



EU energy policy 2010 and after

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This note outlines the development of EU energy policy since the Coalition Government first represented the UK at negotiations. It follows on from SN/SC/4602: [EU energy policy: history](#), which covers the development of the integrated energy and climate change package for Europe from its proposal on 10 January 2007 until March 2010.

The Minister of State, Department of Energy and Climate Change, Charles Hendry attended the European Energy Council meeting held on 31 May 2010 in Brussels. Discussions took place on regulation surrounding security of gas supply and how to achieve a 20 per cent increase in energy efficiency across the EU. In particular discussions centred on the future development of an EU energy strategy.

The debate about the energy strategy for Europe 2011-2020 focused specifically upon the Commission's "stock-taking" document: [Towards a new Energy Strategy for Europe 2011-2020](#). The document examines progress made since the Energy Action Plan of 2007 and also looks at the next steps for an Energy Strategy for Europe 2011-2020. The Commission has invited views on this document from all interested stakeholders. In the light of these it plans to develop a new Strategy for endorsement by the European Council in March 2011.

An informal European Energy Council meeting took place 6-7 September 2010 in Brussels. The UK was represented by Charles Hendry. The discussion included: energy consumer policy, particularly relating to vulnerable consumers; the need for a greater transparency of information especially that provided by technology including smart meters; energy infrastructure including the development of a low-carbon grid and its financing; the EU's initial response to the Gulf of Mexico oil spill, and energy efficiency.

Further Energy Council meetings were held on 3 December 2010 and 28 February 2011. The main focus was the Energy 2020 strategy and energy infrastructure priorities. Representatives broadly agreed with the proposals. An Extraordinary Energy Council meeting was held on 21 March 2011 to discuss the impact of unrest in north Africa and the Japanese earthquake on energy supplies. An Informal Energy Council was held on 2-3 May 2011.

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The official European energy website is at:

http://europa.eu/pol/ener/index_en.htm

The European Commission energy webpage is at:

http://ec.europa.eu/energy/index_en.htm

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1 The European Energy Council Brussels 31/5/10

The Minister of State, Department of Energy and Climate Change, Charles Hendry, for the Coalition Government represented the UK at the meeting.

A written ministerial statement set out the agenda:

The first item on the agenda is a progress report from the presidency about negotiations with the European Parliament on the proposal for a **regulation on security of gas supply**. We understand that the presidency aims to reach a first reading deal with the European Parliament by the end of June. The UK has worked very closely with the presidency, Commission and other like-minded member states and is pleased with the progress made so far.

There will then be an exchange of views on the **energy aspects of the Europe 2020 growth strategy** where member states are expected to seek clarity on the process for monitoring performance towards **energy efficiency targets**, in preparation for a wider discussion of the strategy at the June European Council.

This will be followed by a debate on the **EU's future energy policy as a contribution to the development of the energy strategy for Europe 2011-2020**. Discussion will focus on the Commission's "stock-taking" document.¹ Ministers will also be asked to adopt conclusions on the document. The UK is content with the text of the conclusions, which set out high-level principles for the new energy strategy.

The Commission and presidency will update the Council on a number of **international items**: the EU-US Energy Council, EU-OPEC, the 12th International Energy Forum, the Euro-Mediterranean Partnership, the Energy Community Treaty and Russia/Ukraine. Finally, the Commission will present reports on the implementation of the **European energy programme for recovery**; the **trans-European energy networks** in the period 2007-09; and the **Baltic energy market interconnection plan**.²

Charles Hendry gave a brief overview of the meeting as a written ministerial statement:

¹ [Towards a new Energy Strategy for Europe 2011-2020, European Commission](#)

² HC Deb 27 May 2010 c11-12 WS

The first item on the agenda was a report by the presidency on the progress of negotiations with the European Parliament on the proposal for a **regulation on security of gas supply**. The presidency noted the likelihood of a first reading deal with the European Parliament by the end of June and there was a short discussion.

The Commission then reported on its dialogue with member states on **targets under the Europe 2020 growth strategy**, in particular achieving the objective of moving towards an increase of **20 per cent in energy efficiency across the EU**. The Commission stressed that, if the EU was to meet the target, then a clear definition of the task and who does what would be necessary. In discussion, a number of member states raised questions about the methodology of calculating targets and the importance of national targets taking account of national circumstances. The Commission will now launch a study on how best to set targets to secure improvements in energy efficiency and will look to member states to provide information on their national energy efficiency targets/programmes in due course. The presidency will report on discussions of the target to the General Affairs Council in preparation for the June European Council.

