

Kadri Simson

Energy

Hearing due to be held on Thursday 3 October at 09.00 hours.

European Parliament committee responsible: Industry, Research, and Energy (ITRE).

Born in 1977, Kadri Simson has most recently been a minister in the Estonian government. She was nominated in July to replace the outgoing European Commissioner from Estonia, Andrus Ansip, following the latter's election to the European Parliament, but the government withdrew the nomination in the wake of delays in the confirmation process.



Simson has a history degree from the University of Tartu and a Master's degree in political science from University College London. Long active in local politics, she worked as an adviser to the Council and Mayor of Tallinn before becoming Secretary-General of the Estonian Centre Party (2003-2007). She was elected to the Estonian Parliament in 2007 and became chair of the Estonian Centre Party faction in 2009. She was appointed Minister for Economic Affairs and Infrastructure (2016-2019), where she pioneered a scheme for free public bus transport covering most of the country.

In 2019, Simson was once again elected to the Estonian Parliament and became chair of the Estonian Centre Party faction. She now also leads the Estonian NATO Parliamentary Assembly delegation. The Estonian Centre Party was affiliated to ALDE and is now part of Renew Europe.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019

Background

The EU has a key role in the energy field that is complementary to the policies of its Member States. It has a mandate to promote renewable energy sources, energy efficiency, and greater interconnection between national energy networks, as well as to ensure security of energy supply. EU energy policy is now a core part of European and global efforts to combat climate change, so the EU has endorsed common climate and energy targets to be met by [2020](#), [2030](#), and [2050](#). The Juncker Commission was focused on developing binding legislation to deliver the 2030 targets in energy efficiency and savings, promoting renewables, and reducing greenhouse gas (GHG) emissions. It was also very active on security of supply (see below). The von der Leyen Commission aims to ensure the 2020 and 2030 targets are met, while working on actions the EU must take to meet its ambitious long-term objectives for 2050, in particular fully decarbonising the EU economy and limiting global warming through implementation of the Paris Agreement on climate change.

The Juncker Commission had a single Commissioner (Miguel Arias Cañete) responsible for energy and climate action, who was supported by separate Directorates-General (DGs) for Energy (ENER) and Climate Action (CLIMA). Commissioner Cañete worked in close collaboration with a Vice-President tasked with delivering the Energy Union (Maroš Šefčovič).

The von der Leyen Commission will revert to the pre-2014 practice of separate Commissioners for energy and climate, but will continue to ensure strong coordination between these policy areas. Whereas the energy portfolio would be held by Kadri Simson (Estonia) and supported primarily by DG ENER, the climate portfolio would be held by Executive Vice-President Frans Timmermans (the Netherlands) and supported primarily by DG CLIMA. Timmermans has been entrusted with developing a 'Green New Deal' for Europe that includes ambitious climate and energy policies, so the policies of the Energy Commissioner would be expected to align closely with these objectives.

Recent developments

The Juncker Commission notably adopted an [Energy Union strategy](#) (February 2015), which linked the EU's overarching goals in the energy, climate and mobility fields. This strategy was accompanied by a roadmap of legislative proposals that the Commission eventually adopted during the 2014-2019 term. All the main legislative files were successfully negotiated between the EU institutions and have entered into force as part of EU law.

Energy efficiency. The Energy Efficiency Directive (EED) and the Energy Performance of Buildings Directive (EPBD) were both revised. The [revised EED](#) now includes an ambitious 32.5 % EU-wide target for energy efficiency improvements by 2030 (building on the 20 % improvements by 2020 target). The [revised EPBD](#) introduces changes that will increase the speed and ambition of energy efficiency improvements, affecting both new buildings and major renovations of old buildings. Earlier in the legislative term, the [EU framework for energy labelling](#) was modernised and improved.

Renewables. The Renewable Energy Directive (RED) was comprehensively [revised](#) ('recast') to include a binding 32 % EU-wide target for the share of renewables in final energy consumption by 2030 (building on the 20 % share by 2020 target), as well as a 14 % sub-target for the transport sector. The recast RED tightens the sustainability and GHG emissions reduction criteria for biofuels.

Security of gas supply. The EU [Regulation on Security of Gas Supply](#) was revised to include a solidarity principle that facilitates gas sharing in the event of a major supply interruption, and to encourage closer regional cooperation. The EU [decision on intergovernmental agreements in the field of energy](#) was also revised, giving the Commission a greater scrutiny role in the negotiation and approval of such agreements, to make sure they do not distort security of supply or the internal energy market. Finally, the EU Gas Directive underwent a targeted [revision](#) to ensure its main provisions fully apply to all pipelines between EU Member States and third-country suppliers of gas.

Electricity markets. The EU adopted four new laws on the EU electricity market (two directives and two regulations) that will make these markets cleaner and more competitive, better able to cope with supply risks, encourage more active consumers, and able to make the infrastructural improvements necessary to integrate a high share of renewables in the energy mix. One of these regulations is dedicated to strengthening the role of the [Agency for the Cooperation of Energy Regulators](#), while one directive deals specifically with [security of electricity supply](#). The remaining [regulation](#) and [directive](#) seek to transform the EU internal market in electricity, complementing the EU legislation on promotion of renewables and improvements in energy efficiency (see above).

