Dr Aleksandra Lis

The Energy Union: what is it about and how will it evolve in the future?

Introduction

Following the violent events in Ukraine at the turn of 2013 and 2014 and the annexation of Crimea by Russia in March 2014 and a new gas dispute between Russia and Ukraine, the Prime Minister of Poland, Donald Tusk, proposed six pillars of an Energy Union in Europe and promised an orchestrated diplomatic effort to promote this idea in Brussels and in the Member States. In the opinion section of the Financial Times, on 21 April 2014, Tusk outlined his idea in a piece called *A united Europe can end Russia's energy stranglehold*.

The six pillars of the future Energy Union in his view are the following[1]:

1. **Common purchase of gas**

   Europe should develop a mechanism for jointly negotiating gas contracts with Russia. This would be introduced gradually. Initially, bilateral agreements would be stripped off any secret and market-distorting clauses; then, a template contract would be created for all new gas contracts; finally, the European Commission would be required to take part in all new negotiations. Poland proposed to establish a European institution to purchase gas for all 28 EU Member States. Alternatively, companies which dominate the supply of energy sources to the European Union should be obliged to sell their products (e.g. gas) through exchange platforms and to give up their shares in gas infrastructure.[2]

2. **Solidarity mechanisms**

   Mechanisms guaranteeing solidarity among member states should be strengthened in case energy supplies are cut off again, as they were in the winter of 2009 when Russia's previous dispute with Ukraine stopped gas flows to a number of EU states.

3. **Support for energy infrastructure**

   The EU should support construction of energy infrastructure. In countries where security of supply is the weakest, storage capacity and gas interconnectors should be built with the assistance of EU funds. Such projects should be put on the priority list and should enjoy the highest permitted level of co-financing from Brussels – 75 per cent. Strengthening of the oil supplies to the European Union through development of adequate transport, storage and refining infrastructure should become a part of the future Energy Union.

4. **Domestic energy sources**

   Europe should make full use of the available fossil fuels, including coal and shale gas.

[1] http://www.ft.com/intl/cms/s/0/91508464-c661-11e3-ba0e-00144feabdc0.html#axzz3C959I3vZ
[2] http://www.consus.eu/n,16664,ue-o-polskiej-propozycji-unii-energetycznej.html

This text was prepared within the post-doctoral research fellowship at Agora-Energiewende in Berlin, July-September 2014. The content of this report does not reflect the official opinion of the Agora-Energiewende. Responsibility for the information and views set out in this report lies entirely with the author.

5. **Diversification of gas supplies**

   Europe should reach out to the partners outside Europe and sign agreements with the emerging suppliers. One possibility is the US, where shale production has taken off in recent years. Another potential suppliers are Canada and Australia, the latter known as the rising star of liquefied natural gas exports.

6. **Strengthen the Energy Community**

   The European Union should strengthen the Energy Community which was established in 2005 with the eastern and southern neighboring countries.

This paper discusses the proposal of Poland with three main purposes:

1. To evaluate the contribution of the Polish proposal to the existing regulations for the gas market in the European Union.
2. To examine reactions to the Polish proposal both coming from political and expert actors in the EU as well as of the European Commission itself through the analysis of the Communication on the security of energy supplies.[3]
3. To analyze how potentially this proposal could develop and be implemented in the European Union policy agenda given the fact that energy security issues became priority in recent months?

I. What is new in the concept of the Energy Union?

The EU is highly dependent on foreign energy supplies, importing 53% of all consumed energy at a cost of more than one billion euros per day. This includes: 88% of crude oil consumption, 66% of natural gas consumption, 42% of solid fuels consumption such as coal and 40% of the nuclear fuel.[4]

Gas supplies is a particularly sensitive area for some of the EU Member States. There are six countries in the EU that rely on one supplier, Russia, for their entire gas imports. Three of them use gas for more than a quarter of their total energy needs.

Table 1. Key indicators for exposure to gas supply risks

	Share of natural gas in total primary energy consumption (%)	Share of Russian imports in natural gas consumption (%)	Main supply routes	Technical physical capacity (GWh/d)	Gross inland gas consumption (GWh/d)	Storage (% total national consumption)
EE	10	100	LV	70	19.31	0

[3] COM(2014) 330 final, Brussels, 28.5.2014.
[4] COM(2014) 330 final, Brussels, 28.5.2014.

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			RU	41		
			RU	5		
LV	28	100	LT	62	42.88	154
			RU	200		
LT	37	100	LV	62	93.96	0
			BY	323		
PL	14	54	DE	70	481.58	14
			DE	48		
			CZ	28		
			BY	7.3		
			BY	1024.3		
			BY	169.1		
			UA	135.6		
CZ	16	89	DE	319.7	242.73	40
			DE	77.5		
			DE	951.9		
			SK	530.0		
HU	36	80	AT	129.2	294.06	60
			RO	2.6		
			UA	598.8		
SK	26	91	CZ	696.0	154.55	57
			AT	248.0		
			AT	175.0		
			UA	2288.0		
SI	10	42	AT	103.0	25.14	0
			IT	28.0		
BG	13	83	RO	151.0	86.78	19
			RO	602.0		
			RO	28.4		
RO	31	18	BG	132.0	382.81	23
			HU	51.0		

			BG	46.4		
			UA	113.0		
			UA	398.0		
			UA	753.0		

Source: IDDRI analysis based on Enerdata, Eurostat, Gas Infrastructure Europe Infrastructure map and storage data

According to the European Commission, in 2013, supplies from Russia accounted for 39% of EU's natural gas imports and of 27% of its consumption. At the same time, Europe is the biggest buyer of Russian gas. In 2013, Russia exported 70% of its gas to Europe with largest volumes consumed by Germany and Italy.[5] Three Member States – Estonia, Latvia, and Lithuania – also rely on a single external operator for the operation and balancing of their electricity network, and for a large share of their electricity supply.

The six points of the Polish proposal presented on the opinion page of the *Financial Times* and further developed in the Non-paper on the Energy Union (April 2014) attracted a lot of political attention in the EU. Tusks' proposal was eagerly supported by some Heads of State, for example, François Hollande proposed to call it the Polish-French proposal. However, the problem of the security of energy supplies (and in particular of gas) is not new for Europe and it has already been debated and regulated in 2004 and 2010 after the previous shortages in energy supply. It is thus useful to review the existing regulations, institutions and programs with regard to how they deal with the problem of gas supplies from the third countries, in particular from Russia. Do these regulations, programs and institutions work and what is there new in the Tusk proposal for the solution of the EU-Russian problems in energy relations?

Table 2. Review of the existing legislation, frameworks and institutions regulating security of gas supplies.

