



Parlamentul României
Senat

Bucharest, 21 December 2015

Courtesy translation

**OPINION
of the ROMANIAN SENATE**

**on the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Launching the public consultation process on a new energy market design

COM (2015) 340 FINAL

The Senate of Romania has examined the Communication from the Commission on the **Launching the public consultation process on a new energy market design COM (2015) 340** according to the provisions of the Treaty of Lisbon (Protocol no.1).

Taking into account the report of our permanent Committee on European Affairs, the Plenum of the Senate, during its session on the 21 December 2015, decided, upon the following points of view:

The Senate observed that the achievement of the low-carbon economy objectives should be based upon a deep transformation which requires huge investments. In this regard, it is necessary to identify over the next period of time, also at the EU level, the market instruments and mechanisms improving the business environment and predictability for the investors. At mid and long term, the Romania's internal market energy achievement is aiming at: developing the energy infrastructure; ensuring the affordable prices for consumers, maintain the competitiveness of the industry, and the economic growth and creation of employment.

Meanwhile, it noted the existence of several delays concerning the Romania's connection to the European market transport networks and natural gas.

Therefore, the electric and natural gas energy network infrastructure should develop / as soon as possible – natural gas providing the required degree of interconnectivity as well as a plentiful transport potential of the natural gas, for the valorisation of the local and regional markets .

It is also necessary to provide interconnected electricity transmission backbones both intra and extra EU.

The Senate considered that only a genuine European solidarity could ensure a lesser dependence on Russia, the key problem of the EU, but what is needed to asses from now on is the option towards a sustainable relation between the own energy resources of the Member States as well as those supposed to belonging to the Community.

The action planning in order to support the Energy Union draws again the attention the fact the energy security is a complex political, technical, economic, commercial and social concept. As an axiom, an absolute energy security does not exist. Instead, it only refers to the consumption needs in terms of accessibility (including new sources of supply) and availability, namely to guarantee long-term continuity of the supply.

It has to be taken into account the new geopolitical situation created by Russia on the continent, and, in this context:

- EU should protect its own interests.
- Romania insists on maintaining the freedom of each Member State to choose the national energy mix, otherwise there is a risk of establishing a single European energy mix causing great difficulties for plants and mining industry.
- Romania supports both the nuclear energy approach, which is a matter of concern for other countries such as Hungary, Czech Republic, etc. as well as the renewable and nuclear energy producers.
- As regards the renewable sources, the Senate noted that the increase of their percentage within the EU consumption could be an opportunity for the European energy sector, with important perspectives in terms of exports.

The matching of the speed and volume of the development of the renewable sector at European level must generate a bearable price of electricity for consumers while maintaining competitiveness and avoiding the relocation industry. Aid schemes are needed to achieve these objectives.

The Senate believes that a common energy policy will not be achieved as long as a single market governed by 28 regulatory authorities from 28 Member States shall continue to exist.

Therefore a joint institutional mechanism supporting the single energy market, namely the establishment of a uniquely regulated energy at European level is needed, for implementing coherent regulations and avoiding large differences as far as systems pricing is concerned.

It was remarked that in Romania there are concerns on the increase of the energy and natural gas prices by the European Energy Union, which could affect the national power plants and coal industry.

- Having a regard to the further equalization of the prices throughout the community area taking into account the differences of the living standards from state to state and a lack of correlation between the prices convergence and people's revenues, Romania is aiming to define, at the European level, the concept of the vulnerable consumer in order to avoid the effects of the prices harmonization.

As a proposal, this measure shall consist in:

- The establishing of a maximum threshold of income (eg from 400-500 euros per month family down),
- The creation of subsidies from the central budget of the European Union for the vulnerable consumers, similar to the subsidies existing in the agriculture sector.

Moreover, it is necessary to insist upon the idea of a correct identification and definition of the vulnerable consumers category and of the need allowing the state granting subsidies to pay gas bills only to above mentioned consumers, or, to establish a system whereby a certain amount consumed will be invoiced at a subsidized price, the rest will be billed at the market price.

Since Romania could become an important hub and an effective trade centre for the South-eastern Europe given the future exploitation of gas in the Black Sea, EU should support projects of common European interest. The Senate notes that the Black Sea is only mentioned

in the new EU energy strategy. Romania's energy potential, especially in light of recent discoveries in the Black Sea has become attractive but may be underestimated by policymakers tempted to rely increasingly on the already available energy resources.

Despite the hostilities related to Ukraine and the summits or the official documents which apparently seeks to ensure greater energy independence from Russia, the latest deals between European companies and Gazprom have shown that the EU will continue to rely on Russian gas. Therefore, one of the most controversial elements of the future Union Energy, focusing on the common policy in the field of natural gas import contracts, risks to compromise one of the objectives of the European Energy Union basic objective.

In this context, the Senate, although advocating integration and energy security emphasized that all cross borders energy projects promoted by Member States should respect the objectives regarding the diversification of sources, routes and suppliers, and especially, fully comply with the Energy Union law and goals.

President of the Senate

A handwritten signature in cursive script, appearing to read 'Tariceanu', written in dark ink over a light background.

Călin POPESCU-TĂRICEANU