



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 13 February 2009

5964/09

**ENER 38
ENV 60
RELEX 98
ATO 17
POLGEN 12**

NOTE

from : General Secretariat of the Council
to : Delegations

Subject : Commission Communication "Second Strategic Energy Review- an EU energy security and solidarity action plan"
- Draft Council conclusions

In view of the TTE Council (Energy) in February and the European Council in March 2009, the presidency suggested to address the above Communication (doc. 15944/08) through Council conclusions, on the basis of the guidelines defined in the European Council October 2008 conclusions¹

In its *EU energy security and solidarity action plan* (ESSA Plan) the Commission outlines several initiatives, some of which were presented together with the Communication (e.g. proposals on oil stocks and on energy efficiency) while others will be launched over 2009 - 2010.

¹ December 2008 European Council conclusions (para. 25)

25. The Union's efforts to combat climate change are coupled with resolute action to enhance its energy security, including interconnections and the connection of the most isolated European countries. In this respect, the European Council asks the Council, on the basis of the guidelines defined in its October 2008 conclusions, to conduct a rapid examination of the Energy Security and Solidarity Action Plan presented by the Commission, in preparation for its March 2009 meeting.

In that light, the Council at this stage is expected to set clear short as well as long term priorities regarding energy security and solidarity, possibly endorsing those proposed by the Commission and building up on the October 2008 European Council conclusions on Energy Security. Actions already undertaken e.g. as part of the implementation of the Action Plan "Energy Policy for Europe" are not repeated

Delegations will find attached the draft conclusions as resulting from their latest examination by Coreper on 6 February. While meeting with a broad degree of agreement they are still subject to a few scrutiny reservations.

Council is invited to reach full agreement on the attached conclusions.

**Draft Council conclusions on
the Commission Communication**

"Second Strategic Energy Review - An EU energy security and solidarity action plan"

THE COUNCIL

WELCOMES the energy security and energy efficiency package presented by the Commission on November 13 2008, in particular the Communication entitled "An EU Energy Security and Solidarity Action Plan";

AND RECALLS AND REAFFIRMS

- The conclusions reached at the extraordinary TTE (Energy) Council on January 12 (doc. 5165/1/09) and the conclusions of the October European Council on energy security.
- The commitment to the goals on the reduction of greenhouse gas emissions, on the share of renewable sources of energy and on energy efficiency as agreed by the European Council in March 2007 and the agreement reached in December 2008 on the climate and energy package.
- The need for Europe to act together to deliver sustainable, secure and competitive energy.
- Solidarity between Member States that has to be strengthened and balanced with Member States' responsibility over their energy security, fully respecting Member States' choice of energy mix and sovereignty over energy sources.
- An efficient, liberalised and well connected internal energy market together with a stable and transparent legal and regulatory framework as a prerequisite for an effective energy policy at Member States and EU level.
- Early implementation of measures and commitments related to the internal market, energy efficiency and renewable energy that also contribute to energy security.

AGREES TO THE FOLLOWING PRIORITIES:

I. Short term Priorities

Efforts for interconnection and diversification of energy suppliers, sources and supply routes must intensify, notably in the gas sector, as was proved during the recent unprecedented interruption of gas supplies from Russia via Ukraine to the EU. In order to provide for the infrastructure needs and diversification of energy supplies of a well integrated EU energy market and to be able to prevent possible future major supply disruptions in gas or other energy sectors or cope with their consequences, the Council agrees to:

- Carrying out further work on the six priority infrastructure actions: the Southern gas corridor, a diverse and adequate LNG supply for Europe, effective interconnection of the Baltic region, the Mediterranean Energy Ring, adequate North-South gas and electricity interconnections within Central and South-East Europe, and the North West Offshore Grid, as outlined in the 2nd Strategic Energy Review. These actions are without prejudice to ongoing TEN-E projects and to the discussion on concrete projects in the context of both the TEN-E policy revision, the European Recovery Plan and decisions on financing that will be taken in accordance with applicable budgetary and financial rules or to the financing of other infrastructure that may contribute to diversify suppliers, sources and routes in a geographically balanced way and to enhance connectivity for central as well as peripheral European energy markets.
- Improving transparency and promoting investments, be they public or private, in gas storage as sufficient gas stocks proved to be of significant importance for mitigating supply disruptions.
- Exploring the feasibility of a mechanism, in line with EU competition rules, which would facilitate access to Caspian gas with a view to enabling competitive new gas sources to come onto the European market and the necessary infrastructure to be constructed.
- Regular assessment of energy supply and demand including information on physical gas flows, storage capacities and stock changes and infrastructure and production capacities that would facilitate identification of investments that could contribute to reducing risks to security of supply. In this context, while noting that infrastructure investments are primarily but not exclusively driven by market factors, the Council supports the intensification of the activities of the European Networks of Transmission System Operators on supply and generation adequacy outlooks and network development plans, as foreseen in the Third Package, as well as of the Market Observatory for Energy.
- In the context of the TEN-E policy revision, the need to refine the criteria for the selection of infrastructure including interconnections, which should be based on the EU energy policy goals, contributing to the creation of a fully interconnected EU energy market, competitive energy supplies, the energy security of Member States and the EU and the diversification of energy suppliers, sources and supply routes, while striking the right balance between the economic viability and maturity of the projects and their contribution to energy security.
- Identification and removal of barriers to investment, including by means of streamlining of planning and consultation procedures or by appointing European coordinators, in particular for projects which improve interconnection.

