



KATHOLIEKE UNIVERSITEIT  
**LEUVEN**

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Presidency Conclusions  
on  
Integrated Climate and Energy Policy

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# Presidency Conclusions

I. Lisbon Strategy for Growth and Jobs

II. Better Regulation

**III. Integrated Climate and Energy Policy**

IV. International Relations

**Annex I : European Council Action Plan  
(2007-2009) – Energy Policy for Europe  
(EPE)**



# Integrated Climate and Energy Policy (ICEP)

Goal

Climate Protection

Energy Policy



## ICEP-Goal (1)

Strategic objective : limit the global average temperature increase to not more than 2°C above pre-industrial levels

Needed for that : integrated approach to climate and energy policy (cf energy use and production as main sources of GHG emissions) => **ENERGY POLICY FOR EUROPE (EPE)**



## ICEP-Goal (2)

### Three objectives of EPE :

- Increasing security of supply;
- Ensuring the competitiveness of European economies and the availability of affordable energy;
- Promoting environmental sustainability and combatting climate change.



## ICEP-Goal (3)

### Limitations to EPE :

- Respect of the Member States' choice of energy mix;
- Respect of the Member States' sovereignty over primary energy sources;
- Spirit of solidarity amongst Member States.



## ICEP-Climate Protection (1)

- Climate Change Challenges
- International Collective Action
- Global and Comprehensive post-2012 agreement (2007-2009)
- EU Environment Council 20/02/07
- *All countries* should contribute according to their differentiated *responsibilities* and respective *capabilities*



## ICEP-Climate Protection (2)

- Absolute emission reduction commitments are the backbone of a global carbon market
- Developed countries should continue to take the lead by committing to collectively reducing their emissions of GHG
- Reduction in the order of :
  - 30% by 2020 vav 1990
  - 60%-80% by 2050 vav 1990



## ICEP-Climate Protection (3)

EU-objective for post 2012 : -30% by 2020  
vav 1990, provided that :

- *Other developed countries* : commit themselves to comparable reductions
  - *Economically more advanced developing countries* : commit themselves to contribute adequately according to their responsibilities and respective capabilities
- => Invitation to come forward with their proposals



## ICEP-Climate Protection (4)

But until there is a global and comprehensive post-2012 agreement :

=> **! Independent EU commitment ! : at least -20% by 2020 v 1990**

=> Europe as a :

- highly energy-efficient economy
- low GHG-emitting economy



# ICEP-Climate Protection (5)

## How to reach this within the EU :

- Differentiated approach to the contributions of the MS is needed
  - Reflecting fairness and transparency
  - Taking into account national circumstances and the relevant base years for the first commitment period of the Kyoto Protocol
  - Agreed internal burden-sharing
- ⇒ Technical analysis by EC and MS of criteria and parameters in view of further in-depth discussion
- ⇒ Cost-efficient measures are needed for the energy intensive sector (in favor of C & EI)



## ICEP-Climate Protection (6)

### Developing countries :

- Emissions of GHG are increasing
- Should reduce the emission intensity of their economic development
- In line with the general principle of common but differentiated responsibilities and respective capabilities

=> EU support to lessen their vulnerability and to adapt to climate change



# ICEP-Climate Protection (7)

## EU ETS :

- Central role in the EU's long term strategy for reducing GHG emissions
- Review the EU ETS in good time
- Increase transparency
- Strengthen and broaden the scope
- Consider a possible extension of the scope to land use, land-use change, forestry and surface transport  
(cf environmental performance of the European transport system must increase, assess the external costs, internalise them)



# ICEP-Energy Policy (1)

Integrated policy on energy : needed because of

- Global warming
- Security of supply
- Business Competitiveness

## ⇒ **Energy Action Plan 2007-2009**

- Milestone in the creation of an EPE
- Spring board for the continuation of an EPE
- Based on the *Commission's Communication "An Energy Policy for Europe"*



## ICEP-Energy Policy (2)

### Follow-up of the Energy Action Plan (EAP) :

- Regular review (cf annual examination by the European Council of progress made and results achieved)
- Updated Strategic Energy Review by the EC in early 2009
- New Energy Action Plan (2010-...) to be adopted by the Spring 2010 European Council



# EAP

## European Council Action Plan (2007-2009) - Energy Policy for Europe (EPE)

- I. Internal Market for Gas and Electricity
- II. Security of Supply
- III. International Energy Policy
- IV. Energy Efficiency and Renewable Energies
- V. Energy Technologies



