

External Dimension of the EU Energy Policy II (ED EEP)

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Conceptualizing the policy field

- 1) External dimension of the EU internal energy market
- 2) Energy security or foreign energy policy
- 3) Intersection between energy policy and other foreign-policy aims

What kind of international actor was EU emerging as?

EU as a market power?

EU as a traditional power?

EU as a normative power?

Energy security or foreign energy policy

- EU as a traditional power?
- Aim: Speaking with one voice
- The main idea: Rather than relying mainly on markets for security of supply, energy security (or foreign energy policy) connote a higher degree of political intervention
- Examples: Energy Diplomacy, Information exchange mechanism

Is there an emerging EU energy diplomacy?

	Energy Diplomacy – Definition
Problem definition	Energy security as a (geo)political problem Over-reliance on markets; lack of strategic vision
Policy goals	Promote national interest; defend political sovereignty (unity/solidarity, in international institutions or alliances) Ensure energy supplies through strategic diversification and maintaining political trust with foreign suppliers
Policy instruments	Bilateral intergovernmental agreements (IGAs) in energy based on particular terms Political, legal, and economic tools to back strategic energy infrastructure projects or commercial agreements
Policy competences	Public authorities (including high-level political representatives and foreign affairs officials); energy companies (often state owned)

Source: Herranz-Surrallés 2015

Information exchange mechanism on Intergovernmental Agreements (IGA)

- 2011- the EC issued a proposal asking for an information exchange mechanism in the field of energy
- **2012 - an information exchange mechanism was established (decision No. 994/2012/EU)**
 - did not grant powers to the Commission to vet the IGAs!
 - focus on the ex-post observation
 - South Stream case
- **2016 – EC proposal for revised information exchange mechanism on IGAs (2016/0031(COD))**
 - ex-ante compability assesment IGAs (veto!) + non-binding instruments (NBIs) - Adopted March 2017

EU – Russia Energy Relations

Legal basis for EU – Russia energy cooperation

- Partnership and Cooperation Agreement (PCA)
- Energy Charter Treaty (ECT)
- Partnership for Modernisation
- EU-Russia Energy Dialogue
- EU acquis communautaire

„If not energy, then
where?“

Results

- Early Warning Mechanismus (EWM)
- Gas Advisory Council (GAC)

EU–Russia Energy Dialogue

- Dialogue was launched in Paris at the EU–Russia Summit on 30 October 2000 as a part of the PCA Framework
- EU ambition: to have a legally binding agreement with the main aim to create new European Coal and Steel Community (ECSC) with Russia.
- 4 thematic groups:
 - **Energy strategies, forecasts, and scenarios group**
 - **Market developments group**
 - **Energy efficiency group**
 - **Gas Advisory Council**
- Minimal progress mostly due to the external factors:
 - EU enlargement
 - Putin's power vertical in Russia
 - Ukrainian crisis 2006/2009...
- 2014 - EU suspended the Energy Dialogue due to Russia's annexation of the Ukrainian peninsula of Crimea

Intersection between energy policy and other foreign-policy aims

- EU as a normative power?
- Aim: to reconcile or achieve synergies between energy and broader foreign-policy aims, such as fighting climate change, promoting democracy and development.
- Main idea: energy dependency is impairing the EU's autonomy as a foreign-policy actor and, in particular, its ability to uphold its 'normative' objectives
- Examples: energy–environment nexus, energy–development nexus, energy–good governance nexus