Name	What is it about?	Mechanisms for enhancing security of gas supply	Does it work for EU-Russian Relations?	Basis for the Energy Union
The Energy Charter Treaty (ECT) (1998)	The oldest and the only legally binding, multilateral framework for cross-border co-operations in the energy industry. It regulates investments and trade in the energy sector.	Transit Protocol that provides a legal framework to facilitate energy trade across borders and cooperation among energy producing, consuming and transit countries.	Russia withdrew its signature under the Treaty in 2009. Transit Protocol is still under negotiations.	The Energy Charter is an institution which has a potential for improving governance in the energy sector globally. It has a limited meaning because it has not been ratified by many big energy

[5] COM(2014) 330 final, Brussels, 28.5.2014.

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				producers, like OPEC or Russia. With the Transit Protocol signed, the Energy Charter could be useful for increasing external security of energy supplies to Europe. However, the EU's application of the principle of Regional Economic Integration Organization (REIO) to both the Treaty and the Transit Protocol to exempt itself from transit provisions has not been received well by Russia and blocked any further progress in negotiations.
The EU-Russian Energy Dialogue (2000)	The platform for direct negotiations of the EU-Russia relations in the area of energy.	The Early Warning Mechanism in November 2009 to ensure rapid communication and to prevent further supply interruptions in the field of gas, oil or electricity.	The EU-Russia Energy Dialogue has not yet brought any substantial progress, the Early Warning Mechanism is the biggest achievement so far.[6]	The EU-Russia Energy Dialogue could be a starting point for improving the security of gas supplies to Europe from Russia but so far the Dialogue did not bring any substantial results.
The Energy Community Treaty (2005)	It aims to establish an integrated market for natural gas and electricity in the East and South neighboring countries based on common interest and solidarity.	Extension of the EU market rules and development of infrastructure to integrate the neighboring countries with the EU region.	It does not include Russia as a member so it does not directly regulate EU-Russia energy relations. However, by integrating the neighboring regions both in terms of common regulations and infrastructure, the EU extends its influence in the regions that could otherwise be influence by Russia, and thus also secures more transparency and predictability in the energy sector beyond the EU's territory.	The Energy Community transposes and implements the EU's Third Energy Package since September 2011. This is still work in progress. Also the infrastructure projects, like e.g. the Southern Gas Corridor are in early phase of development. The South Stream project promoted by Russia has been already supported by all transit countries, even if it goes against some EU regulations.
Third Energy Package	A set of legislation for	An integrated and	The internal energy	Once completed, the

[6] http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/talseth_20120402_KS.pdf

(2009) **DIRECTIVE 2009/73/EC concerning common rules for the internal market in natural gas** **REGULATION (EC) No 715/2009 on conditions for access to the natural gas transmission networks** **REGULATION (EC) No 713/2009 establishing an Agency for the Cooperation of Energy Regulators**	creating a competitive and integrated energy market (IEM) for gas and electricity.	liberalized market itself as a key mechanism for ensuring security of gas (and electricity) supplies. The "unbundling" requirement to dismantle monopolies on a single energy chain. Network Codes (NCs) for creating common rules on technical and commercial conditions for the access and use of gas transmission networks in Europe Agency for the Cooperation of Energy Regulators (ACER) that monitors regional cooperation between transmission system operators and develops guidelines and under certain conditions, binding individual decisions on terms and conditions for access to and operational security for cross border infrastructure.	market (IEM) has not yet been completed. Russia does not want to abide by the "unbundling" rules and filed a lawsuit against the EU with the World Trade Organization (WTO). NCs are not yet fully drafted and implemented.	IEM could become a basis for the Energy Union by providing greater flexibility and efficiency for gas transfers also in times of crisis. The Energy Package does not create special solidarity mechanisms which would explicitly address problems of the energy supply in times of crisis. The Energy Union based on IEM would assume free competition among gas suppliers rather than an EU-level coordination of gas contracts. ACER has a role of a monitoring and coordinating body for the transmission system operators and national authorities and not for the trade issues. Its independence from electricity and gas producers and transmission and distribution system operators is key and thus it is difficult to picture ACER as a body that would represent the EU gas sector in relations with Gazprom.
SoS Regulations (2004, 2010) **REGULATION (EU) No 994/2010 concerning measures to safeguard security of gas supply** **COUNCIL DIRECTIVE 2004/67/EC concerning measures to safeguard security**	Directly addressed the problem of the security of gas supply and proposed measures against it.	The 2004 Directive established Gas Coordination Group - a forum for Member States, the gas industry and gas customers, including European federations, to exchange information and debate policy developments.	The Gas Coordination Group proved to be useful during the January 2009 gas crisis, as it provided the only venue for Member State officials, gas industry and other market stakeholders to meet and exchange information on the current situation.	The 2010 Regulation provides basis for a common EU strategy for the security of energy supply. The measures proposed in the 2004 Directive and in the 2010 Regulation try to improve internal EU coordination but they do not propose measures in relation

of natural gas supply		The 2010 Regulation created a common indicator for gas security known as N-1, which obliges Member States to ensure gas supplies in a situation where the most important gas installation is out of operation, such as an import pipeline or production facility.		to third countries.
DECISION No 994/2012/EU of 25 October 2012 establishing an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy	Aims to increase transparency among the Member States and ensure that EU internal market rules and energy security policy goals are respected in such agreements. Aims to develop standard provisions and to request the Commission's assistance during negotiations.	The Decision establishes an information exchange mechanism covering intergovernmental agreements having an impact on the internal energy market or on the security of energy supply. The mechanism applies to existing IGAs. All existing IGAs had to be communicated to the Commission by 17 February 2013. The Decision also envisages the possibility to notify the Commission of a new intergovernmental agreement with a third country before or during the negotiations thereof. The Commission then provides the Member State with an opinion on the compatibility of the negotiated agreement with the Union law. Member States may also request the assistance of the Commission in negotiations or invite it to participate as an observer. The Commission has the right to launch	The intergovernmental agreements between transit states and Russia concerning the construction of the South Stream pipeline is an example when the EU was able to exerted pressure over states, e.g. on Bulgaria, to clarify the way contracts were granted and rules according to which gas would be transmitted through the EU Member States (e.g. whether the unbundling rule is obeyed). The request issued to Bulgaria by the EU is the start of a so-called infringement process that could eventually result in fines on Bulgarian authorities.	A part of the endeavors to develop a common external energy policy. This Decision does not create obligations as regards agreements between commercial entities. However, it does not prevent Member States from communicating to the Commission, on a voluntary basis, commercial agreements that are referred to explicitly in intergovern-mental agreements. Furthermore, as it is possible that commercial agreements contain regulatory provisions, commercial operators negotiating commercial agreements with operators from third countries should have the possibility to seek guidance from the Commission in order to avoid potential conflicts with Union law.

