

## The balancing act of energy union

Written by Chris Ball and Sofia Kalogeraki on 7 April 2015 in Special Report  
Special Report

Chris Ball and Sofia Kalogeraki take a look at the progress and reaction surrounding the EU's flagship energy union programme.



The EU imports 53 per cent of the energy that it consumes. Six member states depend on a single external supplier, while 94 per cent of its transport sector relies on imported oil.

Wholesale electricity prices are 30 per cent higher than those in the US and wholesale gas prices over 100 per cent higher. European competitiveness is lagging behind as the continent remains in the lock of the economic crisis.

The EU is seeking to get its industry growing, but this is hindered by energy prices that far outweigh those in competing countries. In addition, investment has fallen just as the energy industry will require billions to update its infrastructure.

Meanwhile, instability between the EU's principal supplier of gas, Russia, and the important transit

country Ukraine has seen energy security rise up the agenda. Throw into the mix the fact that the EU is attempting to be the driving force behind international climate negotiations and it would appear that an energy policy to meet all needs is mission impossible.

Faced with these challenges, the commission has come forward with one of its headline policies for the next five years - [energy union](#) [1]. The communication, launched on 25 February seeks to address all of these issues in a single plan and set a new way of making energy policy in Europe.

"It's the biggest energy project since the coal and steel community," said Maroš Šefčovič, European commission vice-president for the energy union. This holistic approach aims to achieve secure, competitive and sustainable energy supplies.

Indeed, five main "mutually-reinforcing and closely interrelated" dimensions are proposed: 1) ensuring security of supply, 2) completing the internal energy market, 3) reducing energy demand, 4) decarbonisation, and 5) promoting research in clean technologies. Specific actions are proposed under each pillar.

Reaction to the plan was a mixed bag. The very size of it meant that stakeholders could be guaranteed to find something to support or oppose. Indeed the holistic approach was widely praised, especially by industry.

For the plan to succeed, however, it will need to marry economic growth and the fight against climate change. Traditionally, emissions have risen with growth, although [promising figures](#) [2] published recently suggest that this trend may have finally been broken.

It remains to be seen whether these issues can be resolved by the strategy. Energy union is an ambitious project and leaves a heavy agenda for all involved, but there may be a more fundamental question. Are the member states ready for the EU to play an enhanced role in energy policy? The energy mix is a national competence, but a greater role for the commission is foreseen with plans for a new energy governance system.

The shopping lists of stakeholders meant that the commission was never going to be able to please everybody. However, the fact that traditionally opposed players have all found elements of the plan that can be supported could bode well for the future.

*This article is an extract from a Dods Monitoring EU whitepaper: [The balancing act of the Energy Union](#) [3]*

*This is the second of four briefings put together by Dods Monitoring as supporting partner of [the European Business Summit 2015](#) [4]*



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[2] <http://www.iea.org/newsroomandevents/news/2015/march/global-energy-related-emissions-of-carbon-dioxide-stalled-in-2014.html>

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