

# EUR-IFRI 's TUESDAYS



## Which Energy for Europe?

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**Lunch debate, November 13th 2007**

Matthias Ruete chose to break down the issue of the lunch debate "Which energy for Europe?" into three subquestions, which served as milestones for his presentation:

- What direction is the EU taking?
- What is the most suitable energy mix for the EU?
- How should energy be produced and brought to European consumers?

### **Energy as a new direction for Europe**

For Mr. Ruete, energy is a subject that can relaunch the EU. The referenda in the Netherlands and France about the EU Constitution left Europe without a common project. First the initiative of Prime Minister Tony Blair in October 2005 to set up an independent expert group in charge of producing a paper on energy and then the European Commission's Green Paper on an "Energy Policy for Europe" published in 2006, both refocused the European project on energy issues. The Reform Treaty to be discussed by the heads of States and governments on the 5<sup>th</sup> of December this year should officialise the new importance of energy by adding elements on energy to the founding treaties (which the EU Constitution didn't include).

The progress made in the energy and climate change fields are faster than everyone thought they would be. The heads of the 27 member states adopted an action plan for the European energy policy during the European Council in March 2007, thus following the European Commission's proposals. The next step is now for the European Commission to put forward legislation to implement the Council's objectives. The proposal by the Commission of the third energy internal market package (published in September 2007) is progressing very quickly as well.

### **The search for the best energy mix**

Considering the three main objectives of the European energy policy (competitiveness, security of supply and the environment), the nuclear is the best energy source according to Mr. Ruete. But when taking into account the European citizen's perceptions and fears, nuclear is not the best solution anymore. The European Commission tries to promote a less polemical debate in Europe: it has recently published facts and figures on nuclear energy and is waiting for the response of the European Parliament on this paper. The debate on nuclear energy is evolving in Europe thanks to the enlargement, as now 10 additional member states are contemplating becoming nuclear energy products.

The alternative to nuclear are renewable energies. The main question is how to translate the overall 20% renewable energies target in the EU to the member states. The different DGs of the European Commission have developed an intelligent approach in this regard, based on the ETS reform, the allocation of greenhouse gases emissions in terms of

burden sharing and the promotion of renewables (as to biofuels sustainable use has yet to be defined). So far the EU has been too optimistic concerning the carbon sequestration and storage, which are more expensive and more complicated than expected. But the Commission plans on publishing on this issue a strategic energy technology plan, as well as two papers within the climate change package.

The European energy policy links the issue of the energy mix with the climate change package, which should be released on the 23<sup>rd</sup> of January (with some delay so as not to disturb the Bali negotiations in December with internal discussions within the member states). The whole energy and climate change package should be discussed in March and June by the European Council.

### **The choice of the internal energy market**

Thirdly, Mr. Ruete asked whether the choice to develop an internal market in Europe in the energy sector was a mistake or not, especially for the consumers sake. Indeed, there is currently a polemical debate on the legitimacy of unbundling (as proposed in the third energy package) and liberalisation of energy prices (as organised in the second package on energy liberalisation). But Mr. Ruete said he was convinced the internal market was the right way to go, provided the market was supplemented by the regulation of social aspects (with initiatives such as the European Energy Consumer's Charter).

Only the internal market can allow the EU to have a real external energy policy. Currently bilateral discussions and agreements prevail. The development of European energy companies detached from member states is essential in this respect. Some progresses have been recently made nevertheless: Mr. Ruete gave the examples of the EU energy policy in the Balkans, the coordinator nominated for the Nabucco gas pipelines and the soft cooperation developed by José Manuel Barroso during the G8 Summits in St Petersburg and Heiligendamm.