

# EUROPEAN PARLIAMENT

2004



2009

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*Session document*

**A6-0013/2009**

26.1.2009

## **REPORT**

on the Second Strategic Energy Review  
(2008/2239(INI))

Committee on Industry, Research and Energy

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**CONTENTS**

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3
EXPLANATORY STATEMENT.....	19
OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS .....	23
RESULT OF FINAL VOTE IN COMMITTEE .....	27

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the Second Strategic Energy Review (2008/2239(INI))

*The European Parliament,*

- having regard to the Commission Communication of 13 November 2008 entitled Second Strategic Energy Review – an EU energy security and solidarity action plan (COM(2008)0781) (hereinafter as 'the Communication on the Second Strategic Energy Review'),
- having regard to the Commission Green Paper of 13 November 2008 entitled Towards a secure, sustainable and competitive energy network (COM(2008)0782),
- having regard to the Commission report of 13 November 2008 on the implementation of the trans-European energy networks programme in the period 2002-2006 (COM(2008)0770),
- having regard to the Commission Communication of 13 November 2008 on Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply (COM(2008)0769),
- having regard to the Commission's proposal of 13 November 2008 for a Council directive imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (COM(2008)0775),
- having regard to the Commission Communication of 13 November 2008 entitled Energy efficiency: delivering the 20% target' (COM(2008)0772),
- having regard to the Commission proposal of 13 November 2008 for a directive of the European Parliament and of the Council on the energy performance of buildings (recast) (COM(2008)0780),
- having regard to the Commission proposal of 13 November 2008 for a directive of the European Parliament and of the Council on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products (recast) (COM(2008)0778),
- having regard to the Commission proposal of 13 November 2008 for a directive of the European Parliament and of the Council on labelling of tyres with respect to fuel efficiency and other essential parameters (COM(2008)0779),
- having regard to the Commission Communication of 13 November 2008 entitled Europe can save more energy by combined heat and power generation (COM(2008)0771),
- having regard to the Commission Communication of 13 November 2008 entitled Offshore Wind Energy: Action needed to deliver on the Energy Policy Objectives for 2020 and beyond (COM(2008)0768),

- having regard to the Commission Communication of 13 November 2008 entitled Update of the nuclear illustrative programme in the context of the second strategic energy review (COM(2008)0776),
- having regard to the Commission communication of 10 January 2007 entitled ‘Limiting Global Climate Change to 2 degrees Celsius: The way ahead for 2020 and beyond’ (COM(2007)0002),
- having regard to the Commission communication of 23 January 2008 entitled 20 20 by 2020 – Europe's climate change opportunity (COM(2008)0030),
- having regard to the Commission proposal of 23 January 2008 for a directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (COM(2008)0019),
- having regard to the Commission Communication of 26 November 2008 entitled A European Economic Recovery Plan (COM(2008)0800),
- having regard to its position of 4 April 2006 on the Council common position for adopting a decision of the European Parliament and of the Council laying down guidelines for trans-European energy networks and repealing Decision 96/391/EC and Decision No 1229/2003/EC<sup>1</sup>,
- having regard to its resolution of 10 May 2007 on Assessing Euratom – 50 Years of European nuclear energy policy<sup>2</sup>,
- having regard to its resolution of 25 September 2007 on the Road map for renewable energy in Europe<sup>3</sup>,
- having regard to its resolution of 26 September 2007 on towards a common European foreign policy on energy<sup>4</sup>,
- having regard to its resolution of 24 October 2007 on conventional energy sources and energy technology<sup>5</sup>,
- having regard to its resolution of 31 January 2008 on an Action Plan for Energy Efficiency: Realising the Potential<sup>6</sup>,
- having regard to its resolution of 13 March 2008 on the Global Energy Efficiency and Renewable Energy Fund<sup>7</sup>,
- having regard to its resolution of 9 July 2008 on the European Strategic Energy

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<sup>1</sup> OJ C 293 E, 2.12.2006, p. 114.

<sup>2</sup> OJ C 76 E, 27.3.2008, p. 114.

<sup>3</sup> OJ C 219 E, 28.8.2008, p. 82.

<sup>4</sup> OJ C 219 E, 28.8.2008, p. 206.

<sup>5</sup> OJ C 263 E, 16.10.2008, p. 424.

<sup>6</sup> Texts adopted, P6\_TA(2008)0033.

<sup>7</sup> Texts adopted, P6\_TA(2008)0096.

Technology Plan<sup>1</sup>,

- having regard to its position of 18 June 2008 on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/54/EC concerning common rules for the internal market in electricity<sup>2</sup>,
  - having regard to its position of 9 July 2008 on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/55/EC concerning common rules for the internal market in natural gas<sup>3</sup>,
  - having regard to its position of 18 June 2008 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1228/2003 on conditions for access to the network for cross-border exchanges in electricity<sup>4</sup>,
  - having regard to its position of 9 July 2008 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1775/2005 on conditions for access to the natural gas transmission networks<sup>5</sup>,
  - having regard to its position of 18 June 2008 on the proposal for a regulation of the European Parliament and of the Council establishing an Agency for the Cooperation of Energy Regulators<sup>6</sup>,
  - having regard to its resolution of 18 November 2008 on supporting early demonstration of sustainable power generation from fossil fuels<sup>7</sup>,
  - having regard to the Presidency conclusions of the European Council of 8 and 9 March 2007,
  - having regard to the Presidency conclusions of the European Council of 13 and 14 March 2008,
  - having regard to the Presidency conclusions of the European Council of 15 and 16 October 2008,
  - having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinion of the Committee on Foreign Affairs (A6-0013/2009),
- A. whereas any European energy policy must pursue three principal and equally important objectives in an integral manner, namely security of supply and solidarity among Member States, tackling climate change including a strong commitment to and implementation of the Union's own targets, and competitiveness,

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<sup>1</sup> Texts adopted, P6\_TA(2008)0354.

<sup>2</sup> Texts adopted, P6\_TA(2008)0294.

<sup>3</sup> Texts adopted, P6\_TA(2008)0347.

<sup>4</sup> Texts adopted, P6\_TA(2008)0295.

