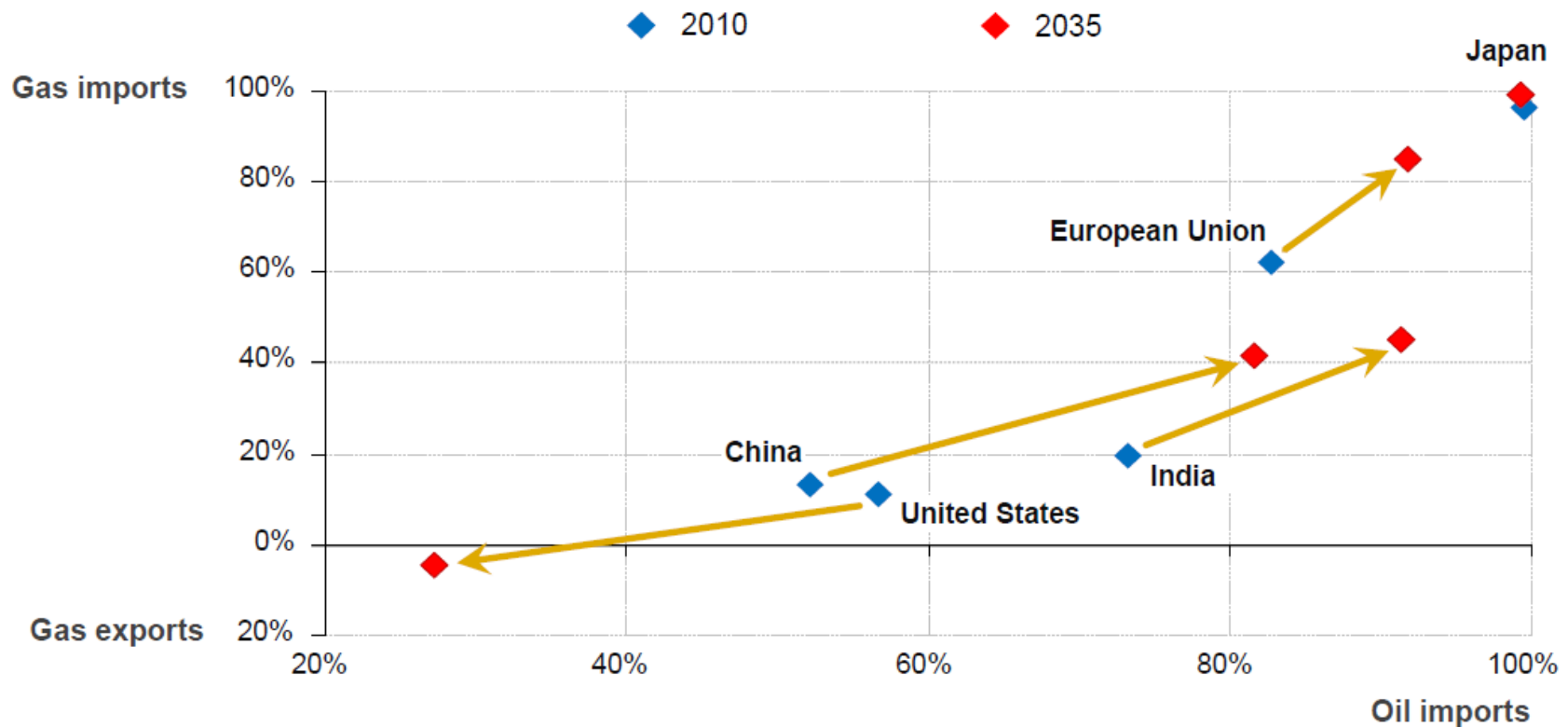
Share of imported fuel in total EU consumption  
("business as usual" scenario)



