Basic information

2006/2113(INI) INI - Own-initiative procedure	Procedure completed
European strategy for sustainable, competitive and secure energy. Green Paper **Subject** 3.60 Energy policy 3.60.03 Gas, electricity, natural gas, biogas 3.60.08 Energy efficiency 3.60.10 Security of energy supply 3.70.03 Climate policy, climate change, ozone layer 3.70.20 Sustainable development	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	MORGAN Eluned (PSE)	20/03/2006

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	ZIELENIEC Josef (PPE-DE)	21/06/2006
DEVE Development	WIJKMAN Anders (PPE-DE)	11/07/2006
INTA International Trade	MARKOV Helmuth (GUE/NGL)	18/04/2006
ECON Economic and Monetary Affairs	EHLER Christian (PPE-DE)	18/05/2006
ENVI Environment, Public Health and Food Safety	TZAMPAZI Evangelia (PSE)	16/05/2006
TRAN Transport and Tourism	TAKKULA Hannu (ALDE)	21/03/2006
REGI Regional Development	VLASÁK Oldřich (PPE-DE)	11/07/2006

Council of the European Union

Council configuration	Meetings	Date

	General Affairs	2736	2006-06-12
	General Affairs	2770	2006-12-11
	Transport, Telecommunications and Energy	2735	2006-06-08

European Commission	Commission DG	Commissioner
	Energy and Transport	PIEBALGS Andris

Key events

Date	Event	Reference	Summary
08/03/2006	Non-legislative basic document published	COM(2006)0105	Summary
18/05/2006	Committee referral announced in Parliament		
08/06/2006	Resolution/conclusions adopted by Council		Summary
12/06/2006	Debate in Council		Summary
23/11/2006	Vote in committee		
28/11/2006	Committee report tabled for plenary	A6-0426/2006	
11/12/2006	Resolution/conclusions adopted by Council		
14/12/2006	Decision by Parliament	T6-0603/2006	Summary
14/12/2006	Results of vote in Parliament		
14/12/2006	Debate in Parliament		
14/12/2006	End of procedure in Parliament		

Technical information

Procedure reference	2006/2113(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/35117

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE378.549	19/09/2006	

Committee opinion	ECON	PE376.670	03/10/2006	
Committee opinion	DEVE	PE378.583	05/10/2006	
Committee opinion	INTA	PE376.680	10/10/2006	
Committee opinion	ENVI	PE374.230	11/10/2006	
Committee opinion	AFET	PE376.582	12/10/2006	
Committee opinion	TRAN	PE376.690	12/10/2006	
Amendments tabled in committee		PE378.878	19/10/2006	
Amendments tabled in committee		PE380.649	19/10/2006	
Committee opinion	REGI	PE378.707	07/11/2006	
Committee report tabled for plenary, single reading		A6-0426/2006	28/11/2006	
Text adopted by Parliament, single reading		T6-0603/2006	14/12/2006	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2006)0105	08/03/2006	Summary
Document attached to the procedure	SEC(2006)1500	16/11/2006	

European strategy for sustainable, competitive and secure energy. Green Paper

2006/2113(INI) - 14/12/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based the own-initiative report drawn up by Eluned **MORGAN** (PES, UK), and welcomed the Commission's green paper on a European strategy for sustainable, competitive and secure energy, whilst emphasising the need to acknowledge the ever changing conditions in the broader global energy market. It highlighted the importance of a systematic approach that took account of production, distribution and consumption in order to develop a European energy policy securing affordable energy as far as possible from low-carbon sources in the short term and carbon free sources in the medium term and indigenous resources, respecting market mechanisms, whilst protecting the environment, combating climate change and promoting energy efficiency.

