

# Historical development of the EEP

Filip Černoch

[cernoch@mail.muni.cz](mailto:cernoch@mail.muni.cz)

# (European) energy (and climate) policy

= manner in which given authority (EC + govts) address energy related issues: production, distribution, consumption of energy. Includes legislation, incentives to investments, guidelines for energy conservation, taxation, other public policy techniques, international treaties... .

# Periods of development

- 1) 1950s - 1970s: Era of the first EC/EU institutions.
- 2) 1970s – first half of 1980s: External difficulties.
- 3) 86 – 2000: Three aims of EU energy policy defined.
- 4) The last two decades - increasing dominance of the climate policy.

# Post-war period - ECSC

- Established in 1952. Robert Schuman, Jean Monnet.
- Idea of supranational organization with independent management (High Authority).
- De jure common market with coal and steel.
- Independence questioned by introducing Special Council (Council of Ministers), governments interferred frequently.

<b>OECD – Europe: The overall energy consumption, in %</b>					
	1950	1955	1960	1965	1973
<b>Solid fuels</b>	83	75	61	45	23
<b>Liquid fuel</b>	14	21	30	59	55
<b>Natural gas</b>	Less than 1	Less than 1	2	3	10
<b>Hydro electricity</b>	2	3	3	3	6
<b>Nuclear</b>	0	0	Less than 1	Less than 1	1

## Post-war period - EURATOM

*„Our children will enjoy in their homes electrical energy too cheap to meter... It is not too much to expect that our children will know of great periodic regional famines in the world only as matters of history, will travel effortlessly over the seas and under them and through the air with a minimum of danger and at great speeds, and will experience a lifespan far longer than ours, as disease yields and man comes to understand what causes him to age“.*

LL. Strauss - Chairman of the US Atomic Energy Commission.

# Post-war period - EURATOM

- 27. 10. 1957.
  - To promote research and disseminate the know-how.
  - To establish uniform safety standards to protect the workers and public.
  - To facilitate investments developing the nuclear energy in the EU.
  - To ensure that all users in the EU receive a regular and equitable supply of ores and nuclear fuels – common supply policy.
- Weakened by the disputes between France on one side and Germany and Italy on the other.
- Now role of the Euratom is limited mainly to the inspection and preparation of safety regulations.

# European Economic Community

- Articles 30 – 37: removing of quantitative restrictions on import and export, regulation of state monopolies.
- Articles 85 – 94: regulates the relations between companies, state aid to business, limitation of monopoly behavior.

- ECSC and Euratom hadn't resulted in the common energy policy. The former – social instrument to assist to the run-down of coal mining. The later – limited contribution to developing nuclear power in Europe.
- Their successes never spilled-over to other areas.

= The development facilitated and controlled by the governments, limited powers and autonomy of supranational bodies. No general energy policy, just in strictly defined areas.



## 70s and 80s – Supply (in)security

- Since 1950s rapidly increasing West dependence on imported oil.
- M. Gaddafi – initiated and led the resistance against the power of MNOCs (expropriation).
- Impact of OPEC – rising the prices, co-ordination of producers.

Nationalization in period of 1970 - 1974	
Saudi Arabia	0 % - 58,5 %
Kuwait	1,2 % - 55,1 %
Algeria	14,6 % - 76,9 %
Qatar	0 % - 60 %
UAE	0 % - 49,5 %

# The First Oil Crisis

- 16.10. the Arab producers in the region raised the price of oil for 70%, then limited the export.
- Following Nixon's decision to support Israel, Libya and Saudi Arabia introduced a total embargo on export.
- 23.12.1973 the price rose again for 128%.
- The promise of a negotiated settlement between Israel and Syria was sufficient to convince oil producers to cancel the embargo in March 1974.

# 70s and 80s - First oil crisis

- Results
  - Stagflation and damaged economies.
  - Serious impact on the developing countries.
  - Physical shortage of fuels.
  - EC failed to address this crisis.

## EU's role in the Oil Crisis

- 1968 'Community Energy Policy' - call for '*common energy policy which fully integrates the energy ... to counterbalance risks of dependence on imports*'. – opposition from the Netherlands – Shell and (after 73) from the UK.
- 72/425 directive imposing an obligation on MS to maintain minimum stocks of crude oil and/or petroleum products.
- 1973 – Discussion about common response to the rising price of oil – failed. No common reaction during crisis. MS prefer to deal with producers separately. Only resolution asking Israel for restraint in the war was issued.
- MS blame the US and its foreign policy, the US wants market forces to solve the problem, not willing to come under any pressure from Arab states.