Source: European Commission

# Increasing EU import

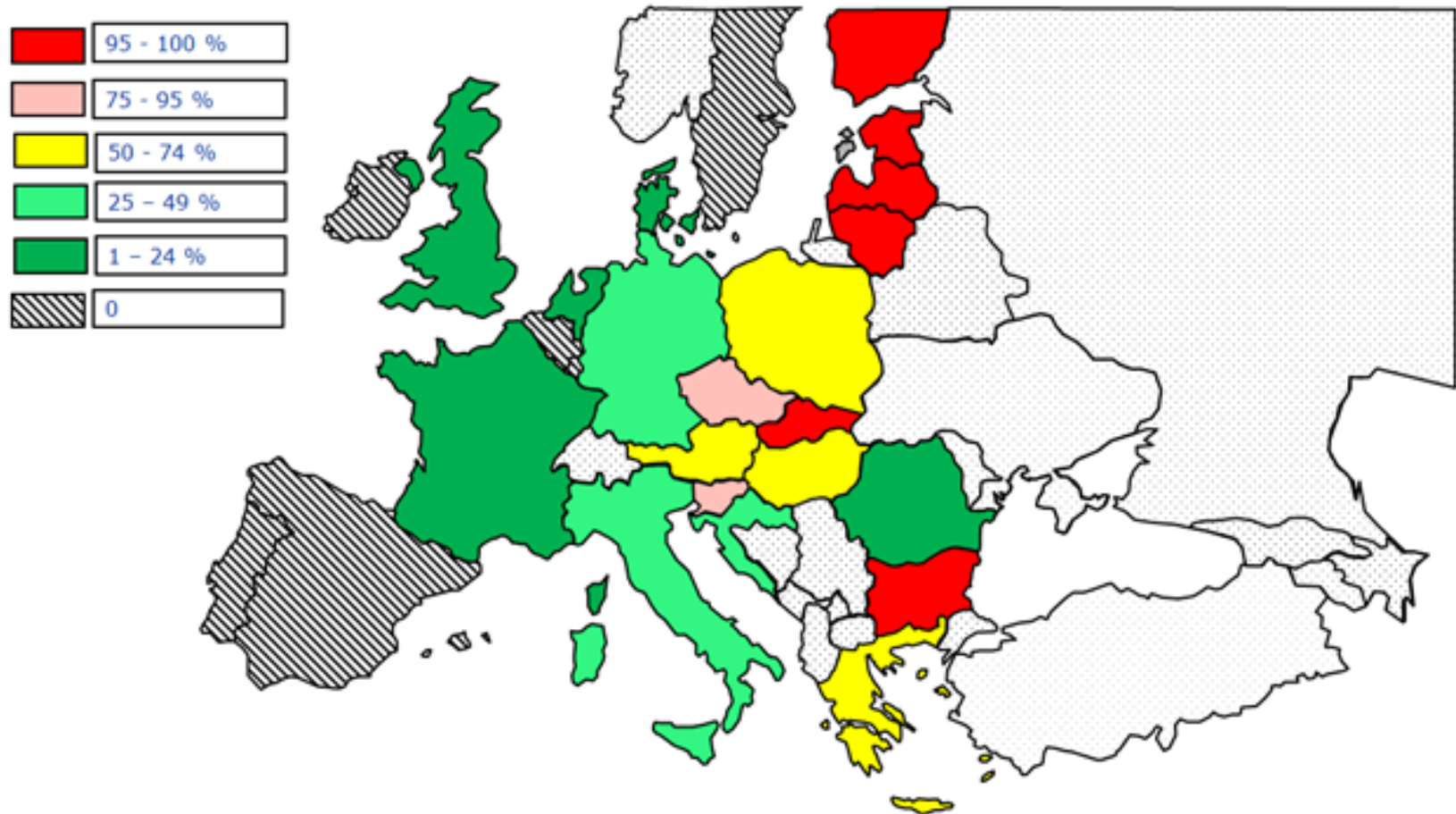
## Net oil and gas import dependence by region



