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Europe's Energy Union: an idea whose time has come?

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Today, the European Council met to discuss the idea of a European “Energy Union”. In particular, it focused on the Commission’s recently released “Strategic Framework” outlining its strategy for creating such a Union. What are we to make of this discussion and of the Commission’s plan? One (cynical) view would be that Energy Union discussion is a triumph of style over substance, a repackaging of old ideas and existing policies without resolving the underlying political barriers to implementation. The Energy Union itself is, after all, an old idea. Indeed, many of the proposals contained in the Commission’s Strategic Framework have been criticized for being a restatement of existing goals or a pledge to get Member States to do what EU law already requires. For instance, the EU has already identified a list of “common interest” energy infrastructure projects and provides financial support for them, but progress on implementation has been slow. However, at

its best, the Energy Union could be much more than old wine in new bottles. The EU is currently facing three major challenges in three key areas of energy policy: security of supply, climate change mitigation, and affordability. Europe's member countries would benefit enormously if they approach these challenges collectively. With respect to security of supply, much of the EU's gas supply flows from Russia through Ukraine and is currently at risk if the conflict escalates further. Resilience to a possible Russian gas cut would be much greater if the EU built the necessary infrastructure and market trading hubs to allow gas to flow more freely between Member States, in the event of a shortage. To respond to the urgency of climate change, integrating higher shares of intermittent renewable electricity and developing lower carbon transport options implies an increased role for cross-border planning and integration of market infrastructure. With respect to affordability, it is now clear that the EU is not going to have an American-style "shale gas revolution". This means that it must focus on other solutions to keep energy costs affordable for consumers, such as reducing consumption instead of price, by developing and deploying energy efficiency technologies at large scale, and by creating more integrated and competitive internal energy markets. The challenge with the Energy Union discussion is thus to ensure that the EU puts the concept and the political momentum behind it "to work", to help overcome the existing political barriers and special interests that have blocked taking these necessary steps. To be a success, the Energy Union project must do more than repackage existing policies; it must seek to create the necessary cooperation for the energy transition to succeed.