Climate Change: Parliament urged EU leaders to agree by the end of next year on a binding 2020 CO2 target and an indicative 2050 CO2 target. The Commission should propose a revision of the ETS including economically acceptable management of ETS credits such as a progressive move towards auctioning or benchmarking based on output. The ETS scheme should be based on a careful evaluation of economic and environmental impacts, a comprehensive assessment of the allocation methodologies, and a review of the penalty scheme. During the second ETS financing period (2008-2012), financial resources should be allocated in a way that leads to action being taken to reduce CO 2 emissions and energy consumption. The ETS should include additional large emitting sectors including all modes of freight transport; a strategy to cut emissions from ships should be developed, following an impact assessment, and a separate system for aviation should be set up as soon as possible.

Research, development and innovation: Parliament called for the 2007 Spring European Council to ensure that the future energy policy of Europe is backed up by an ambitious R & D strategy in the field of energy including more adequate public funding and strong incentives for increased private R & D funding, fulfilling corporate social responsibility obligations. It encouraged Member States to set out a strategy for increasing the budget for energy research.

Energy Efficiency and Saving: the Commission was asked to ensure that the contribution of hydrogen and fuel cells applications to accelerating the transition from fossil fuels to an efficient and CO2 lean energy and transport system is reflected in EU's short term energy and transport policy actions and by supporting bodies. Parliament recalled that the EU must remain a key player in initiatives such as the International Partnership for the Hydrogen Economy (IPHE or the International Thermonuclear Experimental Reactor (ITER).

Investments: Members recalled the need for significant investment in electricity and gas infrastructure in order to secure energy supply in Europe. They requested the Commission to contribute to the creation of a favourable investment climate, and ensure that markets are allowed to send the right investment signals to investors.

Security of Supply and energy efficiency: Parliament called on the Council and Commission to adopt measures to make the EU the most energy efficient economy in the world by 2020 and to set energy efficiency measures as a horizontal priority for all policy sectors in the EU. It asked the Commission to ensure timely implementation of EC directives in the field and urged the Council to adopt the proposals in the energy efficiency action plan.

Energy Mix: Parliament believed that the diversification of energy sources along with increased use of indigenous sources and decentralised energy production would improve security of supply, but acknowledged the fact that decisions on energy mix in one Member State can affect security of supply in other Member States. It regarded the EU's dependency on a limited number of energy producers and supply routes as a serious risk to its stability and prosperity. It also felt that it was vital that the European energy strategy be based on maximum subsidiarity and that decisions concerning the energy mix should remain the prerogative of the Member States. Parliament proposed that, in order to boost the diversification of energy sources, the EU set a long-term stable policy framework in order to create the necessary investment climate. Such a framework should contain an EU target for energy efficiency improvements of at least 20% by 2020. The Commission was asked to propose a framework for options of harmonised support schemes for renewable energies as part of the renewable energy roadmap and, furthermore, to set binding sectoral targets for renewables in order to achieve 25% of renewables in primary energy by 2020 and a road map at Council and Commission level for reaching a target for renewables of 50% by 2040, an EU 30% reduction of the CO2 target for 2020 and a 60-80% reduction for 2050. On the question of nuclear energy, Members believed that nuclear energy is a part of the European political debate on the energy mix. They recognised the role that nuclear energy currently plays in some Member States in maintaining security of electricity supply, as part of the energy mix and as a way of avoiding CO2 emissions. Decisions on whether nuclear energy production should continue to play a role in some Member States can only be taken at Member State level, in accordance with the principle of subsidiarity. Parliament asked the Commission and the Member States, without neglecting short and medium-term costs, to give priority to those forms of energy which reduce import dependency, especially imports of fossil fuels, that support the environment, are sustainable and reduce risks of continuous supply, not least because of the decentralisation of production. The Commission was asked to conduct a debate on the future energy mix, taking into account the advantages and drawbacks of all forms of energy, including economic and environmental costs and consequences.

