

07 February 2011, by Susanne Nies

FIRST EVER EUROPEAN COUNCIL ON ENERGY: A SINGLE ENERGY MARKET BY 2014

For the first time ever energy policy was on the agenda of the European Council, which brings together European Heads of State and Government, on 4 February in Brussels. Overshadowed by events inside of the Union (the euro crisis) and outside of the EU (the democratic upheavals in Tunisia, Egypt and other countries of the region), the Council has nevertheless come up with an ambitious target for energy: a fully functioning interconnected and integrated energy market by 2014.

In its conclusions on energy, the European Council has set out clear and ambitious timelines as well as a number of “operational”, i.e. pragmatic, priorities.¹ The eleven points include a commitment to energy efficiency, to the disclosure of bilateral external energy agreements by 2012, the need for consistent national RES schemes and the importance of joint projects, the importance of the SET Plan, the assessment of the shale gas potential, investment in infrastructure as a priority, to be taken up primarily by the market, standardisation with respect to electric vehicles and smart grids/meters by mid-2011 and the end of 2012 respectively, and finally the end to energy islands within the EU by 2015 (Baltics, Spain, Italy). Numerous elements of EURELECTRIC’s statement “European Energy at a Decisive Crossroads”², addressed to European policymakers ahead of the European Council, can be identified. Nevertheless, and surprisingly, climate policy and the ETS as the main driver of change were not mentioned even in a general sentence.

The main result of the Energy Council is the commitment to achieve the internal energy market by 2014. Even the furthest reaching statements by the Florence Forum and EURELECTRIC have always focused on 2015, considering that this horizon was already very ambitious. 2014 thus appears very challenging, and raises the question of what precisely the European Council means when referring to the European integrated energy market. From the conclusions, it can be gathered that it includes a speedy implementation of the Third Package, in particular market coupling, guidelines and network codes applicable across Europe by 2014. Insisting on the role of the regulators (ACER from 2 March onwards) and the TSOs (ENTSO-E), the decisive role of the suppliers and generators in this particular process has to be stressed. In leaving the role for investment to the market, EURELECTRIC would claim that the industry’s and particularly the electricity generators’ role in setting the conditions, conferring on codes together with the TSOs, needs more recognition here, since their contribution is key to the process and its success.

The Council has focused on “operational conclusions”, as stated at the beginning of the statement. Climate issues, such as the future of the ETS, the international negotiations, and the role of the CO₂ price in driving change, are surprisingly absent from the conclusions. As for external energy policy, the Council conclusions explicitly mention a new role for the High Representative, which could potentially complicate the already clustered energy and climate policy landscape further.

¹ For the full Council Conclusions, see http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/119175.pdf

² See DN of 27/01/2011 and EURELECTRIC Statement at www.eurelectric.org/PublicDoc.asp?ID=66722.