<sup>5</sup> Texts adopted, P6\_TA(2008)0346.

<sup>6</sup> Texts adopted, P6\_TA(2008)0296.

<sup>7</sup> Texts adopted, P6\_TA(2008)0545.

- B. whereas a complete shift of paradigm in energy policy is necessary to achieve the above three main objectives while leading at the same time to a solution as regards employment, and in social, environmental and economic terms,
- C. whereas the Union's dependence on conventional energy sources and on a limited number of energy producers presents a serious risk to stability, prosperity and security of energy supply,
- D. whereas increasing energy efficiency must play a key role in reducing dependence on energy imports, increasing competitiveness and combating climate change,
- E. whereas at present, the Union's energy demand continues to rise in most sectors, leaving energy efficiency potential largely unexploited,
- F. whereas the Union currently imports 50% of the energy that it consumes and whereas this proportion could rise to 70% by 2030,
- G. whereas the risks to the Union's security of supply are increased by the lack of vision towards an economy based on energy sobriety and to the low level of investment, in particular at local and regional levels, which, in all energy and energy-related sectors, is leading to capacities which are stretched or even inadequate, making it necessary in particular to renew electricity generating plants at an estimated investment cost of 900 billion EUR by 2030,
- H. whereas the decreasing level of oil and gas prices has a negative effect on the planned investments, making it necessary to support all major infrastructure projects that contribute to the import of significant gas volumes to Europe, diversifying sources, routes and avoiding transit risks,
- I. whereas the present economic crisis is further hampering investment in energy infrastructure,
- J. whereas notwithstanding that the Commission's scenario foresees the decrease of demand of conventional sources in the next two decades, Europe needs to support all planned investments in new import energy infrastructure; whereas this will guarantee a safe transition to the new European energy system expected to be in place by 2020,
- K. whereas from 2030, in order to alleviate the major risk of fossil fuel energy shortages, the Union will have to have developed and programmed new competitive, sustainable, low CO<sub>2</sub> energy technologies, while having significantly reduced its energy consumption,
- L. whereas Union urgently needs to develop major network investments and to complete the internal energy market, and whereas some forward looking initiatives, such as the European transmission system operator and the establishment of a single European gas grid, should be encouraged,
- M. whereas the energy sector and investments in energy infrastructure need a stable regulatory framework and a closer cooperation between the national regulators,

- N. whereas the development of energy networks is essential for improving security of supply, which must figure prominently among European energy policy priorities,
- O. whereas the electricity and gas sectors need a stable and predictable regulatory framework, making it necessary to confer strong powers on the Agency for the Cooperation of Energy Regulators ("Agency") so as to contribute to the harmonisation of national regulatory frameworks and to avoid the uncertainty that might result from the comitology procedure,
- P. whereas to contribute to security of supply objectives, conventional indigenous resources of the Union must be exploited in countries where they are available in compliance with national and the Community environmental legislation,
1. Calls on Member States to regard this strategic energy review as a basis for implementing an energy policy for Europe and setting an ambitious action plan for 2010 - 2012;
  2. Reaffirms the threefold objective set for 2020 of reducing greenhouse gas emissions by 20%, and 30% in the case of an international agreement, reducing energy consumption by at least 20% and attaining at least a 20% share for renewables in final energy consumption; calls on the European Union and Member States to become the most energy-efficient economy in order to actively contribute to the achievement of the 2°C climate objective; calls on the European Union and the Member States to reduce greenhouse gas emissions by 60 to 80 % by 2050; calls on the Commission to draw up possible energy scenarios, in consultation with all the stakeholders, illustrating ways in which these objectives may be reached and setting out the underlying technical and economic hypotheses;
  3. Calls on the European Union and the Member States to adopt as objectives a 35% improvement in energy efficiency and a 60% share of renewable energy;
  4. Calls on the Commission to support all planned investments in new import energy infrastructure and renewable energy technologies to face the decreasing level of oil and gas prices that has a negative effect on the planned investments;

### ***European energy policy***

5. Calls on Member States, in the light of the growing risks which the European Union is running in terms of energy security, to speak with a single voice; notes that their current practices are anything but geared to this aspiration; considers it imperative, in the interests of security of supply, solidarity and of the effectiveness of negotiations with a view to determining the international regulatory framework, for the Commission to propose to Parliament and the Council the drawing up of a European energy policy which has due regard for the respective competences of the European Union and of the Member States: international relations, energy efficiency, combating climate change, further development of the internal market, negotiation of international treaties, forward studies and dialogue

with producers and transit countries, energy research and diversification of energy supplies;

6. Calls on the Commission to contribute to the creation of a single European voice towards third country producers through the development of mutually beneficial interdependency and to support the strengthening of the trading power of EU undertakings as against that of the state-owned undertakings of third countries;
7. Considers that energy solidarity must become a major European concern at European, regional and bilateral level and that damaging energy supply in a Member State afflicts the European Union as a whole;
8. Stresses the importance of local initiatives to combat climate change; endorses measures to promote energy efficiency and renewable energies, such as the financing programmes which fall under the cohesion policy or green taxation, or the contribution by the 'Covenant of Mayors', and supports in this regard the idea of a "Covenant of Islands" towards the dissemination of best practices and the development of highly efficient and renewable energy communities and cities;
9. Believes that an appropriate European energy policy must be founded on a balanced energy mix based on the use of non-carbon energy and the lowest emitting fossil fuels and on new technologies which drastically reduce emissions of greenhouse gases from solid fossil fuels;
10. Considers that the division of tasks between undertakings and political decision-makers, whereby undertakings take responsibility for security of supply, is of proven value and should therefore in principle be preserved; calls on political decision-makers, in view of the increasingly difficult global environment, in future to adopt more accompanying measures for business operations;
11. Recalls the commitments made by Member States in signing the Lisbon Treaty, to combating climate change and to practising solidarity in times of energy crisis;
12. Considers that the ratification of the Lisbon Treaty will further strengthen all efforts for the establishment of a common European energy policy;

