



European Economic and Social Committee



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Joint responses to energy challenges through a European Energy Community

Joint Declaration

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Introduction

Despite significant developments and a substantial increase in regulatory activities in recent years, EU energy policy is still unable successfully and simultaneously to achieve its major objectives, which are: ensuring access to energy at reasonable and stable prices, maintaining the EU's industrial competitiveness, ensuring security of energy supply for all Europeans wherever they live and promoting the sustainable production, transmission, distribution, storage and consumption of energy, thus moving decisively towards a low-carbon society.

Energy policy is too often viewed as a highly sensitive issue of purely national interest and national independence. However, the interdependence between Member States in the field of energy has never been so strong in political, economic and technical terms. A standstill or any move backwards could have far-reaching detrimental consequences. Unilateral national decisions increase the risk of divergence and can cause price hikes or swings in regional energy production and consumption, to name but two issues. As we have seen recently, European countries can make sovereign choices regarding energy supply, but this comes at a price. Conflict between national attitudes must therefore be eradicated. Today, no single European country can, on its own, reliably provide its citizens with affordable energy.

A new approach is required, aimed at ensuring deeper European integration and solidarity in the field of energy. The EU's European Economic and Social Committee (EESC) and Notre Europe have consequently joined forces to further develop the policy proposal for a fully-fledged European Energy Community, based on an initiative from Notre Europe. The EESC and Notre Europe have identified the following key objectives and policy proposals to be developed in the EU without delay.

Completing an integrated European internal energy market

1. **Harmonisation of market conditions.** The potential of the internal market has not been fully harnessed in order to improve energy security and provide the citizens with added value. There is still considerable room for improvement in the EU internal market for energy, by harmonising rules on renewables, transmission capacity allocation, electricity trading, etc. Operators must be able to conduct their activities on a level playing-field across the EU. Transparent and consistent rules are essential to create an investment-friendly climate.
2. **Integration of markets through better interconnection.** It must be made possible for electricity to be delivered efficiently throughout the EU and to be continuously available wherever it is needed. The interconnection of networks must therefore be completed to integrate the EU's energy markets and to optimise security of energy supply across the EU.
3. **Joint overall planning of networks.** Especially at a time of budgetary austerity, it is essential to choose the most rational and coherent solutions for infrastructure at the national and European levels. The interconnection of networks based on joint planning would allow a shift from national markets towards a single European market. The joint planning of networks must apply to all infrastructure, and not just to cross-border infrastructure.
4. **Towards a progressive "Europeanisation" of the energy mix based on the regional integration of energy markets.** Groups of Member States in a given region could gradually integrate their energy mix and infrastructure in order to share the benefits of the different energy sources available to them. When interconnected and harmonised, their networks and markets would be better equipped to deal with swings in production and consumption and better placed collectively to help secure EU energy provision.

Towards a
European
energy
community



5. **Gearing EU policy to the needs of energy end-users.** It is critical to the EU's legitimacy that its initiatives, in coordination with the Member States, translate into tangible benefits for consumers. Creating a single European market in energy should enable end-users to enjoy a wider choice and more stable and more attractive terms and prices for their energy supply. Consumers should be free to choose their energy provider across national borders, and there should not be excessive variation in energy prices or other market conditions between Member States.
6. **Applying and supporting consumer rights.** Consumers must be better informed about their rights so that they can take full advantage of the single market in energy. Such information should be communicated to them systematically and directly, e.g. with their energy bill. Combating energy poverty is essential for a fully functioning society and should be a priority.

