The INOGATE Programme

Energy and Climate Change Package of the European Union

Elena Rakova

Training Course: Renewable Energy Regulation
September 13-15, 2010
Minsk, Belarus
Content

1. Policy background
2. The EU energy policy responses:
   2.1. “The market issue” – Lisbon objective
   2.2. “The security of supplies issue” – Moscow objective
   2.3. “The green issue” – Kyoto objective
3. Recent European Energy Strategies
4. Conclusion
Policy background:
Energy demand growth (1)
Policy background (2): Energy transition

Drivers

- Growing population and energy consumption
- Growing geopolitical and economic risks
- Climate change
- Exhaustibility of fossil fuels
- Growing costs for new gas and oil extraction

Challenges, limitations and problems to solve

- Fossil fuels is a dominant source of energy for decades
- Lack of investments, necessary to meet growing demand
- Often limited access to fossil reserves for FDI.
- No single solution for energy transition:
  - diversity of energy sources will increase; gas more important
  - Carbon management will play a critical role
  - All energy choices need time and commitment to build
The global issue

The energy triangle

The energy pyramid

Supply security

Policy tensions

Market & economy

environment

Acceptability

Resource-efficiency

Cost-efficiency

Supply security & reliability

Access to energy

ENERGY COOPERATION BETWEEN THE EU, THE LITTORAL STATES OF THE BLACK & CASPIAN SEAS AND THEIR NEIGHBOURING COUNTRIES
2. The EU Energy Policy responses

- The Lisbon objective (the market issue)
- The Moscow objective (the security of supplies)
- The Kyoto objective (the green issue)
The 2007 Integrated Energy Package

Competitiveness “LISBON”
- Internal Market
- Interconnections
- European electricity and gas network
- Research and innovation

Sustainable Development “KYOTO”
- Renewable energy
- Energy efficiency
- Nuclear
- Research and innovation
- Emission trading

Security of supply „MOSCOW“
- International Dialogue
- European stock management
- Refining capacity and energy storage
- Diversification

FULLY BALANCED INTEGRATED AND MUTUALLY REINFORCED

ENERGY COOPERATION BETWEEN THE EU, THE LITTORAL STATES OF THE BLACK & CASPIAN SEAS AND THEIR NEIGHBOURING COUNTRIES
The Lisbon Reform Treaty

- **Energy:**
  - A shared competence between the Union and the MS

- **Art. 176A:**
  - **Ensure**
    - Functioning internal market
    - Security of supply
  - **Promote**
    - Energy efficiency, savings, renewable energy
    - Interconnections
  - **Majority voting; co-procedure**
  - **National sovereignty:**
    - National energy resources
    - National energy mix

---

**Article 176 A**

1. In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States, to:

   a) ensure the functioning of the energy market;

   b) ensure security of energy supply in the Union and

   c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and

   d) promote the interconnection of energy networks.

2. Without prejudice to the application of other provisions of the Treaty, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to achieve the objectives in paragraph 1. Such measures shall be adopted after consultation of the Economic and Social Committee and the Committee of the Regions.

   Such measures shall not affect a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply, without prejudice to Article 175(2)(c).

3. By way of derogation from paragraph 2, the Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament, establish the measures referred to therein when they are primarily of a fiscal nature.
The Moscow objective: external supply security

Overview:
Gas in Europe

EU-25 import dependency
20 years ago

Kyoto Challenge

GHG emissions
- ETS 2012-2020, with overall GHG reduction of 21%
- National targets for non-ETS sectors, overall 10% reduction

Renewables
- New directive to reach 20% renewables target and 10% biofuels target

Carbon Capture and Storage
- Framework for CCS

Energy Efficiency
- Update on implementation of Energy Efficiency Action Plan
GHG Target:
-20% compared to 1990

-14% compared to 2005

EU ETS
-21% compared to 2005

Non ETS sectors
-10% compared to 2005

27 Member State targets, stretching from -20% to +20%
The RES-targets

Source: European Commission
The 20-20-20 EU policy

By 2020:
- Greenhouse gases: -20%
- Energy consumption: -20%
- Renewables in energy mix: +20%
Recent European Energy Strategies

- 2008 - *Climate Action*, January 2008
Conclusion

- Climate change, energy security and security of supplies are the main drivers of the EU Energy Policy;
- 3 Objectives: “the market” (3rd Energy Market Package); “the climate” (Green Package); “Supply security” (2nd Strategic Energy Review);
- The main EU Energy Policy principles are: sustainability, competitiveness, energy efficiency, deregulation and market based instruments; energy mix and gradual shift from fossil fuels to nuclear and renewable energy sources.