### ***Security of supply***

13. Welcomes the European Union energy security and solidarity action plan;

### ***Promoting the infrastructure required to meet EU needs***

14. Notes a very significant delay in the building of the priority and European-interest transport and energy networks; stresses that this low level of investment is acting as a brake on the proper functioning of the internal market and is responsible for the fact that, in all energy sectors, capacity is stretched or even inadequate; notes as well that this is only partly the responsibility of industry and calls for the Member States to involve their citizens' better, notably by informing them about the needs of new infrastructure and generation projects; calls therefore on national regulatory authorities to do whatever they

- can within their fields of decision-making to accelerate investment;
15. Notes that the European Council set a target of 10% for achieving gas and electricity interconnection capacity between Member States;
  16. Welcomes the idea of increasing European financing with the aim of encouraging investment in networks; notes with interest the Commission's proposal to allocate - under the framework of the 2008 Economic Recovery Plan - 5 billion EUR of 2008/2009 unspent budgets in particular on new energy connections; asks to be fully involved when deciding on the final list of projects; considers that the European Investment Bank should have a more prominent role in providing funding for energy efficiency, renewables and research and development (R&D) projects;
  17. Calls on the Commission and Member States to work actively to increase the number of operators on the energy market and in particular to adopt measures to promote energy production by small and medium-sized enterprises (SMEs) and their market entry;
  18. Emphasises the importance of the development of gas and electricity interconnections through Central and South-eastern Europe along a north-south axis, recalling that the networks in the Baltic sea region should be developed and integrated into the Western European network; underlines the need for special attention for the development of a Baltic Interconnection Plan covering gas, electricity and storage in 2009; also supports the building of interconnections with islands, remote and isolated areas in the European Union;
  19. Urges, for the same reasons, the development of the interconnections with South-Western Europe, especially from the Iberian peninsula to northern France;<sup>20</sup>. Recalls that cross-border links already exist between various countries; observes that regional initiatives such as the Pentalateral Forum have devised usable practical solutions which increase the integration of the internal market; encourages those responsible for these initiatives to continue their successful work;
  21. Welcomes initiatives by industry which contribute to the completion of the internal market in energy by means of cross-border projects;
  22. Calls on the Commission to propose adequate measures to encourage interconnection and development of electricity networks to allow for the optimised integration and balancing of fluctuating renewable energy production on- and offshore;
  23. Welcomes the proposal to submit a plan for an offshore network in the North Sea in order to exploit the enormous wind energy potential; also welcomes in this connection the creation of a European supergrid by linking the network infrastructures of the North Sea, Mediterranean and Baltic regions;
  24. Calls on the Commission and Member States to ensure appropriate regulation and to allow for non-discriminatory access to new infrastructure, for example. to the North Sea offshore grid;

25. Expresses its support for projects to diversify sources and routes of supply, particularly the development of a southern gas corridor including the Nabucco, the Turkey-Greece-Italy Gas Interconnector (TGI), and South Stream projects; stresses the need to work with the countries concerned, notably in the Caspian region; considers it of great importance that in the longer term, when political conditions permit, supplies from other countries in the region, such as Uzbekistan and Iran, should represent a further significant source of supply for the European Union;
26. Advocates, in view of the decline in domestic natural gas production and the change in the energy mix in many Member States, that all existing natural gas and electricity infrastructure projects which are currently planned be implemented rapidly in order to ensure that demand can still be met in future;
27. Considers that relations and partnerships with key energy suppliers, transit countries and consumer countries are important and must be deepened; points out, however, that the deepening of those relations and partnerships should in no circumstances take place to the detriment of the Union's founding values with regard, in particular, to respect for human rights; emphasises in this regard that the development of confidence and deeper and legally binding ties between the European Union and producer and transit countries should go hand in hand with the promotion of, and respect for, democracy, human rights and the rule of law; calls for the development and adoption of policies and concrete measures to those ends;
28. Considers that sufficient liquefied natural gas (LNG) capacity consisting of liquefaction facilities in the producing countries and LNG terminals and ship-based regasification in the EU should be available to all Member States, either directly or through other Member States on the basis of a solidarity mechanism; considers that new LNG terminals should be regarded as projects of European interest on account of their key contribution to diversification of supply routes;
29. Calls on the Commission to give its full support for investments in the construction of strategic gas stock facilities, as an important element of European energy security;
30. Believes that oil refining capacity represents an important additional factor in ensuring the Union's energy security; notes that it is therefore important to improve the level of transparency of the supply-demand balance for refining capacity necessary to serve the Union's needs, in particular taking account of concerns regarding the potential availability of diesel fuel in the future;
31. Seeks, in accordance with the principle of European energy solidarity, to ensure security of supply and of energy for the Baltic region under conditions of economic recession;

#### *Internal energy market*

32. Calls on the Commission and Member States to draw up strategic guidelines intended for lasting application, while encouraging private industrial undertakings to participate in their implementation, striking a balance between market mechanisms and regulation;

33. Stresses the importance of creating a clear and stable legal framework by finalising before the end of this Parliament's legislature the negotiations on the legislative package on the internal energy market; supports the setting up of the independent Agency, as provided for in the above mentioned proposal for a regulation establishing the Agency, with strong and independent powers, including powers relating to security of supply and networks; calls on Member States to foster the implementation of the third energy package, in particular to start cooperating among themselves in order to promote regional and bilateral solidarity for the purpose of safeguarding secure supplies on the internal market;
34. Invites Member States and the Commission to develop major network investments and to complete the internal energy market through some forward-looking initiatives such as the European transmission system operator and the establishment of a single European gas grid;
35. Calls on the Commission to bring forward to 2020 the objective of developing and completing a smart interconnected electricity network as an important ingredient for achieving the 2020-targets;
36. Calls on Member States to cooperate to draw up a European strategic plan with a view to multiannual programming of the investment necessary to meet future electricity generation needs on the basis of medium-term projections of energy requirements; believes that an indicative multiannual plan should also be envisaged in the gas sector to provide an overall view of investment requirements at European level;
37. Calls on Member States and relevant stakeholders to consult and coordinate future plans for cross-border infrastructure investments (grids, pipelines, and power plants for example) with relevant parties in all countries which could be affected by planned investments so as to make best use of available resources.; considers that the establishment of an Infrastructure Coordination Group at European level would help this coordination effort and could supplement the development of a 10-year network development plan as proposed in the internal energy market package;
38. Stresses that the completion of the internal energy market will be a success only if obstacles to investment are removed and physical connections linking all Member States to one common energy network are constructed and if the market makes it possible ultimately to avoid volatility of energy prices and to ensure a fair market for all generators and grid connection, access and integration of new energy producers and technologies; stresses that the recently revised Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community<sup>1</sup> provides, in a comprehensible and predictable manner, an assessment of CO<sub>2</sub>;

