



Malta-EU Steering & Action Committee

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Second Strategic Energy Review An EU Energy Security and Solidarity Action Plan

SUMMARY

The European Commission has presented an energy package to address the concerns over security of supply and foment solidarity among Member States on this particular issue. The review is also placed in the context of the goals to be attained till 2020 related to climate change – 20% reduction in greenhouse gas emissions, an increase to 20% of total consumption in the share of renewable energy sources, and an improvement in energy efficiency by 20%.

Concurrently the European Commission has also presented a Green Paper to reflect on a new financial instrument for the energy sector that shall be aimed at completing the internal energy market, ensure the development of the grid to allow the attainment of renewable energy targets, and guarantee security of energy supply.

The Action Plan's focus is directed towards infrastructure and diversity of energy supplies; external energy relation; stocks of oil and gas and crisis response mechanisms; energy efficiency, and; the best utilization of the EU's indigenous energy resources.

Six priorities for the European infrastructure have been highlighted as follows:

- The development of a Baltic Interconnection Plan for gas, electricity and storage to connect that region with the rest of the EU (work planned to commence in 2009)
- The development of a southern gas corridor that would allow gas supplies from the Caspian and Middle Eastern regions (countries to be involved include Azerbaijan, Turkmenistan, Iraq and Mashreq countries and Turkey). Political conditions permitting, Iran and Uzbekistan would also be countries to be involved in such a project. Consideration is also being given to the feasibility of a block purchasing mechanism in relation to Caspian sources.
- Emphasis on every Member State having sufficient liquefied natural gas capacity, either directly or indirectly through solidarity agreements with other Member States, particularly for those independent on one gas supplier.
- The completion of a Mediterranean energy ring that would link Europe with the Southern Mediterranean for electricity and gas (a plan on key projects is planned to be published by 2010), including the involvement of Iraq, the Middle East and Sub-Saharan Africa.
- The development of North-South gas and electricity interconnections within Central and South-East Europe.
- The development of a Blueprint for a North Sea offshore grid that would interconnect national electricity grids in North-West Europe and plug-in the numerous planned offshore wind projects.

The Mediterranean Ring, the Baltic Interconnection and the North Sea offshore grid could become the building blocks of a future European supergrid.

On the international relations front there is a reiteration of the need for Europe to “speak with one voice” (and therefore the need for effective planning and coordination) with a list of countries which should be involved, including the continuation of the EU-Russia Energy Dialogue, the EU-OPEC Energy Dialogue, and relationships with the African continent (including an emphasis on the Trans-Sahara Gas Pipeline. The issue of nuclear safety and security is also mentioned, and



Malta-EU Steering & Action Committee

the Communication indicates that the EU will cooperate and assist third countries in improving their nuclear safety culture.

With regard to oil and gas stocks, the European Commission underlines that the current mandatory regime of emergency oil stocks can be improved and thus is proposing a revision of current legislation. It also plans to publish, on an aggregate and weekly basis, the level of commercial oil stocks held by EU oil companies, besides those strategically held by Member States. This shall be done to increase transparency for the benefit of the market. On security of supply, while the Commission believes that there is a need for greater harmonisation of security of supply standards and predefined emergency measures, it has no evidence that the EU should decide on obligatory strategic gas stocks.

A section on the energy efficiency package places a renewed emphasis on a number of measures to be taken up, including:

- A revision of the Energy Performance of Buildings Directive that would also develop energy performance certificates for buildings,
- A revision of the Energy Labelling Directive to cover a broader range of products including those that are commercial and industrial, as well as establish a harmonised base for public procurement and MS incentives,
- The implementation of an Eco-design directive that will place minimum requirements on a wide range of equipment including light bulbs and office lighting equipment, followed by washing machines, dishwashers, water heaters, televisions etc,
- A Green Tax package that would review the energy tax directive to make it compatible with climate/energy goals, as well as examine how VAT and other fiscal instruments can be used to promote energy efficiency.

The Commission also intends to promote cogeneration (the use of heat engine or power station to produce both electricity and heat), construct networking mechanisms to disseminate best practices (such as through the Covenant of Mayors), utilise Cohesion Policy programmes in this sector, and continue in its efforts to promote the liberalisation of energy-efficient goods and services in trade negotiations. Internationally it is also set to continue promoting common product standards and ambitious efforts with other countries.

The energy action plan also makes a case for a better use of indigenous energy in Europe (currently amounting to 46% of total consumption), with the development of renewable energy such as wind, solar, hydro, biomass energy and marine resources promising much potential. Coal and nuclear energy are also treated.

It also proposes the establishment of financing mechanisms for the massive development of renewable energy. For the coming years, the Commission suggests that work is conducted towards a shift in fuel type for cars – from oil dependent to electric, hydrogen, and other alternative fuel (including through the possible use of tax breaks, minimum percentages for public procurement, possible requirements for filling stations, and catalyse efficiency of vehicles after 2012).

The document speaks of the need for the Commission and Member States to look into internal market conditions and incentives to leverage investments for saving energy in the housing sector and the introduction of smart meters and controls at retail level and the encouraging the development of electric vehicles.



Malta-EU Steering & Action Committee

Besides some of the targets mentioned above, the European Commission also lists its goal to decarbonise the EU electricity supply by 2050, and promote a high-efficiency, low carbon energy system throughout the world.