		infringement proceedings in accordance with Article 258 of the Treaty on the Functioning of the European Union (TFEU), where it considers that a Member State has failed to fulfil its obligations under the TFEU.		
European Economic Recovery Plan (2008)	The Plan sets out a comprehensive programme to direct action to "smart" investment. Smart investment means investing in the right skills for tomorrow's needs; investing in energy efficiency to create jobs and save energy; investing in clean technologies to boost sectors like construction and automobiles in the low-carbon markets of the future; and investing in infrastructure and inter-connection to promote efficiency and innovation.	Financing for gas infrastructure (€1,363 billion). The programme financed interconnection projects with the following objectives: security and diversification of sources of energy and supplies; optimisation of the capacity of the energy network and the integration of the internal energy market; development of the network; connection of renewable energy sources; safety, reliability and interoperability of interconnected energy networks.	It has created additional storage capacities in peripheral Member States and in Central and Eastern Europe. It has contributed to the completion of a bi-directional gas pipeline network in Europe and to the fulfilment of N-1 of the infrastructure standard as required in the Security of Supply Regulation.	Infrastructural projects financed within the EERP contributed to establishing a technical basis of a more connects and flexible European gas market, and thus also has laid technical grounds for the concept of an Energy Union.
The Energy Infrastructure Package (2013) **Connecting Europe Facility (CEF)**	This package includes five legislative proposals: the three sectoral guidelines, establishing the sectoral infrastructure policies and the Connecting Europe Facility (CEF), providing financial aid to the three sectors (EUR 30 billion for transport, EUR 9.1 billion for energy and EUR 9.2 billion for ICT) along with the project bond pilot proposal as a	The trans-European energy infrastructure guidelines identify four priority corridors for gas transmission. The guidelines include a new way of identifying energy infrastructure projects that can receive the label of Projects of Common Interest (PCI), which are necessary to implement these priority corridors and areas. €5.8 billion for gas	The main project which is directly related to gaining more independence from Russian gas supplies is the Southern Gas Corridor. It involves gas transmission infrastructures, including new pipelines across Turkey and/or transmission solutions across the Black Sea, to connect gas producing countries in the Caspian (e.g.	The Package is an important part of building an Energy Union as it provides a framework for financing investments into the infrastructure necessary to create IEM. Not all projects completed.

	forerunner for other financial instruments.	infrastructure.	Azerbaijan, Turkmenistan) and Middle East (e.g. Iraq) to EU Member States.	

What is new in the proposal of Energy Union?

The above reviewed legislation and frameworks make up the institutional basis for improving security of energy supplies in the EU. The Polish proposal of Energy Union builds upon some of them – most explicitly upon the REGULATION (EU) No 994/2010 concerning measures to safeguard security of gas supply.

The "market approach" to the security of energy supplies, present in the Third Energy Package, stays somewhat in the background of the Polish proposal. But the concern to construct infrastructural bases for an internal energy market is strongly emphasized.

The Polish proposal acknowledges the importance of the Energy Community as a basis for a stable gas market in the EU and in the Eastern and Southern neighboring regions. Does it mean that the Energy Union would not end at the borders of the EU Member States? This is not clear. However, it certainly implies that the Energy Union would have a stronger external political dimension.

The real novelty, and the most progressive point, in the Polish proposal is the idea to coordinate EU's gas trade with Russia. None of the reviewed regulations directly regulates this issue. For example, the Third Energy Package does not address or regulate gas trade. It rather aims at creating conditions for free market competition in the gas sector.

A good point of reference for this point is the DECISION No 994/2012/EU of 25 October 2012 establishing an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy. The information exchange mechanism could be reviewed and developed to ensure more transparency in gas contracts with Russia.

The Polish proposal seems to disregard the Energy Charter Treaty (ECT) as a potential framework for enhancing security of energy supply in the region. The framework of the Charter could be mobilized more efficiently to ensure transparency in gas trade contracts. However, the omission of the ECT can be understood due to the difficulties to achieve any agreement on the Transit Protocol. Also the withdrawal of Russia due to its reluctance towards the third party access provisions, make the Charter of little use for initiating new, more radical negotiations regarding gas contracts between the EU and Russia.

Over a decade of failures of the EU-Russia Energy Dialogue should be a good lesson for the political actors in the EU who have expressed willingness to implement the idea of Energy Union. Up to this day, the Dialogue has not brought any substantial improvements in the EU-Russia relations in the area of energy. According to some experts, one of the main reasons for a general failure of this institution is the fact that the Russian Ministry of Energy which coordinates the Dialogue on behalf of the Russian government does not have any real power over Russia's energy policy.[7] Actual decisions

[7] http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/talseth_20120402_KS.pdf

are made in Kremlin. On the other hand, in the EU, energy policy is shaped by national governments and not by the Brussels-based officials.[8] The EU-Russia relations in the energy sector are also shaped by deals made between companies. This only complicates the picture and any practical meaning of the Dialogue.

In the light of the past experience, it will be crucial to adopt a realistic view on the possibilities to coordinate gas contracts between the EU and Russia. Not only the coordination of a myriad of actors may prove cumbersome, but it may also soon become apparent that there is not enough of political and economic will in the EU to have common gas contracts with Russia. The gas price for the old EU Member States is on average 10-15% lower than for the Eastern EU Member States. Russia has always preferred to develop bilateral relations with states and companies in the energy sector.

An intriguing question is: under what conditions and to what extent would Gazprom be ready to consider common gas contracts with a group of EU Member States or a group of European companies? What seems much more realistic at the moment is to obligate Member States to disclose information about the IGAs with Russia over the energy issues to the European Commission and to introduce a common framework for gas contracts by making some clauses illegal and others mandatory. Therefore again, internal rather than extern policy could be more effective short term.

Another interesting aspect of the Polish proposal, which should be mentioned in the light of the current negotiations of the 2030 targets, is the lack of reference to the EU climate and energy policy. This manifests strongly in the call to use domestic fossil fuels. In the *Financial Times*, Tusk does not mention renewable energy sources or energy efficiency as possible measures for improving energy security in the EU.

II. Reactions to the proposal

In the following part, we examine reactions to the proposal that came from various EU Member States, experts and the EU level officials. Such a review gives a good basis for understanding the existing and potential political will to work towards the Energy Union.

