

# Engaging in energy policy cooperation with partners beyond our borders: strategic approach to secure, sustainable and competitive energy supply

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The Committee on Industry, Research and Energy adopted the own-initiative report by Edit HERCZOG (S&D, HU) on engaging in energy policy cooperation with partners beyond our borders: A strategic approach to secure, sustainable and competitive energy supply. Members note that the EU's dependence on energy imports is likely to increase over the next decade as its fossil fuel resources are depleted, despite increasing input from renewables, energy efficiency and research on energy technologies. Energy efficiency is key to reducing the EU's reliance on foreign energy, as the EU is spending more than EUR 400 billion a year on energy imports. Achieving the minimum 20% energy savings target will not only enhance our energy security but also reduce by at least EUR 50 billion a year the wealth transfer from EU economies to energy-producing countries.

**Internal energy market – better coordination at EU level:** Members stress (a) the need to ensure that cross-border energy infrastructure within the Union is fully developed, with the EU giving priority to investments in energy infrastructure; (b) the need for strong coordination between Member States' policies and for joint action and solidarity in the field of external energy policy and energy security; (c) energy policy must be an integrated and prominent part of the common foreign policy and should be elaborated and implemented in synergy with other policies that have an external dimension.

The committee stresses the need to increase resources for projects interlinking energy markets in the EU and to complete the European gas and electricity infrastructure networks by the end of 2015, in particular the Baltic interconnection plan, as set out in the EU's Third Energy Package.

Members recall Parliament's request that plans be prepared for a **European Energy Community** involving strong cooperation on energy networks and European funding of new energy technologies. They also urge the Commission to bring forward a proposal to establish an **Energy Observatory** with the objectives of improving intelligence on energy import markets and enhancing analysis of export markets.

The committee calls on the EU and Member States to ensure a connected internal energy market that can withstand external pressures and attempts to use energy supply and prices as a tool of foreign policy pressure. It believes that a fully functioning, interconnected and integrated European internal energy market can significantly enhance supply security even in the short term and that it is an essential element for a successful European external energy policy.

The Commission and the EEAS must ensure that all the EU's agreements, especially partnership and cooperation agreements, fully comply with EU internal market rules and ensure reciprocity, a level playing field and transparency in order to provide a secure legal environment for EU investors in energy supply countries and transit countries. Members emphasise that the EU should aim for regulatory convergence with neighbouring countries willing to embrace its internal energy market rules, and stress the importance of the Energy Community.

They call on the Commission to:

- support the establishment of a comprehensive **EU system of gas indexation** based on gas market prices; develop an information sharing tool to collect and make available relevant data on the Member States' and EU administrative and financial institutions' energy programmes and projects in third countries;
- monitor global energy markets and cooperate in this regard with Member States and international organisations such as the IEA, and to present a legal instrument for this purpose before the end of 2012.

Members stress the need to establish an **energy policy desk within the EEAS** and to involve EU delegations in the conduct of energy diplomacy on the ground.

**Diversification – enhanced security of European energy supply:** Members stress that the EU Treaty calls for solidarity between Member States, and the Commission is asked to provide a clear definition of 'energy solidarity' in order to ensure that it can be respected by all Member States.

The committee also calls on the Commission to **support research and development in the field of own-fuel resources**, and to support the establishment of fuel supplies from diversified suppliers, sources of supply and fuel transmission lines to individual EU regions in order to ensure a minimum of two different sources of supply for each region, in accordance with the [Commission communication on Energy infrastructure priorities for 2020 and beyond](#).