The main debate at this council focused on the **EU's future energy policy**, with most member states intervening. During the discussions, I noted the importance of **implementing existing legislation**, creating the **markets and networks necessary for a low carbon future**, supporting and developing **new technologies**, making progress on **energy efficiency** and **diversifying supply routes and sources**. In his intervention, Commissioner Oettinger focused on implementation of the **internal market package** and the questions confronting the development of **energy infrastructure in the EU**, as well as the need to maintain a focus on research into **new energy technologies** despite the economic climate. He confirmed that the Commission would publish an **energy strategy for Europe 2011-20** in time for the December Energy Council. The Commission would also produce a **roadmap to 2050** and a package of measures to promote **infrastructure development**. In addition, there would be a **focus on energy policy at the European Council early in 2011**. Belgium indicated that as the next presidency it would take forward work on the strategy and Ministers agreed high-level Council conclusions setting out high-level principles for the new energy strategy.

Finally, the Commission and presidency gave presentations on a number of **international items**, on amending the regulation on the **European Energy Programme for Recovery** to use non-allocated funds, and on the Commission response to the **oil spill in the Gulf of Mexico**.³

An informative article about the meeting was published at:

["EU starts defining energy strategy for next decade"](#), EurActiv.com, 1 June 2010 updated 2 June 2010.

2 Towards a new Energy Strategy for Europe 2011-2020

Discussion at the Council focussed on the EU's future energy policy. The Commission invites views on the 'stock taking' document: [Towards a new Energy Strategy for Europe 2011-2020](#). In the light of these it plans to develop a new Strategy for endorsement by the European Council in March 2011.

The stock taking document makes clear that the overall goal of European energy policy remains to ensure "safe, secure, sustainable and affordable energy for all, businesses and

³ HC Deb 7 June 2010 c2-4 WS

consumers alike.”⁴ It examines progress made since the Energy Action Plan of 2007. Particular achievements here are cited as the Renewable Energy Directive and the revision of the EU Emission Trading System. In the “remaining gaps and shortcomings section” it notes that “the current state of implementation of European energy legislation is overall poor” and goes on to say that a large number of Member States’ National Energy Efficiency Action Plans submitted in 2007-8 were “disappointing”.⁵

The stock taking document also looks at the next steps for an Energy Strategy for Europe 2011-2020. The key components of the future strategy are the exploitation of the full potential of energy savings, the promotion of low carbon innovation, a fully functioning internal energy market, secure and sustainable energy networks and greater cooperation and solidarity within the EU as well as achieving a more coherent and effective approach to the EU external energy relations.

Compared to the previous Action Plan, it stresses that a greater emphasis will be needed on investments. It speculates that “billions of Euros will need to be invested in new technologies, infrastructure, energy efficiency improvements, low-carbon power generation and public education and skills to make the low carbon transformation happen.” It suggests that this can be gained through more consistent use of market-based instruments. It also states that savings can be made through decreased dependency on oil and gas imports; that meeting the renewable energy targets will create jobs in the EU; and that further integration of the European energy market could add an extra 0.6% to 0.8 % GDP.⁶

3 The European Energy Council Brussels 6-7/9/10

The Minister of State, Department of Energy and Climate Change, Charles Hendry, represented the UK at this informal meeting. He issued the following written ministerial statement afterwards;

The Council began with a discussion of **energy consumer policy**, focusing on the issue of vulnerable consumers. There was broad agreement on the need for **greater transparency of information** and on the **importance of technology**, including the use of **smart meters**, to allow consumers to make better choices. This discussion will form the basis of a report benchmarking national policies for discussion at the December Energy Council.

The Council continued with a debate on **energy infrastructure, including the development of a low-carbon grid**. Member states referred to issues of planning and the length of time needed to get certain permissions as particular obstacles to infrastructure development. The debate moved on to financing, with widespread agreement that the majority of the energy infrastructure investment which would be needed across Europe in coming years would need to come from the private sector but that there was a role for the EU in facilitating that investment and providing finance in exceptional circumstances. I noted the importance of regional projects, such as the North Sea offshore grid. The Commission confirmed that it intended to produce a communication on infrastructure in November, focusing on barriers to investment and key priorities for the next two decades.