Germany

On April 25th, 2014, Tusk met with the German Chancellor, Angela Merkel, in Berlin. In general, the German Chancellor Angela Merkel has expressed support for the diversification of the EU's energy supplies but only within the framework of the concept that the European Commission developed after Russia and Ukraine interrupted gas supplies in 2009. She does not see a necessity for additional steps for a common gas purchase at the moment. According to the German position, a concept of common gar purchase could undermine market principles such as free competition. Merkel sees the

[8] http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/talseth_20120402_KS.pdf

completion of a common energy market as a priority. Development of a common foreign policy should come only at a later stage.[9]

Because of a relatively strong position of Germany as a trade and economic partner for Russia, diversification of energy supplies is not debated as an urgent issue. Also the relations between German companies and Russian partners is rather good. German clients pay for the Russian gas about 10-15% less than the Eastern European companies. Therefore, dependence on Russian gas is perceived as a problem that could gradually be worked out in a long-term perspective. It is difficult to instill the principles of solidarity into the German gas companies because they are able to do good business with the Russian counterpart.

France

On April 24th, 2014, Tusk met with the French President Francois Holland. After the meeting, Holland gave the proposal of working towards an Energy Union his whole-hearted support adding that he wants Europe to be more independent, more solidary and more coherent in its energy policy.[10]

The UK

The UK relates the problem of energy security to the EU's climate policy framework. In July 2014, Ed Davey said in the British Parliament that he sees convergence between security of energy supplies and climate policies. According to Davey, nuclear energy and renewable energy sources can guarantee security of supplies. He pointed to Poland as to a country that slows down the ambitious climate action in Europe by building its energy security on coal supplies. One of the solutions to Poland's energy politics, he pointed out, is to support Poland in developing carbon capture and storage (CCS) technologies.[11]

Italy

The Italian leadership has taken the joint French-Polish proposal as an opportunity to stress the urgency to work for a more integrated EU. The proposal fits the Italian government's 2013 National Energy Strategy with energy diversification, i.e. greater energy independence, as one of its main pillar. Italy intends to strengthen the dialogue with Israel, Algeria, Russia, Azerbaijan, and the Western Balkans and is calling for a more co-operative, coherent, and independent European energy policy.[12]

Spain

[9] http://www.ecfr.eu/blog/entry/energy_union_the_view_from_berlin
[10] http://www.consus.eu/n,16654,seria-spotkan-donalda-tuska-w-sprawie-unii-energetycznej-i-ukrainy.html
[11] http://www.chronmyklimat.pl/wiadomosci/polityka-klimatyczna/the-guardian-polska-wyzwaniem-polityki-klimatycznej-ue
[12] http://www.ecfr.eu/blog/entry/energy_union_view_from_rome

The Polish initiative was warmly received in Madrid. Spain hopes that the proposal could help push forward one of Spain's central energy policy goals: building a gas interconnector between Spain and France. This link, which was agreed upon by the European Council in 2002 in Barcelona, could help Spain sell its cheap Algerian gas to consumers in other parts of Europe. However, this project has been opposed by French energy giants and no progress has been made since then. Spain hopes that the Polish proposal could help to advance this project which could open the EU to alternative gas sources from the North Africa through the Spanish LNG terminals.[13]

Bulgaria

In May 2014, the President of Bulgaria, Rosen Plewneliew, supported the idea of the Energy Union. He underlined that the European Union should react to the current events to prevent the return of politics where some countries have a dominant position. He also expressed the opinion that Europe should express its strong disapproval of the Russian intervention in Ukraine.

Bulgaria could be one of the biggest beneficiaries of the proposed Energy Union. It is currently paying the highest price in the EU for the Russian gas based on the long-term contracts with Gazprom (on average, $501 per 1,000 m3). Bulgarian gas supply system is also poorly connected with neighbors – there is an interconnector with Romania which is currently not in operation. Interconnectors with Greece and Turkey are yet to be completed.[14]

The Visegrad countries

On May 15th, 2014, the government leaders of the four Visegrad countries – Poland, Slovakia, the Czech Republic and Hungary – met in Bratislava. They agreed for a solidarity mechanism in case of a gas crisis between the four countries.

The Czech Republic does not want a single European agency for the Russian gas purchase; however, it supports voluntary, joint gas purchases by private companies. The Czech government supported development of the gas infrastructure in Europe and improving energy security in Central Europe, which is today heavily dependent on energy supplies from Russia.

Finland

During the European Economic Congress in Katowice in May 2014, the Finnish Prime Minister, Mari Kiviniemi, expressed her hopes that the situation of energy supplies to the EU will improve in the future. In order to achieve that, the already existing regulations should be implement. Kiviniemi said that the events in Ukraine should give a strong impulse to accelerate implementation of the energy market regulations. She listed five priorities that the European Union should cherish: improving energy efficiency, developing renewable energy sources, research and development of new energy technologies, construction of an open energy market and creation of transparent rules for

[13] http://www.ecfr.eu/blog/entry/polish_initiative_for_an_energy_union
[14] http://www.ecfr.eu/blog/entry/energy_union_the_view_from_bulgaria

cooperation between EU Member States. She added that the proposal of the Polish Prime Minister to create an Energy Union is very important in this context as it may be a good starting point for discussing the possibilities for a common energy policy created by the European Commission.[15]

The European leaders

At the end of April 2014, Tusk met with Herman Van Rompuy, the President of the European Council, to discuss the situation between Ukraine and Russia and the problems of energy security that stem from this conflict for Europe.[16] Van Rompuy appealed for more transparency on contract conditions, and the need for the EU to "work as a team", when individual countries negotiate contracts with Russia. Van Rompuy said that "sharing more information, bringing more transparency on contract conditions – all that to increase our joint bargaining power."[17]

Also at end of April 2014, before the European Parliament elections, the candidate for the President of the European Commission from the European Peoples' Party, Jean-Claude Juncker, expressed a positive opinion about the idea of the Energy Union. He saw it as a good response for the Russian-Ukrainian crisis. He admitted that, despite the support from Germany and France, it may be difficult to implement this idea but he promised to lobby for it once he becomes the President of the Commission.[18]

The European Commission

At the end of April (information in press), the European Commissioner for Energy Guenther Oettinger announced that he would meet with Donald Tusk to discuss the idea of the Energy Union on May 2nd, 2014. After the meeting, Oettinger expressed his support for Poland's attempts to establish the Energy Union. He also announced that during the EU summit in June 2014, the European Commission will present a plan to increase the supply of natural gas in the EU and to decrease its imports from Russia.[19] Also in an interview for the Hannoverische Allgemeine Zeitung, Oettinger said that it is important that the EU speaks with one voice with regard to the Russian-Ukrainian conflict. However, on May 15th, 2014, Oettinger announced in the Frankfurter Allgemeine Zeitung that he is against the Energy Union. He underlined that gas is the same kind of a commodity as any other commodity and that it cannot be treated as a political weapon. For this reason he is against one price of gas for all EU Member States. He said that there are other paths to secure energy supplies in the EU. One of them is the development of pipeline infrastructure between Member States that would secure a free supply of gas between different countries. This way, by enabling gas trade between Member States, the price of the Russian gas could be leveled in the EU and thus the price dictate of Russia would not be possible anymore. Another strategy would be to develop more capacities for gas storage. Today,

