

IInd Section:
NEW ECONOMY

EUROPEAN UNION ENERGY POLICY AND GOOD ADMINISTRATION

Dorel BAHRIN*

***Abstract.** EU legislative package on EU's future policy in the field of energy – climate change was approved at the European Council Summit of 13 December 2008 and adopted at the plenary meeting of the European Parliament at 23 April 2009. The legislative package contains the objectives undertaken by the European Union within the European Council in 2007, with the aim of at least 20% reduction in emissions of greenhouse gases (GHGs) in the European Union, increase with 20% of the proportion of renewable energy sources (SRE) in the total energy consumption and increase of the energy efficiency by 20% in the period until 2020. From the legislative package targets 20/20/20, within the EU, Romania has specific objectives, among which the increased use of renewable energy from 17,8% in 2005 to 24% in 2020, the diminish the Greenhouse gas emissions for ETS (big polluters) with 21% by 2020 and in the spirit of fairness between Member States, the permission to increase GHG emissions by 19% for non-ETS sectors (small polluters). It is estimated that the 20/20/20 targets of the package are very difficult to attain even for developed countries of the EU, and is therefore extremely difficult for a country like Romania, with an emerging economy. Over 50% of Europe's energy comes from countries outside the European Union – and the dependence is growing. Russia is one of the largest energy suppliers and disputes about transit of exported products has caused in recent years, serious imbalances in supply. This warning indicates the need for the EU to closely monitor oil and gas reserves and be prepared in case of emergency energy. Among the priorities in the area include the development of the southern corridor, which could carry gas from the Caspian Sea region via Turkey. Its construction could start in 2011. Through Communication no. 677 of 17 November 2010, the EU Commission proposed a series of energy corridors to link the EU's priority cross-border flow of electricity, gas and oil.*

***Keywords:** European Union Energy Policy; Greenhouse gas (GHG); oil and gas pipeline; small polluters; energy sources (SRE).*

1. Introductory remarks

The European Union is increasingly dependent on foreign sources of energy supplies which prove to be less reliable. After repeated quarrels

* Ph.D, Associate Professor, Hyperion University, Bucharest, bahrin_d@yahoo.co

between Russian-and Ukrainian, the oil market seems to be out of control, that is why now Europeans can only try to respond to crises as well not only unexpected, but also increasingly frequent. An energy policy and strategy at EU level has become necessary for reasons pertaining to National security. [1]

So far 56% of total EU energy consumption is provided from imports (percentage will increase to 75% by 2030) and the percentage in the case of oil dependence on foreign sources is even higher: 75%.

The European Union enlargement process involves growth and development strategies of the States in order for them to adapt to the requirements imposed, and appropriate policies to legitimize and institutionalize these strategies.

The main elements of the Acquis in the field of energy are the EC Treaty and secondary legislation mainly on competition and state aid, the internal energy market (including directives on electricity, price transparency, transport of electricity and natural gas, hydrocarbons, providing licenses, emergencies and mandatory existence of strategic stocks), nuclear energy, energy efficiency and environmental protection sector.

The Community Acquis in the field of nuclear energy consists of a framework of political and legal instruments, including international agreements. Currently, they are focused on the health and safety, including radiation protection, security of nuclear installations, radioactive waste management, investment, stimulate research, the common market of nuclear energy supply in the field, and international relations.

The implementation of the Acquis requires not only requires adequate legislation but also properly functioning institutions (for example, a regulatory body in accordance with the directives relating to electricity and natural gas, nuclear power and authority to control activities etc.).

2. The Politics and EU energy strategy

European Commission published on 8 March 2006 the document: **Green Paper on the European Competitive and Sustainable Energy Policy.** [7]

The document states:

- A clear strategy to diversify natural gas sources;
- A new infrastructure such as liquefied natural gas terminals and new pipelines to carry Caspian oil and gas and North Africa;
- A strategy for gas reserves;
- A unified European energy network;

- The attempt to create a single market for gas and electricity;
- A debate about the use of nuclear energy;
- Greater efforts to restrict the use of fuels and developing alternative energy sources;
- An open and competitive energy markets.

The Green paper also entails the adoption of an unified position in the EU energy field, which may mean that there will established a new position of European Commissioner responsible for energy issues in the negotiations on behalf of the EU.