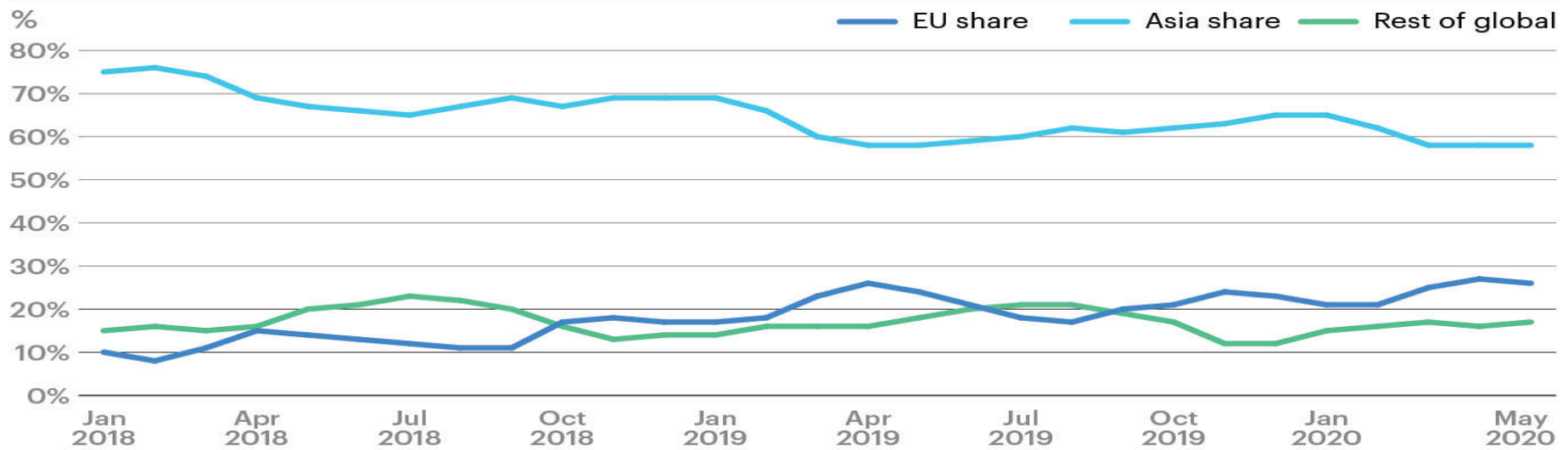
Powers and tools of the EC

1) Management of external relations and dependency

- Support of diversification.
 - Diversification of fuels.
 - Diversification of suppliers.
 - Diversification of transit routes.
- Strategic reserves of oil and gas.
- Export of energy acquis communautaire via network of bilateral, multilateral and global treaties covering (to some extent) energy issues.

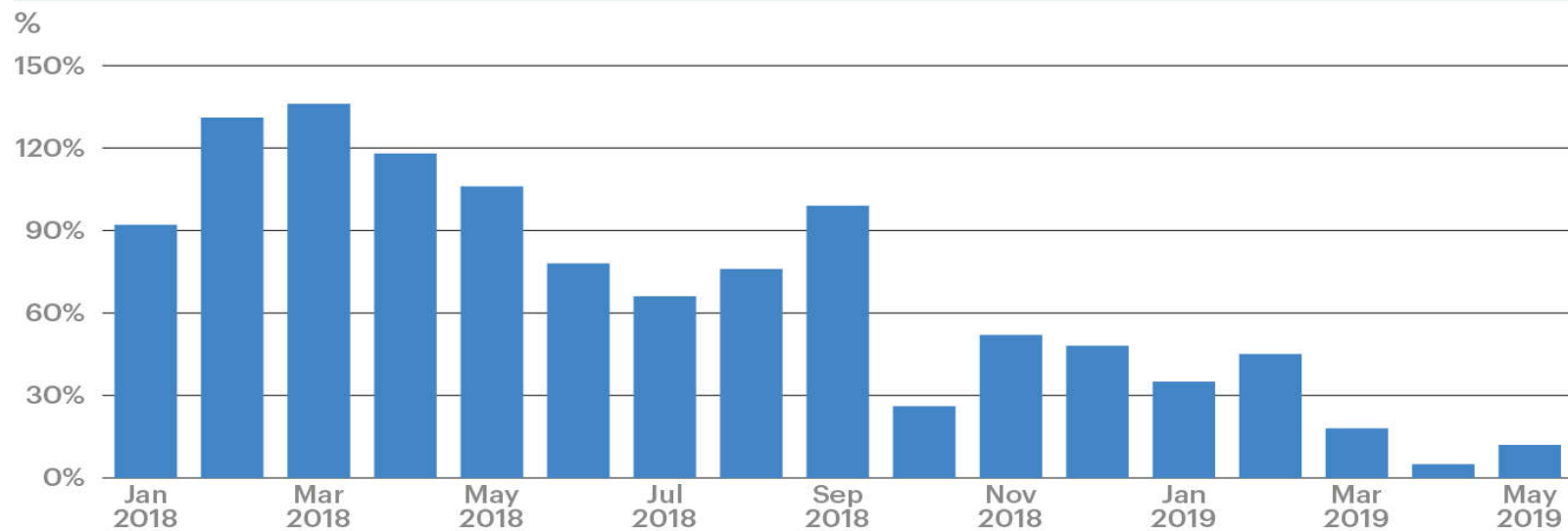
2) Improvement of the EU's internal resilience using Internal energy market mechanisms.