[15] http://www.consus.eu/n,16752,uczestnicy-ekg-o-koniecznosci-wprowadzenia-wspolnej-polityki-energetycznej-w-ue.html
[16] http://www.consus.eu/n,16654,seria-spotkan-donalda-tuska-w-sprawie-unii-energetycznej-i-ukrainy.html
[17] http://www.euractiv.com/energy/eu-leaders-discuss-reducing-ener-news-534344
[18] http://www.consus.eu/n,16676,juncker-pozytywnie-ocenia-pomysl-utworzenia-unii-energetycznej.html
[19] http://www.consus.eu/n,16705,ke-popiera-pomysl-unii-energetycznej.html

the European regulations oblige countries to store gas supplies for 30 winter days. According to Oettinger, the storage limits should be increased up to 50-60 winter days.[20]

Jose Manuel Barroso, the President of the European Commission, made it clear that gas was at the heart of the strategy that he was launching: "The EU has done a lot in the aftermath of the gas crisis 2009 to increase its energy security. Yet, it remains vulnerable. The tensions over Ukraine again drove home this message. In the light of an overall energy import dependency of more than 50% we have to make further steps. Increasing energy security is in all our interest. On energy security, Europe must speak and act as one."[21] He also referred to the point of the proposal which speaks of developing indigenous energy sources drawing attention to the importance of renewable energies as well as shale gas: "Increasing indigenous energy production was also listed as a priority by the commission. But as well as including renewable energy, which has been the main focus in the past, this would now explicitly include "sustainable production of fossil fuels", which would be expected to include shale gas."[22]

Green NGOs

Environmental NGOs have expressed some reservations towards the proposal of Donald Tusk. Franziska Achterberg, energy policy director at Greenpeace, commented both on the Tusk proposal from April 02014 and on the Communication of the European Commission on the European Energy Security Strategy from 28 May 2014: "The commission's plan will do very little to reduce the EU's dependence on energy imports. Throwing money at new gas infrastructure to get Europe off Russian gas will not cure the addiction to imported fossil fuels. Europe would still be a junkie desperate for a fix. Instead, Europe should kick the habit and exploit the enormous potential for energy savings and home-grown renewables by setting ambitious targets for 2030. Anything less would not only be environmentally and economically disastrous. It would be politically irresponsible."[23]

The European Environment Bureau pointed out that energy efficiency which used to be one of the main pillars of the security of energy supplies "had moved too far down the list of priorities in the commission's proposal" and was a missed opportunity as there could be a saving of more than 40% of energy use in the next 15 years if measures were taken quickly. Susanna Williams, policy officer at EEB, said: "Europe's number one priority should be to exploit our abundant indigenous resources of energy savings and renewable energy. This is the only truly sustainable solution which does not rely on costly and unsustainable alternatives such as diversification of gas supply routes or the development of shale gas."[24]

Energy policy experts

[20] http://www.consus.eu/n,16807,unijny-komisarz-ds-energetyki-przeciwny-pomyslowi-unii-energetycznej.html
[21] http://www.theguardian.com/environment/2014/may/28/shale-gas-russia-eu-renewables-ukraine-crisis
[22] http://www.theguardian.com/environment/2014/may/28/shale-gas-russia-eu-renewables-ukraine-crisis
[23] http://www.theguardian.com/environment/2014/may/28/shale-gas-russia-eu-renewables-ukraine-crisis
[24] http://www.theguardian.com/environment/2014/may/28/shale-gas-russia-eu-renewables-ukraine-crisis

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According to James Henderson, the expert from the Oxford Institute for Energy Studies, the idea of common pan-European purchase of gas will be difficult to implement because not all EU Member States would benefit from it. The Western European countries have much lower prices for gas supplied from Russia. Henderson said that today, the European Member States negotiate gas supplied with Russia individually. Their interests, the role of gas in their economies and their relations to Russia differ. He assessed the idea to have one supplier and one buyer as theoretically interesting but its implementation as difficult.[25]

Georg Zachmann, the expert from the Brussels-based think tank Bruegel is also skeptical about the idea of the Energy Union. He pointed out that countries lying closer to Russia, like Poland, Hungary, Lithuania, Latvia or Estonia, have higher gas prices because there are no alternative suppliers to Gazprom. These countries hope to get a lower price for gas once the purchase is organized at the EU level. Countries which are more distant from Russia and which have alternative gas suppliers, like Germany and France, pay lower prices for the Russian gas. According to the experts, these countries will not be willing to pay a higher price. The Western European countries have LNG ports, extensive pipeline infrastructure that enables them to buy gas also from the Northern Europe or the Northern Africa.[26]

Tomi Huhtanen, Director of the Brussels-based Wilfried Martens Centre for European Studies, said that Energy Union will become reality sooner or later. According to him, the proposal of Donald Tusk puts infrastructural connection and interconnectivity at the center of the debate. He said: "Speaking about negotiating common purchasing prices for gas, I believe that a common mechanism will bring more competitive prices. Currently prices for some Central and Eastern European countries, for example, are irregular and this is to their disadvantage. Pulling our efforts together will produce larger bargaining power. After all, the principle of economies of scale is a language which any reasonable supplier will understand. The more essential and challenging question that remains is, of course, how to achieve one voice in negotiations and how to avoid backdoor deals?"[27] He added that "European countries could continue deriving short-term benefits individually by making bilateral deals with big suppliers like Russia, until we are struck by another energy crisis. Or, they can push forward for more integration and find stable and sustainable solutions to the EU's energy needs. We have the necessity, we have the technological capabilities. We need to work on the institutional framework, the infrastructure and on the political will in order to reap the full benefits of an internal energy market." [28]

Marco Siddi from the German Institut fur Europaische Politik (IEP) in Berlin expressed his criticisms towards the proposal of Donald Tusk. In his opinion the plan to build an Energy Union according to the six points presented by the Polish Prime Minister has to be criticized on economic and environmental grounds. His critical remarks mainly focused on the idea of establishing an institution for common gas contracts negotiations on behalf on the European Union Member States. He also was negative about Tusks' proposal to gain more independence of Russian gas supplies by using more domestic coal and shale gas reserves. According to Siddi, these ideas go against the European Commission's target to lower carbon dioxide emissions by 80% by 2050 against the 1990 levels. And

