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*Committee on Industry, Research and Energy*

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## **DRAFT REPORT**

on a European strategy for sustainable, competitive and secure energy - Green paper  
(2006/2113(INI))

Committee on Industry, Research and Energy

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on a European strategy for sustainable, competitive and secure energy - Green paper (2006/2113(INI))

*The European Parliament,*

- having regard to the Commission green paper - A European Strategy for Sustainable, Competitive and Secure Energy (COM (2006)0105),
- having regard to the joint paper by the Commission and the High Representative on the external aspects of energy policy,
- having regard to its position adopted at second reading on 8 March 2005 with a view to the adoption of a European Parliament and Council Regulation on conditions for access to the natural gas transmission networks<sup>1</sup>,
- having regard to its position adopted at first reading on 26 October 2005 on the proposal for a regulation of the European Parliament and of the Council determining the general rules for the granting of Community financial aid in the field of the trans-European transport networks and energy and amending Council Regulation (EC) No 2236/95<sup>2</sup>,
- having regard to its position adopted at second reading on 13 December 2005 with a view to the adoption of a directive of the European Parliament and of the Council on energy end-use efficiency and energy services and repealing Council Directive 93/76/EEC<sup>3</sup>,
- having regard to its position adopted at second reading on 4 April 2006 with a view to the adoption of a decision of the European Parliament and of the Council laying down guidelines for trans-European energy networks and repealing Decision 96/391/EC and Decision No 1229/2003/EC<sup>4</sup>,
- having regard to its position of 18 May 2006 on the proposal for a Council decision on the conclusion by the European Community of the Energy Community Treaty<sup>5</sup>,
- having regard to its position of 16 November 2005 on the proposal for a Council regulation on the implementation of Protocol No 9 on the Bohunice V1 nuclear power plant in Slovakia, as annexed to the Act concerning the conditions of accession to the European Union of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia<sup>6</sup>,
- having regard to its resolution of 16 November 2005 on the use of financial resources earmarked for the decommissioning of nuclear power plants<sup>7</sup>,
- having regard to its position of 14 December 2004 on the proposal for a Council directive imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (Codified version)<sup>8</sup>,

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<sup>1</sup> OJ C 320E, 15.12.2005, p. 14.

<sup>2</sup> *Texts adopted* of that date, P6\_TA(2005)0403

<sup>3</sup> *Texts adopted* of that date, P6\_TA(2005)0496.

<sup>4</sup> *Texts adopted* of that date, P6\_TA(2006)0118.

<sup>5</sup> *Texts adopted* of that date, P6\_TA(2006)0219.

<sup>6</sup> *Texts adopted* of that date, P6\_TA(2005)0429.

<sup>7</sup> *Texts adopted* of that date, P6\_TA(2005)0432.

<sup>8</sup> OJ C226E, 15.9.2005, p.22.

- having regard to its position adopted at first reading on 5 July 2005 on the proposal for a directive of the European Parliament and of the Council concerning measures to safeguard security of electricity supply and infrastructure investment<sup>1</sup>,
  - having regard to its position of 5 July 2006 on the proposal for a Council directive on the supervision and control of shipments of radioactive waste and nuclear spent fuel<sup>2</sup>,
  - having regard to its resolution of 14 February 2006 with recommendations to the Commission on heating and cooling from renewable sources of energy<sup>3</sup>
  - having regard to its resolution of 29 September 2005 on the share of renewable energy sources in the European Union and proposals for concrete actions<sup>4</sup>,
  - having regard to its resolution of 23 March 2006 on security of energy supply in the European Union<sup>5</sup>,
  - having regard to its resolution of 1 June 2006 on Energy efficiency or doing more with less: Green Paper<sup>6</sup>,
  - having regard to the Presidency Conclusions of the European Councils of 23-24 March 2006, concerning the European Council's endorsement of the Green Paper on an Energy Policy for Europe, and of 15-16 June 2006 concerning the Joint Paper by the Commission and High Representative on the External Aspects of Energy Security,
  - having regard to deliberations of the Public Hearing organised by its Committee on Industry, Research and Energy on the subject on 12 September 2006,
  - having regard to the Treaty establishing a Constitution for Europe under which energy is a field in which there is shared competence with the Member States,
  - having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on International Trade, the Committee on Economic and Monetary Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Transport and Tourism and the Committee on Regional Development (A6-0000/2006),
1. Welcomes the Commission's green paper on a European strategy for sustainable competitive and secure energy, but underlines the fact that we in Europe need to recognise that we are in a radically new context in relation to energy, which demands the development of a European energy policy securing affordable energy as far as possible from indigenous resources, whilst protecting the environment and combating climate change; believes that energy should be supplied via open and fair markets which nevertheless reflect the need to remain competitive in a global context;

## ***Sustainability***

### *Climate Change*

2. Recognises that climate change is causing serious problems requiring immediate EU

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<sup>1</sup> OJ C157E, 6.7.2006, p.61.

