



# Energy challenges and priorities for 2015

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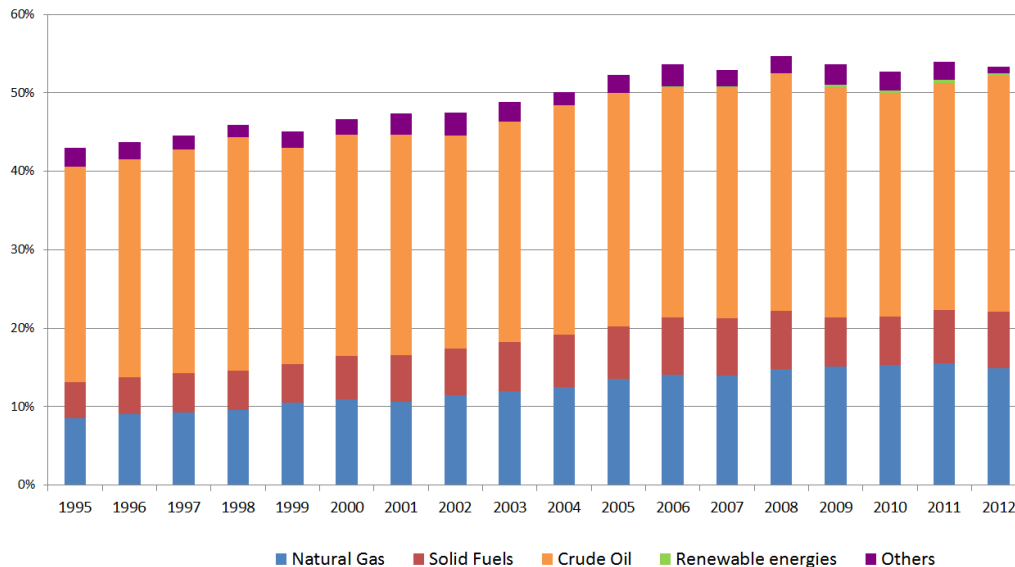
7th International Gas Turbine Conference  
14 October 2014

# I. Energy challenges

- Continued **dependency on energy imports** from single suppliers and regions with geopolitical challenges
- Growing concerns about increasing **energy costs** and consequences for EU industry competitiveness and Energy poverty
- Energy systems that are still too dependent on **fossil fuels**, and structural change that is too **slow to curb GHG emissions**
- **Increasing global energy consumption** : the EU will have to compete with growing energy demand in Asia and Africa