[25] http://www.consus.eu/n,16859,wspolne-zakupy-gazu-dla-ue-trudne-do-realizacji.html
[26] http://www.consus.eu/n,16859,wspolne-zakupy-gazu-dla-ue-trudne-do-realizacji.html
[27] http://martenscentre.eu/news/energy-union-will-become-reality-sooner-or-later
[28] http://martenscentre.eu/news/energy-union-will-become-reality-sooner-or-later

though, he pointed out, the concept of common gas contract negotiations seems reasonable, it will be difficult to implement. Some concerns, like E.ON or ENI signed contracts with Gazprom with favorable gas prices until 2035. Big countries, like Germany or Italy, do not feel the need to share control over their energy policies with European bodies. Siddi also criticized Tusk for silencing the need to develop renewable energy sources. Calling for a greater reliance on fossil fuels – domestic and imported from different world regions – is the biggest weakness of the Tusk proposal in the eyes of Siddi. Shale gas development in Europe, according to the expert, may become profitable for private companies only if supported by large public subsidies. LNG development would also require large infrastructural investments without certainty about the lower price of the U.S. gas. Siddi believes that the Ukrainian crisis should give an additional push for developing renewable energy sources and improving energy efficiency of the EU economies instead of reviving the coal sector.[29]

III. Comparison of the Non-paper on Energy Union and the Communication of the Commission on the security of energy supplies

In this section, we compare the propositions made in the Non-paper on Energy Union from April 2014 with the Communication of the European Commission on European Energy Security Strategy from 28 May 2014. Responding to the events in Ukraine, the European Council of March 2014 called on the Commission to conduct an in-depth study on European energy security and to present a comprehensive plan on how to reduce EU energy dependence. This plan was discussed during the European Council on 26-27 June.[30]

By carrying out the comparison, the sequence of the publication of these document has to be kept in mind. The Non-paper on the Energy Union came as an expert operationalization of Donald Tusk's proposal which he announce in the opinion section of the Financial Times in April 2014. The Communication of the Commission came in May as a response to a more general debate about the impact of the Russian-Ukrainian crisis on gas supplies for the European Union and, more specifically, to the Tusk's proposal and the debate that evolved around it in various EU Member States and at the EU level. Thus, when examining the Communication of the Commission, one can find direct references to the propositions in the Tusk's article in the Financial Times or to the propositions developed in the Non-paper. The two documents communicate a similar message: the problem of the security of energy supplies for the EU Member States has been identified, it has been partially addressed at the EU level but more should be done to actually solve this problem.

However, they differ slightly in the tone with which they communicate it. The Non-paper starts with an opening paragraph about the projections of the import volumes for energy sources by 2035: the oil imports should increase to over 90% and the gas imports should increase to over 80%. With an alarming tone it warns that Europe's high dependency on foreign energy sources, combined with the recent developments at its Eastern border, has made the question of the EU energy policy response more valid than ever. The Non-paper points out that LTC Russian gas prices for Central and Eastern

[29] http://csr.forbes.pl/niemiecki-ekspert-krytykuje-plan-unii-energetycznej-tuska,artykuly,179375,1,1.html
[30] http://ec.europa.eu/energy/security_of_supply_en.htm

European Member States remain on average 10-15% higher than those for German or other Western European consumers. This proves the insufficient level of gas-to-gas competition in CEE.

The Communication of the Commission starts with an observation that citizens in most EU Member States have not had experienced any lasting disruption in energy supplies since 1970s. This, according to the Commission, gives evidence to the successful guarantee of energy security to the EU and Member States. Nonetheless, the Commission draws attention to cases of disruption in gas supplies to some of the EU Member States in 2006 and 2009 and to the need to improve security in that area.

Both documents see the completion of the integrated energy market as a key underlying condition for achieving greater flexibility and thus also security in energy supplies in the EU. However, they also draw attention to reviewing and improving solidarity mechanisms that would specifically help to deal with crises situations on the gas market.

An interesting difference between the two documents resides in the approach to EU climate and energy policies. While the Non-paper makes no reference to the existing climate and energy policy framework, the Communication of the Commission sees transition to a low carbon economy as inherently related to the improvement in the security of energy supplies.

The table below identifies the building blocks of the two proposals and compares their operationalization. Below the table, the analysis shows the direction into which the Polish proposal has been taken at the European level and tries to make predictions about the next steps that the European Commission will take in the coming months.

Table 3. Comparison of the building blocks of the Non-paper on Energy Union and of the Communication of the European Commission on European Energy Security Strategy

Areas for improvement	Actions proposed in the Non-paper on Energy Union	Actions proposed in the Communication of the European Commission on European Energy Security Strategy	Priority actions proposed in the Communication of the European Commission on European Energy Security Strategy
Internal Energy Market	The key mechanism for supporting the security of energy supply: competition, liquidity, low market concentration are to be achieved by further developing trading mechanisms, infrastructure, implementing the EU energy and competition law for all market players including the third country players. The latter could be achieved through an obligation to sell gas on regional energy markets in	A European internal market for energy is a key factor in ensuring energy security. Government interventions (national decisions on renewable energy or efficiency targets, support to investments in commissioning or decommissioning of nuclear, decisions to support key infrastructure projects) need to be discussed at European and/or regional level to ensure that decisions in one Member State do not undermine security of	

	an auction system, an obligation to switch the gas delivery points to the external border of the EU or the Energy Community, an obligation to sell shares in gas infrastructure. A review of the efficiency of the unbundling rules in the EU with regard to improving security.	supply in another Member State. Implementation of the gas Network Codes. Enforce antitrust and merger control rules.	
Infrastructure	Give priority to the infrastructural projects in regions that are most vulnerable to a high risk of disruption of external supplies (CEE countries) to be financed by the CEF 2014-20 instrument. 75% financial support to the projects that improve diversification and integration of the EU gas market. Discuss the needs of the oil sector and address the need of greater diversification capabilities of the EU refining sector. Increase the quota allocated to energy projects in 2014-2020. More gas and oil storage facilities in the updated 2015 list of the Projects of Common Interest. Accelerate construction process of the planned projects. Prepare the financing architecture for the Projects of Energy Community Interests. Increase financial support for new oil-import and refinery investments.	Accelerate the construction of key interconnectors. Ensure the timely implementation of the projects of common interest (PCIs). Speed up infringement procedures related to internal market legislation where required. Coordinate all available Community Funds, including the CEF, ESI Funds and European Investment Bank support to accelerate the construction of key interconnectors and related national and regional infrastructure. Consider in cooperation with Member States and their National Regulatory Authorities what measures can be taken to speed up the appropriate cross-border cost allocation for the critical projects.	Increase gas stocks, develop emergency infrastructures and reverse flows.
Solidarity and security mechanisms	Regional risk assessments (e.g. in the Visegrad region). Revision of the SoS Regulation to develop EU-	New security of supply instruments envisaged at the international level with key strategic partners. Review existing solidarity	Intensify cooperation within the Gas Coordination Group to monitor gas flows and coordinate at EU or regional level national risk

