European energy security strategy

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PURPOSE: to present a European strategy in order to address energy security issues.

BACKGROUND: the European Union's prosperity and security hinges on a stable and abundant supply of energy. However, **too often energy security issues are addressed only at a national level** without taking fully into account the interdependence of Member States. In the winters of 2006 and 2009, temporary disruptions of gas supplies strongly hit EU citizens in some of the eastern Member States, **pointing to the need for a common European energy policy.**

The EU remains vulnerable to external energy shocks. Estimates show that :

- the EU imports **53%** of the energy it consumes. Energy import dependency relates to crude oil (almost 90%), to natural gas (66%), and to a lesser extent to solid fuels (42%) as well as nuclear fuel (40%);

- energy security of supply concerns every Member State, even if some are more vulnerable than others, such as the Baltic and Eastern Europe ;

- **six Member States depend from Russia** as single external supplier for their entire gas imports. For electricity, three Member States (Estonia, Latvia and Lithuania) are dependent on one external operator for the operation and balancing of their electricity network;

- the EU external energy bill represents **more than EUR 1 billion per day** and more than a fifth of total EU imports. The EU imports more than EUR 300 billion of crude oil and oil products, of which one third comes from Russia ;

- EU energy security has also to be seen in the context of growing energy demand worldwide, which is expected to increase by 27% by 2030.

The Commission considers that the EU needs, therefore, **a hard-headed strategy for energy security** which promotes: (i) in the short-term, resilience to these shocks and disruptions to energy supplies and (ii) in the long term, reduced dependency on particular fuels, energy suppliers and routes.

CONTENT: the Strategy is an integral part of the 2030 policy framework on climate and energy and also fully consistent with our competitiveness and industrial policy objectives.

It sets out areas where decisions need to be taken or **concrete actions implemented in the short, medium and longer term** to respond to energy security concerns.

It is based on **eight key pillars underpinned by the principle of solidarity** that together promote closer cooperation beneficial for all Member States while respecting national energy choices.

1) Immediate actions aimed at increasing the EU's capacity to overcome a major disruption during the winter 2014/2015.

- In view of current events in Ukraine and the potential for disruption to energy supplies, short term action must focus on those countries that are dependent on one single gas supplier. For the winter

ahead, the Commission will work together with Member States, regulators, transmission systems operators and operators to improve the Union's immediate preparedness in respect of possible disruptions.

2) Strengthening emergency/solidarity mechanisms including coordination of risk assessments and contingency plans and protecting strategic infrastructure.

- The Commission proposes to strengthen mechanisms intended to ensure security of supply and see that strategic infrastructures are protected. It will propose to Member States and industry new contingency coordination mechanisms and plans to deliver energy to countries in times of need, based on risk assessments (energy security stress tests). The immediate focus should be on all Member States on the eastern border of the EU.

3) Moderating energy demand.

- Member States should speed up measures to achieve the 2020 energy efficiency target, focusing on heating and insulation in particular in buildings and industry, notably through: (i) reinforced regulatory and public financial support to accelerate the renovation rate of buildings; (ii) promotion of energy services and demand response with new technologies, for which EU financial support, in particular ESI Funds, can complement national financing schemes. For its part, the Commission will review the Energy Efficiency Directive and identify clear priority sectors (in housing, transport and industry) in which energy efficiency gains can be achieved in the medium to long term.

4) Build a well-functioning and completely integrated internal market.

- Member States should complete the transposition of internal energy market legislation as foreseen by the end of 2014, notably as regards, unbundling rules, reverse flows and access to gas storage facilities. It would also be appropriate to intensify discussions on the Energy Taxation Directive to reduce the tax incentives for diesel and consider a favourable taxation for alternative fuels. Transmission System Operators must speed up the implementation of the network codes for gas and electricity.

5) Increasing energy production in the European Union.

- Member States should: (i) continue the deployment of renewable energy sources in order to achieve the 2020 target in the context of a market-based approach; (ii) initiate the Europeanization of renewable energy support systems through improved coordination of national support schemes; (iii) accelerate fuel switch in the heating sector to renewable heating technologies; (iv) facilitate access to finance for renewable projects on all levels ; (v) exploit, where this option is chosen, hydrocarbons and clean coal taking into account the decarbonisation priorities.

6) Developing energy technologies.

- New technologies are needed to further reduce primary energy demand, diversify and consolidate supply options (both external and indigenous), and to optimise energy network infrastructure. The Commission will mainstream energy security in the implementation of the priorities of the Horizon 2020 Framework Programme for Research and Innovation (2014-2020).

7) Diversifying external supplies and related infrastrucutre.

- Accessing more diversified natural gas resources is a priority whilst maintaining significant import volumes from reliable suppliers. The Commission will pursue an active trade agenda ensuring access to natural gas/LNG exports and limiting trade distortive practices. The Commission and Member States should jointly support the development and further expansion of gas supply infrastructure with Norway, the Southern Gas Corridor as well as the Mediterranean gas hub. They must also cooperate to diversify supply of nuclear fuel when needed.

8) Improving coordination of national energy policies and speaking with one voice in external energy policy.

- The Commission welcomes the calls made by certain Member States in favour of an Energy Union. It supports the creation of a mechanism that would enable Member States to inform each other of important decisions related to their energy mix prior to their adoption. Within the EU's closer neighbourhood, the goal must remain to engage all partners at all levels in order to enable their close integration into the EU energy market. Lastly, the Commission recommends a systematic use of foreign policy instruments, such as the consistent inclusion of energy issues in political dialogues particularly summits, with strategic partners.