Europe's Import Share of Global Lng is Growing



Source: ICIS, LNG Edge

European LNG Growth Year on Year in Terms of Volumes Imported Has Been Slowing



Source: LNG Edge

Nabucco pipeline

Preparation started in 2002.

- In 2003 EU provided support in the amount of 50% of estimated costs of the feasibility study.
- 2005 joint venture agreement.
- Preparation work collapsed in 2013, after the announcement of Azerbaijan to supply TAP instead.



Strategic reserves of oil and gas

- **Strategic reserves of crude oil and petroleum products – Directive 2009/119/EC**

- MS are obliged to ensure a total level of oil stocks corresponding to the
- 90 days of average daily net imports or
- to the 61 days of average daily inland consumption, whichever of the two quantities is bigger.

- **Regulation No 2017/1938 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010**

- **No 994/2010:** Resolves the situation in case when the single largest gas infrastructure of country fails, which is the so called N-1 scenario. In such case, the regulation obliges the MS to ensure the supply for protected customers (mostly households + hospitals...).
- **No 2017/1938:** includes a new `solidarity principle` according to which countries will need to help neighbouring countries, to which they are directly connected, to provide gas to vulnerable customers in case of an extreme supply shortage.

EC vs. Gazprom

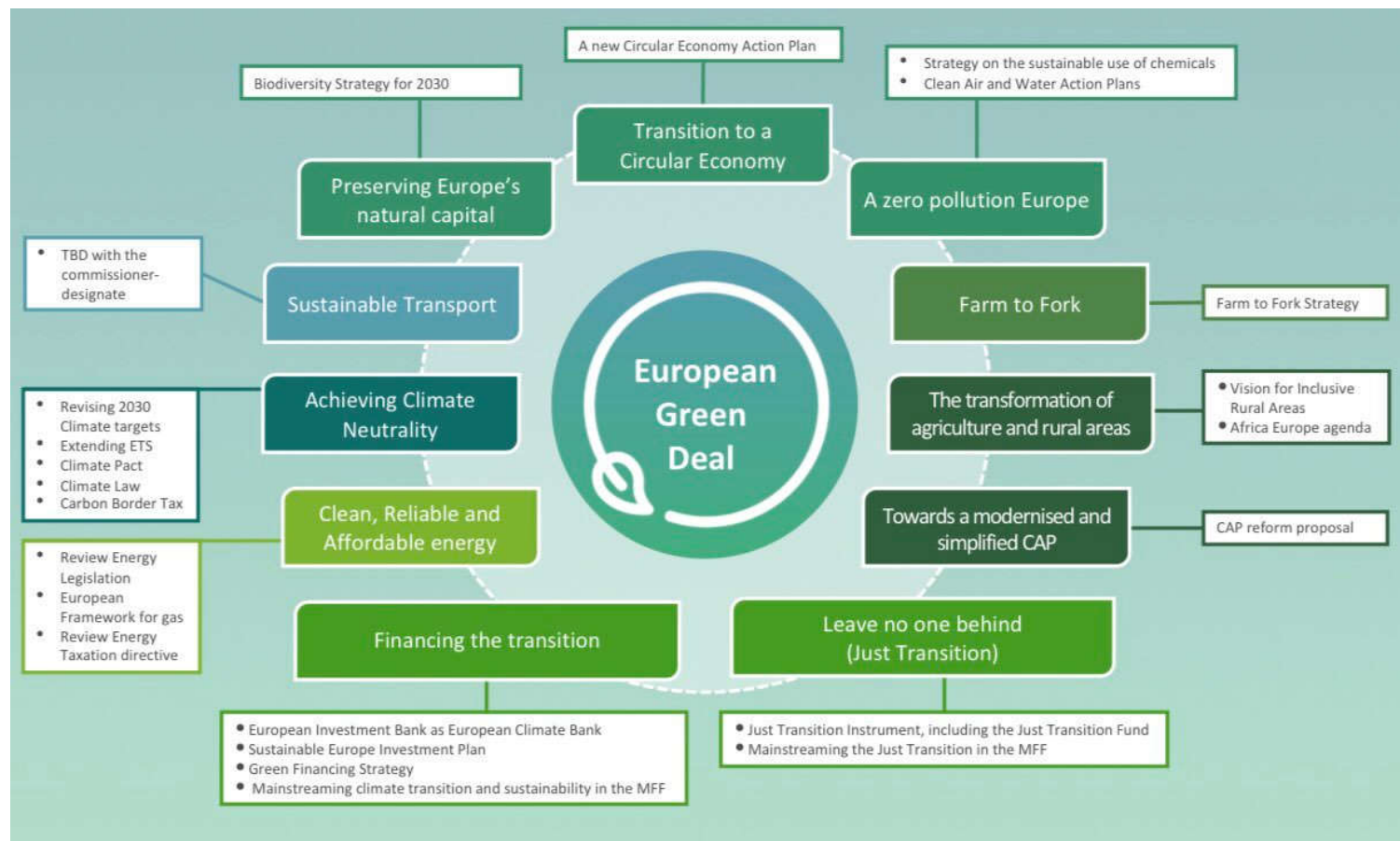
- The antitrust dispute between the European Commission and Gazprom:
 - (April 2015): the Commission pressed charges against Gazprom over the company's alleged abuse of its market dominance.
 - Commission preliminary view: Gazprom is breaking EU antitrust rules by pursuing an overall strategy to partition Central and Eastern European gas markets, for example by reducing its customers' ability to resell the gas cross-border.
 - Result (May 2018): Gazprom had accepted a series of concessions, but unlike with competition inquiries into other companies like Google and Intel, it declined to issue any financial penalties.

From Energy Union to European Green Deal