External aspects: Parliament believed that development of a common stance in the EU in the dialogue with third countries would increase the EU's ability to negotiate with energy producing and consuming countries. It urged Member States to set down a list of priority areas where they have reached agreement in terms of external energy policy, including:

- climate change targets, energy efficiency and savings targets, the development of renewable technologies;
- human rights and social dialogue, in an endeavour to set standards for Corporate Social Responsibility in the field, both at EU and at UN level;
- the inclusion, in all new EU trade and international agreements, of an energy section, in recognition of the principle of reciprocity, transparency and the rule of law;
- the establishment at EU level of an exchange of information on substantive gas contracts and the sale of energy infrastructure to third countries;
- the diversification of supplies and transit routes for oil and gas, in recognition of the EU's Neighbourhood Policy.

Members urged the Commission and the Member States to take very seriously the real danger of a deficit in gas supplies from Russia after 2010 due among other things to a lack of investment, excessive leakage and energy waste in the Russian domestic market. Member States must make plain that the kind of investment necessary is more likely to be forthcoming if there is a higher degree of security for investments since these will not be made without long term contracts. Member States and the Union, in energy-related discussions with Russia, should demand the ratification of the Transit Protocol and the Energy Charter Treaty, something which is instrumental to ensuring future much-needed foreign investment in Russia's energy infrastructure and ensuring an adequate gas supply to the EU in the future. Parliament noted that the informal European Council meeting in Lahti agreed that the principles of the Energy Charter and the G8 conclusions should be incorporated in the forthcoming agreement between the EU and Russia, which should include: a mechanism, like those in the WTO, to decide disputes concerning the EU and Russia and/or individual investors; a provision for mutual access to infrastructure; competition rules limiting the power of quasi-monopolistic companies which have not been unbundled having access to their respective energy markets; and agreement to address the issue of technical failures in the third countries affecting cross-border supplies to the EU Member State.

Single market in energy and competitiveness: Member States must recognise that the EU energy market is still not fully liberalised and that full implementation is imperative. A clear and stable political framework and a competitive and fair energy market is needed to establish a high degree of energy independence, long-term stability, efficiency, environmental sensitivity and security of supply. It further stated that transmission systems in the energy sector should undergo full ownership unbundling immediately the Commission analyses that existing legislation is ineffective since this would prevent conflicts of interests from arising between competing energy companies.

Energy Poverty and Consumer Rights: Consumers must be placed at the centre of all future energy policies and energy poverty should feature more clearly in the Commission's proposals. Parliament recalled that consumers, particularly public authorities, which must set an example in this area, also have obligations in terms of energy economy. It called on the Council and the Commission to propose measures which help low income households to achieve energy savings in their homes, thereby reducing their energy bills and their exposure to future price increases.

European strategy for sustainable, competitive and secure energy. Green Paper

2006/2113(INI) - 08/06/2006

In its conclusion on the sustainability of energy production and consumption : promoting energy efficiency and renewable energy, the Council welcomes and supports the overall approach of the Commission's ambitious Action Plan for Energy Efficiency. The successful implementation of the recommendations in the Commission's Action Plan also requires a continued and strengthened focus on R&D on energy efficiency in the context of the Seventh Research and Development Framework Programme (2007-2013), in the context of the energy component of the Competitiveness and Innovation Framework Programme (CIP) as well as in the context of the overall CIP.

More attention and effort should be devoted to the translation of R&D results into energy-efficient products and services on the market and to the demonstration of these products and services.

Legislation which discourages the promotion of energy efficiency should be reviewed and amended as appropriate. Given the need to ensure adequate resources from all those involved in the development of the proposals of the Action Plan on energy efficiency and their implementation, the Commission should seek to ensure that adequate resources are available in accordance with applicable budgetary rules and within its overall budget.