It emphasises the following:

- action to diversify suppliers, routes and sources of energy supply to the EU should be accelerated ;
- diversification should mean **new non-Russian sources of oil, gas and electricity** for those Member States which are overly dependent on this single supplier, since Russian gas accounts for between 48% and 100% in 12 of the 27 Member States, and therefore has a direct impact on the Union's energy security;
- the importance of **improving the interconnection** of energy grids and completing the Euro-Mediterranean and Euro-Atlantic electricity and gas infrastructure rings and the Baltic energy market interconnection plan ;
- action to **increase internal production of renewable energy** is critical to reducing the EU's dependence on imports of hydrocarbons ;
- the importance of further extending the European Energy Community and setting up legal control mechanisms to deal with deficient acquis implementation;

The report calls on the Commission to:

- support the 'energy security clause' to be included in trade, association and partnership and cooperation agreements with producer and transit countries, which would lay down a code of conduct and explicitly outline measures to be taken in the event of any unilateral change in terms by one of the partners;
- draw up a comprehensive set of short-, medium- and long-term energy policy priorities in relations with its neighbours with a view to establishing a common legal area based on the acquis-related principles and norms of the internal market;

Members take the view that with the development of **new, unconventional energy technologies** (oil sands and shale gas from Canada, the United States, Australia, Qatar, Brazil and Argentina, energy exploration in the Arctic region, and further exploitations in Iraq, Venezuela and Africa), new actors are emerging as possible future suppliers, and the EU should develop new energy partnerships in order to diversify its suppliers.

**Sustainability – strengthened partnership with supplier countries and international organisations:** the report states that the world's increasing demand for energy and the high concentration of fossil fuel reserves in largely unstable and undemocratic countries makes the EU vulnerable and deeply undermines the development of credible, effective and consistent common European policies.

EU energy partnerships and EU participation in global forums such as the G20 must be used to **promote more sustainable energy policies in third countries**. Furthermore, Members want to **expand the links** between the European energy network and neighbouring countries (the Western Balkans, Eastern neighbours, Caspian countries, North Africa and the Middle East) by building new interconnectors and promoting a wider regulatory area, extending EU environmental and safety standards as far as possible.

On Russia, Members emphasise that in the **EU-Russia energy dialogue**, where the EU should speak with one voice, the dependent situation of the Central and Eastern European Member States should be taken into account as their energy supply security can only be guaranteed through the interconnection of EU-wide infrastructure. Crucial topics such as access to energy resources, networks and export markets, investment protection, reciprocity, crisis prevention and cooperation, a level playing field and the pricing of energy resources should be taken into account in the dialogue. Members want Russia to ratify the Energy Charter Treaty and call for the Energy Charter Treaty to be extended to more countries and for the participants at the Energy Charter Conference to work towards a negotiated settlement leading to the full acceptance of the principles of the Charter and its protocols by Russia.

The committee goes on to note that sustainable energy is a key driver of development, and reiterate its call for a **specific 'energy and development' programme** with particular focus on renewable, energy-efficient, small-scale and decentralised energy solutions and the promotion of capacity development and technology transfer in order to ensure local ownership.

Furthermore, **strategic energy partnerships should be developed between the EU and key third countries**, such as the BRICS and countries whose energy consumption is growing rapidly, inter alia, in the following areas: (i) R&D cooperation on low-carbon technologies and innovation; (ii) investment in sustainable energy production; (iii) data-sharing on know-how transfer, including in the field of clean and renewable energy sources; (iv) promotion of energy efficiency and energy saving; (v) balancing of systems; (vi) smart grids,

(vii) fusion research; (viii) clean coal technology and carbon capture and storage.

Members particularly stress the need to **improve cooperation on R&D&I with third countries** with a view to tackling global challenges.

The EU should work closely with major third-country exporters of **biofuels** to ensure that these alternative, clean energy options, which can contribute to diversification of supply, can be truly sustainable, and that **indirect land-use change with negative consequences** can be avoided.

Members urge the Commission and the EU to:

- develop legally binding sustainability criteria aimed at preventing negative climate, environmental and social impacts from the production and use of biomass for energy;

- put in place a **policy for sustainable biomass production** and its use for energy purposes that meets the requirements of the climate change policy and is also consistent with the Union's development cooperation policy;
- draw up joint energy roadmaps with all the key energy suppliers and strategically important transit countries, and to establish partnerships with countries facing similar energy challenges and sharing similar values.