

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.

(Policy, Polity, Politics)

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.

| OECD – Europe: The overall energy consumption, in % | | | | | |
|--|-------------|-------------|-------------|-------------|------|
| | 1950 | 1955 | 1960 | 1965 | 1973 |
| Solid fuels | 83 | 75 | 61 | 45 | 23 |
| Liquid fuel | 14 | 21 | 30 | 59 | 55 |
| Natural gas | Less than 1 | Less than 1 | 2 | 3 | 10 |
| Hydro electricity | 2 | 3 | 3 | 3 | 6 |
| Nuclear | 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.
- = Member states 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.

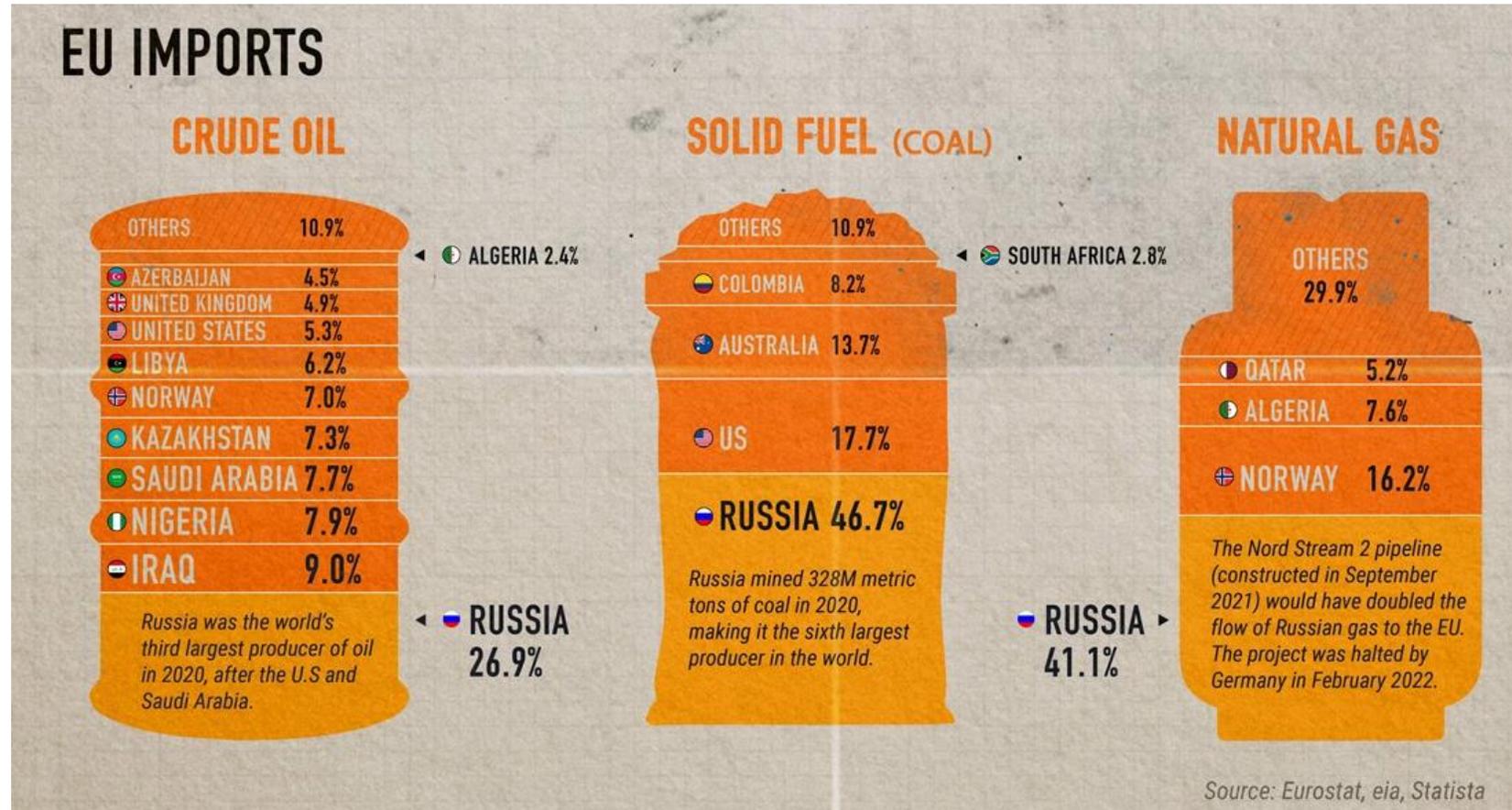
Energy as a climate issue

- 2015 Energy Union (a strategic initiative to create a more integrated and secure energy market across its member states).
- 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 electrolyzers to fuel EU industry with homegrown production of 10 million tones of renewable hydrogen.
- A modern regulatory framework for hydrogen.