*External energy relations*

39. Welcomes the Commission Communication on the Second Strategic Energy Review, and

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<sup>1</sup> OJ L 275, 25.10.2003, p. 32.

in particular its proposals on external energy policy, which are broadly in line with the above mentioned Parliament's resolution of 26 September 2007; expresses disappointment about the lack of detailed proposals and underlines once more the need for further intensification of the Union's efforts to develop a coherent and effective common European foreign policy on energy with a renewed focus on energy-producing countries;

40. Recalls that, even with the help of ambitious and rigorously implemented energy efficiency and energy saving plans, the European Union is likely still to be dependent in the medium term on third countries for supplies of fossil energy; calls therefore for dialogue with producer, transit and other consumer countries to be stepped up and, more generally, for enhanced international cooperation to increase transparency on world energy markets and to tackle the issue of sustainable development;
41. Notes the importance of long-term supply contracts for the development of long-term trust-based relations between extracting and purchasing states and for securing the necessary investment in both upstream and downstream sectors;
42. Calls on the European Union to cooperate with the countries of the Mediterranean region, and of North Africa in view of their significant energy resource potential and substantial opportunities for development of Africa; believes, in particular, that the use of solar and wind energy should be researched and encouraged; calls, therefore, for common objectives for renewable energy and energy efficiency to be included in the Barcelona Process: Union for the Mediterranean;
43. Calls on the European Union to cooperate with the countries of Middle East in view of their significant energy resource potential;
44. Supports the intention to negotiate a wide-ranging new agreement replacing the 1997 Partnership and Cooperation Agreement with Russia, which supplies 42% of the Union's imported gas, as well as 100% of the gas imported by Bulgaria, Slovakia, Finland and the Baltic States, over 30% of crude oil imports to the Union and 15% of distillate product demand in the Union; notes that relations between the Union and Russia are based on interdependence, and should fully respect the principles of the Energy Charter Treaty and its transit protocols, as also endorsed at the G8 summit in Heiligendamm;
45. Stresses the need to include Ukraine in the European arrangements for on-going dialogue with Russia on account of the key role which Ukraine plays as a transit country;
46. Urges the Commission to consider extending the Energy Community Treaty between the EU and South Eastern Europe to other third countries and creating new regional energy markets on the model of the South East Europe Energy Community with neighbouring countries, such as the Euro-Mediterranean Energy Community, in order to ensure security of supply;
47. Stresses the need to include Turkey in the European arrangements for on-going dialogue with the Caspian/Caucasus region on account of the key role which Turkey can play as a transit country; reiterates at the same time Turkey's commitments as a candidate country for the alignment with the *acquis communautaire*;

48. Stresses the geopolitical importance of the Black Sea region for the Union's energy security and for the diversification of its energy supplies;
49. Calls on the Member States to reinforce energy relations with the countries of Latin America in the context of existing and future association and cooperation agreements;
50. Calls on Member States to use the euro as an instrument to structure international financial relations in order to reduce fluctuations arising from the invoicing of purchases of oil and gas; calls on the European Union to examine the issue of foreign investment in the European energy sector by applying the reciprocity clause;
51. Calls on the Commission to analyse different ways in which the volatility of oil and gas prices can be reduced; notes in particular the role of transparency and sufficient spare production capacity as well as of the catalytic effect of financial speculation on price formation on the market; rejects the use of strategic oil stocks to reduce price fluctuations on economic grounds;
52. Calls on Member States to intensify and coordinate their actions with a view to securing supply routes, particularly maritime routes;
53. Calls on Member States to identify best practices at international level and to step up technological cooperation with these countries so as to enhance knowledge and experience in this area; in particular, calls on Member States to step up their technological cooperation with Japan, whose economy is totally dependent on imported energy and which has developed one of the most efficient energy systems in the world;
54. Notes that China's growing energy consumption and greenhouse gas emissions represent a huge challenge to environmental goals and security of energy supply; calls for an enhanced cooperation between China and the EU to promote the transfer of low carbon technology, in particular energy efficiency and renewables; stresses the critical importance of developing and deploying carbon capture and storage (CCS) in China, given the importance of coal to its economy;
55. Notes the importance of the EU-OPEC energy dialogue and encourages the Commission to intensify the energy dialogue with Norway;

*Ways of responding to crises by managing oil and gas stocks*

56. Welcomes the Commission's intention of revising Directive 2006/67/EC of 24 July 2006 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (codified version)<sup>1</sup> and proposes the publication of weekly rather than monthly data as at present to render the market transparent and avoid a disproportionate reaction to the American situation;
  
57. Welcomes, in the light of the recent gas crisis between Ukraine and Russia that afflicted

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<sup>1</sup> OJ L 217, 8.8.2006, p. 8.

the Union's territory, the Commission's intention to improve the framework of Council Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply<sup>1</sup> and calls on Commission to propose amendments to this Directive before the end of 2009 along the lines proposed in its above mentioned Communication COM(2008)0769;

58. Stresses that the key elements of the revision of Council Directive 2004/67/EC should be mandatory and include effective national and EU emergency action plans, which among other things define a common declaration of an emergency situation, allocation of available supplies and infrastructure capacity among the affected countries, coordinated dispatching, activation of emergency measures in unaffected or less affected states in order to increase the amount of gas available to the affected markets; considers that it is essential to improve the functioning of the market through transparency and increase the availability of gas in the market; calls on the European Union and its Member States to develop gas storage with fast-release capacity;
59. Proposes that information technologies should be used better for total or partial cut-offs in the event of a crisis, and considers, for this purpose, that under the supervision of the regulator, a system capable of reducing consumption in response to a collective decision could be introduced;

