

EU unveils blueprint to secure supplies of energy at lower prices

Good luck making anything work with Greenpeace in your back door.

AND Kronos International
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The EU executive on Wednesday outlined its vision of a common energy strategy for the energy-hungry bloc. The blueprint seeks to speak with a united voice to foreign suppliers and encourage members to prise open still largely nationally controlled gas and electricity markets to competition and diversify transit routes. The European Commission also views as imperative a new energy pact with Russia and the building up of gas stocks – after a price dispute between Moscow and Ukraine briefly disrupted supplies to the EU earlier this year, highlighting the bloc's vulnerability to foreign oil and gas providers.

"The energy challenges of the 21st century require a common EU response. The EU is an essential element in delivering sustainable, competitive and secure energy for European citizens. A common approach, articulated with a common voice, will enable Europe to lead the search for energy solutions," underlined European Commission president Jose Manuel Barroso.

"The completion of the internal market, the fight against climate change, and security of supply, are common energy challenges that call for common solutions. It is time for a new European energy policy," energy commissioner Andris Piebalgs said.

Almost half the EU's foreign gas imports currently come from Russia, and European demand is expected to double between 2000 and 2030.

The newly unveiled energy Green paper sets out six priority areas:

- completion of the internal European electricity and gas markets by 2007 and moving forward plans for a single European energy grid;
- security of supply in the internal energy market and a revision of existing EU legislation on oil and gas stocks to ensure these can cope with potential supply disruptions;
- a sustainable efficient and diverse energy mix
- an action plan on global warming and a proposed new EU Road Map for renewable energy sources;
- a strategic energy technology plan aimed at making European industries world leaders in energy efficiency and low carbon technologies; and
- a common EU external energy policy.

Debate on the need for a European energy policy has been triggered by high oil prices, Europe's energy dependency on the Middle East for oil and Russia for gas, as well as uncertainty over the long-term availability of fossil fuels and the pressing need for new measures to cut greenhouse gases.

As a move in this direction, the Commission blueprint proposes **a strategic review analysing the drawbacks of different energy sources – from renewables such as solar and wind power to coal and nuclear.**

There is an urgent need for investment, to meet expected energy demand and to replace ageing infrastructure the Commission said, adding that this will one million million euros over the next 20 years.

"Unless we can make domestic energy more competitive in the next 20–30 years, around 70 percent of the EU's energy requirements – compared with 50 percent today – will be met by imported products, some from regions threatened by insecurity," the executive predicted.

The goal of a single European energy market is already under threat from squabbling among EU countries such as France, Spain, Italy and Germany over proposed mergers in the utilities sector. Last Friday, the EU authorities set France a two-week deadline for the French government to respond to accusations of protectionism following its announced merge of state Gaz de France with the Belgium based power, water and waste company, Suez.

The merge is the latest to pose antitrust issues and the EU executive will seek to establish if it will lead to higher energy prices for consumers and heavy industry users, and fewer new market entrants. The deal would create the world's largest utility in terms of sales in a country that already includes one of the world's most valuable electricity companies, Électricité de France. But some commentators say the political outcry against the Gaz de France–Suez deal in parts of Europe is hypocritical, particularly since gas and electric companies in Spain and Germany have been allowed to merge.

The EU has also asked for Spain to explain legal moves that could hamper German utility E.ON's bid for Endesa, a Spanish power company. If E.ON is successful in acquiring Endesa, it will become Europe's largest utility company, according to New-York based International Oil Daily.

The Commission is also considering anti-trust probes of energy companies suspected of anti-competitive behavior in monopolising pipelines and supply networks in Europe. The executive believes an open, competitive gas and electricity market is crucial to the energy future of the EU – the world's second largest consumer of energy after the United States.

However, criticism of the new green paper has already come from EU diplomats, who say it fails to provide a united commitment to provide emergency oil and gas stocks to respond to any supply gaps caused by market fluctuations – as called for by new East European EU members like Poland, which is heavily dependent on Russian gas supplies.

Greenpeace will claim anything to further its own agenda and profits.

The newly unveiled blueprint has also been slammed by environmentalists. Even before the document was released, Greenpeace expressed its disappointment and urged the Commission to develop a 'greener' paper to tackle the dominance of EU energy markets by "large, centralized fossil fuels and nuclear power plants." It also urged measures to increase the uptake of renewable energy and "efficiency binding. Greenpeace also challenged the Commission's suggestion of re-opening a debate on the future of nuclear power. Referring to a recent Eurobarometer survey which showed that only 12 percent of Europeans support nuclear energy, Greenpeace claimed "this debate should

be long closed." The group estimates Europe can phase out nuclear power and at the same time reduce carbon dioxide (CO₂) emissions by 30 percent by 2020 in order to avoid dangerous climate change. By 2050, half of Europe's energy demands could come from renewable energy sources, Greenpeace claims.