Energy : European strategy for the security of supply. Green Paper

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The European Commission presented its final report on the Green paper adopted more than a year ago. This debate revived, in most of the Member States, discussion on national options in the energy field. It was used for reference in some third countries, like the United States (during the preparation of the Bush energy plan), Japan and Russia. From the many answers received it is clear that the discussions on the Green Paper responded to a need, and their content shows approval for the line taken by the Green Paper and most of the proposals. It has even been possible to enter into a dispassionate debate on the place and role of nuclear power, which has helped to shed some light on the national debates. The conclusion is that there is virtually unanimous agreement on the strategic axis of demand management: energy consumption must be guided and steered. The conclusions of the Barcelona European Council, stressing in particular the need for better energy efficiency by 2010 and rapid adoption of energy taxation proposals, clearly give political backing to this priority. Without waiting for the debate to end, the Commission made some very well received proposals along these lines, involving actual legislation and not just encouraging words or exchange of good practice, some of which have already been adopted by the Council and the European Parliament. One of these proposals in particular was the Directive on electricity production from renewable sources, adopted in 2001, under which Member States undertake to comply with national targets for future consumption of electricity produced from renewable energy sources, to set up a system of guarantees of origin of green electricity, and to introduce accompanying measures to facilitate the market penetration of green electricity on the internal market. Within this regulatory framework, 22% of the electricity consumed in the European Union by 2010 should have been produced from renewable energy sources. Another was the proposal for a Directive on energy saving in buildings, which provides a precise legislative framework for limiting energy consumption in this sector, representing 40% of the energy consumed in the European Union. Given the right conditions for economising and improving efficiency, it should be possible to save about 22% of this energy consumption. The Directive proposed will help to achieve this objective by the establishment of a common methodology for calculating and regularly updating minimum energy performance standards for new and existing buildings, to be adopted by the Member States in accordance with the subsidiarity principle, and certification schemes. In addition to these arrangements there will be improved inspection of heating and cooling installations. Finally, the Commission has also made regulatory and fiscal proposals to promote biofuels, providing that these will make up a minimum of initially 2% of all fuels sold in 2005, rising to 5.75% in 2010. Certainly in the transport field - representing 32% of energy consumption and 28% of total CO2 emissions - the effort to reduce demand is key. Revitalising the railways, investing in the trans-European networks and harmonising fuel taxes for commercial users are all instruments towards the same goal, as is the impending proposal for a framework directive on charging for infrastructure use - the importance of which was re-emphasisedby the Barcelona European Council in its conclusions - in order that by 2004 the prices of the different transport modes better reflect their cost to society. A wide debate also developed around the Green Paper proposal for a new approach to oil stocks. The Green Paper proposal for strategic oil reserves would aim to increase greater reliance on solidarity between the Member States in time of crisis. Against this background, increased dialogue between the European Union and the producer countries is imperative for improving market transparency and concluding satisfactory supply agreements. This dialogue also contributes to improved conditions of stability in those countries. The debate on the Green Paper has shown the need to develop a Europe-wide security of supply concept which alone will enable Europe to control its energy future. As recently emerged from the Paris, Brussels and very recently Moscow summits, the dialogue the EU is entering into with Russia aims to create a new energy partnership. Projects have been launched on network security, protection of investments or identification of major projects of common interest. Hopefully, this dialogue will make it possible to determine the best future use of long-term supply agreements and production sharing agreements, on which the

representatives of industry expressed some major concerns in the Green Paper debate. In addition, the Green Paper made it possible to hold a frank and open exchange of views on nuclear energy, which arouses diverging views within the Union. Against this background, the range of choices available to the Member States has to be as wide as possible, without prejudice to their sovereignty in these matters. The nuclear option remains open to those EU Member States who would like it. But one major lesson to be drawn from the Green Paper debate is that the future of this industry depends on finding a clear and unequivocal answer to the question of the processing and transportation of radioactive waste. The question of nuclear safety in an enlarged Union remains a major concern for most of the participants in the debate on the Green Paper. For the next stage, the Commission will examine a proposal opening the way to a truly Community approach to nuclear safety in the form of common standards and practices and European control mechanisms and peer review. The Union could also contribute to rapid progress towards lasting solutions to the management of radioactive waste by fixing precise deadlines at Community level for the introduction of more effective waste storage systems at national level. The report also notes that concrete proposals for harmonising taxation as well as questions of charging in transport are met with some reservation. However, the lack of tax harmonisation is causing some distortion of competition between Member States. The internal energy market contributes to establishing healthy competition, guaranteeing the safety of energy supplies, reinforcing the competitiveness of the European economy and requires a better use of existing cross-border capacities. This report confirms one of the main themes of the Green Paper, the need for more openness in the electricity and gas market coupled with new needs for regulation and evaluation. During the Green Paper debate, some, notably the European Parliament, wondered about the limited legal and institutional means at the EU's disposal to implement an energy policy adaptedto the potential weaknesses in its supply. It remains the case that the Union has achieved significant progress in the energy area by using several instruments : the implementation of the internal energy market relies on the chapter dealing with the approximation of laws; the promotion of renewable energy on the basis of articles relating to environmental protection; or the development of gas and electricity networks in the context of the chapter on trans-European networks.