The Energy Commissioner then presented the Commission's **initial position on the EU's response to the Gulf of Mexico oil spill**. He emphasised the importance of

⁴ [Towards a new Energy Strategy for Europe 2011-2020, European Commission, p1](#)

⁵ [Ibid, p4](#)

⁶ [Towards a new Energy Strategy for Europe 2011-2020, European Commission, p17](#)

minimising the risks of a similar incident in the EU by ensuring the highest standards of safety across Europe. He noted that the EU already had a framework of safety regulations in place and great experience of drilling, particularly in the North Sea.

The Council ended with a working lunch where Ministers discussed **energy efficiency**.⁷

4 The European Energy Council Brussels 3/12/10

Andy Lebrecht, Deputy Permanent Representative to the EU, represented the UK at the Energy Council in Brussels on 3 December. The Minister of State, Department of Energy and Climate Change, Charles Hendry issued the following written ministerial statement afterwards:

Ministers at the Energy Council adopted Council conclusions on a **consumer energy policy** and on the Commission's recent communication on the **safety of offshore oil and gas activities**. Commissioner Oettinger commented on the conclusions that he wanted to raise EU standards on offshore oil and gas activities to those of the best.

The main focus of the Energy Council was a debate on the recently published Commission documents, the "**Energy 2020**" **strategy** and the communication on **energy infrastructure priorities**. Commissioner Oettinger presented the two communications and outlined the Commission's priorities, including ensuring energy savings, speeding up authorisation procedures for infrastructure; and stressing the need for the EU to speak as one when dealing with its primary supply markets in the Middle East, the Caspian and Russia.

Ministers broadly agreed with the Commission's documents. There was a strong consensus on the need for progress on **energy efficiency** although a number of member states argued against the idea of national binding targets. Member states agreed with the Commission on the crucial need for large investments in **energy infrastructure** but while broadly accepting the need to explore how planning and authorisation procedures, particularly for cross-border projects, could be improved, some, including the UK, noted that these were matters for member states. The UK and several other member states emphasised the importance of implementing the **Third Package of internal energy market rules** to facilitate the development of infrastructure. There were conflicting views on the financing of **new infrastructure** with some member states supporting the Commission's ideas of co-financing while others objected to the idea of EU funding. The UK and a number of other member states raised concerns over the idea of harmonising **renewable support schemes**. On **external relations**, most member states took a cautious approach to the Commission's proposals for a greater role for the EU.

The UK noted the opportunity of the **European Council in February** (where energy is planned to be a major item) to set a vision for a low-carbon, energy-secure, competitive EU by 2050 and the direction of EU energy and related policies to secure the necessary transformation, highlighting **energy efficiency, technology, infrastructure** and **external policy** as the key issues for Heads to discuss. In summing up, the presidency noted a level of consensus on the broad priorities in the Commission documents and the key issues for the February Council.

Commissioner Oettinger then updated the Council on a number of **international energy relations events**-the EU-US Energy Council, the EU-Russia energy dialogue and Belarus-Russia developments on gas.

⁷ HL Deb 27 September 2010 WS197

In the morning of the Council, the UK and representatives from Germany, France, Belgium, the Netherlands, Sweden, Ireland, Luxembourg, Denmark and Norway signed a memorandum of understanding on the **North Sea's offshore grid initiative**, which sets out a programme of work to facilitate the development of offshore wind resources in the region.⁸

5 The European Energy Council Brussels 28/2/11

The Minister of State, Department of Energy and Climate Change, Charles Hendry, represented the UK at the meeting. Subsequently he published the following written ministerial statement:

The Council began with a report by the Commission on the progress of negotiations in the Council working group on the proposed **regulation on energy market integrity and transparency**. The European Council had given a mandate for rapid completion of the dossier, which is essential for setting the rules of energy commodity trading in the EU.

The Council then adopted Council conclusions on the "**Energy 2020**" strategy and the communication on **energy infrastructure priorities**. Commissioner Oettinger summarised the content of the conclusions and highlighted the need for specific actions on 2050 work, including in particular support for infrastructure investment, energy efficiency, and the need to consider how the next financial perspective can best support the transition to 2050.

