



European Commission Green Paper: “Towards a European Strategy for the Security of Supply”

Response by the Department of Public Enterprise, Ireland

Introduction

1. The Department of Public Enterprise, Ireland welcomes the debate on security of supply initiated by the Commission’s Green Paper. It has made initial informal comments on the issues raised in the Green Paper and also welcomes the contribution to the debate made by the Irish Energy Centre, a public body which advises the Government on energy issues.
2. The Department notes that during the ongoing debate on the Green Paper since it was published in November 2000, the Commission has formally initiated a number of the proposals mentioned in the Green Paper. These proposals, which are still going through the legislative procedure, have an obvious bearing on security of supply and the development of energy policy more generally. In addition, as the Commission’s December 2001 progress report points out, the world has changed since November 2000 and new challenges to security of supply have arisen.
3. Ireland looks forward to the full report on the debate which it understands the Vice-President, Ms de Palacio, intends to present in the Spring of this year, and to the orientations for the future directions of European energy policy to be proposed. It would like to take this opportunity to respond more formally to the Green Paper, first by making some general points about Ireland’s approach to energy policy and security of supply and then by responding to each of the questions listed in the Green Paper.

The Energy Context in Ireland

4. The issue of security of supply is cross-cutting, and interacts with almost all the main energy policy concerns of Member States. While Ireland shares many of the policy orientations and perspectives of fellow Member States, its approach to energy policy also reflects the particular Irish circumstances. The purpose of this is not to engage in 'special pleading' for Ireland, but simply to contribute to greater mutual understanding within the Community of how different approaches to energy policy may arise. Three aspects should be highlighted:
 - Ireland's very limited indigenous energy resources: this emphasises the need for Ireland to make the very best use possible of such resources as it does possess and to explore fully the scope for developing new renewable energy resources. It also makes Ireland particularly exposed to the impacts of global trends in energy supply and prices. Perhaps even more than for some other Member States, protecting security of supply is a challenging and vital task.
 - Ireland's relative geographical isolation within the Community, particularly as the 'centre of gravity' of Europe's energy resources moves increasingly to the East towards Russia and other Eastern European states: this leads Ireland to place great importance on strengthening energy interconnections, including energy infrastructure links with the United Kingdom, the completion of the internal market and the development of close links with producer countries outside the Community. The Irish Government is also working closely with the Northern Ireland Executive on the development of an all-Ireland energy market, with the aim of enhancing security of supply, economic development and competitive energy supplies throughout the island of Ireland.
 - The Irish economy is the most open in the OECD. Recent rapid economic growth has been closely associated with securing high levels of mobile inward investment, through making Ireland an attractive competitive low-cost base for business. The Government is aware that further improvements in competitiveness will be needed if businesses already in Ireland are to stay and develop and if new inward investment is to take place. Secure energy supplies at competitive prices are an important component of competitiveness, and Ireland opposes measures which will damage this competitiveness.

Energy Policy and Security of Supply

5. Ireland believes that the development of policies to promote security of supply in Europe should have three key aspects:
 - The internal energy market needs to be strengthened. Improved connections between national energy systems will reduce risk by sharing it over a greater number of markets. More competitive energy markets will help to lower costs and prices, so benefiting consumers and businesses across the Community. Ireland supports proposals for electricity and gas Directives which will substantially strengthen the internal market, by removing barriers to cross-border trade and move energy markets quickly to full liberalisation.
 - Links with external energy exporting countries should be strengthened. Efforts should continue to encourage the Russian Federation to ratify the Energy Charter. Very large scale investment in infrastructure is required, together with measures to ensure that the necessary investment and energy flows are not impeded by a lack of agreement on efficient and equitable tariffs structures and effective codes of operations. These links are likely to take a number of forms – for example, they may concern strengthening relationships between energy companies and Governments or relationships between Governmental institutions, such as national Governments, the European Commission and the International Energy Agency.
 - Energy policy and environmental sustainability must be closely integrated. Energy policies and measures undertaken to promote security of supply may have a range of environmental impacts, over the short term to the very long-term, and it would be self-defeating to pursue policies aimed at securing security of supply if these involve unsustainable environmental impacts. For example, measures to improve energy efficiency will tend to promote both security of supply and environmental sustainability.

6. The Green Paper also considers the role that nuclear energy could play in Europe's climate change strategy. The Green Paper suggests that the Community should retain a leading position in the field of civil nuclear technology in order to develop more efficient fission reactors and to enable nuclear fusion to become a reality, while pointing to the problems that exist in relation to the upgrading of reactors in the accession

countries, the need to find solutions for long-term radioactive waste management and the lack of public support for nuclear energy in many Member States.

7. Ireland is firmly opposed to nuclear energy and any expansion of the nuclear industry and does not see nuclear energy as having a contribution to make to long term security of supply. It rejects the proposal that the Community should aim to retain its lead position with regard to the development of more efficient reactors and believes that the Commission's approach should reflect the fact that the centre of gravity in the EU has moved away from nuclear energy. It is Ireland's strong view that nuclear energy is not sustainable, that it has no part to play in modern, environmentally sustainable energy markets and that it increases, not reduces, the risks to the environment, health and security of supply. There are a number of unresolved issues including safety and accident risk, the transport of nuclear materials, waste management, spent fuel and reprocessing, increased proliferation risks and meeting the very large long run costs. The increased risk of terrorist attacks on nuclear installations following the events of September 11 2001 has increased these concerns.

8. In assessing proposals for Community-level energy policy initiatives, Ireland will apply three tests (a) Ireland's presumption is that in general the best means of increasing security of supply is through the promotion of a dynamic energy sector, where sufficient commercial incentives exist to encourage the necessary investment in energy infrastructure to take place, (b) Community initiatives must be consistent with the principle of subsidiarity, so it will have to be demonstrated that Community measures are likely to prove more effective than each Member State adopting its own approach in response to its specific national circumstances. Ireland also regards the IEA as an extremely valuable institution which undertakes a range of measures in pursuance of its objective of enhancing security of supply. For any Community initiatives in this field it would need to be established that action at Community level would be more effective than common action by IEA members, and (c) Ireland would expect any Community initiatives to be proportionate to the problems being tackled and for it to be established that Community action would be an effective, cost-efficient approach.

Conclusion

9. Ireland welcomes the debate initiated by the Green Paper and looks forward to continuing the discussion with interested parties including the social partners and institutions and companies outside the Community.

Department of Public Enterprise, Ireland, February 2002