	level response mechanisms for crisis situations: EU risk assessment (accounting for new geopolitical risks), EU Preventive Plan, EU Emergency Plan. Examine an option to introduce an EU-wide support system for an efficient use of existing and planned storage capacities.	and security mechanisms propose their reinforcement. Propose a new contingency coordination mechanism and plans to deliver energy to countries in times of need.	assessments and contingency plans. Update Preventive Action Plans and Emergency Plans. Launch energy security stress tests. Develop back-up mechanisms in case of gas supply disruptions this winter. Review the existing provisions and their implementation of the Security of Gas Supply Regulation by the end of 2014.
EU external energy policy	Strengthening the bargaining power of EU Member States against the external suppliers. The goal is to create conditions in which supply contracts are based on commercial and economic factors only. The role of Intergovernmental Agreements (IGAs) should be limited. Revision of the EU's IGA Decision (994/2012/EU) to propose a framework for supply contracts by listing compulsory clauses as well as abusive clauses to be excluded, such as: oil indexation, destination clauses, take-or-pay clause, delivery points inside the EU-15 instead of on the EU-28 or Energy Community borders. Compulsory participation of the European Commission in IGAs' negotiations as an observer. Ex-ante and ex-post evaluation of the negotiated agreements. Create a demand aggregation mechanism for external gas suppliers at the EU or at a regional level through a top-down approach by establishing an agency or through a	A stricter application and reinforcement of the applicable rules at EU and Member State level towards the non-EU operators. Improving coordination among different actors. Assessing the options for voluntary demand aggregation mechanisms that could increase the bargaining power of European buyers in compliance with EU and trade law legislation. Coordination of national energy policies. The Commission supports the creation of mechanisms that would enable to inform each other of important decisions related to their energy mix prior to their adoption and detailed deliberation. The Commission should review Decision No 994/2012/EU establishing an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy.	New infrastructure investments promoted by dominant suppliers must adhere to all internal market and competition rules. In particular, the South Stream project should be suspended until full compliance with EU legislation is ensured and re-evaluated in light of the EU's energy security priorities.

	bottom-up approach by creating a voluntary consortium.	The EU should develop consistent and coordinated messages in international organizations and fora. A related policy action is the coordinated promotion of sustainable energy technologies across the globe, but particularly among emerging economies, which are expected to provide the greatest contribution to energy demand growth in the coming decades. The consistent inclusion of energy issues into dialogues with EU strategic partners.	
Developing indigenous energy sources	Promotion of the most efficient conventional fossil fuels by developing efficient fossil fuel technologies. Creating a quota for power plants using fossil fuels extracted locally or identified as key for energy security. EU-level support for extraction of unconventional gas and oil. Promotion of the development of the renewable energy sources (mainly biomass).	Renewable energy development plans could be 'front-loaded' using national as well as ESI Funds, in coordination with EIB and international financial institution support. Capacity mechanisms at regional level may need to be considered. The new Guidelines on State aid for environmental protection and energy 2014-2020 will also promote a more cost-effective achievement of the 2020 national renewable energy targets. Europeanization of renewable energy support systems through improved coordination of national support schemes. Coal and lignite's CO -emissions mean that they only have a long-term future in the EU if using Carbon Capture and Storage (CCS). CCS also offers the potential to further improve gas and oil recovery that would otherwise remain untapped. Therefore, bearing in mind the rather	

		limited uptake of CCS to date, further efforts in research, development and deployment should be made in order to fully benefit from this technology. The Commission will launch a European science and technology Network on unconventional hydrocarbon extraction. Ensure the full implementation and review of the CCS Directive and take a decision on the second round of awards under the NER 300 Programme.	
Diversification of energy supply	Enhance cooperation with Canada and the U.S. with regard to LNG imports. Continue work on the Southern Gas Corridor. Enhance cooperation with Azerbaijan, Turkmenistan, Iraq or Israel.	LNG will remain and grow as a major potential source of diversification in the years to come. New LNG supplies from Northern America, Australia, Qatar and new discoveries in East-Africa are likely to increase the size and liquidity of the global LNG markets. The establishment of the Southern Corridor and the identified projects of common interest to open for the Caspian region.	Cooperate with gas suppliers and transmission system operators to identify possible sources for short-term additional supplies (LNG).
Reinforcing the Energy Community	Support of the EU for the Energy Community should be streamlined especially towards Ukraine and Moldova to enable the implementation and application of binding legislation under the Energy Community Treaty. The EU should provide technical support with regards to creating independent energy-market regulators in these countries. Make progress on the projects: Gas reverse-flow on the Brotherhood pipeline. Upgrading, developing and	The Union should work closely with its neighbors and partners within the Energy Community, notably Ukraine and Moldova, to improve energy security.	

	technically integrating of electricity and gas grids of bordering Member States and upgrading interconnectors between EU and Energy Community countries. An EU task force to make progress on the implementation of legislation under the Energy Community Treaty. Developing indigenous energy sources and improving energy efficiency. Consider technical support from the EU to the Energy Community countries in IGA negotiations with energy suppliers from outside the EU. A roadmap of merging various energy fora of the Energy Community with ENTSOs and ACER. Establish efficient early warning mechanisms with Ukraine on gas in particular should be considered		
Moderating energy demand	Improving energy efficiency.	Set up financial instruments under the European Structural and Innovation Funds. Identify priority sectors (in housing, transport and industry) in which energy efficiency gains can be achieved in the medium to long term. Identify remaining barriers to energy efficiency take up and the development of a genuine energy efficiency services market and propose ways to address them through non-legislative measures. Review the Energy Labelling	Review of the Energy Efficiency Directive in summer 2014.

		and Ecodesign Directives building on experience gained to ensure a more effective reduction of energy consumption and other environmental impacts of products.	
Developing energy technologies	Financial support for development of clean-coal technologies.	The Commission will mainstream energy security in the implementation of the priorities of the Horizon 2020 Framework Programme for Research and Innovation (2014-2020) and ensure that the forthcoming Integrated Roadmap of the Strategic Energy Technology Plan will be in line with the European Energy Security Strategy.	

How can the Energy Union proposal develop in the future?

While the proposal of Energy Union outlined in the Non-paper has surely opened many issues which are currently consulted in EU Member States, the Communication of the Commission is the document that sets a framework within which the problem of energy security will be worked out in the coming months. When comparing particular areas that have been addressed in both papers, one can see that many issues overlap. However, it is also interesting to point out the differences and to discuss their meaning.