Source: International Energy Agency

# Security of Supply

## Share of Russian gas in national consumption (2013)







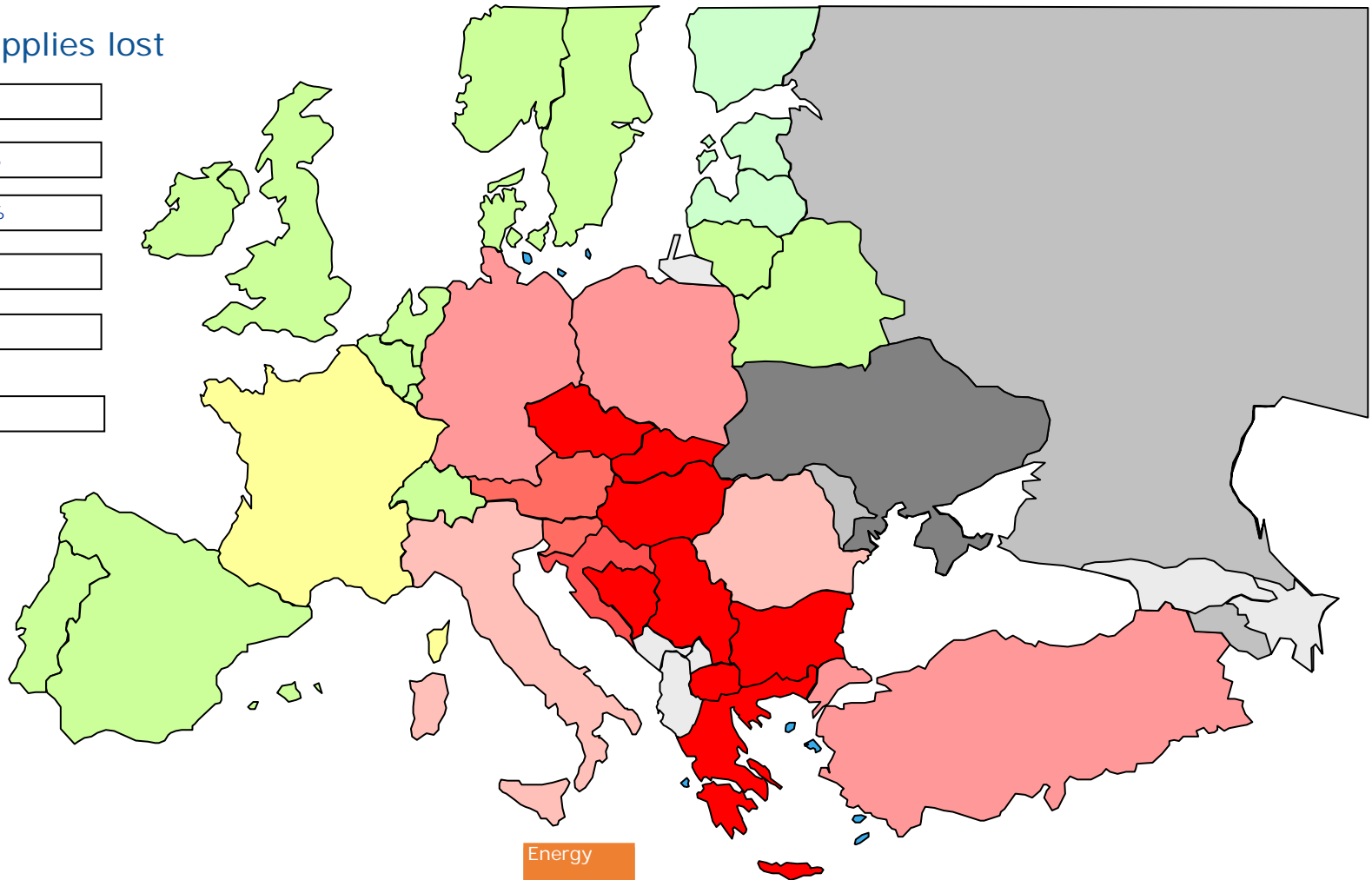
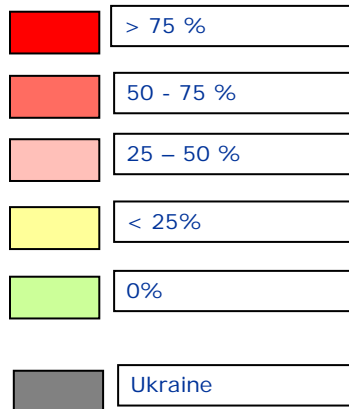
European  
Commission



