The Energy Union: Speeding up Positive Energy for Europe?

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Vienna, 13 March 2015
1998-2014: Achievements and Failures

Development of an internal gas and electricity market

But prices are still not reflecting all costs and harmful subsidies continue

10% interconnection target, labelling PCIs, establishing instruments such as TEN, CEF, Recovery Plan

But beyond BEMIP and the FR/ES case there are still too many energy islands

CO2 cap-and-trade mechanism established and CO2 emissions reduced

But the market signal is absent because of over-allocation and international credits

Gas supply crisis triggered a reflection on diversification and LNG alternatives

But we remain more than ever dependent on Russia
1998-2014: Achievements and Failures

On renewables:

- Technology development
  (source: theenergycollective.com)

- Impressive cost reduction
  (source: Agora Energiewende)
1998-2014: Achievements and Failures

On efficiency:

- Falling oil prices thanks to the CO2/cars regulations

- Moderation of electricity demand thanks to the energy efficiency directive, the energy performance of buildings directive

- Savings to be achieved thanks to eco-design and energy labelling instruments amount to the annual consumption of Italy by 2020!

- Why don’t we go further for 2030? A 40% savings target would allow the EU to cut gas imports by 40%
1998-2014: Achievements and Failures

Post-Kyoto comparative evolution of Solar, Wind and Nuclear
(source: BP Statistical Review 2014)
Where do we go now?

No energy union without cities and citizens!

- From consumers to prosumers: citizens must master their production and consumption

- Retail: Encouraging consumption of self-generated energy, developing demand-side response mechanisms

- For a Just Transition: involving trade unions, up-skilling workers, developing education and training at school

- Cities and local governments are at the heart of the energy transition: Covenant of Mayors, Energy Cities...
Where do we go now?

No energy union without a reformed power market!

- Need to dismantle unlawful State aids and environmentally harmful public subsidies

- Need to reform ETS to internalise CO2 costs in the electricity price: „under the current system the ETS will only be short by 2028“, Pavel Rezabek, Chief Economist of CEZ

- Need to set-up a new market design as current design doesn’t allow RES generation to remunerate itself
Where do we go now?

No energy union without macro-regional markets!

- Regional cooperation as a way to overcome the dilemma of market integration vs. national energy mix

- Macro-regions for cost-optimisation and system adequacy, building trust between neighbouring countries

- Encouraging joint spatial planning, joint support, schemes, joint projects
Where do we go now?

No energy union without proper investments – Money matters!

- Investments in renewables need stable regulatory frameworks (no more retroactive change) and ambitious binding 2030 targets

- Investments in efficiency need a mix of grants and loans, technical assistance to bundle small projects into bankable ones: proposal to establish a 50 bn€ dedicated fund for energy efficiency under EFSI

- Repair ETS for a real market signal for clean investment; and use structural funds for efficiency and renewables (38 bn€ 2014-2020)
Where do we go now?

No energy union without national Parliaments!

- In the year of Paris COP 21, we need to create a transnational debate to strengthen democracy and transparency

- Say stop to obscure behind the scene deals under the unanimity threat and support a co-decision process fully involving the EP

- EUFORES IPM Vienna is the start, national Parliaments should get more involved in the definition of the EU energy policy
Thank you for your attention!

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