The “European Energy Charter of 2006” was drafted as a political statement in order to stimulate collaboration between East and West in the energy sector and is a legally compulsory multilateral document , devoted to intergovernmental cooperation in the energy sector. Its principles relate to the cooperation of countries in the fields of transport and energy trade, investment, energy and effectiveness of dispute settlement. This paper contributes to the internationally accepted standards and practice of sustainable development environmental impact assessment. Under this agreement energy efficiency is considered an important lever to achieve its goals by: collaboration in achieving sustainable development and compliance with international environmental standards, raising awareness of population on the consequences of energy production, exchange of scientific information and research on technologies, practices and processes that reduce negative environmental impacts and contribute to energy efficiency, exchange information on methods and technologies based and economically efficient environmental energy policy.

The Lisbon Treaty – 2007 recognizes the existence of new challenges for the Union, such as combating climate change while promoting solidarity between Member States in the energy field. The EU has treated the energy security seriously only after the gas crisis (Russian-Ukrainian dispute).

On the Agenda of the European Council on 19-20 March 2009 it was set out a new, ambitious and visionary plan in the field, containing:

- National plans of action in case of emergency;
- The amending of the Directive on gas supplies which dates from 2004 (Directive 2004/67/EC-on measures to safeguard security of natural gas).

The review should include national plans of action in case of emergency, compulsory and containing a joint statement on emergency situations, the allocation of stocks available to affected states, the

activation of emergency measures in the states affected or less affected in order to increase the volume of gas to those states affected.

- A trilateral agreement between the EU, Russia and Ukraine to ensure transit;

- The negotiation of a more complex agreement with Russia, to replace the Partnership and Cooperation Agreement in 1997.

- Energy security clause in trade agreements, association, partnership and cooperation with producer and transit countries, which would establish a code of conduct and would prohibit disruptions due to trade disputes; the measures would be adopted unilaterally in the event of an interruption, or in case of making any change of contract or terms of supply by one partner.

- Supporting the diversification of transport routes, such as Nabucco, Turkey-Greece-Italy (TGI) and South Stream. EU will continue to be highly dependent on the medium-term supply from third countries. EU countries import 50% of Russia's energy consumption, a proportion that will rise to 70% by 2030.

- Nuclear energy must be used at the highest level of safety technology (long given up at her), the EU and neighbouring countries should adopt European standards in terms of nuclear safety.

- 2050 targets: 80% fewer emissions of greenhouse gas, 60% renewable energy and energy efficiency 35%.

The package of laws on future policy in the energy-climate change was approved at the European Council of 13 December 2008, adopted at the plenary meeting of the European Parliament on April 23, 2009. The legislative package contains the objectives undertaken by the European Union European Council in 2007: at least 20% reduction in emissions of greenhouse gases (GHGs) in the European Union, increase by 20% of the share of renewable energy sources (RES) in the total of energy consumption, and increase energy efficiency by 20% in the period up to 2020.

The European Parliament and the European Council adopted on 23 April 2009, the following acts: Directive 2009/28/EC on the promotion of renewable energy use, Directive 2009/29/EC on improving and extending the Community scheme for trading emissions allowances Greenhouse gas; Directive 2009/31/EC on the geological storage of carbon dioxide 406/2009/CE Decision on Member States' efforts to reduce emissions of greenhouse gases to meet EU commitments to reduce emissions of greenhouse gases by 2020.

Within the 20/20/20 targets in the legislative package throughout the EU, Romania has specific objectives, among which the increased use of

renewable energy sources from 17.8% in 2005 to 24% in 2020, reducing greenhouse gas emissions for ETS (big polluters) by 21% and in the spirit of fairness between Member States, permission to increase GHG emissions by 19% for non-ETS sectors (small polluters).

The legislative package targets 20/20/20 are very difficult to reach even for developed countries of the EU, and are therefore extremely difficult for a country like Romania, with an emerging economy.

Through the Communication no. 677 of 17 November 2010, “Energy 2020”, the EU Commission proposed a series of energy corridors to link the EU's priority cross-border flow of electricity, gas and oil.

The Commission proposes a new method that includes the following steps:

- The identification of the map of energy infrastructure requirements for a European super-intelligent network that interconnect networks at the continental level.

- Focusing on a limited number of European priorities, to be implemented by 2020 to meet long term objectives and justifying the optimal action at European level.

- Based on a methodology agreed in advance, identifying concrete projects needed to implement these priorities – projects declared of European interest

- To respond to changing market conditions and technological development in a flexible manner and based on regional cooperation.

- Support the implementation of projects of European interest through new tools, such as improving regional cooperation, licensing procedures, methods and improved information for policy-makers and citizens and innovative financial instruments.