<sup>2</sup> *Texts adopted* of that date, P6\_TA(2006)0300.

<sup>3</sup> *Texts adopted* of that date, P6\_TA(2006)0058

<sup>4</sup> *Texts adopted* of that date, P6\_TA(2005)0365.

<sup>5</sup> *Texts adopted* of that date, P6\_TA(2006)0110,.

<sup>6</sup> *Texts adopted* of that date, P6\_TA(2006)0243.

action and believes that by 2050 the overwhelming proportion of EU energy must come from carbon free sources and that there is therefore a need to set out a clear roadmap to achieve this objective:

- a. EU leaders should agree within the next year on a binding 2020 CO<sub>2</sub> target and an indicative 2050 CO<sub>2</sub> target along the lines of the 2 C° degree target. The Commission should propose a revision of the Emissions Trading Scheme (ETS) including the complete auctioning of ETS credits from 2012 onwards, the money collected going towards EU R&D for energy and energy efficiency measures;
- b. The ETS should be extended internationally and should run for a period of 20 years;
- c. The ETS should include additional heavy energy user sectors including aviation and freight transport, following an impact assessment;
- d. A legislative proposal to simplify and render transparent the methodology currently used on ETS should be submitted;

#### *Research and Development*

3. Encourages Member States to set out a strategy for the pooling of national research budgets at EU level, beyond the Seventh Framework Programme for research, technological development and demonstration activities (FP7);
4. Calls on the Commission to carry out an energy audit on existing technology platforms;
5. Requests that a proportion of FP7 energy funding be allocated to analysing social and economic behaviour in relation to energy, and to link this funding with the CIP programme and the EIB;

#### *Security of Supply*

##### *Energy Efficiency*

6. Calls on the Council and Commission to make energy efficiency a priority in the EU, as the most cost effective method of reducing energy demand; urges the timely implementation of EC directives in the field and urges the Commission to implement its previous resolutions on the subject;
7. Calls on the President of the Commission to host a meeting of the 30 biggest cities in the EU and set up benchmarking initiatives to reduce energy consumption in urban areas combined with a strategy on urban planning; believes that serious efforts should be made to increase the power from combined heat and power and cooling production and district heating;
8. Requests the Commission to further investigate smart metering and charging;
9. Favours a shift towards the most energy efficient and clean transport modes, to be achieved notably through new legislation and fiscal incentives at national level, including the introduction of binding legislation in the automotive industry; in addition, recommends that a strategy to cut aviation emissions and emissions from ships be developed;

##### *Energy Mix*

10. Believes that the diversification of energy sources will help security of supply;
11. Proposes that the EU set a long-term stable policy framework, giving investors clear

guidelines as to where the market should invest; believes that this framework should contain an EU target for energy efficiency which represents at least a 20% improvement by 2020, binding sector targets for renewables in order to achieve 25% of renewables in primary energy by 2020 and a predictable price for CO<sub>2</sub>; further considers that there should be an indicative target for renewables of 50% by 2040;

12. Endorses the need to set up a Strategic Energy Review (SER), complementing the work of the proposed Energy Supply Observatory, which should not be an independent body, and that the SER's remit should involve strategic analysis of the problems confronting the EU in the energy sector;
13. Encourages the Commission to use the SER to develop a formula, allowing Member States to analyse the trade offs between different policy options with regard to the environment, security of supply, competitiveness and job creation and thus help minimise risks; calls on the Commission to undertake a detailed study of the subsidies and costs of all energy sources, including the internalisation of externalities;
14. Insists that the Commission develop a systematic approach to the production, distribution and consumption of biofuels, in particular those used in transport, and also insists on the need to introduce binding targets in this area;
15. Calls on the Commission to recognise in the medium term the important role of fossil fuels and requests it to undertake further studies in relation to reducing their carbon intensity and to encourage the further development of an economical method of carbon capture and storage in relation to coal and gas and oil, and insists that by 2020 there should be ten large scale functioning demonstration plants in the EU;
16. Calls on the Commission to re-draw the trans-European energy networks, which should ensure that renewable energy sources are given fair access to the power grids; considers that offshore wind power installations should be integrated first into a regional grid and ultimately into the trans-European energy network;
17. Calls on the Commission to give a more flexible interpretation of the public good deriving from EU environmental laws where energy developments can achieve carbon savings;
18. Accepts that nuclear energy remains a controversial area and that any decision on its development will remain the responsibility of the Member States;