## EAP-Internal Market for G&E (1)

Taking note of the Commission's internal market report and the final report following the sector inquiry on the gas and electricity markets, with the **aim** of *increasing competition, ensuring effective regulation and encouraging investment* to benefit consumers, the **European Council**:

- **reaffirms that** to achieve this aim the first step, to which it is committed, is to ensure *timely and full implementation of the letter and spirit of existing Internal Market legislation relating to the opening up of the gas and electricity markets*, since a truly competitive, interconnected and single Europe-wide internal energy market that will have major benefits for competitiveness and EU consumers as well as increasing security of supply has not yet been achieved;
- **notes** the *interaction between investment decisions and the development of the regulatory framework*, and is therefore of the opinion that future measures affecting the internal market have to be designed and implemented in a way that provides a positive framework for much-needed investment;



## EAP-Internal Market for G&E (2)

- **taking account of** the characteristics of the gas and electricity sectors and of national and regional markets, **agrees on the need for:**

=> *effective separation of supply and production activities from network operations (unbundling)*, based on independently run and adequately regulated network operation systems which guarantee equal and open access to transport infrastructures and independence of decisions on investment in infrastructure;

=> further harmonisation of the powers and strengthening of the independence of *national energy regulators*;

=> the establishment of an independent mechanism for national regulators to cooperate and take decisions on *important cross-border issues*;

=> the creation of a *new Community mechanism for Transmission System Operators* to improve coordination of network operation and grid security building on existing cooperation practices;



## EAP-Internal Market for G&E (3)

- => a *more efficient and integrated system for cross-border electricity trade and grid operation*, including elaboration of technical standards;
- => the enhancement of competition and security of supply through facilitated integration of *new power plants* into the electricity grid in all Member States, in particular encouraging *new market entrants*;
- => relevant investment signals contributing to the efficient and more secure operation of the *transmission grid*;
- => increased *transparency in energy market operations*;
- => better consumer protection, e.g. through the development of an *Energy Customers' Charter*.



## EAP-Internal Market for G&E (4)

Moreover, the **European Council invites the Commission:**

=> to provide *additional clarifications* related to the key measures envisaged and their impacts in time for the June Council (Energy);

=> to elaborate together with Member States the *medium- and long-term forecasts for gas and electricity supply and demand*, and to identify the *additional investment required* to satisfy EU strategic needs;

=> to assess the *impact of vertically integrated energy companies* from third countries on the internal market and how to implement the *principle of reciprocity*;

=> to assess *access to gas storage* in the EU.

The **European Council invites the Commission** to come forward with *relevant proposals*, including through the development of existing legislation where possible.



## EAP-Internal Market for G&E (5)

Reaffirming the need for improved *regional cross-border exchange* and accelerating the development of *regional energy cooperation* while addressing the challenges of peripheral energy markets and facilitating the integration of regional ones into the EU internal market and its further development, notably through interconnection, taking into account the integration of on- and off-shore renewable energies, **the European Council:**

– **welcomes**, as a first step, the Commission's intention to appoint where necessary, in accordance with Article 10 of Decision 1364/2006/EC, *European coordinators to accelerate the most critical priority projects of European interest*;

**it notes, however**, that *new projects are needed in order to achieve adequate interconnection* in particular of isolated energy markets and asks the Member States concerned to achieve *at least 10% of electricity and gas interconnection capacity by 2010*.



## EAP-Internal Market for G&E (6)

To this end, Member States concerned should *reinforce their bilateral cooperation*, for instance by elaborating appropriate guidelines.

*Priority projects of European interest* are listed in Decision 1364/2006/EC of the EP and of the Council. Regarding coordinators and without prejudice to further appointments, the Council notes that in its Communication, the Commission envisages the *following projects*:

- the Power-Link between Germany, Poland and Lithuania;
- connections to offshore wind power in Northern Europe;
- electricity interconnections between France and Spain;
- the Nabucco pipeline, bringing gas from the Caspian to central Europe.