## EC's role in the oil crisis

- 1975 attempt to restrict oil and gas use in power generation.
  - 1977 – proposal to introduce crisis management measures – refused by the UK.
  - 1981 development of an Energy strategy for Europe – EC accepted its limited role in this sector.
  - 1986 to promote energy conservation and indigenous coal, limit combusting the imported fuels to produce electricity.
  - 1987 – proposal for shared financing of common research on possible development of oil fields in EC – refused by UK.
- = no legally binding tools, no discernible effect on decision making. EC recommendations frequently ignored.

= EC's effort thwarted by MS. Bilateral policy at the expense of common position.

## Period between 1985 - 2000

- New incentives for the EU energy policy on the EC level.
  - Weak competitiveness of European industry resulting from fragmented market(s).
  - Climate concerns.
  - Disintegration of Soviet block – proposals to manage relations between producers and consumers (EU MS) of energy.

## Period between 1985-2000

- Energy policy grew gradually.
- EEC
  - Articles 30 – 37 – removing of kvantitative restrictions on import and export, regulation of state monopolies.
  - Articles 85-94 – regulates the relations between companies, state aid to business, limitation of monopoly behavior.
- Maastricht Treaty
  - EU given competences on the environment.
  - Cross-border energy infrastructure (T-E networks).
- Amsterdam Treaty
  - No significant changes.



= Authority of EC/EU institutions strengthened. Legal foundations of EEP established.

# EU energy policy getting institutionalized

- 1995: White Paper: An Energy Policy for the European Union
- 2000: Green Paper - Towards a European strategy for the Security of Energy Supply: „...*the Union suffers from having no competence and no community cohesion in energy matters*“
- 2006: Green Paper – A European Strategy for Sustainable, Competitive and Secure Energy.
  - An internal energy market that guarantees security of supply through solidarity between MS
  - Raising security and competitiveness of energy supply through more sustainable, efficient and diverse energy mix
  - An integrated approach to tackling climate change
  - Encouraging innovation
  - An external energy policy

# Last two decades

- Energy and climate package - 2020 (2009)
  - A 20% reduction in EU greenhouse gas emissions from 1990 levels.
  - Raising the share of EU energy consumption produced from renewable resources to 20%.
  - A 20% improvement in the EU's energy efficiency
  - + EU ETS (2009/29/ES) + CCS (2009/31/ES).
- Third liberalization package (2009)
  - Unbundling
  - Promotion of an internal energy market and the removal of restrictions to trade between MS.
  - Agency for Cooperation of Energy Regulators (ACER) + European Networks for Transmission System Operators.
  - The protection of the consumers to be strengthened.

# Treaty of Lisbon (2007)

- Head XXI: Energy (Art. 4 of Part I of the TFEU):
    - (a) ensure the functioning of the energy market;
    - (b) ensure security of energy supply in the Union; and
    - (c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and
    - (d) promote the interconnection of energy networks.
- = energy policy to be formulated in a spirit of solidarity between member states.
- = ordinary legislative procedure (co-decision) – shared competences.
- = MS retain exclusive powers in energy taxation and determining the energy mix.

# Legal foundation of the policy

- Apart from the explicit energy competences, Union actions in this area are guided by:
  - Art 24 and 114 TFEU – internal market
  - Art 191-193 TFEU – environmental protection
  - Art 113 TFEU – taxation
  - Art 107-108 TFEU – state aid
  - Art 206 TFEU – EU trade policy
  - Art 170 – 172 TFEU – TEN-E
  - And many more.

# Energy as a climate issue

- 2015 Energy Union
- 2019 Clean Energy Package (2030 targets)
- 2019 - European Green Deal (set of policies to make EU climate neutral by 2050)
- 2021 European Climate Law (legally binding target of net zero greenhouse gas emissions by 2050; 55 % by 2030)

- = continuous process of adjusting and revising of common energy policy. Climate issues dominating the policy.
- = domination of supranational principle in the area of internal market and climate dimension of energy.
- = intergovernmental approach preserved in the external dimension.

# Clean Energy Package 2030

- Clean Energy for All Europeans (2018-2019)
  - A 40% (now 55%) reduction in EU greenhouse gas emissions from 1990 levels.
  - Raising the share of EU energy consumption produced from renewable resources to 32%.
  - A 32% improvement in the EU's energy efficiency
  - And more...