Will EU states play ball on Energy Union?

EU policymakers have unveiled plans for an Energy Union, hailing it as the biggest energy shake-up for more than half a century. Experts told EurActiv that governance will be a sticking point. Member states will have to play ball for the project to be a success.

"It's the biggest energy project since the Coal and Steel Community," said Maros Šefčovič, European Commission vice-president responsible for Energy Union, when he presented the executive's plans in Brussels on Wednesday (25 February).
The EU executive said the clash with Russia over its seizure of Ukraine's Crimea region means there is the strongest case yet to pool resources across the EU. The European Union relies on Moscow for around a third of its energy.

The energy plans aim to improve infrastructure to share available supplies across borders, partly with EU money; to end regulated pricing, increase the number of liquefied natural gas (LNG) terminals and enforce existing EU law on competition.

Europe's energy union strategy includes a raft of measures and will be followed by legislative proposals. But striking the right balance between granting the EU powers while respecting subsidiarity - the allocation of powers and responsibilities - will be a challenge, experts told EurActiv.

"The Commission will only be able to deliver a meaningful Energy Union is member states play ball," said Jacopo Moccia, policy & operations director at Ocean Energy Europe. Moccia responded to a poll conducted by EurActiv ahead of the Commission's communication, based on a leaked draft.

**Success depends on powers granted**

National governments have always jealously guarded their own control over energy decisions, largely because of strategic needs and their stance on the environment.

"The EU Commission will only be able to deliver its vision if leading, not following the 28 member states," argued Alice Stollmeyer, EU energy expert and blogger who published a draft version of the communication last week.

It's unclear whether the Energy Union will be able to bridge this "because it all depends on governance the enforcement and implementation of energy policy goals in member states - and the Commission paper provides no detail," said David Buchan, senior research fellow at the Oxford Institute for Energy Studies.

"The Commission will need some new power to supervise member states' performance in renewables and energy efficiency," Buchan said. "ACER needs to be given more power over the European networks of transmission system operators [ENTSOE, for electricity, and ENTSOG, for gas]," he added.

The Agency for the Cooperation of Energy Regulators (ACER) was tipped earlier as the single supervisor for the Commission's planned measures, which was confirmed in today's communication.

According to Buchan, granting ACER such powers could "speed up agreement on cross-border trading arrangements and prioritise and direct new infrastructure investment for which there currently is no real incentive or reward."
The Commission is also calling on member states and companies to consult it when negotiating with big suppliers, such as Russia, in an attempt to end Moscow's strategy of divide and rule that has allowed some countries to secure more favourable deals than others.

Previous attempts to persuade firms or nations to divulge information to the Commission have met stiff resistance, but Šefčovič said he was convinced member states could be persuaded of the mutual benefit in the current geopolitical context.

Russia's conflict with Ukraine has been complicated by a row over gas pricing, which last year led Russian producer Gazprom to cut off supplies to Kiev.

"It's a completely different reality today," Šefčovič said, drawing the contrast with previous discussions on sharing contract details. "We have to make it very, very clear it will be for the benefit of EU member states [to share information]."

Environmental campaigners, meanwhile, have criticised the energy union as placing too much emphasis on diversifying gas suppliers and not enough focus on renewable energy (see Positions).

The Commission says better energy connections can save consumers up to €40 billion per year, which corresponds to roughly €80 per capita across the EU.
European Parliament President Martin Schulz said, "Energy was central to the foundation of the European project in the '50s. Now, in the aftermath of the crisis, it should again give a boost to a stronger Europe. The President of the European Commission was right in making the energy union one of his top priorities and I am glad that it will be supported by his investment plan. The five dimensions and fifteen actions outlined today in the European Parliament touch upon issues the European Union has been struggling with for years. This is the right moment to work together at European, national, regional and local level to make the energy union a reality.

"Current events only help highlight even further the urgency for Europe to increase its energy security, its diversification of resources, the need to unite a fragmented market and speak with a stronger voice in energy and trade negotiations with third countries. This makes sense from a political, security and economic perspective."

"The Energy Union is even more necessary and urgent in the run up to the December Paris Climate Conference. We need to go to Paris with a credible mandate, demonstrating that our energy union in fact results in a more sustainable, more secure and more competitive economy.

"The European Parliament will now look at the Commission proposals, scrutinise them, improve them where needed and turn them into legislation. Let's get to work to make the energy union a success."

"A strategic vision for our existing building stock is what the Commission must deliver in order to be big on growth, jobs and energy security" explained Adrian Joyce, Secretary General of EuroACE. "It is the sector that can most quickly and surely boost job creation and economic activity whilst also delivering future resilience and long-lasting benefits to the EU as of now. Were those not the headline objectives of the Energy Union Package - to make the EU forward-looking, resilient and competitive? Why then does the Energy Union Framework not take more action on buildings?"

Spanish GUE/NGL MEP Paloma Lopez said, "The Commission is using the limits of state policies to impose its own liberalising agenda. Specific problems of highly-dependent states such as the Baltic countries or Cyprus become levers for projects which involve aggressive monopolising of resources with the development of mega private infrastructures that require a lot of demand to be profitable."

Thomas Nowak of the European Heat Pump Association said, "The Energy Package adopted by the Commission today offers a comprehensive view of the energy challenges to be addressed by the EU but it fails to picture the right mix. We welcome the announcement of a strategy and actions on heating and cooling and the determination towards energy efficiency and renewables. But why is so much energy put in replacing the gas dependency of the EU to one country by the dependency to another, when reducing the overall dependency is possible as of today?"