**- invites the Commission** to table proposals aiming at streamlining approval procedures.



# EAP-Security of Supply (1)

In order to contribute to *security of supply* in a *spirit of solidarity between Member States*, notably in the event of an energy supply crisis, the **European Council underlines** the need to enhance *security of supply for the EU as a whole as well as for each Member State* through:

=> *effective diversification of energy sources and transport routes*, which will also contribute to a more competitive internal energy market;

=> *developing more effective crisis response mechanisms*, on the basis of mutual cooperation and building notably on existing mechanisms, considering a wide range of options after careful assessment of existing means, taking into account the primary responsibility of Member States regarding their domestic demand, and making appropriate use of the warning capacity provided by the network of energy security correspondents;



## EAP-Security of Supply (2)

- => improving *oil* data transparency and reviewing EU oil supply infrastructures and oil stocks mechanisms, complementary to the IEA crisis mechanism, especially with respect to availability in the event of a crisis;
- => a thorough analysis of the availability and costs of *gas* storage facilities in the EU;
- => an assessment of the impact of current and potential *energy imports* and the conditions of related networks on each Member State's security of supply;
- => establishing an *Energy Observatory* within the Commission.



## EAP-International Energy Policy (1)

The *development of a common approach to external energy policy* has to be speeded up, involving consumer-to-producer as well as consumer-to-consumer and consumer-to-transit countries, *dialogues and partnerships* including through organisations such as OPEC. To that effect, the **European Council emphasises** the following as *essential elements* when further *developing the common voice of the EU in support of the three energy policy objectives*:

=> *intensifying the EU relationship with* Central Asia, the Caspian and the Black Sea regions, with a view to further diversifying sources and routes;

=> *strengthening partnership and cooperation building on the bilateral energy dialogues with* the USA as well as with China, India, Brazil and other emerging economies, focusing on the reduction of GHG, energy efficiency, renewables and low-emission energy technologies, notably CCS;



## EAP-International Energy Policy (2)

- => negotiating and finalising a post-partnership and cooperation agreement with *Russia* in particular relating to energy issues;
- => ensuring the implementation of the *Energy Community Treaty*, with a view to its further development and possible extension to Norway, Turkey, Ukraine and Moldova;
- => making full use of the instruments available under the *European Neighbourhood Policy*;
- => enhancing energy relationships with Algeria, Egypt and other producing countries in the *Mashreq/Maghreb region*;
- => building a special dialogue with *African countries* on energy and using Community instruments to enhance in particular decentralised renewable energies and generally energy accessibility and sustainability in this region, as well as energy infrastructure of common interest;
- => promoting access to energy in the context of the *UN-CSD*.



# EAP-EE and Renewables (1)

## The European Council ...

=> **is aware of** the growing *demand* for energy and increasing energy *prices* as well as of the benefits of strong and early common international action on *climate change*,

=> **is confident that** a substantive development of *energy efficiency* and of *renewable energies* will enhance *energy security*, curb the projected rise in *energy prices* and reduce *greenhouse gas emissions* in line with the EU's ambitions for the period beyond 2012,

=> **underlines that** the *energy savings objective* and *targets for renewables and biofuels* referred to below should be achieved with a view to sharing efforts and benefits fairly and equitably among all Member States, taking into account different national circumstances, starting points and potentials, and ...



## EAP-EE and Renewables (2)

=> **stresses the need to** increase energy efficiency in the EU so as to achieve the *objective of saving 20% of the EU's energy consumption compared to projections for 2020*, as estimated by the Commission in its Green Paper on Energy Efficiency, and to make good use of their National Energy Efficiency Action Plans for this purpose;

=> **calls for** a thorough and rapid implementation of the ambitious five main priorities as highlighted in the Council conclusions of 23 November 2006 on the Commission's Action Plan on Energy Efficiency, relating to *energy-efficient transport, dynamic minimum efficiency requirements for energy-using equipment, energy-efficient and energy-saving behaviour of energy consumers, energy technology and innovations and the energy savings from buildings*;

=> **invites the Commission to** rapidly submit *proposals* to enable increased energy efficiency requirements on *office and street lighting* to be adopted by 2008 and on *incandescent lamps and other forms of lighting in private households* by 2009;



## EAP-EE and Renewables (3)

- => **welcomes the Commission's intention to** put forward in 2007 a proposal for a *new international agreement on energy efficiency* in order to develop common global efforts towards promoting energy efficiency, bearing in mind that such an agreement should be *complementary to EU energy efficiency policy*;
- => **supports the use of international negotiations** to encourage sustainable methods of production and to promote *international trade* in environmental and energy-efficient goods and services;
- => **calls for an early review of the Community guidelines on** State aid for environmental protection and other relevant Community instruments which can provide incentives, with the aim of making them *more supportive of the Community's energy and climate change objectives*.