In the context of longer-term perspective to be presented in the Roadmap for 2050, the EU must start to design, plan and build energy networks of the future, with which the EU will further reduce greenhouse gas emissions. This unique juncture should be capitalized. In the long term, expensive approaches at Member State or at the project level and not very appropriate solutions can be avoided only through a coordinated approach to optimized European infrastructure.

According to the strategy of “Energy 2020”, in the next decade, European Union requires investments in energy infrastructure of 1.000 billion. To accelerate strategic projects of the EU, the Commission proposes a simpler and faster procedure for granting building permits, establishing a deadline for obtaining final authorization and European

funding. It will also be established a “single desk” to handle applications for all permits required to realize a project.

3. Romania's Energy Strategy

European integration is a long process. It focuses on the assimilation of European values, integration into European economic, institutional adaptation and implementation of good governance. Also important is to achieve a convergence of national and community interest. Of course, membership to NATO and the EU imposes “constraints of alliance” and mechanisms of integration (economic, political and military) that foreign and security policy cannot ignore. Traditional national interests will intertwined with those of EU and NATO. At the same time, policymakers in Bucharest must respect the bilateral, trilateral, regional and international treaties Romania has signed.

A current political debate concerns the National Security Strategy of Romania – GD 1069 / 2007 (See also Decision No. 1535 of 18.12.2003 regarding the approval of the turning to renewable energy.) European Commission a reasoned opinion – the second stage of infringement proceedings of the Accession Treaty (infringement) – against 20 Member States, including Romania, which have not transposed into national law the European directive on energy efficiency. Romania has transposed partially the Directive 2006/32 on end-use energy efficiency and energy services, by GEO 22/2008 on energy efficiency and promoting the final consumers of renewable energy. [9]

However, the relationship between national security, energy security and sustainable development strategy has barely been put into public discussion. In the West, the most important strategic guidelines at the politico-military level are systematically publicized and the pros and cons are analyzed. Political culture in any society necessarily includes major security and diplomatic issues. Citizens are encouraged to assume responsibilities in the external engagements of democratic states and act in such states as pressure factors on the governmental level. Such behaviours are absolutely necessary and democratic also in Romania.

Currently, as an official document, there is the National Security Strategy, approved by the CSAT on 17 April 2006. It identifies the vulnerabilities as: dependence of vital resources hard to access, persistent negative demographic trends, the high level of social insecurity and the role of the middle class, poor development and civil society civic spirit, weakness of strategic infrastructure, poor health of the population, failure

of the education system, inadequate organization of the system crisis, etc. We could enumerate also the slow recovery of economic and social disparities with the EU, the quality of governance, the gap between the complexity of current economic issues and political leaders managerial culture, the weakness of the national capital, the second-rate of self-management in society, mainly formal adoption of European values etc.

On this background, the strategy focuses on building a system of security and prosperity in the Black Sea. Romania considers that the Black Sea region is a geopolitical space open to international democratic community in which she can fully manifest as allied, partner and friend. For this purpose, it actively promotes the necessity of defining and implementing a Euro-Atlantic Strategy for the Black Sea region, taking into account the experience of a NATO-EU stabilization process in South-Eastern Europe and the need for balance in order to promote the democratic aspiration of states, to pre-encounter risks and threats and to contribute actively and effectively to resolve conflicts, tensions and disputes.

Efforts will be targeted at **developing the energy and transport corridors able to link economically the Black Sea region states and Euro-Atlantic community to allow a higher recovery of the potential of maritime and river ports in the region, along with a focus on environmental protection and restoring the ecological balance of the Black Sea.**

Black Sea Region is a paramount connector located on the corridor linking the Euro Atlantic community (as a security provider and consumer of energy) to the Middle East-Caspian Region – Central Asia (as an energy supplier and consumer of safety). In terms of energy, Black Sea region is the main transit area and – to a large extent – a major source of energy that is consumed in Europe. Forecasts envisage the possibility of substantially increase its share in the coming decades, which gives it a crucial role in European energy security.

In terms of policy and energy security, one can remark the new official new approach after 2005-2006. Thus, in 2005 it was issued a document entitled **Energy policy of Romania during 2006-2009.**

The government prepared afterwards a Project on Energy Strategy for 2007-2020, approved on September 5, 2007 by HG 1069/2007. This governmental document has been aligned with the main aims and objectives of EU energy. Energy Strategy authors consider that the national energy system has a number of vulnerabilities (weaknesses), such as production facilities, transportation and distribution partially outdated and

obsolete, with consumption and high operating costs high, plants and equipments used for lignite exploitation and physically obsolete, high operating costs and low performance.

