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# The Energy Union

## Bringing a vision into focus

Despite it dominating political discussions of European climate and energy policy, the vision of an EU Energy Union still lacks focus in many areas. This briefing puts a spotlight on the elements of an Energy Union that WWF believes must be central to its success.

# INTEGRATING CLIMATE PROTECTION INTO THE ENERGY UNION

Decarbonisation of the EU energy mix is one of the five dimensions of the Energy Union, and the mandate of Vice President Šefčovič includes a ‘forward-looking climate change policy.’ Climate protection is not a ‘nice to have’ add-on to an energy security strategy – it is a commitment that needs to be fully expressed in the ambitions and policies of the Energy Union. It requires thinking to 2030 and beyond, recognising that the EU power sector will need to be totally decarbonised before 2050. The Energy Union strategy must reflect a careful consideration of the risks of climate change; basing Europe’s policies on real science to ensure Europe’s citizens and businesses continue to live and operate in safety.

## **An Energy Union must:**

Integrate climate protection as more than a ‘nice to have’ add-on to an energy security strategy – it is a commitment that needs to be fully expressed in the ambitions and policies of the Energy Union.

# MAKE THE ENERGY UNION RELEVANT TO EUROPEAN CITIZENS

Nearly 10% of Europeans are unable to keep their home adequately warm, almost 16% live in homes that are damp, rotting or leaking, and around 9% are behind on payments for utility bills.<sup>1</sup> The Energy Union should look beyond grand new supply/distribution infrastructure projects and high-level inter-governmental issues. 61% of gas imported to the EU is used to warm up our homes and offices. Renovation of existing buildings should be seen as an investment in improving the EU’s energy system infrastructure for the direct benefit of European citizens. The Energy Union should prioritise the reduction of energy demand from the building sector and must set a vision for how all homes in Europe will be made warm and dry at an affordable price. The poorest are also often worst affected by the impacts of air pollution, a significant proportion of which is caused by the burning of coal. In the EU, 18,400 premature deaths a year can be attributed to coal power plant emissions, and coal pollution related illnesses result in health costs of €15.5-43.1 billion a year.<sup>2</sup> This pollution must be tackled directly through the introduction of an Emissions Performance Standard to cut pollution from the dirtiest power plants. The Energy Union should make clear the link to the health impact and costs of pollution and include this policy in its vision. At the same time, the Union should recognise the growing role of auto-producers in energy

<sup>1</sup> <http://fuelpoverty.eu/2014/06/01/measurement-in-europe-part-2/>

<sup>2</sup> Health and Environment Alliance, 2013, The Unpaid Health Bill – How Coal power Plants Make Us Sick.

supply: for example, the majority of solar PV systems are installed by homeowners on rooftops. Citizens are more than ever participants in EU energy.

#### **An Energy Union must:**

Prioritise the reduction of energy demand from the building sector, setting a vision for how all homes in Europe will be made warm and dry at an affordable price, and recognizing the role of small scale energy generation by citizens.

## **ENSURING ENERGY INVESTMENTS FOLLOW ENERGY POLICY**

Even under important EU-backed investment instruments and policies, such as the Juncker investment plan and the Projects of Common Interest, the vast majority of European energy investments will come from the private sector. These will only be made if investors are confident of the profitability of low-carbon investments. If the EU continues to send mixed messages about the continued role of fossil fuels, that confidence will be shaken. The Energy Union must set out Europe's vision of an energy system based on reducing dependence on fossil fuels by prioritising and maximising, where necessary through the use of incentives and support schemes, energy efficiency and renewable energy. The Energy Union must also drive the future development of both of these cleanest forms of energy. The Energy Union strategy should have this prioritisation as its central, guiding principle. A vague commitment to support research, development and deployment of energy technologies will not generate the clarity required to give investors the confidence they need.

#### **An Energy Union must:**

Set out Europe's vision of an energy system based on reducing dependence on fossil fuels by prioritising and maximising efficiency and renewable energy, where necessary through the use of incentives and support schemes

## **AN ENERGY UNION VISION THAT LEADS TO MEANINGFUL AND ENFORCEABLE POLICIES**

While consensus in support of binding renewable energy and energy efficiency targets in the 2030 climate and energy framework could not be found among Member States, this does not mean that subsequent policy will necessarily be un-enforceable. For example, the 2001

Renewable Electricity Directive (2001/77/EC) did not include legally binding targets, but it did place a legal obligation on Member States:

*...to take appropriate steps to encourage greater consumption of electricity produced from renewable energy sources in conformity with the national indicative targets referred to in para. 2. These steps must be in proportion to the objective to be obtained.*

