

# 01 A brief history of EEP

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# What is energy policy?

A manner in which given authority addresses energy related issues: production, distribution, and consumption of energy.

It uses tools such as legislation, taxation, incentives to investments, guidelines for energy conservation, public policy techniques, international treaties, and more.

# Periods of development

- 1) First common institutions (1950s and 1960s).
- 2) Oil shocks and energy security concerns (1970s).
- 3) Stabilization and formalization of EEP (1980s – 2000s).
- 4) Dominance of climate change issues (2010s to present).
- 5) Russian war in Ukraine (2022 - )

# European Coal and Steel Community (ECSC)

- Established in 1951/1952.
- Bel, Netherlands, Lux, Fra, It, West Germany.
- Idea of supranational organization with independent management (High Authority).
- 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

# Euratom

- Established 1957/1958
  - 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.
- The current role is limited to safeguarding of nuclear materials, radiation protection, safety standards and practices of NPPs, building of ITER.

# European Economic Community

- Established 1957/1958.
- To bring about economic integration, common market and custom union.
- 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.

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# Oil shock and supply insecurity

- Increasing dependence of the West on (imported) oil.
- Decreasing power of MNOCs.
- Weakened position of the US.
- OPEC.

Nationalization in the 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 (Oct 1973 – March 1974)

- Price of oil quadrupled, physical shortage of oil.
- Stagflation.
- Developing countries impacted even more.
- European Communities failed to address the crisis.

# EC's role in the crisis

- 1968 'Community Energy Policy' - call for '*common energy policy ... 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 oil and oil products.
- 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.

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# Revival of common energy policy

- In 1980s new problems emerged calling for a co-ordinated response.
  - Weak competitiveness of European industry due to an incomplete common market.
  - Climate change issue.
  - The collapse of the Soviet block.

# 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.

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# Climate and liberalization packages

- 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.
  - ACER + ENTSO+E/ENTSO+G.
  - The protection of the consumers to be strengthened.