It seems justified to say that one of the main objectives of the Non-paper on Energy Union is to propose mechanisms that would level gas prices in the EU. The proposal to obligate gas suppliers to sell gas on regional energy markets in an auction system, the proposal to make gas contracts more transparent and aggregate the purchasing power at the EU level, are all driven by a concern about divergent gas prices for various EU Member States. The Polish proposal to create a bottom-up or a top-down demand aggregation mechanism has not been extensively developed by the Commission. The Commission proposed to assess options for voluntary demand aggregation mechanisms that could increase the bargaining power of European buyers in compliance with EU and trade law legislation

The European Commission has taken the problem of energy security into a different direction – that of greater EU integration. Its main objective is to implement and enforce rules defined in the Third Energy Package and to ensure more cooperation and coordination between national energy policies with a clear aim of building a competitive internal energy market. It is therefore unlikely that the Commission will take up any steps to directly address concerns some Member States have about high Russian gas prices.

However, both documents devote much attention to improving solidarity mechanisms. On its most urgent to-do-list, the European Commission stated all the activities related to short-term reductions of potential shortages of energy supplies. It proposed to intensify cooperation within the Gas

Coordination Group to monitor gas flows and coordinate at EU or regional level national risk assessments and contingency plans, update Preventive Action Plans and Emergency Plans, launch energy security stress tests, develop back-up mechanisms in case of gas supply disruptions this winter and review the existing provisions and their implementation of the Security of Gas Supply Regulation by the end of 2014.

The most progressive statements to be found in the Communication of the Commission are the calls for greater coordination of Member State energy policies. For example, the Commission urges that government interventions (national decisions on renewable energy or efficiency targets, support to investments in commissioning or decommissioning of nuclear, decisions to support key infrastructure projects) need to be discussed at European and/or regional level to ensure that decisions in one Member State do not undermine security of supply in another Member State. It gives a clear support for the creation of mechanisms that would enable information exchange on important decisions related to countries' energy mix prior to their adoption and detailed deliberation.

It seems that for the European Commission, the Energy Union implies greater coordination among domestic actors, and in the future maybe also more EU level monitoring of national energy policies and their impacts on the European energy market, rather than creation of a regionally integrated buyer vis a vis third countries and regions. This should not come as a surprise since external energy policy has always been a weak point for the European Union and since the internal market integration lies at the heart of EU integration.

However, the Commission has to some extent addressed the external dimension of EU's energy policy. Here the propositions are rather vague and broad. It stated that the EU should develop consistent and coordinated messages in international organizations and promote sustainable energy technologies across the globe in a coordinated way, particularly among emerging economies. The EU should also consistently include energy issues into dialogues with EU strategic partners.

One of interesting convergences between the two documents can be found around the topic of indigenous energy production. Both documents express the need to support renewable energy sources, clean coal technologies and unconventional gas and oil extraction. The difference resides in the order in which the three are listed. The Non-paper lists clean coal as a priority, then moves on to discussing unconventional gas and oil and ends with a sentence on renewable energy sources. The Communication starts with a strong support for renewable energy sources to further express its support for CCS abated coal fired power generation and to end with the proposal to launch a European science and technology Network on unconventional hydrocarbon extraction. Much space devoted to CCS in the Commission's document may herald new efforts to bring this technology back to live in Europe after it had failed to kick off in the recent years. Also the topic of infrastructure development is strongly emphasized in both documents. The need to develop storage, interconnector and reverse flow capacities is out of question in both documents.

One of the most striking differences between the two documents resides in how they handle energy efficiency measures. While the Non-paper devotes literally one line to the issue, the Communication gives quite clear and detailed recommendations for more funding in this area. The Commission proposed to set up financial instruments under the European Structural and Innovation Funds, identify priority sectors (in housing, transport and industry) in which energy efficiency gains can be achieved in the medium to long term.

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To sum up, the Communication on the European Energy Security Strategy is not ground-breaking in any sense. The Commission is very carefully using words such as “support”, “review” or “consider” by all the policy options that have recently been related to the problem of energy security. It strengthens the existing policies and the internal market integration agenda. It is rather weak on the external dimension of EU energy policy and shows a careful approach to the idea of demand aggregation in gas trade. Further development of the European Energy Security Strategy will also depend on the political will of the EU Member States.

As the past experience has shown, in particular the experience in EU-Russia relations, a common external EU policy is a challenging area. One of the reasons for this is that energy policy is mainly a domain of national governments. However, the other difficulty resides mainly in the challenge to subject the Russian partner to play by the rules defined by the EU. This can be observed, for example, with regard to the unbundling rule as defined by the Third Energy Package which is not followed by the Russian Gazprom. Having in mind these conditions, what may be feasible at this point is either a voluntary aggregation of gas purchases at the level of companies or a stronger regulation on the information sharing mechanisms about intergovernmental agreements in the energy sector which would go in the direction of a common framework for such agreements and commercial gas contracts and of a mandatory participation of the European Commission as an observer by gas trade negotiations. Reactions to the Non-paper reviewed in the section above show that any stronger coordination or institutionalization of the EU’s external energy policy may be difficult to achieve.

Although Commission’s European Energy Security Strategy was triggered directly by the events in Ukraine, at the political level of the June 2014 European Council negotiations, the problem of energy security became related to the current 2030 climate and energy package negotiations. In the council conclusions, the European Council stated that the EESS is closely linked to the 2030 policy framework on climate and energy. The European Council called for increased efforts to reduce Europe's high energy dependency and supports the immediate implementation of a set of most urgent measures to strengthen Europe's resilience and increase its energy security in the short term, before the winter of 2014/2015. The European Council promised to take a final decision on the new climate and energy policy framework, including on further measures aimed at enhancing Europe's energy security and on specific 2030 interconnection objectives, no later than October 2014.

One of important questions before the October European Council meeting where the framework for the 2030 will be negotiated, is how can the 2030 climate change and energy package account for the problem of the security of energy supply and how different policy options listed in the Communication could be taken into account. In order to relate the problem of exposure to gas imports in particular EU Member States to the 2030 climate and energy framework, one should analyze more specifically where the gas comes from and where and in what quantities it is consumed – whether in the housing sector, electricity or industrial sectors. Based on such an analysis it is then possible to propose measures under the 2030 climate and energy framework which can help mitigate import dependencies, or at least not deepen them. One of the sub-goals of the EU 2030 frameworks should be not to make any of the EU Member States more dependent on the Russian/external gas supplies than it is at the moment.

However, only part of the problems of energy security can be dealt with under the 2030 climate and energy package. Issues such as transparency of gas contracts, improving solidarity mechanisms in the gas sector, completing the construction of IEM (Network Codes), developing EU’s external energy

policy and extension of EU's energy market regulations to the energy markets of the Energy Community, have to be dealt with separately. As the analysis has shown, there already exist regulations that can be built upon in order to deal with these problems.