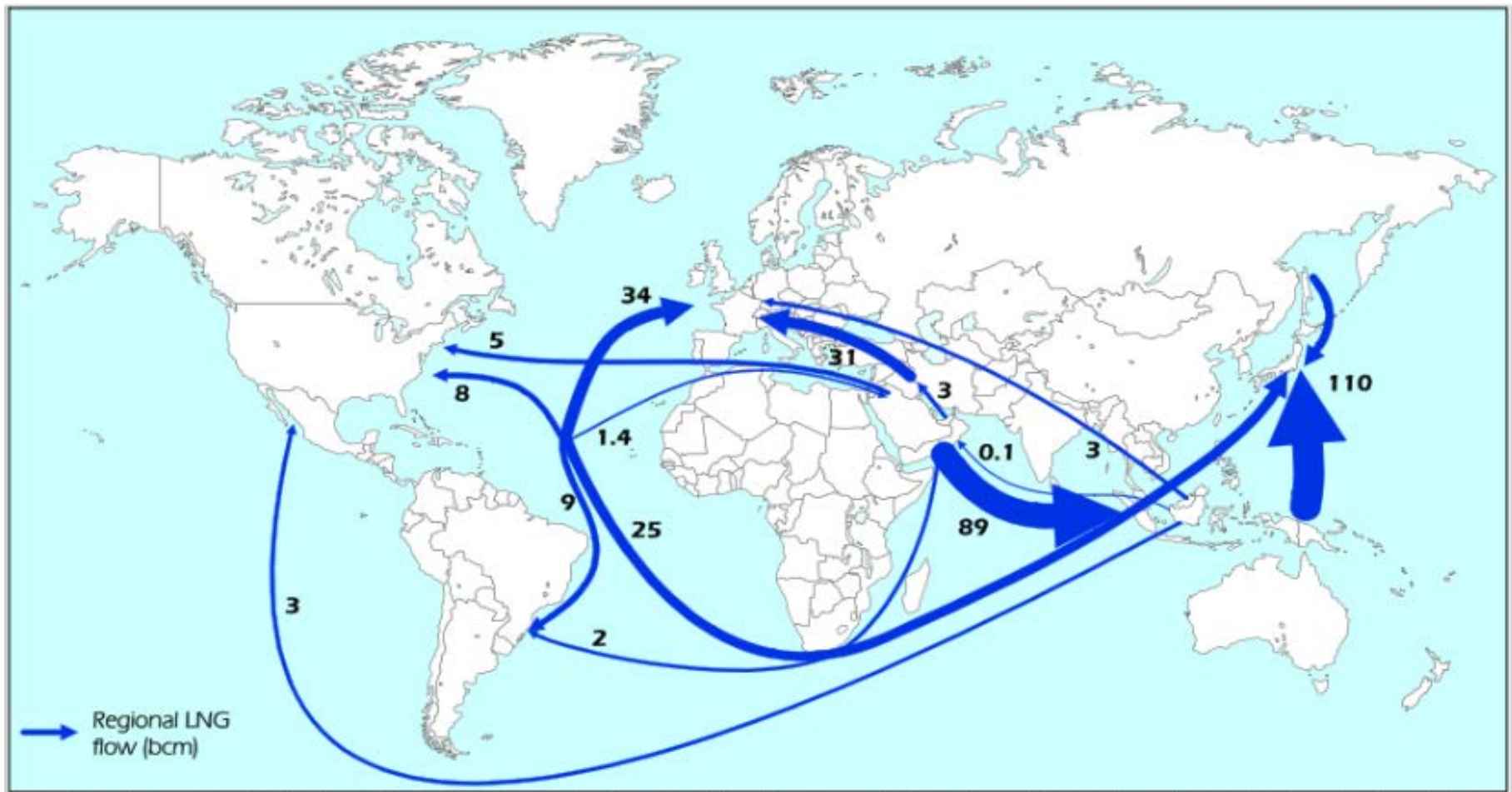
# Security of Supply

## 2009 Russia – Ukraine dispute & impact on individual countries

% of gas supplies lost



# World LNG Markets



This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

# Russian Crisis and & EU Energy Security

- *Short-term measures, e.g.*
  - *Infrastructure (“reverse flows”)*
  - *Cooperation, EU crisis management*
  - *Switch to LNG & Coal*
- *Long-term, e.g.*
  - *Infrastructure: priority projects in “one pipe” countries*
  - *Internal market*
  - *Strategic gas storage obligations?*
  - *Efficiency*
  - *Joint purchasing (PL: “Energy Union”)*
  - *LNG; RES; coal? (sustainability?) shale? nuclear?*

=> EU Energy Security Strategy (6/2014)

[http://ec.europa.eu/energy/index\\_en.htm](http://ec.europa.eu/energy/index_en.htm)

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