Under such an obligation, the measure is not whether the indicative target is met, but whether Member States have taken all steps to reach that target. Indeed, infringement proceedings were launched on the basis of this provision in the Renewable Electricity Directive, with 61 cases taken against Member States by the Commission for non-compliance between 2004 and 2009. The Energy Union vision should set out the basis for the enforceability of EU energy policies that lack legally binding targets. The Energy Union vision should also reflect the fact that the clearer the legal requirement on Member States, the better the delivery of the energy policy. Between 1995 and 2000, when there was no regulatory framework, the share of renewable energy in EU final energy consumption only grew by 1.9% a year on average. Between 2001 and 2010 under a regime of indicative targets the average growth rate increased by 4.5% a year. The adoption of legally binding targets further boosted growth, with the share of renewable energy sources increasing by 9.3% in 2012.<sup>3</sup>

### An Energy Union must:

Set out the basis for the enforceability of EU energy policies that lack legally binding targets, reflecting the fact that the clearer the legal requirement on Member States the better the delivery of energy policy.

## ENSURING THE ENERGY UNION'S 5 DIMENSIONS REMAIN COHERENT

To ensure the stability of an Energy Union, EU Policy Makers must base it firmly on the Union's legal foundations. In particular, Article 194 of the Treaty of the Functioning of the European Union<sup>4</sup> lays down the principles of EU energy policy and requires EU institutions to ensure the functioning of the energy market, ensure security of energy supplies, and promote energy efficiency, renewable energy and the interconnection of energy networks. The Energy Union must reinforce this legal basis of European energy policy. The specific pieces of EU law which implement this treaty provision, such as the Renewable Energy Directive and the Energy Efficiency Directive should be retained and revised to support the implementation of the 2030 climate and energy framework through a robust governance structure. The dimensions of the Energy Union must not become a vague and unreliable stand-in for clear and precise policy and legislation.

<sup>3</sup> Ecofys, forthcoming, Building on the Renewables Directive. The way forward for a new renewables governance system in the EU (Lucie Tesniere, Corinna Klessmann, Luis Janeiro)

<sup>4</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12008E194:EN:HTML>

### **An Energy Union must:**

Reinforce and enhance the legal basis of European energy policy, including specific laws such as the Renewable Energy Directive and the Energy Efficiency Directives, which implement Treaty support for clean energy.

## **AN ENERGY UNION THAT TARGETS WEAKNESSES IN THE ENERGY SYSTEM**

Despite all countries being subject to significant energy-related risks, including price shocks, rapid technological changes and geo-political tensions, the European Union fails to adequately ‘stress-test’ its energy systems, including its assumptions about future developments. This means that the European Commission is unable to properly identify specific threats to the EU’s energy system, or seek to mitigate their impact through energy policy. A clear example is the assumption in Commission energy modelling that Carbon Capture and Storage (CCS) will become an important abatement technology. No assessment has been made of what would have to happen if CCS technology never becomes commercially viable. If new fossil fuel energy is permitted under the assumption that its emissions will later be abated by a technology that never materialises, Europe runs the risk of either breaking emissions reductions targets, having to very rapidly ramp up energy efficiency and renewable energy, or having to close power plants and suffer power shortages – or probably a combination of all three, none of which are very palatable.

### **An Energy Union must:**

Include an emphasis on using comprehensive stress tests on all elements of EU energy policy to minimise the impact of key assumptions in energy modelling not being delivered in the real world.


## **AN UNDERLYING VISION FOR THE ENERGY UNION**

The Energy Union should set out a vision of EU and Member States maintaining a clear common policy baseline, while encouraging those who want to move faster to do so without hindrance. This convergence with independence must be sufficient to maximise the benefits of increased synergies between Member States. For example, the completion of the internal energy market must ensure that variable supply from renewable sources is matched with flexible demand through efficiency and demand side management on the most effective level possible, be that local, national, regional, or continental. Convergence should mean that both households and commercial energy users across Europe have the

same opportunity to consume from, produce for, and provide services to the energy system in the way they choose. This opportunity should be supported through greater interconnection of European energy networks and markets. The political support that currently exists for an Energy Union must be capitalised upon, so that the Energy Union does more than simply reinforce the current programme of incremental change.

### An Energy Union must:

Present a vision for the clear transformation of energy systems that go beyond national borders in order to accelerate the least cost delivery of renewable energy and energy efficiency.

	<p><b>Why we are here</b> To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.</p> <hr/> <p><a href="http://www.wwf.eu">www.wwf.eu</a></p>
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