Priorities and challenges

Public opinion

According to a series of Eurobarometer surveys carried out for the European Parliament on 'perceptions and expectations', support among EU citizens for stronger EU involvement in energy supply and security policy reached its highest level in 2018 (65 %), a substantial increase from two years earlier (53 %). This could be linked to the energy union being one of the main priorities of the Juncker Commission, as well as broader concerns about energy supply and security, climate change and the challenges of decarbonisation, or environmental issues such as air pollution. Since energy-related challenges are perceived and addressed differently across the EU, support for greater EU involvement in energy policy varies considerably between the Member States, from a low of 41 % (Austria) to a high of 85 % (Cyprus). Nevertheless, energy is one of the few policy areas where more citizens rate EU action as adequate rather than insufficient. This suggests that not only is greater EU involvement sought, but existing EU energy policies are generally perceived as positive.

In the [Political Guidelines for the next European Commission 2019-2024](#) (July 2019), Commission President-Elect Ursula von der Leyen outlined the main features of the Green New Deal, a pillar of the new Commission that will have considerable implications for EU energy policies. The Green New Deal includes more ambitious GHG emissions reductions in the medium-term (a 55 % reduction by 2030), an extension of the Emissions Trading System to cover the maritime and aviation sectors, the establishment of a new Carbon Border Tax, and a revision of the Energy Taxation Directive. Many of these points were reiterated in the [mission letter to the Commissioner-designate for Energy](#) (September 2019), together with specific issues relating to energy policy: full implementation of recent EU legislation on energy efficiency, renewables and electricity markets; scaling up the investment and deployment of clean energy; encouraging diversification of natural gas supplies; increasing use of the euro in energy markets; and enhancing nuclear safety and safeguards. The President-elect suggests expanding the scope of qualified majority voting in EU energy policies by making use of the *passerelle* clauses contained in the Lisbon Treaty (see below), as proposed in a recent [communication](#) from the Commission (April 2019). Consumers would be at the heart of the future energy system and here the Commissioner-designate is asked to encourage renewable self-consumption of energy; contribute to the design of a Just Transition Fund that will support people and regions impacted by the energy transition away from fossil fuels; and make full use of the Energy Poverty Observatory to help Member States address this issue at national level.

There are other salient energy issues that the Commission will need to contend with in the short term, above all the ongoing construction of the Nord Stream 2 gas pipelines and their implications for diversity of gas supply and geopolitics in Europe. The more long-term challenge of integrating a high share of renewables in the energy mix will necessitate significant changes in national energy markets, further modernisation of energy grids, and major investments in new and low-carbon energy technologies. Whereas extensive legislation to support such changes in EU electricity markets was adopted during the Juncker Commission, the von der Leyen Commission will need to ensure this legislation is being properly implemented in the Member States. The Commission is expected to announce a gas package in early 2020 to modernise EU gas markets along similar lines.

European Parliament

Treaty basis and European Parliament competence

Article 194 of the Treaty on the Functioning of the European Union (TFEU) is the legal basis for EU energy policy. Article 194 TFEU lists four broad areas for EU action: to ensure the functioning of the single energy market; to ensure security of energy supply in the Union; to promote energy efficiency and renewable forms of energy; and to promote the interconnection of energy networks. Article 194 TFEU specifies that 'EU policies shall not affect a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources, and the general structure of its energy supply'. This provision limits the scope of EU energy policy vis-à-vis the Member States. Although exceptions can be made on environmental grounds, these would require an initial unanimous agreement of the Council to expand the scope of EU energy policy. This *passerelle* clause – outlined in Article 192 TFEU – has never been activated.

Legislation under Article 194 TFEU usually follows the ordinary legislative procedure, which gives an equal role to Council and Parliament. However, an exception is made for measures 'primarily of a fiscal nature' (e.g. energy taxation). The latter are determined by the Council alone, under a special legislative procedure requiring decision by unanimity, with Parliament only having a consultative role. The unanimity requirement proved a major obstacle when the Commission sought to reform the Energy Taxation Directive in 2011, an initiative it had to abandon four years later because agreement within the Council proved impossible.

Parliament has consistently called for closer integration of national energy markets in Europe, as well as more ambitious EU energy and climate goals that promote renewable energy sources, improve energy efficiency, and lead to reduced GHG emissions. The views of Parliament across the full range of EU energy policies were outlined in a December 2015 [resolution on Energy Union](#) and a September 2016 [resolution on Energy Market Design](#). Parliament supports continuing efforts to increase security of energy supply and strengthen the external dimension of EU energy policies, inter alia by giving the Commission a greater role in intergovernmental energy agreements. During interinstitutional negotiations on energy union files, Parliament was in favour of removing state subsidies for the most polluting coal power plants, supported a minimum energy efficiency improvements target of 35 % by 2030, and pushed for a 35 % share of renewables in final energy consumption by 2030. Parliament also supported concrete measures to empower EU energy consumers so they can more easily produce, consume, store and trade renewable energy.

FURTHER READING

Bassot, E., [Unlocking the potential of the EU Treaties: An article-by-article analysis of the scope for action](#), European Parliamentary Research Service, European Parliament, 2019.

[What Europe does for me website](#), European Parliament.

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eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

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