#### *Energy efficiency*

60. Considers that improving energy efficiency by at least 20% by 2020 is the priority in contributing to sustainable development and competitiveness objectives and is also the most effective and cost-efficient way of improving energy security; calls therefore on the Commission and Member States immediately to adopt a legally binding energy efficiency target of at least 20% by 2020; calls on the Commission and Member States to step up awareness campaigns and make practical information available concerning the energy efficiency solutions to be adopted and also to promote energy education and training programmes in schools and universities throughout the Union;
61. Stresses the importance of rigorous and timely implementation and enforcement of energy savings and energy efficiency legislation by Member States and the Commission; stresses the importance of adopting mandatory public procurement measures at the Community and national levels in order to stimulate the demand for innovative products and services that will enhance energy efficiency; calls therefore for an ambitious approach in forthcoming legislation relating to energy savings and energy efficiency (in particular in the building, industry and transport sectors and as regards urban planning and appliances);
62. Welcomes the Commission's intention of observing carefully the progress of combined heat and power (CHP), and calls on the Commission to submit further support measures as part of the review of the energy efficiency action plan in 2009; reminds the Commission that savings on primary energy, cost efficiency and security of supply are the principal aims of the CHP process, irrespective of what technology is used; considers that it must be left to the market to develop and select the most effective technologies; advocates the development of a promotion and financing strategy for infrastructure such as heating and

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<sup>1</sup> OJ L 127, 29.4.2004, p. 92.

cooling networks using local resources such as geothermal energy and cogenerated heat, for example;

63. Supports the international partnership for cooperation on energy efficiency, to promote more uniform standards and encourage ambitious worldwide objectives;
64. Calls for more efficient use of oil, particularly in the field of transport, which is the main sector in which this fuel is used; calls for the adoption of ambitious medium-term objectives (for 2020) for vehicle fuel efficiency, while encouraging Member States to seek alternative fuels and propulsion technologies, for example electric engines, for goods and individual passenger transport, particularly in urban areas; considers that achieving a significant modal shift in transport towards more environmentally friendly options, for instance from private individual road transport to public transport, should be a key component of the Union's strategy for reducing greenhouse gas emissions in the transport sector;
65. Considers that a "frontrunner" approach for vehicles from the European car industry would help to win back international markets, particularly from Asian producers;
66. Regrets that rail accounts for only 10% of European goods transport; calls on Member States to make better use of rail transport and waterways; calls for more determined efforts to establish the optimal combination of rail, water and road transport;
67. Stresses the importance of adopting the necessary mix of policy measures so as to improve the energy efficiency both of existing and new electric appliances;

*Better use of the EU's indigenous resources and best technologies*

68. Considers that renewable energies, such as wind, biogas, solar, hydro, biomass, geothermal and marine resources, are the most important potential sources of energy available to the European Union, which can help to stabilise energy prices and combat increasing energy dependence, and welcomes the initiative to submit a Communication on eliminating obstacles to renewable energies; stresses in this context that any new initiative should not lead to a postponement of existing projects;
69. Considers that exploiting indigenous fossil resources, in particular onshore and offshore natural gas fields, may contribute to enhancing Europe's energy independence and must be developed where available, in compliance with national and European environmental legislation; calls on Member States and the Commission to find the right regulatory balance between environmental safeguards and production opportunities in the Union's territory both inland and off-shore;
70. Recalls that, given the constantly flowing nature of renewable sources, it is essential to boost electrical interconnection capacity at Community level, while paying special attention to those Member States and regions which are most isolated within the Union energy market, with a view to equipping Member States with the means necessary to meet the 20% renewables target by 2020;
71. Calls on the Commission, Member States and local authorities to revolutionise relations

between the agriculture and energy sectors by means of a plan designed to equip the roofs of buildings with renewable energy devices such as solar panels; calls on Member States and local authorities to provide local incentives for the use of used oils and sustainable local biomass resources, while ensuring an appropriate balance between energy crops and food crops;

72. Urges the Commission to submit a report to Parliament indicating what technical obstacles and standards impede investment by SMEs in energy production and their use of the existing networks to distribute the energy so produced;
73. Calls on the Commission to increase the priority assigned to R&D in electricity storage, ICT-based linkup of distributed generating facilities ("virtual power plants"), smart grids and increase of infrastructure capacity to enable priority connection of renewable energies;
74. Calls on the Commission to redefine European development aid policy, incorporating a new energy pillar; considers in this context that solar power station projects for North Africa should be primarily intended to meet local needs;
75. Recalls that both lignite and coal remain an important transitional element in the energy mix and in the Union's security of supply, due to large domestic reserves, as an alternative to oil and gas; stresses however that its CO<sub>2</sub> emissions are higher than other primary energy sources; calls therefore for the reduction of such emissions by means of the modernisation of power-stations through CCS technologies and calls in that context on the Commission to consider all financial possibilities to build the 12 demonstration projects by 2015;
76. Acknowledges that admixing biomass for burning in modern coal-fired power stations is already achieving 45% efficiency, and that efficiency levels as high as 90% can be achieved using CHP; therefore calls on the Commission and the Member States to establish incentives for increasing the admixture of biogenic fuels in fossil-fuel-fired power stations;
77. Endorses the Commission's analysis that it is important to maintain the contribution of nuclear energy in the energy mix, and to that end to promote without delay the establishment of a harmonised regulatory and economic framework facilitating the necessary investment decisions; calls on the Commission to draw up a specific road map for nuclear investments; considers it imperative to launch a debate within society, without prejudging the outcome, on the safe use of this source of energy; calls on the Commission to promote, as an integral part of European Neighbourhood Policy, the adoption by neighbouring countries of the *acquis communautaire* in nuclear safety every time a new nuclear plant is planned or an old plant is upgraded in these countries;
78. Recalls the significance of nuclear energy, which is produced in 15 out of 27 Member States and used by an even greater number, and which meets around one-third of electricity demand in the European Union; also recalls the six new reactors currently under construction in four Member States;
79. Stresses the competitiveness of nuclear energy, which is largely unaffected by fuel price

fluctuations owing to the small proportion of generating costs that the fuel, uranium, represents;