- **What is the European Green Deal?**
 - the new growth strategy for Europe and a dedicated roadmap for making the EU's economy sustainable
 - *“This is Europe’s man on the moon moment. Our goal is to reconcile the economy – the way we produce, the way we consume – with our planet and to make it work for our people“* (von der Leyen 2019)
- **How does the European Green Deal link to previous steps in the EU energy and climate policy?**
 - What is the Energy Union?

From Energy Union to European Green Deal

- **Which policy areas are impacted by the European Green Deal?**



From Energy Union to European Green Deal

- **What is the European Climate Law?**

- ECL aims to complement the existing policy framework by setting the long-term direction of travel and making net zero greenhouse gas emissions by 2050 a legally binding target.
- ECL includes measures to monitor progress and adjust actions in case of insufficient progress or inconsistencies with the 2050 climate-neutrality objective (via existing systems, including the governance process for Member States' National Energy and Climate Plans -NECPs).

From Energy Union to European Green Deal

- **What is the Just Transition Mechanism?**

- JTM will provide targeted support to regions and sectors for which the transition towards the green economy is the most difficult. Support will be available to all Member States with a focus on the most carbon-intensive regions and regions with a significant number of people employed in the fossil fuels industry.
- The mechanism aims at mobilising 100 billion euros and it is built on three pillars, namely a new **Just Transition Fund**, an **InvestEU Just Transition** scheme and a **new public sector loan facility with the European Investment Bank backed by the EU budget**.

From Energy Union to European Green Deal

- Challenges:
 - Co-existence with other instruments (Energy Charter Treaty)
 - COVID- crisis
 - Strong political commitment ?
 - Whole of society approach ?
 - Monitoring plan

Thank you for your attention!

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