# Import dependency has increased

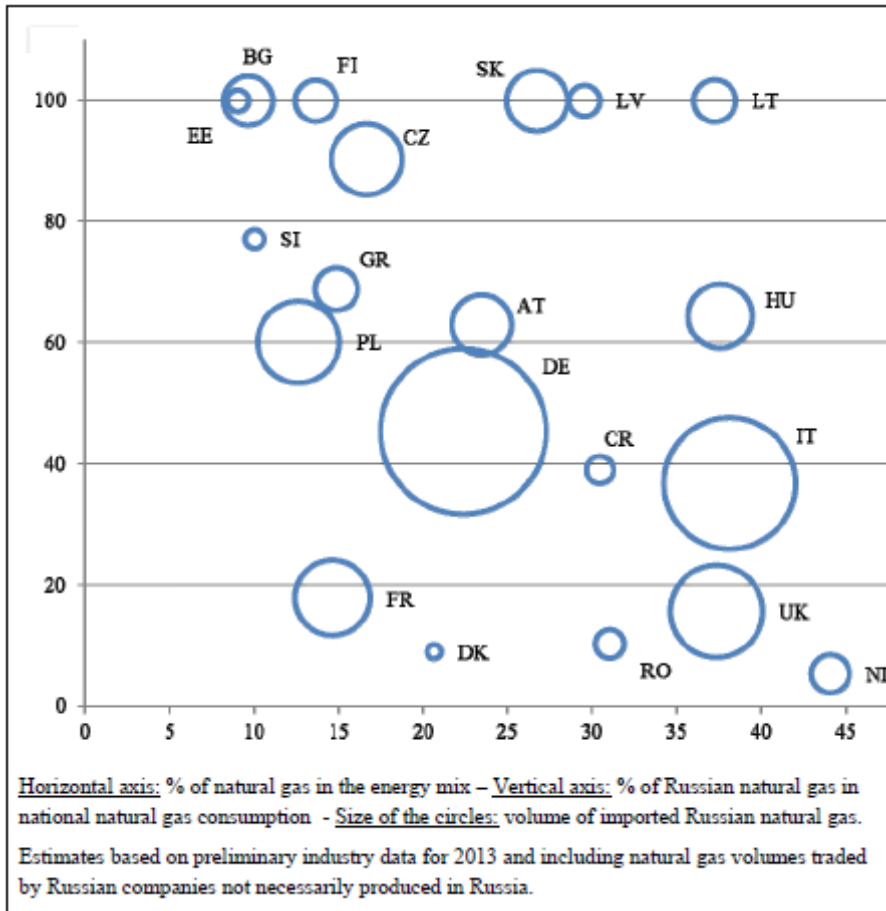
Import Dependence in the EU, %



Source: ESTAT SIRENE v2, Final data as of 02 May 2014

- Since the mid-90s import dependency up by 10 percentage points, but relatively stable in recent years.
- The EU imports 90% of its oil consumption and 66% of its gas consumption
- Significant decline in EU production of oil, gas and coal

# Natural gas: in the spotlight for disruption risks



- High import dependency (66%) and import bill (approx. 87 billion Euro in 2013), limited number of suppliers
- Six Member States depend on Russia as single external supplier for their entire gas imports.
- In 2013 energy supplies from Russia accounted for 39% of EU natural gas imports or 27% of EU gas consumption
- Russia exported 71 % of its gas to Europe with the largest volumes to Germany and Italy

## **II. Energy policy priorities for 2015:**

*First steps towards building a resilient European Energy Union*

1. Immediate actions to ensure Security of Supply ("Stress Tests")
2. Implement the 2030 Energy and Climate framework
3. Prioritise investments in energy to contribute to the "Jobs, Growth and Investment package" in the context of the EUR 300bn investment package announced by President-elect Juncker
4. Prepare medium and long term policy actions of the EU Energy Security Strategy

# 1. Immediate actions to ensure security of supply this winter

- Short-term actions in the event of shortages of gas from Russia and Ukraine (e.g. increase gas storage, reverse energy flows, diversify sources).
- New coordination mechanisms based on energy security stress tests, focus on Central and Eastern European countries.
- Review of the Gas Security of Supply Regulation
- Assessment of options for common purchasing of gas

*Within a competitive, interconnected and integrated Internal Energy Market*

## 2. Implement the 2030 Energy and Climate framework

- Follow-up on the European Council conclusions of 23-24 October 2014, which possibly includes:
  - ✓ *Communication on the new governance scheme*
  - ✓ *Review of the Renewable Energy Directive*
  - ✓ *Review of the legislative framework for energy efficiency*
  - ✓ *Amendments to the ETS Directive*
  - ✓ *New Effort Sharing Decision for non-ETS emissions*
- In parallel, the EU will pledge the agreed GHG reduction target in the context of the international climate negotiations - COP 21 in Paris at the end of 2015.

### 3. Prioritise investments in energy to contribute to the "Jobs, Growth and Investment package"

- Implementation of **Projects of Common Interest (PCI)** to achieve electricity interconnection targets (10% by 2020 – 15% by 2030) and accelerate implementation of key gas infrastructure projects.
- Use available EU level funding to implement **Renewable energy projects**, stimulating R&D in new RES technologies.
- **Energy Efficiency**: the objective is not only to save energy and contribute to energy security but also to boost growth and jobs in the building and transport sectors where the potential for energy savings is huge.



## 4. Prepare medium and long term policy actions of the EU Energy Security Strategy

For example:

- Diversification of supply
  - ✓ *Develop and expand link to Norway, Southern Gas Corridor, Mediterranean hub*
- Moderate energy demand and increase indigenous energy production
- Energy diplomacy : more coherence of EU external energy policy / Speaking with one voice
  - ✓ *MS to inform each other of national energy policy decisions*
  - ✓ *MS to inform the Commission before negotiations on intergovernmental agreements*

## Next steps

- 23-24 October 2014: European Council: expected agreement on the 2030 Energy and Climate Policy Framework
- November 2014: new Commission scheduled to start
- 2015: possible Commission's initiatives
  - Design the 'Energy Union' through a wide debate with stakeholders
  - Follow-up on the 2030 Framework (legislative and non-legislative proposals)
  - Immediate actions to increase security of supply (e.g. review of Gas Security of Supply Regulation)
  - Energy aspects of the "Jobs, Growth and Investment package"
- Dec. 2015 (Paris): global climate negotiations