80. Stresses that the European nuclear industry is the world leader in all nuclear cycle technologies, particularly enrichment, which contributes significantly to the Union's security of supply;
81. Welcomes the Commission's generally supportive stance regarding nuclear energy; points out, however, that it does not adequately address the issue of final disposal of radioactive waste, despite its immense importance for public perception; calls on the Member States concerned to step up their efforts with regard to resolving the problem of final disposal of all types of radioactive waste, but especially highly radioactive waste;
82. Considers it essential to reassure the Union's citizens that, in the Union, nuclear energy is used safely and transparently, and at the highest technologically possible level of safety particularly as regards the management of nuclear waste; welcomes the Commission's adoption of a new proposal for a directive establishing a Community framework for the safety of nuclear installations; calls on the Commission and the Council to develop models and procedures jointly with the IAEA to prevent the peaceful use of nuclear energy leading to the proliferation of nuclear weapons;
83. Stresses that neither in its Revised Illustrative Programme nor in the strategic review has the Commission examined the likely development of nuclear technology by 2050, as suggested in the reference document of the Sustainable Nuclear Energy Technology Platform, or the position assigned to the ITER controlled fusion project;

#### ***Towards 2050***

84. Calls on the Commission and Member States to devise a European energy policy which will permit a massive conversion to energy efficient and low carbon emission energy technologies to meet the needs for energy consumption; stresses that, if energy efficiency and energy saving remain a priority, as does the continued development of renewable energies, it will be possible to meet energy needs from low-emission sources by 2050;
85. Reminds the Commission and Member States that steering the transition towards a highly-efficient energy system will imply a systemic approach based on synergies between different sectors; underlines the key importance of assessing all measures on the basis of their contribution to decrease CO<sub>2</sub> emissions; believes that to that end the development of local integrated solutions should be a priority;
86. Considers the global and European long-term energy and climate change challenges as a unique opportunity to enable new business models across the economy in order to boost green innovation and entrepreneurship;
87. Calls on the Commission to perform feasibility studies of projects to develop wind power platforms in the North Sea and the project to build solar power stations in Africa;
88. Approves, as part of the Strategic Energy Technology Plan, the drawing-up of a political agenda for 2030 and a road map for energy policy in 2050; calls on the Commission,

therefore, to assess trends in the composition of the energy mix under several scenarios, in the light of the development of energy demand, potential energy resources, environmental impact, the estimated price of energy and CO<sub>2</sub>;

89. Calls on the roadmap to make it possible to direct energy technology research and development as well as education in order to reduce the cost of renewable energies, and energy storage , to ensure the success of fourth-generation nuclear reactors and CCS and notably to find an alternative to oil for transport, while highlighting solar energy, which is an infinite resource;
90. Recalls the need constantly to encourage research into transmutation of nuclear waste and nuclear fusion as a source of energy in the very long term;

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91. Instructs its President to forward this resolution to the Council and Commission as well as to the parliaments and governments of Member States.

## EXPLANATORY STATEMENT

Your rapporteur calls for this strategic energy review to lay the groundwork for the implementation of a real European energy policy, which should simultaneously pursue three main objectives:

- security of supply and solidarity between Member States;
- combating climate change: recalling the 'three times 20' objective for 2020 and the aim of reducing greenhouse gas emissions by between 50 and 80% by 2050;
- the economic growth of the EU: obtaining the best prices while avoiding price volatility.

European solidarity must become a major European concern in the field of energy: damaging energy supply in an EU Member State is tantamount to damaging the supply of the EU as a whole.

Long-term security is a worry in the case of the fossil fuels oil and gas. It is increasingly accepted that world production is unlikely to exceed 100 m barrels per day (currently 87 m) in 2030, whereas needs are estimated at 120 m barrels per day at that time. There is a risk of a major crisis during the next decade.

Your rapporteur welcomes the idea of increasing European financing with a view to encouraging investment in networks, while recalling that the investors are undertakings capable of bearing the cost of such investment and that the level of European financing in this field would be limited to a few tens of millions of euros, whereas the investment needed in priority networks is of the order of billions of euros; she therefore advocates setting up a European fund to guarantee the non-commercial risks attached to certain energy production and transmission projects of European interest.

Your rapporteur approves the publication of a plan for the Baltic region concerning gas, electricity and questions of storage, with the aim of developing and interconnecting infrastructure in that region; she supports the development of a Southern European gas corridor to supply gas from the Caspian region and the Middle East, and supports the project of a Blueprint for a North Sea offshore grid to connect numerous offshore wind energy projects.

The Commission's positive assessment of the idea, favoured by the European Parliament, of a European manager in charge of managing a single gas transmission network throughout the EU constitutes a very interesting step, in the view of your rapporteur.

She welcomes the new generation of 'energy interdependence' clauses in the agreements concluded with non-European producer countries proposed by the Commission as the strategy for Belarus, the countries of the Caspian region and the OPEC countries.

The EU currently imports 54% of the energy it consumes, and this figure could rise to 70% by 2030.

Even with the implementation of very ambitious and drastic energy efficiency and energy saving plans, the EU will still be dependent on supplies of fossil fuels from third countries.

Consequently, the dialogue with producer countries within the framework of the Energy Community and the International Energy Forum will have to be stepped up, particularly as regards cooperation with partners such as Australia, Canada, Japan and the United States.

Similarly, the EU must cooperate with the countries of North Africa, in view of the major energy resource potential of these countries and the significant opportunities for development of Africa.

More generally speaking, in order to increase transparency on world energy markets and tackle the issue of sustainable development, cooperation on an international scale is essential, particularly with such countries as China or India.