At the end of the debate, the Presidency underlined the following ideas that emerged from the debate:

- § There is a consensus that energy efficiency and renewable energies form a key component of energy policy - at both national and European level.
- § Energy efficiency and cost-effective use of renewable energy sources enhance competitiveness and security of supply.
- § There is a need to promote and facilitate investments into cost-effective energy efficiency measures. Governments and the financial sector should cooperate in developing innovative funding tools.
- § There is large agreement on the need to raise awareness, through education, training, demonstration, feedback on energy consumption, etc., and focusing on groups such as SMEs, public authorities, children, etc. This is mainly a task for national, regional and local authorities.
- § As regards the use of renewable energy sources, delegations agreed that this should be increased, since the use of renewable energy sources reduces greenhouse gas emissions and the Community's dependence on external sources of energy.
- § R&D programmes at all levels should contribute to the development of new and improved technology, with a view to making renewable energies competitive.
- § The large investment required in renewable energy needs a stable and predictable long-term regulatory framework. Policy makers should ensure this.
- § On international cooperation on energy efficiency and renewable energy, a Community initiative for an international framework agreement was generally supported in principle, even though concerns and questions as to the precise content of such an initiative must be addressed.

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2006/2113(INI) - 12/06/2006

The Council agreed on the review of the EU sustainable development strategy (SDS) with a view to its adoption by the European Council at its meeting on 15-16 June 2006.

The document sets out a single strategy on how the EU will more effectively live up to its longstanding commitment in meeting the challenges of sustainable development. It reaffirms the need for global solidarity and recognises the importance of strengthening work with partners outside the EU.

The overall aim of the renewed EU SDS is to identify and develop actions to enable the EU to achieve continuous improvement of the quality of life for current and for future generations, through the creation of sustainable communities able to manage and use resources efficiently and to tap the ecological and social innovation potential of the economy, ensuring prosperity, environmental protection and social cohesion.

The strategy focuses on seven priority areas for action: climate change and clean energy; sustainable transport; sustainable consumption and production; conservation and management of natural resources; public health; social inclusion, demography and migration; and global poverty and sustainable development challenges.

European strategy for sustainable, competitive and secure energy. Green Paper

2006/2113(INI) - 08/03/2006 - Non-legislative basic document

PURPOSE: the presentation of a European Strategy for Sustainable, Competitive and Secure Energy.

CONTENT: the numerous and diverse energy challenges facing the European Union are the driving force behind the Commission's preparation of this Green Paper entitled "A European Strategy for Sustainable, Competitive and Secure Energy". In essence the Green Paper challenges the Member States, industry and interested parties to consider whether the EU is ready to develop a common European Energy Policy based on a common approach and articulated with a common voice. The proposed European energy policy would be based on three core objectives:

1) **sustainability:** including developing competitive renewable sources of energy, seeking alternative transport fuels, curbing energy demand in Europe and heading global efforts to halt climate change.

2) **competitiveness:** opening up the energy markets, stimulating investment in clean energy production and energy efficiency, mitigating the impact of higher international energy prices in the EU economy and securing Europe's position as a cutting edge leader in the development of energy technologies.

3) **security of supply:** tackling the EU's rising dependence on imported energy through an integrated approach and to diversify sources of supply of imported energy.

To realise these three objectives, six priority areas have been identified backed up by some twenty concrete suggestions for possible new action. In summary the six priority actions and measures are:

i) Completing the internal European electricity and gas markets. The Green Paper emphasises the importance of opening up the energy markets, the lack of which weakens the European energy market thereby feeding higher consumer prices. A truly competitive single European electricity and gas market, argues the paper, will bring down prices, improve security of supply and boost competitiveness. Market opening helps the environment as companies react to competition by closing energy inefficient plants. Much work has been done to open up Europe's energy markets but, suggests the Green Paper, more can be done. Concretely speaking future actions should include the establishment of a European grid, strengthening interconnection between the Member States, boosting investment in the EU's ageing generation capacity, offering a level-playing field for unbundling and giving impetus to the competitiveness of the EU's energy industry.

