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## **Secure Energy Supply 2011 - Energy policy in the context of the EU 2020 Strategy**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

8th edition of the international conference "Secure Energy Supply 2011", organised by the Slovak Energy Forum under the auspices of the President of the Slovak Republic and the Minister of Economy of the Slovak Republic.

**Bratislava, 29 September 2011**

Ladies and Gentlemen

- It is a pleasure for me to be here today and to have the opportunity to talk to you about certainly one of the most strategic policies of the EU: Energy policy.
- Secure, sustainable and competitive energy is of fundamental importance to the EU's economy, industry and citizens and a core goal of EU policy.
- Energy is a daily need and is mostly taken for granted in Europe. There has been quite a lot of change in the use of energy regarding the amount of energy produced and consumed as well as regarding the fuels used.
- Much of the energy we use today is rather expensive, pollutes the environment and is largely imported, making the EU highly dependent vis-à-vis its main suppliers. On top of this, a number of our suppliers are located in parts of the globe with high political instability.

*(Objectives of the EU energy policy: slide2)*

- That is why the three key objectives of EU energy policy are security of supply, sustainability and competitiveness. The objectives are not conflicting but rather reinforcing each other even though some trade-offs need to be made among them.
- Interrupted and insecure energy supply affects the whole economy. You might still have in mind the damage caused by the interruption of gas deliveries in early 2009.
- The recent accident in Fukushima has reactivated the debate on the role of nuclear energy and its share in the future energy mix.
- These events underline the challenges we face for our energy supplies and our competitiveness.
- Volatility of oil prices increases the costs of our companies and oil spills can cause major environmental problems in affected areas.

- Security of supply, which is the main topic of this conference today fed into the key policy documents published recently by the European Commission: Communication on Energy 2020; Communication on Energy Efficiency Plan and Communication on the EU energy policy: Engaging with Partners beyond our Borders.
- What does security of supply mean? It has long been associated with import dependency. The more we import, the more vulnerable we are. However, supplies can be well diversified and come from reliable suppliers.
- Gradual depletion of fossil fuel resources and rising global competition for resources present a threat to EU supplies should we remain heavily dependent on fossil fuels imports.
- In addition, increasing electrification stemming from more variable resources - solar and wind - pose new challenges such as developing smart grids.
- What can we do to ensure secure, competitive and sustainable deliveries of energy?
  - Use energy better
  - Invest in Renewables and promote low-carbon technologies
  - Complete a competitive, integrated and interconnected European energy market
  - Secure our supplies from more diversified sources and routes.

***EU 2020 strategy: meeting the 20-20-20 energy/climate change targets (slide 3)***

- Before I explain in more detail each of these priorities, I want to emphasize one thing: energy policy is not addressed in Brussels in an isolated way.
- It is part of the overall economic strategy that we decided together with the Member States for the next 10 years: the so-called Europe 2020 Strategy.

- Under this EU 2020 Strategy that was adopted last year, all Member States are making efforts to contribute to the achievement of the 20-20-20 energy/climate change targets at EU level.
- For instance, you probably all know that Slovakia committed itself to:
  - limiting its CO<sub>2</sub> emissions by a maximum increase of 13% by 2020 in comparison with 2005 levels,
  - increasing its share of renewables to 14% of its energy consumption by 2020 (it is around 8% at the moment),
  - reducing its energy consumption by 11% by 2020 compared with its average consumption in the years 2001 to 2005.
- Slovakia is well on track to meet its objectives in renewables and CO<sub>2</sub> emissions.
- However, the actual performance of Slovakia, as well as most Member States, in energy efficiency is lagging behind their ambitions. 2020 is just around the corner in energy terms. We have to speed up our current programmes and investments to get to where we want to be.

### ***Energy efficiency: How to use energy better? (slide 4)***

- The best energy is the energy we don't consume. We have to boost energy savings and energy efficiency.
- Better use of energy will help industry, households and the economy at large to save money. Up-front investments are needed but gains will be large eg in terms of power plants we don't have to build, imports we don't have to pay, etc.
- The Commission's new Energy Efficiency Plan sets out a number of ways in which we can use energy more efficiently.
- It targets every sector, and every economic activity – energy production, buildings, local communities, transport, consumer goods, etc...

- The graph shows that the sectors which deserve the highest attention are residential and transport.
- We are pushing energy efficiency in buildings above all. This is one of the best ways not only to reduce waste and emissions, but also to save consumers money.
- To make this happen, the Commission has adopted a new Energy Efficiency directive this summer which makes some of the provisions binding.