## EAP-EE and Renewables (4)

### The European Council ...

=> **reaffirms** the Community's *long-term commitment to the EU-wide development of renewable energies beyond 2010*,

=> **underlines** that *all types of renewable energies*, when used in a cost-efficient way, contribute simultaneously to security of supply, competitiveness and sustainability, and

=> **is convinced of** the *paramount importance of giving a clear signal* to industry, investors, innovators and researchers.

For these reasons, *taking into consideration different individual circumstances, starting points and potentials*, **it endorses the following targets:**



## EAP-EE and Renewables (5)

- a binding target of a 20% share of renewable energies in overall EU energy consumption by 2020;
- a 10% binding minimum target to be achieved by all Member States for the share of biofuels in overall EU transport petrol and diesel consumption by 2020, to be introduced in a cost-efficient way.

The *binding character of this biofuels target* is appropriate subject to :

- \* production being sustainable,
- \* second-generation biofuels becoming commercially available, and
- \* the Fuel Quality Directive being amended accordingly to allow for adequate levels of blending.



## EAP-EE and Renewables (6)

*From the overall renewables target, differentiated national overall targets should be derived with Member States' full involvement with due regard to a fair and adequate allocation taking account of different national starting points and potentials, including the existing level of renewable energies and energy mix, and, subject to meeting the minimum biofuels target in each Member State, leaving it to Member States to decide on national targets for each specific sector of renewable energies (electricity, heating and cooling, biofuels).*

**In order to meet these targets, the European Council:**



## EAP-EE and Renewables (7)

**=> calls for** an *overall coherent framework for renewable energies* which could be established on the basis of a Commission proposal in 2007 for a *new comprehensive directive on the use of all renewable energy resources*. This proposal should be in line with other Community legislation and *could contain provisions as regards*:

- \* Member States' overall national targets;
- \* National Action Plans containing sectoral targets and measures to meet them; and
- \* criteria and provisions to ensure sustainable production and use of bioenergy and to avoid conflicts between different uses of biomass.

**=> calls for** a thorough and rapid implementation of the measures highlighted in the June 2006 Council conclusions on the Commission Biomass Action Plan, notably as regards *demonstration projects for second-generation biofuels*;



## EAP-EE and Renewables (8)

**=> invites the Commission to** analyse the *potential of cross-border and EU-wide synergies and of interconnections* for reaching the overall renewable energy target, thereby also addressing the situation of countries and regions largely isolated from the EU energy market;

**=> invites the Commission to** work with Member States to *develop renewable energies*, for example through an expanded *Forum* on renewable energies and to promote the exchange of best practice.



## EAP-Energy Technologies (1)

Recognizing the need to strengthen *energy research* in particular to accelerate the *competitiveness* of sustainable energies, notably renewables, and low carbon technologies and the further *development* of energy efficiency technologies, the **European Council welcomes** the Commission's intention to table a *European Strategic Energy Technology Plan* during 2007 for consideration at the latest by the 2008 Spring European Council.

Aware of the huge possible global benefits of a sustainable use of fossil fuels, the **European Council:**



## EAP-Energy Technologies (2)

=> **underlines** the importance of substantial improvements in *generation efficiency* and *clean fossil fuel technologies*;

=> **urges** Member States and the Commission to work towards strengthening R & D and developing the necessary technical, economic and regulatory framework to *bring environmentally safe carbon capture and sequestration (CCS) to deployment* with new fossil-fuel power plants, if possible by 2020;

=> **welcomes** the Commission's intention to establish a mechanism to stimulate the construction and operation by 2015 of up to 12 *demonstration plants of sustainable fossil fuel technologies in commercial power generation*.



## EAP-Energy Technologies (3)

Recalling that the EPE will fully respect Member States' choice of energy mix, the **European Council**:

=> **notes** the Commission's assessment of the *contribution of nuclear energy in meeting the growing concerns about safety of energy supply and CO2 emissions reductions* while ensuring that nuclear safety and security are paramount in the decision-making process;

=> **confirms** that *it is for each and every Member State to decide whether or not to rely on nuclear energy* and stresses that this has to be done while further improving nuclear safety and the management of radioactive waste, and to that effect it:

- \* supports R & D on waste management, particularly under the 7th Framework Research Programme;

- \* can envisage the creation of a high-level group on nuclear safety and waste management.

=> **suggests** that broad discussion takes place among all relevant stakeholders on the *opportunities and risks of nuclear energy*.