#### *External aspects*

19. Believes that a structured debate on the mechanics of how the EU will speak with one voice to third countries will increase the EU's ability to negotiate with energy producing and consuming countries and that such negotiations should include a High Representative on energy matters;
20. Urges Member States, in the context of enhanced cooperation with the EU institutions, to set down a list of priority areas where they have reached agreement on external energy policy, including amongst other things, climate change targets, energy efficiency and savings targets, the development of renewable technologies, human rights and social dialogue;
21. Urges the Commission and the Member States to take very seriously the real danger of a deficit in gas supplies from Russia after 2010 due to the lack of investment, excessive leakage and energy waste in the Russian domestic market; insists that Member States

make plain that the kind of investment necessary is unlikely to be forthcoming without better security for investments, which would be guaranteed only with the ratification of the Energy Charter Treaty;

***Single market in energy and competitiveness***

22. Calls upon the Member States to recognise that the current model of the EU energy market is not working and that we cannot rely entirely on market driven solutions to face the new energy reality; believes that a clear political framework is needed to establish a high degree of energy independence, long-term stability, efficiency, environmental sensitivity and security of supply; takes the view that the responsibilities of governments, regulators and market actors must be better defined in order to achieve a properly functioning market;
23. Congratulates the Commission on the energy sector inquiry; calls on the Commission to pursue enforcement action, including fines, against companies breaching competition rules;
24. Encourages the Commission to pursue Member States which unduly protect national Energy Champions or attempt to block mergers and acquisitions;
25. Takes the view that the specific nature of energy policy should be considered in competition policy, regulatory measures and endeavours aimed at better enforcement of the internal market rules;
26. Calls on the Commission to take steps against companies which have long term legacy contracts which are closing off the markets and acting contrary to the rules of the EC Treaty;
27. Urges the Commission to take further steps to address concentrations in the upstream energy market;
28. Proposes significant increases in the powers of Member State regulators, possibly via the establishment of common rules on transparency and disclosure, minimum binding guidelines including on independence, the procedure for nominating regulators, transparency and accountability; considers that national energy regulators should be given the role of advising competition authorities within the Member States, of ensuring that energy companies have a statutory obligation to give energy saving advice to customers, and of establishing a minimum investment requirement;
29. Requires Member States to grant powers to national regulators agreed at EU level to give them the tools to deliver on cross-border electricity and gas transmission, including non-discriminatory grid access, transmission tariffs, capacity allocation, congestion management procurement and network operating, and a clear timetable for bids in the energy market; takes the view that if this is not delivered within two years the Commission should move towards establishing a European regulator for cross border energy connections;
30. Calls on the Commission to introduce legislation to ensure that Member States reach a decision on whether to grant planning permission at borders within a period of four years and that, if no negative answer is forthcoming by the end of this period, planning permission should be deemed to have been granted;
31. Calls on the Commission to make the establishment of a well functioning regional electricity market by 2008 a priority and to set another date for the establishment of a

single European energy market and grid;

32. Requests the Commission to submit a third package of proposals to fully develop the potential of the electricity and gas market, which must include full ownership unbundling of energy networks;
33. Calls on Member States to deliver on legal unbundling and fulfil the terms of both the electricity and gas directives;
34. Believes that the Commission should come forward with a comprehensive gas strategy, which examines the need to reduce gas consumption, the diversification of supplies and improved gas infrastructure, the need in some Member States to reverse the direction of the flow of gas and to deal with the question of storage and stocks;

***Energy Poverty and Consumer Rights***

35. Believes that consumers must be placed at the centre of all future energy policy and that energy poverty should feature more clearly in the Commission's proposals;
36. Urges DG TREN to assess the Structural Funds plans of the Member States for their capacity and determination to tackle energy issues;
37. Requests energy regulators in the Member States ensure that universal service obligations are honoured with a focus on vulnerable and poor consumers, who should be offered social tariffs or support;
38. Calls on the Member States to establish a consumer champion in the energy field whose responsibility, amongst other things, would be to ensure that consumers have easy access to price and choice information, an easy method of switching energy provider and systematic access to the regulators in each Member State;

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39. Instructs its President to forward this resolution to the Council and Commission.