Report on public consultation prior to the 2nd Strategic Energy Review

The public consultation was open from 1 July until 10 September 2008. It elicited **280 replies**, **159 from individual citizens** and **121 from organisations**. Among citizens, Finland, Belgium, the Netherlands and Poland were relatively highly represented, as well as Croatia. Among organisations, about a fifth were EU-level and of the rest, those based in Belgium, Austria and Germany were relatively highly represented. About a third were associations or NGOs, a further third private sector business. Over a quarter of the organisations were in the energy supply business, some 10% in the buildings, building services and construction products sectors, some in infrastructure. A quarter described their main activity as policy and legislation. This group included several environmental NGOs. Thus a **wide variety of respondents**.

Citizens:

1. The first question concerned views on what are the **major threats** to the European Union's energy security over the next twenty years. A wide range of threats appears in the responses, from "shortages of fossil fuel supplies compared to increasing world demand" (noted by 42%) to "high fossil fuel prices" (26%), "supplier or transit countries using their positions to exert political pressure" (35%),"inadequate investments in energy production and infrastructures in Europe" (31%), "inadequate energy efficiency measures in Europe" (32%), and "impact of EU climate strategy" (22%). This could reflect citizen appreciation of the complexity of energy security or differences in their viewpoints. Substantial differences between respondents in different parts of the EU can be discerned. For example, over half of respondents from the new Member States selected ""impact of EU climate strategy" as a threat, as opposed to 13% in old Member States. Only 7% in new Member States selected "inadequate energy efficiency measures in Europe", compared to 42% in old Member States.

2. Focusing on provisions to strengthen security in the EU's internal **electricity** market, renewables, final demand measures and energy efficiency in generation and networks received solid support, as did nuclear power (over 30% of respondents). Interconnections were seen as important (31%) but solidarity mechanisms were only mentioned by a few (13%). Indigenous fuels were seen as important by new Member State respondents (39%) but far less so by respondents in old Member States (10%).

3. Focusing on provisions to strengthen energy security in the EU's internal **gas** market, both demand side measures and new import pipelines to increase diversity were solidly supported although the former were more important in the views of respondents in old than in new Member States. New terminals for Liquefied Natural Gas were seen as important, particularly in new Member States. Interconnections, storage, crisis management mechanisms at EU level and long-term contracts with suppliers were also noted.

4. On **investments in high efficiency and low-carbon energy technologies** which could improve energy security and barriers hindering these investments, the dominant response was cost, followed by inadequate research and development. Information factors were seen as important too.

5. The question of how Europe can best promote a **global transition** to high energy efficiency, low-carbon systems and technologies, crucial for energy security in the long term as well as for meeting the climate challenge, elicited a range of responses. Binding multilateral agreements such as a comprehensive international climate agreement post-2012 were noted by half of the respondents, but also product standards in trade agreements. International cooperation on research, development and demonstration of technologies was noted by many. About a third advocated a global carbon market. Finally, some 40% said that a global transition can be promoted by demonstrating in Europe what change is possible.

6. On how the EU should approach the **mutual dependence** of fossil fuel producer and consumer countries in the coming years, respondents clearly attached more importance to the development of cooperation frameworks than to improving exchanges of information and projections on policies, supply, demand etc.

7. On how the EU might achieve a single voice in **external energy relations**, deciding together on objectives of cooperation with countries was widely seen as important. Particularly in new Member States, systematic consideration in an EU framework of the wider EU interest before agreements with 3rd countries are concluded, was advocated. Promotion of key energy infrastructures of strategic interest should be part of the picture, according to many.

Organisations:

8. On the **threats** to the European Union's energy security over the next twenty years, the organisations in the energy supply and infrastructure businesses focused on "inadequate investments in energy production and infrastructures in Europe", while others, notably those in the buildings sector, saw "inadequate energy efficiency measures in Europe" as most important. After these, factors related to global fossil fuels markets were also noted. The "impact of EU climate strategy" was picked out as a threat to energy security by about one in five of respondents in the energy supply business. Other factors were put forward by some – impact of climate change on infrastructures, impact of uncertainties in financial markets, nuclear fuel price increases, inadequate investments in renewables in Europe and elsewhere (notably Africa), and less than optimal choices of energy technologies to support.

9. On provisions to strengthen security in the EU's internal **electricity** market, there was wide support across sectors for an increased contribution from renewables and for further development of the internal network, including interconnections. Some respondents were more precise, specifying network developments to shield one part from another in case of crises, or a supergrid to enable increased contribution by renewables. Others pointed to the contribution of distributed generation. Final demand measures (meters, fuel switching and particularly efficiency) were seen as important by many of the respondents dealing with policy and legislation, also in the buildings sector, less so by those in the energy supply sector. A third of those in the energy supply sector saw an increased contribution from nuclear energy as important. The need for clarity on Carbon Capture and Sequestration was put forward. More effective solidarity mechanisms between Member States were low on the list of factors for most respondents.

10. On provisions to strengthen energy security in the EU's internal **gas** market, a number of respondents argued that there should be, first and foremost, an active policy to diminish Europe's gas import dependence. Several underlined the contribution which improvements in energy efficiency, in buildings, fuel cells etc, could make to this, others pointed to biogas and local gas networks. The harmonisation of gas quality requirements was noted as important. Network developments, including interconnections and new import pipelines, were noted by many, notably in the energy supply sector, as were new LNG terminals. Long-term contracts with suppliers were also important. Greater and more flexible storage capacities, crisis management mechanisms at EU and other levels were relatively less-cited as important provisions.

11. On barriers to **investments in high efficiency and low-carbon energy technologies** of relevance to energy security, costs of new technologies were high on many lists, although somewhat less so for respondents from buildings sectors. Inadequacies in the Emissions Trading Scheme were noted by many, although precisely which inadequacies was not always clear. Information factors were seen as important but several also pointed to lack of incentives to invest in efficiency, notably for building owners, and a widespread tendency to prefer large-scale traditional energy solutions. A lack of finances and skills, particularly in the building sector, was put forward as a factor. For some, regulation was inadequate. Others argued for more demonstrations of efficiency.

12. On how Europe can best promote a **global transition** to high energy efficiency, low-carbon systems and technologies, most respondents looked to binding multilateral agreements such as a comprehensive international climate agreement post-2012. The need for strong incentives in such agreements was noted, as well as technical assistance. International cooperation on research, development and demonstration of technologies was seen as important, particularly among those involved in energy supply. This sector also saw a global carbon market as relevant. Respondents in building sectors advocated trade agreements, including product standards, and underlined the role of demonstrating in Europe what change is possible.

13. On how the EU should approach the **mutual dependence** of fossil fuel producer and consumer countries in the coming years, some repeated the fundamental importance of the EU reducing its import dependence. Others noted the benefit of technical assistance to producer countries on efficiency, such as in buildings. Some stressed the need to speak with a common voice in dealing with suppliers. Dialogue and cooperation were seen as important by most respondents.

14. On a single voice in **external energy relations** and how the EU might achieve it, respondents saw the relevance of most of the provisions listed. Thus, deciding together on objectives of cooperation with countries and systematic consideration in an EU framework of the wider EU interest before agreements with 3rd countries are concluded were considered to be important, as was the promotion of key energy infrastructures of strategic interest. Some argued against focusing only on fossil fuels, and for energy cooperation on renewables, efficiency and the energy systems of the future.

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