

Energy 2020:
 A Strategy for competitive,
 sustainable and secure energy

Barbara Sellier 20 October 2010



Why a new Strategy for European energy policy?

Rising challenges...

- The EU committed to cut its greenhouse gas emissions to combat climate change. The energy system must become low-carbon.
- Dependence on imports of oil and gas is growing. The EU needs to save energy and find new energy alternatives and to produce more of its own energy.
- Energy prices are rising. Citizens and businesses are entitled to have access to affordable energy.
- Growth and jobs are at stake: urgent and ambitious decisions are needed to support our industrial future.



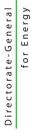
Why a new Strategy? Serious gaps in European energy policy delivery...

- The current state of implementation of European energy legislation is overall poor
- The energy savings potential continues to be greatly underutilised
- The internal energy market does not function properly yet
- Another important weakness is the lack of a European infrastructure framework
- Innovation remains critical and must be given even higher priority
- The coordination of the external dimension of the EU energy policy also remains weak



Why a new Strategy? Growing energy interdependence calls for more European action...

- National energy decisions have an impact on other countries. Energy security needs a European policy on security of energy supply, the development of infrastructures and relations with transit and producing third countries.
- Policies for the development of renewable energy and research on new technologies are more efficient if coordinated at European level.
- The continental energy market offers much more efficiency and economies of scale.
- Energy infrastructure modernisation is needed to integrate growing renewable energy, increase energy security and develop intelligent networks. EU coordination is needed to fix priorities, facilitate financing and speed implementation.





A few figures to illustrate the new strategy

- With no additional measures, only 9% primary energy consumption reduction by 2020
- Average energy savings for a household can amount up to € 1000 per year
- Renewable energy: 8% of energy mix in 2008 and 62% of newly installed electricity generation capacity in 2009
- Investments in the order of € 1 trillion are needed by 2020 to replace obsolete capacity





RESULTS OF THE PUBLIC CONSULTATION

Focus on implementing agreed policies

- Majority supported implementation of agreed policies,
- proposals for new legislative initiatives will not be credible if existing measures have not been fully implemented,
- strong support for: early compliance with the Regulation on security of gas supply, further integration of the internal energy market through full implementation of third package, swift start of ACER, ENTSOs etc...





Integrating the longer time perspective

- Broad support for the integration of our policies in a longer term perspective,
- need to set the Energy 2020 in the context of a vision for the longer term (energy objectives beyond 2020),
- our strategic goals will be achieved progressively, the 2020 strategy should have intermediate milestones and action plans for shorter intervals e.g. 3 years.





Priority areas for future strategy Towards a low-carbon energy system

- Agreement on need/urgency to decarbonise our energy system
- many views on what longer term targets should be (low or zero carbon ?, 100% RES ?),
- various views on the most efficient way to decarbonise our energy system:
 - » energy efficiency and renewables,
 - increased penetration of natural gas,
 - innovation and technology,
 - fossil fuels with Carbon Capture and Storage,
 - » nuclear,
 - » ETS and energy/CO2 taxes.



Priority areas for future strategy Modern integrated grids

- Agreement on the need for a new approach in the EU infrastructure energy policy,
- for some respondents, beside electricity & gas, oil and CCS should be included,
- the lack of pan-European interconnections was a frequent concern,
- upcoming "Energy Infrastructure Package" is an opportunity to present strategic analysis and proposals for the future EU energy network.



Priority areas for future strategy Bringing the benefits of EU energy markets to businesses and citizens

- Agreement with overall aim to assure reliable availability of affordable and sustainable energy to the citizens,
- support for the Commission initiative to increase transparency of energy market,
- particular emphasis to public awareness,
- need for a social dimension looking at: impact on labour forces, HSE (health safety and environment) and type of labour skills need in future.



Priority areas for future strategy Strong & coordinated external energy policy

- Majority supported strengthening EU external energy policy and increasing coordination with Member States, (2009 gas crisis),
- the overall EU energy strategy should include an external energy policy,



external energy policy should aim not only at securing supply of fossil fuels but also underpinning EU's vision for sustainable development.

Priority areas for future strategy Leadership in technological innovation

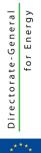
- Implementation of the SET Plan should be the core of EU's low carbon technology policy,
- substantial funding will be needed but divergent views exist on how to ensure such funding,
 - Either doubling EU funding for energy research,
 - Or in times of limited public funds, concentrate EU technology funding on leverage for private RD&D spending and redirect part of the cohesion funds towards energy projects,

 in assessing the envisaged low carbon technology portfolio we should avoid "picking the winner" or creating a long shopping list of technologies.



The new energy strategy will focus on five priorities

- An efficient use of energy that translates into 20% savings by 2020
- An integrated market providing competitive prices, choice and security of supply
- Secure, safe and affordable energy for citizens
- Technological leadership delivering innovative and cost-efficient solutions
- Strong international partnership, notably with our neighbours



Directorate-General for Energy

Next steps

- Adoption on 10 November 2010 of:
 - Energy strategy
 - > Evaluation report
 - Summary report of the public consultation
- Reports & opinions by the EP, the CoR and the ESC
- Energy Council in December
- Informal European Council on energy in February 2011
- Major forthcoming initiatives:
 - ➤ Infrastructure package in November 2010
 - ➤ Energy Efficiency Action Plan in February 2011
 - > Communication on external energy policy in June 2011
 - ➤ Initiative on smart grids
 - > Roadmap towards a low-carbon energy system by 2050