One can add the lack of equipment for the implementation of advanced technologies in the sector of coal mining and production efficiency, reduced transportation-distribution chain-end consumer. Also, the electricity generation sector is organized into channels of mono-fuel technology. Mining companies are not generally efficient.

Simultaneously, it highlights the increasing dependence on imported oil and natural gas, although Romania provides 60% of its needs of raw materials from internal resources. Economically exploitable reserves of oil, natural gas and uranium are more limited. External oil prices on international markets are increasingly volatile.

However, there are opportunities for development of the energy sector, because Romania has a favourable geographical position to actively participate in development projects of main pan-European oil and natural gas pipelines, the existence of physical and financial energy markets, and access to regional markets electricity and natural gas, with opportunities to achieve regional system services. The investment climate is attractive to both foreign and domestic investors, including the privatization of various companies currently owned by state, there is increasing confidence in the functioning capital market in Romania, which allows successful listing on the stock exchange of energy companies, the full liberalization of energy markets and natural gas in 2007, creating opportunities for increased investment in energy efficiency and renewable energy resources unused; accessing EU Structural Funds for projects in energy, the existence of a major hydropower sector able to provide the required amount of ancillary services, extensive experience and infrastructure to exploit the existence of domestic primary energy resources, based on coal and uranium, the detection of new perimeters with considerable reserves of coal and uranium.

The Energy Strategy's stated *aim* is to ensure the so-called energy independence in the context of sustainable development of Romania and the European Union.

4. Conclusions

EU states are forced to move towards a common energy policy for several reasons. First, to ensure security of supply, particularly through diversification in conditions in which Europe now depends on a number of

vital supplies dangerously low. The most obvious example is Russia. Second, because we have established at EU level, the reaction mechanisms in the event of a supply crisis, including one provoked by terrorist attacks. Third, because we have re-launched EU investment in research and in using renewable energy sources. Fourth, because the Europeans must intensify the fight to reduce environmental hazards and global warming.

The European energy policy, approved by the European Council in March 2007, establishes the basic objectives of EU energy policy: competitiveness, sustainability and security of supply. In the coming years, it should be carried out an internal energy market by 2020, renewable sources must contribute with 20% to the final energy consumption, emissions of greenhouse gases must decline by 20% and energy efficiency needs to determine a 20% reduction in energy consumption. In an increasingly sharp international competition for world resources, the EU must provide, at reasonable prices, security of supply for over 500 million citizens. The relative importance of energy sources will change. EU will become even more dependent on imported fossil fuels, especially oil and gas, and electricity demand will increase significantly.

The Energy 2020 Paper adopted by the European Commission on 10 November 2010, calls for changing the way we plan, build and operate our energy infrastructures and networks. Energy infrastructure is at the forefront of strategic initiative.

The existence of appropriate energy networks, integrated and reliable is an essential prerequisite not only to meet EU objectives in energy policy, but also for the EU's economic strategy. Developing energy infrastructure will enable the EU to achieve a functioning internal energy market at its best, will increase the security of supply, will allow the integration of new renewable energy sources, increase efficiency and enable consumers to benefit from new technologies and intelligent use of energy.

REFERENCES

- [1] Aurel Leca (coordinator) etc., *Energy management. Principles, concepts, policies, tools*, AGIR Publishing House, Bucharest, 2006;
- [2] Mihaela Ungureanu, and M. Lungu, I., *Uses of electricity*, EDP, Bucharest, 2001;
- [3] Ungureanu Mihaela and Patrascu Roxana Mihaela Ungureanu, *Clean technologies*. AGIR Publishing House, Bucharest, 2000;
- [4] Aurel Leca (coordinator), *We live on one planet. Sustainable energy seen in perspective*, Romanian Academy Publishing House, 2003;
- [5] Susanne Nies, *Gas and oil for Europe*, French Institute of International Relations, Ed. 2008;

- [6] European Council conclusions of 13 December 2008 on energy and climate change <http://climate-1.iisd.org/news/european-council-approves-climate-change-deal/>;
- [7] Green paper – A European Strategy for Sustainable, Competitive and Secure Energy, European Commission – March 8, 2006 Website: ec.europa.eu/energy/-strategies/2006/2006_03_green_paper_energy_en.htm;
- [8] Law no. 220/2008 for the establishment of the system to promote energy production from renewable energy sources 743 Official Monitor / November 3, 2008;
- [9] Government Decision no. 1069/2007 – to approve Romania's energy strategy for 2007-2020 – Official Monitor, Part I, no. 781/2007;
- [10] Order no. 51/2009 – technical conditions of connection to public electricity networks for wind power – Technical Rule.