Your rapporteur advocates an approach geared to conciliation in the dialogue with Russia, which supplies 42% of the EU's gas, as well as 100% of the gas imported by Poland, Finland and the Baltic States. Your rapporteur considers that relations between the EU and Russia are based on interdependence and that, in the continuation of the negotiations, the EU should refrain from demanding ratification of the Energy Charter, while reminding the Russian authorities of their endorsement of the principles of the Energy Charter, the principles covered by agreements such as accession to the WTO or the particular problem of uranium enrichment, which requires specific negotiation between the EU, the United States and Russia.

In connection with the renewal of a partnership with Russia, the EU should step up cooperation in the field of energy efficiency, cessation of gas flaring in the Russian oil industry and carbon capture and sequestration. Similarly, in order to make progress with the European Nabucco gas pipeline project, the project ought to be carried out in cooperation with Russia so as to avoid competition between two gas pipelines and to be able ultimately to transmit gas from Russia, Iran or the Caspian Sea.

It is also important to include Turkey in the European arrangements for on-going dialogue with the Caspian/Caucasus region on account of the key role which it can play as a transit country.

Member States should realise that if the EU appears to be a competitor or an obstacle to the defence of US strategic and energy interests, the search for energy resources will ultimately favour the emergence of transatlantic divergences. Your rapporteur considers that the USA is developing a policy of domination of markets by means of technology and will seek de facto to impose its standards on emergent countries, and therefore calls on the Commission and Member States to build a lasting and balanced relationship in the field of energy.

Your rapporteur calls on Member States to be more open about the transit of foreign capital, in order to limit the proliferation of opaque financial transactions.

Your rapporteur calls on the Commission and Member States to step up public awareness campaigns concerning energy efficiency and to improve access to the solutions to be adopted, because the implementation of energy saving measures depends on as many people as possible adopting efficient technologies, but also, inseparably, on the behaviour of individuals.

Your rapporteur calls for an assessment to be made as soon as possible of the national action plans implemented by the Member States in order to decide specifically on the policies and measures which will enable the EU to attain the objectives as quickly as possible. She therefore stresses that this assessment is necessary before the implementation of the new 2008 package of initiatives proposed by the Commission in the field of energy saving for the energy efficiency of buildings, energy labelling, eco-design and promoting cogeneration. She endorses the measures to promote energy efficiency and renewable energies such as the financing programmes which fall under cohesion policy or green taxation, or the contribution by the 'Covenant of Mayors' towards the dissemination of best practices.

Coal remains a component of the EU's supply and an alternative to oil and gas. However, your rapporteur stresses that the major disadvantage of coal lies in its very high rate of carbon dioxide emissions and that consequently, pending the results of demonstrations of carbon capture and storage systems, any new coal-fired power station should be authorised only if necessary and on condition that it meets high efficiency requirements.

Endorsing the Commission's analysis that it is urgent for Member States which have opted for nuclear, or which do so in future, to take the necessary investment decisions and that the EU should continue to provide a regulatory framework for its use, she awaits the next proposal for a directive on the safety of nuclear installations, which the European Parliament has called for many times, taking account of the work of the High-Level Group on Nuclear Safety and Radioactive Waste Management and debates within the European Nuclear Energy Forum.

Your rapporteur welcomes the convergent initiatives in the field of research into and competitiveness of installations, the durability of resources and minimisation of nuclear waste, such as the Sustainable Nuclear Energy Technology Platform (SNE-TP) and the various 'European industrial initiatives' launched in connection with the Strategic Energy Technology Plan (SET Plan); she calls for their early implementation, so that the 'European industrial sustainable fission initiative' can be operational as soon as possible.

Your rapporteur also considers that the Commission and Member States should consider the impact which European energy policy will have, particularly through decentralisation of energy, on regional development, major transport routes and major infrastructure; she stresses that projects involving several types of renewable energy should be encouraged in order to balance and compensate for the fact that their production is often intermittent.

Your rapporteur endorses the long-term objectives of limiting carbon emissions from electricity generation by replacing existing production capacity, putting an end to dependence of transport on oil, constructing low-energy and positive-energy buildings, and constructing an intelligent, interconnected electricity grid. She stresses that, while energy efficiency and energy saving remain a priority, as does the continued development of renewable energies, it will not be possible to overcome the energy resource deficit by 2030. She believes that there is a very serious risk of a world energy shortage from 2030. She therefore endorses, as part of the Strategic Energy Technology Plan, the drawing-up of a political agenda for 2030 and a road map for energy policy in 2050. This necessitates an assessment of trends in the composition of the energy mix between 2020 and 2050 under several scenarios, taking account of the development of energy demand, potential energy resources, environmental impact, the estimated price of energy and carbon dioxide.

As regards the energy of the future, she recalls the need constantly to encourage research into transmutation of nuclear waste and nuclear fusion.

Your rapporteur calls for the road map for 2050 to make it possible to direct energy technology research and development in order to reduce the cost of renewable energies, to permit energy storage (particularly of electricity), to make a success of fourth-generation nuclear reactors, to find an alternative to oil for transport, and to highlight the potential of solar energy.

20.1.2009

## **OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS**

for the Committee on Industry, Research and Energy

on the Second Strategic Energy Review  
(2008/2239(INI))

Rapporteur: Giorgos Dimitrakopoulos

### **SUGGESTIONS**

The Committee on Foreign Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the Commission's Second Strategic Energy Review communication, and in particular its proposals on external energy policy, which are broadly in line with Parliament's resolution of 26 September 2007 entitled "Towards a common European foreign policy on energy"<sup>1</sup>; expresses disappointment about the lack of detailed proposals and underlines once more the need for further intensification of the EU efforts to develop a coherent and effective common European foreign policy on energy with a renewed focus on energy-producing countries;
2. Considers that the establishment of a European foreign policy on energy will enable the EU to speak with one voice and will further strengthen its international position on energy matters; calls on the Commission, therefore, to identify and propose concrete mechanisms for the deepening and refinement of cooperation between the Member States and the EU for the establishment of a common position and message; asks the Commission to speed up its work and to present concrete proposals as soon as possible;
3. Considers that Europe must act as a role model in respect of sustainability and energy efficiency and that the European Union must therefore take a leading role on the issues of renewable energies and energy efficiency worldwide and must export its knowledge and expertise in this field; underlines the need to utilise this potential, especially in the bilateral dialogue with emerging countries such as China and India;

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<sup>1</sup> OJ C 219 E, 28.8.2008, p. 206.