Ensuring security of supply and strengthening the EU's position in relation to its external partners

7. **Better enforcement of EU legislation in external energy agreements that have an impact on the EU internal market.** Where supply or infrastructure agreements with third countries have implications for energy supply across the EU and impact the EU energy internal market, the European Commission should ensure that EU internal rules apply to these external agreements.
8. **Towards a European energy supply system.** The EU has a direct interest in strengthening its negotiating position with international energy suppliers. When joint action is the most efficient approach, the Council should give the European Commission a mandate to negotiate with external suppliers and transit countries on behalf of the EU, and should explore the potential of setting up EU-level fossil fuels purchasing groups. The negotiating capacity of the EU would be considerably stronger than that of the Member States individually. This would significantly improve energy supply to the Member States, thus safeguarding solidarity and optimising the use of resources.
9. **Interconnecting networks and harmonising markets with the EU's neighbours.** The EU should promote the co-development of energy policies in neighbouring countries to the east and to the south of Europe for the transmission and transit of energy. This implies developing the necessary interconnecting networks and harmonising markets.

Such elements of common energy policies must be consistent with the EU's principles (in terms of reliability of supply, market conditions, transparency, reciprocity, sustainable development, energy efficiency, etc.) and with socio-economic needs in the relevant regions.

10. **Harnessing the potential of the Union for the Mediterranean and the Eastern Partnership on energy cooperation.** The EU should seek to cooperate actively within the Union for the Mediterranean and the Eastern Partnership in order to help its neighbouring partner countries to produce, use and export energy from sustainable sources and to develop the appropriate regulatory framework. The objective of securing Europe's energy supply should help these countries to meet their own energy needs and fund their own investments.
11. **Support for developing countries.** The EU must help developing countries to invest in their own energy infrastructure, especially for renewable energies, so as to facilitate sustainable economic growth. It is also essential to establish market conditions that encourage inward investment and trade, while guaranteeing access to energy for the poorest sections of the population.

Achieving the transition to low-carbon energy systems by 2050

12. **The need for a consistent and comprehensive strategy on Europe's energy transition.** Climate change and the depletion of fossil fuels demand radical changes in the way that energy is produced and consumed. The development of alternative sustainable energy sources and new low-emission technologies is key to the transition to a sustainable energy model. The transition to low-carbon energy production must form part of a European framework to promote different sustainable energy sources where the cost-benefit ratio is favourable. The available financial resources should be pooled so as to move away from purely national support mechanisms, which are inefficient. Pooling financial means in these domains is particularly relevant in the current economic climate.

**Towards a
European
energy
community**



13. Promoting employment. The transition to a low-carbon economy will trigger major changes that could have both positive and negative impacts on the labour market. The right market conditions must be developed, allowing jobs to be created as part of the process of restructuring the energy industry.

14. Making the European energy industry more competitive. The transition should be used as an opportunity to stimulate activity and to conduct a detailed review of energy production and consumption. Europe's competitiveness will also depend on affordable energy costs and on its ability to innovate and export its energy technologies. The EU and its Member States should establish a favourable climate for major industrial projects between European operators. They should further cooperate on their energy mix through large-scale projects for renewable energy production (wind, solar, etc.) and transmission (super and smart grid). The progressive integration of their energy mix could first proceed at regional level.

Involving civil society in decision-making

15. Gearing EU energy policy to its citizens. An issue as topical and as relevant to all of society as energy warrants the full involvement of the public. The development of a European Energy Community has the potential to mobilise the people of Europe around a project which offers them clear added-value. Involving the public and engaging with civil society are crucial, as legitimacy in the eyes of the citizens is essential to the credibility of policy decisions and to public acceptance of the far-reaching changes that lie ahead.

16. Setting up a European civil society forum to monitor energy issues. The absence of a structured dialogue on energy issues between policy-makers, decision-makers and European civil society is a source of deep concern. Civil society should be systematically involved in the debate on energy-related issues at the regional, national and European levels. The EESC and Notre Europe are ready to support this debate at the EU level, through a European civil society forum bringing together representatives of consumer associations, environmental NGOs, industry, trade unions, etc.

Granting the European Union the appropriate powers

17. A European energy solidarity pact. The Lisbon Treaty explicitly provides for solidarity between Member States, and yet has remained a dead letter in the current institutional framework. Meanwhile, the energy field has become increasingly political, and the European Union has had no say in this area. Solidarity should be given tangible form and become the driving force for developing a European energy policy, thus eradicating conflicts over national sovereignty.

