



State of the Energy Union

Where do we stand now?



The Energy Union... the time was ripe!

- 2010: J. Delors and J. Buzek (Energy Community)**
- March 2014 European Council (H. Van Rompuy)**
- March 2014: Polish Prime Minister D. Tusk**

'The time of the Energy Union has come' (Van Rompuy)

Drivers: competitiveness, geopolitics, climate action

Why do we need an Energy Union?

- import dependency**
- fragmented internal energy market**
- insufficient interconnections**
- unsustainable climate policies**
- too much energy wasted**
- can we keep our technological lead?**
- ...**



The State of the Energy Union is not about rewriting the Energy Union Strategy: its principles remain valid.

The State of the Energy Union is a brand new instrument to keep the Energy Union Strategy's implementation under close scrutiny ... year after year.

For each of the 5 dimensions, it looks at what has been achieved, e.g.

- better connecting France and Spain;**
- setting up CESEC;**
- launching the first 'Juncker Fund' projects;**
- Estlink, Nordbalt, Litpol, ... and much more**



Not just looking back!

For each of the 5 dimensions, the State of the Energy Union also gives political guidance for 2016:

What are the concrete actions that need more political focus in 2016?

The State of the Energy Union answers this through four political messages.



1. EU leadership in the transition to a low-carbon economy and society should continue, also after COP21:

- **get price signals right (ETS, market design, ...)**
- **other legislation related to 2030 targets (non-ETS, Energy Efficiency, Renewable Energy Sources, ...)**
- **further develop financing instruments**
- **decarbonisation of all modes of transport**
- **better focusing research and innovation**
- **helping cities to become real enablers**
- **...**

We have a good story to tell and there is a business case for it!



2. This transition should be socially fair and consumer-centered:

- legislation to facilitate demand-response and reward active participation ('market design legislation')**
- report on composition of energy prices and costs**
- work with European social partners**
- job skills of the future (cfr Skills Agenda)**
- tackle energy poverty**

Consumer trends' report (Nov 2015): 'From a consumers perspective, the energy markets are still not performing as they should.'

3. Geopolitical challenges will not go away in 2016

- **diversification of energy sources should continue;**
- **reinforce security of supply for gas & electricity and increase transparency;**
- **coherent energy diplomacy;**
- **speed up work on permit granting;**
- **2nd PCI list (fully in line with the Energy Union Strategy's objectives);**
- **...**



4. Laying the first building blocks of a 'governance mechanism' ... to ensure the implementation of the entire Energy Union Strategy

Built on 3 main pillars:

1. *State of the Energy Union, with:*

- **political guidance;**
- **28 validated country fact sheets;**
- **key indicators to measure progress;**
- **policy conclusions on Member States**



2. *'National Energy and Climate Plans'*

- covering all five dimensions;**
- covering 2021-2030;**
- with four objectives:**
 - develop long-term strategies (2030; 2050)**
 - engage in regional cooperation**
 - streamline reporting obligations**
 - bring more transparency (investors)**



3. Sector-specific legislation

- ***linked to the 2030 targets (e.g. how to achieve the 'at least 27%' EU collective target on renewables?'***
- ***effective implementation of existing legislation***

To conclude:

- ***2015 = a good start for the Energy Union***
- ***2016 = the year of delivery! (90% of legislation on the table)***