

Reflection Group's proposals on the subject of Energy Policy

Starting with the 'low-hanging fruits': revolutionising energy efficiency

Achieving energy savings in industry, transport and construction as well as in domestic appliances is the most effective way to reduce carbon emissions and external dependency. It is also the quickest way that the EU can achieve tangible results. Obviously, the cheapest and cleanest form of energy is energy that is not consumed. Whilst there is nothing new about enhancing energy efficiency, it nonetheless needs to be expanded and solidified as a key objective for all Member States.

To this end, the headline target for energy efficiency should be raised to 50 per cent by 2030, from the currently agreed 20 per cent by 2020. The EU can advance this objective by applying stricter efficiency standards for domestic appliances and new buildings, along with more ambitious vehicle emission targets. It should also encourage innovative public-private partnerships for energy-efficient investments while setting and monitoring Member State compliance with efficiency targets.

The quest for more sustainable power generation

The search for viable renewable energy sources has to be stepped up. There are a range of promising options available, including wind power, solar power and biomass. Europe should also move away from oil as the primary source of fuel for transport by encouraging bio-fuel standards and electric and hybrid vehicles. Yet for all this to happen, the EU needs vast investments to upgrade its energy grid and to develop intelligent energy networks (smart grids) which can handle future power sources and minimise power losses, finally leading to a fully integrated system of energy supplies.

The development of carbon capture and storage (CCS) systems needs to be backed up by firm decisions on a range of issues which can no longer be delayed. These include the appropriate level of subsidies, a legal framework, and a roadmap for developing CCS beyond the demonstration phase. In order to move from the experimental to the operational stage, the EU needs to research, develop and test new technologies and processes for capturing and storing CO₂ safely underground.

The search for a more viable energy mix must also involve recourse to nuclear energy. Europe cannot afford to relinquish this important source of power, but unlocking investments in nuclear energy requires a greater level of regulatory certainty, as well as the further development of safety standards. Finally, significant R&D efforts and innovative public-private partnerships are needed to develop next generation energy technologies. The EU urgently needs a few headline projects in this context, such as the installation of solar power centres in Northern Africa and the creation of wind power farms in the North Sea.

Reducing the EU's external energy dependency

The era of cheap oil seems to be over with new supplies increasingly remote, difficult to access and more expensive to exploit. At the same time, the EU will continue to depend on external sources for its energy supply for a considerable time. Today this is the case for 90 per cent of its oil supplies; 80 per cent of its gas; and 50 per cent of its coal. Of its gas imports alone, 42 per cent are currently from Russia. There is no chance of becoming energy independent, but the EU must strive to increase its energy security by all possible means.

To begin with, there is still considerable scope for increasing gas production within Europe. The EU should support and grow its domestic gas production by opening new frontiers of potential gas resources, by removing licensing barriers and by allowing investments in frontier areas, such as the Arctic. In addition, there is significant potential to develop unconventional energy sources such as tight gas and shale oil, for instance in Central and Northern Europe.

These strategies must subsequently be backed up by new endeavours to mitigate the EU's vulnerability to external shocks. This means establishing reliable and lasting relations with its principal suppliers, Russia in particular, while diversifying the supply routes and methods, including alternative gas pipelines and developing liquefied natural gas imports. To this end, the EU needs a common strategy and an assertive external policy to better defend its interests in the international arena.

González et al. *Project Europe 2030: challenges and opportunities*. May 2010. p. 32 – 35.