18. Increasing the EU's financial resources for energy. The EU has no means either to finance wide-ranging actions or to steer choices regarding energy sources. The annual EU budget for energy is paltry compared to the amount spent by Member States in this area. The EU budget must be boosted through independent and autonomous resources, including fiscal tools and an energy fund for financing energy infrastructure projects of European interest, such as electricity and gas interconnections and stimulating diversification towards sustainable energy sources and technologies through joint research into low-carbon energy.

19. Strengthening the position of the European Commission. As the body that proposes and coordinates policy and as the guardian of the Community's interests, the Commission must be the key institution in EU energy policy and play a greater role in shaping a coherent, credible and effective energy policy, laying the foundations for a European Energy Community.

20. Evaluating the need to revise the institutional framework. By 2014, an assessment should be made as to whether the current institutional framework is adequate for achieving the ambitious objectives of a common European energy policy. If it is found lacking, the decision should be taken to give serious consideration to our proposal for a European Energy Community.

Towards a
European
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Conclusion

In the field of energy, EU leaders have a particular responsibility vis-à-vis future generations. Europe cannot afford to wait any longer, as major decisions on energy taken today will require decades of commitment. In order to prepare the transition towards 2050 successfully, the appropriate decisions to commit the EU to the path of sustainable development and jointly to draw up a new energy agreement must be taken now. The EU has taken a meaningful step with the adoption of the energy-climate package, which has paved the way for this shared vision. Much more remains to be done, however, to make this vision a reality.

Political will – with the support of civil society – is essential and must contribute to creating a coherent European bloc, capable of confronting the multifaceted energy challenges together. We believe that the most promising, and also the most ambitious, option is to establish a fully-fledged European Energy Community, encompassing all relevant economic, social, political and strategic aspects. This would entail the integration of energy markets, the coordination of research policies, decisions on investment, solidarity mechanisms and the need to speak with one voice on the world stage. All of this requires a forceful supranational approach. This shared project would allow the Member States and the European institutions to draw up a European energy policy as effectively and democratically as possible.

Above all, the European Energy Community would respond to the concerns of the EU's citizens, who overwhelmingly support the idea, as demonstrated by recent opinion polls. Purely national action on energy issues has become irrelevant, and a sustainable, resilient and forward-looking energy system can be best achieved at the European level.

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The European Economic and Social Committee (EESC) is a consultative body set up by the Rome Treaties in 1957 and represents the various economic and social components of organised civil society at European level. It is made up of 344 members from the 27 Member States, divided into three groups: the Employers group, the Workers group and the Various Interests group. Through its opinions and other activities, the EESC (i) helps to ensure that European policies and legislation more closely reflect economic, social and civic circumstances on the ground by assisting the European Parliament, the Council and the European Commission; and (ii) promotes the development of a more participatory European Union which is more in touch with popular opinion, by acting as an institutional forum representing, informing, expressing the views of and securing dialogue with organised civil society.



Notre Europe – Jacques Delors Institute

Notre Europe – Jacques Delors Institute is the European research institute established by Jacques Delors in 1996, at the close of his term as president of the European Commission. Notre Europe – Jacques Delors Institute's objective is to produce analyses and proposals for European decision-makers and a broader public, as well as to contribute to the main debates on the European Union. Notre Europe – Jacques Delors Institute produces various publications (studies, reports, policy papers and policy briefs), organises and takes part in seminars and conferences throughout Europe and regularly features in the European media via its presidents, its director and the team. Notre Europe – Jacques Delors Institute's work is inspired by the actions and guidance of Jacques Delors and puts into effect the main principles set out in the Notre Europe Charter. Notre Europe – Jacques Delors Institute is currently chaired by Antonio Vitorino, former European commissioner and Portuguese minister, who follows on from Tommaso Padoa-Schioppa (2005-2010), Pascal Lamy (2004-2005) and Jacques Delors (1996-2004). Its director, Yves Bertoncini, coordinates a multicultural team of around fifteen people.