- Promote a co-ordinated approach between Commission and Member States, where appropriate, in order to support in a cost effective way large scale deployment of offshore wind power in the European seas while preserving the reliability of the grid.

Due to increasing energy demand worldwide and in order to ensure a more diversified and secure supply, energy policy represents a key part of external relations of the EU and its Member States. Building on the "Energy Policy for Europe" Action Plan¹, the Council stresses that it is important to:

- Ensure that the EU and its Member States deliver consistent messages ("speaking with one voice"), drawing from the experience of the January gas supply crisis, on external energy issues in their dialogues with supplier, transit and consumer countries.
- Messages to third countries should be consistent with the EU policy objectives, focusing on the reduction of GHG, energy efficiency, renewables and low-emission technologies
- Step up energy relationships with third countries and regions, that should be based on the *acquis* and on key principles of the Energy Charter Treaty, notably through:
 - Rapid development of the Eastern Partnership
 - Further development of Energy cooperation with Russia
 - Continued high level political engagement with supplier and transit countries along the Southern Corridor
 - Accession of Ukraine and the Republic of Moldova and pursuing further accessions to the Energy Community Treaty
 - Strengthened cooperation with Mediterranean countries
- Further develop a common approach to external energy policy to support EU, Member States and companies to develop energy cooperation, by defining a common agenda towards energy partner countries and developing new broad-based partnerships.
- Increase transparency and reliability through meaningful exchange of information between the Commission and Member States level on energy relations, including long term supply arrangements, with third countries while preserving commercially-sensitive information..

With a view to addressing supply disruptions, such as the recent ones, the Council reaffirms the need to develop further flexible, efficient and transparent crisis response mechanisms for oil and gas supplies and therefore recognizes the need to:

¹ European Council Action Plan (2007 – 2009), Energy Policy for Europe, heading III International Energy Policy

- Revise the Oil Stocks Directive 2006/67 in order to increase transparency and effectiveness, on the basis of the IEA rules, including on stockholding and crises response mechanism.
- Improve, as an urgent priority, both national and EU level instruments for ensuring the security of supply for gas, through the revision of the Gas Security of Supply Directive 2004/67 to be tabled by the Commission in 2009, following its preparation in close cooperation with the Gas Coordination Group. In this respect it is important to better define the major supply disruption indicator and to provide for a more effective crisis response mechanism, e.g. through pre-defined emergency plans at the appropriate levels..

Efficient transformation, transmission and consumption of energy sources contribute to energy security in third countries as well as in the EU. Energy efficiency measures should therefore be further developed and strengthened, national energy efficiency plans thoroughly implemented and the Commission Action Plan on Energy Efficiency revised. In this respect, the Council:

- Welcomes, in line with the 20% energy efficiency target by 2020 and as a key element to reaching the climate and renewable targets, the Energy Efficiency Package presented by the Commission in November 2008
- Endeavours to reach agreement on the proposals comprised in the Energy Efficiency Package by the end of 2009.

In order to decrease its dependency on external energy sources, the EU needs to make the best use of its own energy resources, including renewables, fossil fuels and, in countries which choose to do so, nuclear energy and create a climate where Member States according to their fuel choice may effectively facilitate investments in these resources The Council therefore confirms that it is necessary to:

- Promote renewables and tackle barriers to energy from renewable sources
- Promote environmentally compatible development of the EU's indigenous fossil fuel resources and their efficient and sustainable use through application of advanced technologies
- Consider the development of a Community regulatory framework for nuclear safety and the need to make progress on waste management, with full involvement of the European Nuclear Safety Regulators Group (ENSREG).

II. Long term priorities

Building upon the EU's policy towards 2020, the Council recognizes that due to increasingly tight energy supply-demand balance and the continuous need to address climate changes and contribute to the moderation of global energy demand, it is important to act today to develop a policy agenda for 2030 and a vision for 2050. This should be an important element in the Energy Policy for Europe Action Plan from 2010 onwards. It should involve:

- Developing low-carbon and efficient energy systems , including *inter alia* through greater decentralisation
- Speeding up the implementation of the SET Plan and ensuring consistency with these priorities in the future Framework Research Programmes
- Securing the timely deployment of the CCS technologies and projects
- Speeding up the development of electric vehicles and of hydrogen and alternative fuels in order to decrease oil dependency

Means

In order to reach the above mentioned priorities, the Council invites the Commission to:

- Identify the necessary legislative and non-legislative actions and appropriate financial resources, taking due account *inter alia* of what is already foreseen under the European Economic Recovery Plan as agreed by the European Council conclusions of December 2008.
- Present, on the basis of a thorough impact assessment, a new EU Energy Security and Infrastructure Instrument, building on the result of public consultation on the Green Paper “Towards a secure, sustainable and competitive European energy network”.
- Prepare a Sustainable Energy Financing Initiative as a joint Commission and European Investment Bank project to mobilise large-scale funding from capital markets for investments in energy efficiency, renewable energies and other energy sources and uses aiming at reducing greenhouse gases emissions and decreasing the energy dependency of the EU and in this respect take into consideration relevant expertise of the EBRD and other international financial institutions.

and also agrees that:

- it is necessary to improve the exchange of information and of best practice within the EU and with third countries through existing mechanisms and regional and multilateral fora.
- Further actions, initiatives and instruments, as appropriate, are needed to strengthen the development of a common approach to external energy policy.