

A European Energy policy of small steps?

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On 24 March 2006, the European Council approved the idea of an “energy policy for Europe”, proposed by the Commission. Two years later, how far has this policy come? An assessment of the policy on the occasion of the last European Council on 13 and 14 March highlights mitigated results: although the Commission has proposed many interesting ideas to develop this “energy policy for Europe”, to speak of a true “European energy policy” would be far-fetched.



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Is European energy policy all talk and no substance? Is it going to advance step by step? It would be wrong to deny the Commission’s activism on the subject since 2005 following the gas conflict between Ukraine and Russia in December 2005, which made the EU aware of its vulnerability. On 24th March 2006, the

European Council approved the idea of an “energy policy for Europe” structured by three objectives: sustainability, competitiveness and security of supply.

A breakthrough came on 8th and 9th March 2006, when the European Council agreed on ambitious objectives for 2020: a 20% reduction of greenhouse effect gases (30% in case of an international agreement), a 20% energy efficiency target, a 20% share of renewable energy sources in the bloc’s energy and a 10% share of biofuels in transport. It is essential to underline that the 20% share of renewables is a binding target.

Last step: on March 14th the European Council said it supported the “energy and climate” plan proposed by the Commission on January 27th for a concrete implementation of the objectives. It is now time to assess the first proposed measures.

The “energy and climate” plan and the Conclusions of the [European Council](#)

Among the [various proposals of its “energy and climate” package](#), the Commission proposed in particular two measures interesting for the perspective of a European energy policy.

► Firstly, **the Commission tied energy policy to climate change policy**. Since 2005 the energy sector has been part of the EU Emissions Trading Scheme, a market of “pollution credits”. However, pitted against the current system’s problem of over allocation, the Commission suggested setting up quotas for each sector at European level instead of at national level.

► Secondly, [the Commission is proposing a directive](#) defining **binding renewable targets for each member state**. These binding national targets are calculated by taking into account past efforts as well as a GDP per capita weighting.

The European Council wanted this directive to be adopted before the next European Parliament elections, though negotiations have only started as far as precise national targets are concerned; France for instance contests its 23% target. **The European Council also insisted on the necessity to condition the 10% biofuels target with considerations regarding sustainability, without really contesting the target**. It is in fact the solution put forward by the Commission facing multiple pressure against these biofuels accused in particular of causing deforestation and the increase of commodity prices. Moreover, regarding a common “foreign energy policy”, the [European Council recently pleaded optimistically for a post-Kyoto international agreement in 2009](#). Above all, the European Council announced a “strategic analysis of energy policy” including an “energy foreign policy” for spring 2009 [1].

In parallel, on 29th September 2007, the Commission submitted its “third gas package”, another series of proposals to achieve the internal gas market [2]. Although the Commission’s proposal to separate production and distribution, so-called “ownership unbundling”, has been heavily criticized, the package

includes interesting proposals like the creation of a **European Agency for the Cooperation of Energy Regulators** and a decennial investment plan to expand network capacity.

The progress made is beyond doubt but is it sufficient to meet the challenges ahead?

The challenges of a European energy policy

In terms of energy the European Union is facing three great challenges:

- ▶ fight against climate change,
- ▶ growing energy demand,
- ▶ and energy independence.

Firstly the energy sector is a major source of greenhouse effect gases. Secondly, to face the scissor effect of an increasing scarcity of fossil energy and a growing demand from emerging countries, renewable sources and energy efficiency are essential. Thirdly, **the EU today imports 50% of its energy; a proportion which could rise to 70%, if nothing is done.** Bearing in mind that EU imports 40% of its gas and a third of its oil from Russia, it is clear how strategic the “energy dialogue” launched with Russia since 2000 is.

However, the great paradox of the energy policy lies in the fact that it was a key issue at the very beginning of the European integration with the [European Coal and Steel Community](#) and the [European Atomic Energy Community](#), established by the Euratom treaty, but that energy has remained a competence of the member states. Up until now, the EU has only intervened by using other competencies such as competition for the liberalization of the gas and electricity markets or environment for renewable energy. In fact, **the energy issue affects many policy areas** from environment policy to foreign policy with Russia, and from agriculture (see the biofuels) to industrial policy.

For a genuine integrated approach

In the face of these challenges, and after the French and Dutch failed referenda, energy policy has sometimes been framed as the last vicissitude of “a Europe of projects with concrete results for its citizens” using the traditional functionalist method “step by step”. Nevertheless when looking at the multiple implications of energy policy on other policies, it seems that the EU needs a more genuinely integrated approach which could constitute a genuine “project for Europe”. For instance, the French think tank Confrontation Europe considers energy as a key part of its proposal of “a New Single Act”, an action plan for a sustainable economic and social European model [3].

A long term vision regarding energy policy could indeed mobilize the EU around a new project, all the more feasible given that this issue is a primary concern of the new Eastern and Central European Member States. Even some Eurosceptics are worrying about a risk of energy dependency with Russia and would not

object to some degree of action at a European level in the field [4] Last but not least, according to the last Eurobarometer from Autumn 2007, 68% of the interviewed European citizens considered the European level to be more appropriate for decisions on energy. [5]

The Lisbon Treaty, if ratified, will make energy a shared competency between the Union and the Member States. This will give a legal basis for a genuine European energy policy, allowing it to become more than a mere coordination of national plans of action. Such a move has been initiated by the proposals of the Commission regarding binding renewable targets or investment in an internal gas market.

However, for the development of such an integrated Community energy policy, a strong entrepreneurial Commission supported by a majority in the Parliament and in the Council is necessary. Hopefully national and sector-based interests will not prevail.