

Committees Chairpersons Meeting

“Secure and sustainable energy for Europe”

- Background paper -

THE SECOND STRATEGIC ENERGY REVIEW – COMPETITIVENESS OF THE ENERGY SECTOR AND EUROPE’S ENERGY SECURITY

Europe is facing new energy and climate change realities at the beginning of 21st century – volatility of energy prices, higher dependence of Europe on fewer external suppliers or global warming. Hence, in recent years, activity has been more intense than ever in the energy policy field, aiming to update and revise the European energy policy.

In October 2007 the European Commission adopted the First Strategic European Energy Review containing measures to move Europe onto the investment path for a clean and secure system and infrastructure: a genuine internal energy market, accelerating the shift to low carbon energy and energy efficiency. Energy policy targets set in the Review were endorsed by the European Council of March 2007. The EU's new energy and environment policy agreed by **the European Council in March 2007** establishes a forward-looking political agenda to achieve the Community’s core energy objectives of sustainability, competitiveness and security of supply. To make this a reality, the EU has committed itself to the "20-20-20" initiative, including in the energy field, increasing the share of renewables in the energy consumption to 20%, compared to 8.5% today and improving energy efficiency by 20%, all by 2020.

To put this into effect, in September 2007 the Commission tabled the third Internal Energy Market legislative package aimed at **ensuring more effective competition** and creating the conditions fostering investment, diversity and security of supply; a competitive energy market is fundamental in achieving the "20-20-20" targets.

To deliver the commitments in the field of **climate change and renewable energy** the Commission put forward a proposal to revise the Emissions Trading Scheme (ETS) Directive covering the period 2013-2020, the so-called "effort-sharing" decision for sectors not covered by the ETS and a new Renewable Energy Directive which will provide a secure and predictable investment climate for EU industry. The so-called Climate change and energy Package was approved by the European Council and the European Parliament at the end of 2008.

However, complementary measures are necessary to attain all three underlying objectives of the EU's new energy policy: sustainability, competitiveness and, above all, security of supply. Given current global developments, the EU needs to take action to secure its energy future and to protect its essential energy interests. The EU needs to intensify its efforts in developing an effective external energy policy; speaking with one voice, identifying infrastructure of major importance to its energy security and then ensuring its construction, and acting coherently to deepen its partnerships with key energy suppliers, transit countries and consumers. It also needs to tap the full potential of its oceans and seas for energy generation, rapidly evolve its transport system and make real progress in terms of the interconnection of the European energy market. To complete this, the Commission proposed in November 2008 the Second Strategic Energy Review.

The set of documents represents an overall vision of energy future for Europe which **promotes energy security and solidarity** among Member States and supports proposals in the fight against climate change. The 5 pillars of the European approach to energy security are specified in the EU Energy Security and Solidarity Action Plan: energy infrastructure, international co-operation, crisis mechanisms, stocks and storage, energy efficiency and energy resources.

Energy efficiency is the most cost-effective way of reducing energy consumption while maintaining an equivalent level of economic activity. "Negawatt-hours", or avoided energy consumption through savings, have become the single most important energy resource. Community legislation on energy efficiency has been designed to considerably improve

energy efficiency in key energy-consuming sectors. However, current energy efficiency legislation alone will not deliver sufficient energy savings to meet the 20% saving objective. Hence, the crucial part of the Action plan represents proposals to reinforce the key energy efficiency legislation on buildings and energy-using products.

Furthermore, the Action plan is endorsed by several legislative proposals and communication documents (TEN- E Green Paper, Oil Stocks Directive, Gas Stocks Communication, Offshore Wind power Communication, PINC and Combine Heat and Power Communication). The European Council's conclusions on the Second Review are in preparation.

CLIMATE CHANGE AND ENERGY

Climate change is already happening and represents one of the greatest environmental, social and economic threats facing the planet. The warming of the climate system is unequivocal, as is now evident from observations of increases in global average air and ocean temperatures, widespread melting of snow and ice, and rising global mean sea level. The Earth's average surface temperature has risen by **0.76° C** since **1850**. Most of the warming that has occurred over the last 50 years is very likely to have been caused by human activities. In order to limit the global average temperature increase to not more than 2°C above pre-industrial levels, developed countries as a group should reduce their emissions to 30% below 1990 levels in 2020.

The EU is widely seen as one of the parties with a leadership role in the international negotiations. At the **2007 Spring European Council**, EU Heads of State and Government decided to adopt an integrated approach to climate and energy policy in order to transform the EU into a low greenhouse gas-emitting and highly energy-efficient economy. To achieve that end, the European Council committed to a triple "**20-20-20**" objective including reducing greenhouse gas emissions by 20 % by 2020. The EU's commitment to reduce its emissions by 20 % compared to 1990 levels by 2020 is so far the most ambitious commitment by any country or group of countries in the world for the post-Kyoto period. The ambitious EU climate change and energy package was adopted in December 2008. Next steps, just as important as the approval of the Package, will lead to the proper implementation of the approved measures.

A successful conclusion of the international climate change negotiations at the **Copenhagen conference** at the end of 2009 is a key step forward to achieving the ambitious goals. Over

the coming months, the EU will have to step up its contacts with third countries in the UN context to prepare the crucial agreement about the architecture of the global post-2012 climate change policy. The European Commission should present on **28 January 2009** its Communication on the EU position in preparation for the Copenhagen Conference. The Communication should address key challenges in financing and building an effective global carbon market.

During the **Czech Presidency**, the main priority in the area of the environment will be the protection of the climate. The Czech Republic, on behalf of the European Union, is negotiating commitments beyond 2012 to be taken by the global community to reduce greenhouse gas emissions after the expiry of the Kyoto Protocol. Under the Czech Presidency the following bilateral meetings with the main EU partners will take place: India in early February, South Africa in late February, China from 11 to 13 March, Brazil, Argentina and Chile in the last two weeks of March. These will be followed by G8 and G20 sessions in April.

The EU's aim is for a new global agreement to be reached at the UN climate summit in Copenhagen in December 2009. Another key topic are the measures to adapt to climate change, especially the introduction of suitable and efficient adaptation measures to mitigate the negative impacts of climate change.