The main focus of the Council was a discussion of **energy efficiency and renewables** to contribute to the **EU semester exercise** (a new EU initiative to improve economic policy co-ordination). The EU semester process will be considered by the spring European Council later this month. Commissioner Oettinger noted the positive impact that energy efficiency and renewables could have on EU industry. Most Ministers supported the Commission's approach and agreed on the importance of energy efficiency. I noted that the forthcoming energy efficiency action plan should focus on those areas where action is best taken at EU level or where there is direct added-value in co-operative efforts.

The Commissioner also updated the Council on the recent communication on the implementation of the **renewables directive and on the southern corridor**, where he said that he would present a long-term strategy to the Council in the second half of 2011. I noted the UK's support for the idea of the southern corridor but the importance that any strategic work should not delay the commercial development of Azeri gas.

Over lunch, there was a discussion of **north Africa and oil prices**, and the **internal energy market**.

The Energy Council, as the formation of the Council in session, adopted a decision implementing the UN Security Council Resolution imposing sanctions on Libya.⁹

6 The Extraordinary European Energy Council 21/3/11

The meeting was called to discuss the effect of the events in north Africa and Japan on energy supplies and markets. Andy Lebrecht, the Deputy Permanent Representative to the EU, represented the UK. Following the meeting Chris Huhne issued the following written ministerial statement:

⁸ HC Deb 13 December 2010 c71-2WS

⁹ HC Deb 7 March 2011 c54WS

The extraordinary Energy Council began with a report by the Energy Commissioner of the impact of events in north Africa and Japan on the EU's energy market. Although there had been no significant impact on **[oil and gas]** supplies as a result of events in **Tunisia, Egypt and Libya**, there had been an impact on prices. The EU had 120 days of oil supply. Saudi Arabia and Russia had undertaken to cover any shortfalls in gas and oil supplies. There was general agreement that oil and gas markets were functioning well and that it was important to take a calm approach to reassure the market. The Council concluded that although there was no immediate problem with energy supply, the EU should take measures to increase its ability to deal with problems in the future, in line with the priorities agreed at the European Energy Council on 4 February.

The Commissioner then reported on the situation in **Japan**; and on the role of **nuclear** in the energy mix of the EU. He noted the right of member states to decide upon their own energy mix and that nuclear would continue to play a large role in the EU for the foreseeable future. He proposed that member states should work together to develop and approve an EU safety check for nuclear power plants. The UK agreed on the importance of a measured response based on the evidence and on lessons learned from the events in Japan. Most member states supported this position.

The Council concluded that the EU response to the situation in Japan should involve comprehensive risk and safety assessments ("stress tests") of nuclear power plants in Europe with full involvement of member states in determining how this should be done. EU neighbouring countries should also be involved in the assessment, as well as international bodies such as the G20 and the International Atomic Energy Agency. The EU should maintain high standards of nuclear safety, with a continual process of improvement. The Council agreed that communication with the public on these issues should be open and transparent.¹⁰

7 The Informal European Energy Council Hungary 2-3/5/11

The Minister of State, Department of Energy and Climate Change, Charles Hendry, represented the UK at the meeting. Subsequently he published the following written ministerial statement:

Discussions at the Council focused on the **2050 Energy Roadmap**. Commissioner Oettinger emphasised the importance of a road map as providing a framework for the EU's transition to a low-carbon economy with virtually decarbonised electricity generation and noted the importance of considering intermediate milestones, for example for 2030. Discussion by Ministers of priorities for the road map touched on renewables deployment, infrastructure, low-carbon development, the importance of giving the right investment signals and the need for scenarios to be underpinned with robust analysis, including of costs. I noted that a focus on both low-carbon development and energy security was essential as was consideration of the full range of fuel mixes. The discussion at the Council will feed into the communication that the Commission is preparing and planning to issue in the autumn.

Over lunch, there was a discussion of **external European energy relations**, which will feed into a communication that the Commission plans to publish after the summer on energy security and international co-operation. This will be one of the priorities for the Polish presidency.¹¹

¹⁰ HC Deb 28 March 2011 3-4WS

¹¹ HC Deb 10 May 2011 33-4WS