***We must also achieve our target for Renewables (slide 5)***

- Investing in renewable sources of energy will help us to address the two main challenges we have in front of us:
  - reduce our dependency on fuel imports,
  - and reduce our emissions of CO<sub>2</sub>.
- All Member States now have financial support mechanisms in place to subsidise investments in renewables.
- From a very low base, renewable energy consumption has doubled in the last decade and according to national plans, is on course to nearly double again by 2020 in order to meet the 20% target.
- The challenge is to enable market actors to bring down costs, reduce subsidies and integrate renewables in a truly European market.
- There are many options which the EU offers which could help the Slovak market, including collaboration in interconnections, research and development projects in energy technologies, best practice exchange and training of workforces.
- There is also an urgent need to develop Smart Grids, in order to better manage electricity transmission networks, including from renewable sources.

***Interconnecting Europe for a better security of supply and a better functioning of the internal market: priority of the next EU budget (slide 6)***

- It goes without saying: all this will cost money...
- Even though the European Union has a small budget (less than 1% of the EU GDP), investments in energy are clearly among its top priorities.
- In our proposal for a multi-annual budget for 2014-2020, the European Connecting Europe Facility of 40 billion euros will fund, among others, energy projects that will bring more interconnectivity across Europe.
- Energy markets should indeed get more integrated. By 2014 we have to complete the internal energy market; by 2015 we have to link in all European regions. Slovak electricity market coupling with the Czech Republic and Hungary is a good example of successful integration leading to more security and flexibility.

*(EU energy infrastructure interconnections: slide 7)*

- And the Commission has defined a limited number of EU priority corridors for which urgent development is needed. This includes the North-South corridor in Central and Eastern Europe for electricity, gas and oil.
- As a reaction to the gas supplies interruption in January 2009, the Gas Security Regulation was adopted. This Regulation foresees emergency and cooperation arrangements between Member States, involving flexible interconnections, such as operating pipelines in reverse-flow to take gas to where it is most needed.

***Security of Supply and external energy policy (slide 8)***

- This leads me to speak about our external policy.
- Observers have long criticised the lack of a unified European energy policy towards third countries, particularly Russia.

- Again, the example of the Russian-Ukrainian gas crises in 2006 and 2009 made some EU countries dramatically aware, including Slovakia, of how much they depended on energy coming from just one company: Russia's Gazprom.
- We also know that an overwhelming majority of Europeans (79%) now endorse the principle of solidarity in the face of a crisis. And they have also come to understand that energy is an issue where coordinating actions is better than going it alone.
- I must say that they are perfectly right when you know that 60% of natural gas and 80% of oil are imported from non EU countries: it's perfectly clear that any energy policy is dependent upon a successful common external energy policy on the part of the EU.
- If we speak with one voice, we will get a completely different weight in negotiations.

*(Secure our supplies: slide 10)*

- This is why the Commission presented, at the beginning of this month, a strategy for a new external energy policy for Europe, with very concrete steps.
- To begin with, Member States will be required to inform the Commission about all their bilateral energy agreements with non EU countries. The Commission will be aware of what's going on before negotiations start and how negotiations are going.
- Before an agreement enters into force, the Commission would have the right to carry out a compatibility check to verify whether the deal is in line with EU law and our security-of-supply aims.
- A second key element of this plan is the possibility given to the Commission to negotiate not only alongside but instead of Member States.

### ***Safer energy – Stress tests***

- I would like now to add a few words about the key issue of nuclear safety.
- Fukushima had a big impact on public perception and resulted in major policy decisions in some Member States. At the EU level, it has been decided that the safety of all 143 nuclear power plants in the EU would be re-assessed using EU wide criteria.
- Stress tests have started since June. They include a variety of risks ranging from natural disasters to terrorist attacks.
- The Commission will publish in November the first results of these tests. I am glad to hear that according to preliminary results of the stress tests the Slovak NPP does not have any deficiencies requiring urgent correction or close down.
- As part of its new external energy policy, the EU will also push for international legally binding nuclear safety standards and will aim to extend stress tests to EU neighbouring countries.

### ***Conclusion: looking forwards to 2050 (slide 11)***

- To conclude, I would like to tell you about the longer term perspective of 2050.
- The EU has agreed to reduce emissions by 80-95% by 2050 if a climate deal is achieved internationally and the Commission has been asked to explore the ways towards a low-carbon economy.
- This implies deep changes in the whole energy system and an almost complete decarbonisation of the electricity sector.
- Decarbonisation is not the only objective, security of supply and competitiveness will be assessed as well.
- We will be issuing our Energy 2050 Roadmap towards the end of this year. This Roadmap will not set out a single path. Rather, it will use scenarios identify common elements coming in all scenarios, explore trade-offs, costs and timing.



- We cannot remove all policy uncertainty in the decades to come. A balance is needed between taking decisions today and keeping doors open for future innovation and flexibilities.
- Thank you for your attention.

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