4. Considers that relations and partnerships with key energy suppliers, transit countries and consumer countries are important and must be deepened; points out, however, that the deepening of those relations and partnerships should in no circumstances take place to the detriment of the EU's founding values with regard, in particular, to respect for human rights; underlines in this regard that the development of confidence and deeper and legally binding ties between the EU and producer and transit countries should go hand in hand with the promotion of, and respect for, democracy, human rights and the rule of law; calls for the development and adoption of policies and concrete measures to those ends;
5. Notes with satisfaction cases where there is already regulatory and market integration (e.g. Norway) and underlines the importance of policies under development for the construction of an integrated market in other parts of Europe (e.g. south-east Europe); believes that such market integration will be instrumental in bringing about a deepened dialogue, particularly with producer countries;
6. Underlines the important role of the enlargement process in developing the wide application of the Community *acquis* in the energy sector; in this respect, regards Turkey as an important partner for the EU's energy strategy and takes note of the agreements which Turkey has concluded with neighbouring countries (e.g. with Greece and Italy on the ITGI natural gas pipeline, with Azerbaijan and with Turkmenistan) for the flow of energy supplies;
7. Calls for the development of a new generation of "energy interdependence" provisions in the EU's agreements with producer countries outside Europe, covering issues such as investment and investment protection, the development and physical protection of infrastructure, access to markets, dialogue on developments in market and policy matters, transit agreements and dispute settlement provisions;
8. Underlines the importance of current negotiations between the EU and Russia for the conclusion of a new agreement replacing the 1997 Partnership and Cooperation Agreement; is of the opinion that energy provisions must be a key part of this new agreement in order to achieve further improvements in various areas of the EU-Russia energy relationship; calls, therefore, for the development of legally binding energy interdependence provisions within this framework, with a view to increased industrial cooperation in the field of energy between EU and Russia;
9. Notes the importance of the EU-OPEC energy dialogue and encourages the Commission to intensify the energy dialogue with Norway; points out that cooperation with the countries of the Caspian region remains an important priority;
10. Calls for the further development of energy relations with partners such as the USA, Australia, Canada and Japan, and with fast-growing consumer countries such as China and India; stresses the importance of an enhanced energy dialogue with countries with potential in the field of alternative energy production;
11. Considers that the European Union should intensify the transatlantic dialogue and cooperation with the USA, as the largest consumer of energy, in respect of sustainability and energy efficiency;

12. Notes that, although the realisation of projects such as the Trans-Sahara gas pipeline, the South Stream pipeline, the ITGI natural gas pipeline already under construction and the Nabucco pipeline will contribute to the diversity of gas supplies to Europe in the long term, more must be done in the short to medium term to facilitate exports of mature Caspian gas reserves to Europe; calls for a joint European effort under the Czech Presidency of the European Union and the coming EU Presidencies to support producers in establishing the Southern Gas Corridor;
13. Stresses the importance of rapid approval and implementation of the "Climate action and renewable energy package", in order to tackle climate change by reducing CO<sub>2</sub> emissions and to promote renewable energy sources;
14. Considers that ratification of the Lisbon Treaty will further strengthen all efforts to establish a common European energy policy.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	20.1.2009
<b>Result of final vote</b>	+: 44 -: 2 0: 1
<b>Members present for the final vote</b>	Vittorio Agnoletto, Angelika Beer, Monika Beňová, Giorgos Dimitrakopoulos, Michael Gahler, Jas Gawronski, Alfred Gomolka, Klaus Hänsch, Richard Howitt, Ioannis Kasoulides, Maria Eleni Koppa, Helmut Kuhne, Johannes Lebech, Philippe Morillon, Baroness Nicholson of Winterbourne, Raimon Obiols i Germà, Vural Öger, Janusz Onyszkiewicz, Justas Vincas Paleckis, Ioan Mircea Pașcu, Alojz Peterle, João de Deus Pinheiro, Samuli Pohjamo, Bernd Posselt, Libor Rouček, Christian Rovsing, Flaviu Călin Rus, Katrin Saks, José Ignacio Salafranca Sánchez-Neyra, Jacek Saryusz-Wolski, György Schöpflin, Hannes Swoboda, István Szent-Iványi, Konrad Szymański, Charles Tannock, Inese Vaidere, Geoffrey Van Orden, Ari Vatanen, Andrzej Wielowieyski, Zbigniew Zaleski, Josef Zieleniec
<b>Substitute(s) present for the final vote</b>	Alexandra Dobolyi, Árpád Duka-Zólyomi, Kinga Gál, Aurelio Juri, Aloyzas Sakalas, Inger Segelström

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	21.1.2009
<b>Result of final vote</b>	+: 38 -: 5 0: 4
<b>Members present for the final vote</b>	Šarūnas Birutis, Jan Březina, Philippe Busquin, Giles Chichester, Pilar del Castillo Vera, Den Dover, Lena Ek, Nicole Fontaine, Adam Gierek, Norbert Glante, András Gyürk, Fiona Hall, David Hammerstein, Erna Hennicot-Schoepges, Mary Honeyball, Ján Hudacký, Romana Jordan Cizelj, Werner Langen, Anne Laperrouze, Eluned Morgan, Antonio Mussa, Angelika Niebler, Reino Paasilinna, Atanas Papanizov, Aldo Patriciello, Francisca Pleguezuelos Aguilar, Anni Podimata, Miloslav Ransdorf, Vladimír Remek, Herbert Reul, Teresa Riera Madurell, Mechtild Rothe, Paul Rübig, Andres Tarand, Britta Thomsen, Patrizia Toia, Catherine Trautmann, Nikolaos Vakalis
<b>Substitute(s) present for the final vote</b>	Ivo Belet, Zdzisław Kazimierz Chmielewski, Matthias Groote, Toine Manders, Vittorio Prodi, Esko Seppänen, Silvia-Adriana Țicău, Roberts Zīle
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	Marian-Jean Marinescu