

## **Energy Security in the EU – Non paper**

Energy security is of strategic interest to the European Union. Crises in Ukraine in 2006, 2009 and more recently have repeatedly illustrated the need to ensure Europe is not over-reliant on a limited number of sources of energy or vulnerable to external pressure. Building upon existing energy and climate discussions, the March European Council should make clear that Europe will work in a co-ordinated and expedited manner to reduce its high energy dependency rates.

The European Commission should produce an in-depth study of EU energy security, together with a 25 year plan to improve this. Key metrics should be developed and utilised to measure progress with increased diversification, greater investment in EU production and interconnection and fuel switching, including to renewables and nuclear.

### **Changing sources - Diversification of external sources and supply routes of energy**

- The European Council should agree a strategic objective to accelerate the European Union's diversification of its external sources of energy to secure greater energy security for the European Union as a whole. To help achieve this:
  - the next EU-US Energy Council should examine how to facilitate natural gas exports from North America to the EU and consider how this may best be reflected in TTIP;
  - further steps should be taken to support the development of the Southern Corridor, through work with commercial partners and the Turkish and Azeri Governments to rapidly progress the Trans Adriatic and Trans-Anatolian Pipelines. Work with the Iraqi government to explore the export of Iraqi gas into the Southern Corridor should be intensified;
  - Member States should work with commercial partners to actively encourage the development of further spur routes through Eastern Europe; and
  - Cooperation with other strategic energy partners, including Norway, should be enhanced, through the establishment of an annual EU gas conference and trade missions in North Africa, Iraq and the Eastern Mediterranean in particular to develop future gas supplies.

## **An efficient and liquid market - Making the internal market work for security of supply**

- The European Council should ensure the right regulatory framework is in place to strengthen the single market, encourage diversity of supply and facilitate much needed investment. In this regard the European Council should call for:
  - full and proper implementation and enforcement of the Third Energy Package, including an acceleration of the work to agree the most critical network codes by the end of 2014;
  - acceleration of the building and financing of key Projects of Common Interest, particularly those focused on gas interconnections in central and Eastern Europe;
  - a review of the barriers to developing and optimum strategic locations of LNG terminals in order to strengthen the EU's access to global supplies; and
  - an examination by the European Commission of the need for new regulatory and other implementing measures to continue the development of the single market focused on advancing investment in key infrastructure, the market integration of low carbon energy sources, increased market coupling and liquidity and better-functioning retail markets;
  - continued involvement of the European Commission in the renegotiation of long-term gas supply contracts, where Member States, or members of the Energy Community Treaty request it. It is important that those Member States have the support of the whole EU to ensure that the EU's 3<sup>rd</sup> energy package rules are fully respected by all players; and
  - increased transparency of Intergovernmental Agreements in the field of energy. Member States should commit to sharing information with the Commission before finalising such agreements.

## **European energy production – development of indigenous European energy supplies**

- The European Council should reinforce the importance of developing the EU's indigenous sources of energy. To do this:
  - the European Commission should prioritise energy state aid cases to facilitate rapid deployment of infrastructure in the EU ensuring security of supply;

- the EU should support fully those Member States who wish to exploit their own indigenous resources. Conventional oil and gas sources, including the North Sea, must continue to be exploited to their full potential. Further, shale gas is an important way to develop Europe's indigenous resources – European exploration is at an early stage and those Member States who choose to develop their indigenous unconventional resources should be supported by the Commission and the Council. Existing Directives should be considered adequate to encourage the safe regulation of the shale gas industry in this formative period; and
- the EU Research and Development budget should be fully exploited in order to develop new techniques to maximise EU indigenous sources, along with renewables, nuclear and CCS.

### **Cutting our reliance on gas imports - reducing energy demand in the EU**

- The European Council should emphasise the importance of efforts to improve energy efficiency in the EU, in particular by:
  - developing a clear plan to address the barriers to investment and stimulate finance for energy efficiency measures, including building renovation. Work should begin with the European Investment Bank, European Bank for Reconstruction and Development and EU Stability and Cohesion Funds to develop innovative financing mechanisms as soon as possible; and
  - accelerating proposals for new product and labelling standards. More energy efficient heating systems will have a significant role to play in reducing Member States' reliance on gas imports, cutting domestic bills and greenhouse gas emissions. A renewed push on smart meters will empower consumers and help them make informed choices.

### **Energy security on our borders - security of supply in the EU's neighbourhood**

- The European Council should call for an enhanced programme of support for Ukraine and neighbourhood countries to liberalise their energy markets, attract investment to the Projects of Energy Community Interest, improve their efficiency and energy security, and develop indigenous energy resources. The Energy Community treaty is a key tool for this and membership should be encouraged. Signatories should fully adopt the Second and Third Energy Packages. Ukraine and the EU should agree an early warning mechanism on gas supplies.