# Energy as a climate issue

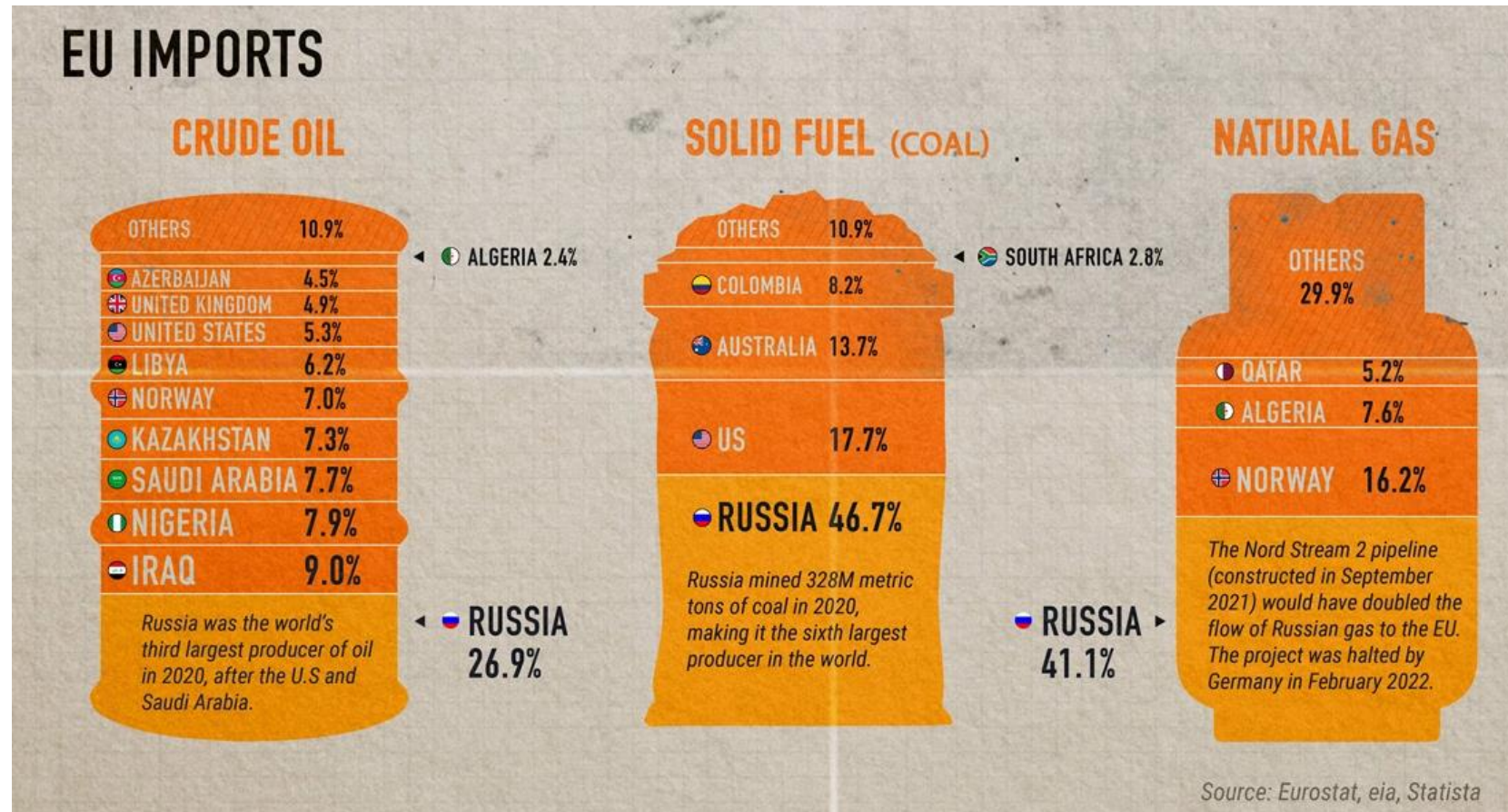
- 2015 Energy Union.
- 2019 Clean Energy Package (2030 targets).
- 2019 European Green Deal (set of policies to make EU climate neutral by 2050).
- 2021 European Climate Law (legally binding target of net zero greenhouse gas emissions by 2050; 55 % by 2030).
- 2021 Fit for 55 package.



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# Russian war against Ukraine



# REPowerEU – Short-term measures

- Common purchases of gas, LNG and hydrogen via the EU Energy Platform.
- New energy partnerships with reliable suppliers, including future cooperation on renewables and low carbon gases.
- Rapid roll out of solar and wind energy projects combined with renewable hydrogen deployment to save around 50 bcm of gas imports.
- Increase the production of biomethane to save 17 bcm of gas imports.
- Approval of first EU-wide hydrogen projects by the summer.
- An EU Save Energy Communication with recommendations for how citizens and businesses can save around 13 bcm of gas imports.
- Fill gas storage to 80% of capacity by 1 November 2022.
- EU-coordination demand reduction plans in case of gas supply disruption.

# REPowerEU – Medium-term measures by 2027

- New national REPowerEU Plans under the modified Recovery and Resilience Fund – to support investment and reforms worth €300 billion.
- Boosting industrial decarbonisation with €3 billion of frontloaded projects under the Innovation Fund.
- Faster permitting of renewables.
- Investments in an integrated and adapted gas and electricity infrastructure network.
- Raising the EU-wide target on efficiency for 2030 from 9% to 13%
- Increase the European renewables target for 2030 from 40% to 45%
- New EU proposals to ensure industry has access to critical raw materials.
- To increase energy efficiency in the transport sector.
- A hydrogen accelerator to build 17.5 GW by 2025 of electrolysers to fuel EU industry with homegrown production of 10 million tones of renewable hydrogen.
- A modern regulatory framework for hydrogen.