ii) An internal energy market that guarantees security of supply through Member State solidarity. The physical security of Europe's energy infrastructure, against risks from natural catastrophe and terrorist threat, as well as security against political risks, is critical. It requires the development of smart electricity networks, demand management and distributed energy generation, all of which could help at times of sudden shortage. Future action in this field should concentrate on the establishment of a "European Energy Supply Observatory"; a "European Centre for Energy Network" and the development of mechanisms to prepare for and ensure rapid solidarity and possible assistance to a country facing difficulties. This priority heading also requires a radical rethinking of the EU's approach to emergency oil and gas stocks and ways in which to prevent their disruptions. Possible proposals under this heading include a new legislative proposal concerning gas stocks designed to ensure that the EU can react to short term emergency gas supply disruptions.

iii) Towards a more sustainable, efficient and diverse energy mix. Key to this heading is the proposed "Strategic EU Energy Review". Its development would offer the EU a clear framework for national decisions on their "energy mix". The review would analyse and sum up both the advantages and disadvantages of various energy sources – from indigenous renewable energy sources such as wind, biomass and biofuels, small hydro energy efficiencies through to coal and nuclear power. Taken as a whole the Review would consider what knock-on effects the energy mix has on the EU as a whole. The Green Paper also suggests that agreement may need to be found on an overall energy objective, which balances the goals of sustainable energy use, competitiveness and security of supply. One objective, for example, might be to aim for a minimum level of overall EU energy mix originating from secure and low-carbon energy sources.

iv) An integrated approach to tackling climate change. Effective action to address climate change is urgent. The EU is already at the forefront of approaches to decouple economic growth from increasing energy consumption. An effective energy efficiency policy does not mean sacrificing comfort or convenience. To date the EU has been effective in encouraging greater energy efficiency. It proposes continuing to do so with the presentation, in the course of 2006, of an "Action Plan on Energy Efficiency". In other areas, this priority heading seeks to increase the use of renewable energy sources and continue investing in carbon capture and geological storage all of which help tackle climate change.

v) Encouraging innovation through a strategic European energy technology plan.

The EU needs an appropriately resourced strategic energy technology plan. As such the EU needs to consider ways to finance a more strategic approach to energy research and to take further steps towards integrating and co-ordinating Community and national research programmes.

vi) Towards a coherent external energy policy. According to the Green Paper, the energy challenges facing Europe need a coherent external policy to allow Europe to play a more effective international role in tackling common problems. A coherent external policy is essential if the EU is to deliver a sustainable, competitive and secure energy policy. As a first step, the Commission proposes, the establishment of an EU "External Energy Policy" defined through the aforementioned Strategic EU Energy Review. The External Energy Policy would offer a single reference point allowing the EU "to speak with one voice". The policy goals envisioned refer to: a clear policy on securing and diversifying energy supplies; entering into energy partnerships with producers, transit countries and other international actors; entering into dialogue with major energy producers and suppliers (such as Russia); developing a pan-European Energy Community with the EU's neighbouring countries (such as Turkey and the Ukraine); reacting effectively to external crises and raising the profile of energy in the EU's development strategy.

To conclude, the Green Paper points out that each Member State must make its own energy choices based on national preferences. However, in a world of global interdependence, energy policy, unavoidably, has a European dimension. The Green Paper has identified six key areas where action is necessary. The most fundamental question is whether there is agreement on the need to develop a new, common European strategy for energy and whether sustainability, competitiveness and security should be the core principles to underpin this strategy.

To help address these questions the Green Paper poses, in summary, the following questions:

- in terms of *competitiveness* - is there agreement on the need for a genuine single market to support a common European strategy for energy?
- in terms of *diversifying the EU's energy mix* - what should the EU do to ensure that Europe promotes climate friendly energy supplies?
- in terms of *solidarity* – what measures are needed at a Community level to prevent energy supply crises from developing?
- in terms of *sustainable development* – how can a common European energy strategy best address climate change with security of supply?
- in terns of *innovation and technology* – what action should be taken to ensure that Europe retains in global position in energy technologies?
- in terms of *external policy* – should there be a "common external policy on energy".

Based on the replies received, as well as the conclusions of the European Council and Parliament, the Commission will prepare proposals for more concrete measures.