































Energy Union Watch

March/August 2015

The Energy Union: an ambitious bet

Actors \ Dimensions		Security of Supply	Energy Market	Energy Efficiency	Decarbonisation	Research
 European Commission						
 European Parliament						
 European Council						
 Council of the European Union						
 Member States						

About our evaluation

The table above summarises the advance of the main European institutions and the Member States as a whole under the five guiding dimensions of the Energy Union, as delineated in the Communication on the Energy Union of 25 February 2015. Thus, the marks do not represent an evaluation of the state of the Union in the related sectors, rather a general assessment of the number and quality of actions which have been taken to address them from February to June 2015, ranking from 0 (no action or not assessable) to 12 stars (full action). The elements which have been considered are the following:

- Number of initiatives.
- Level of initiatives, evaluated by budget, number of involved Member States, time frame, urgency of the situation, engagement of the private sector and other factors.
- Coherence, both with other European programmes and institutions and with the Energy Union project as a whole.

In the ensuing pages, we include a brief list of events and actions which have influenced the evolution of the Energy Union, divided per guiding dimension.



Foreword

Ferdinando Nelli Feroci

Proposed for the first time in April 2014 by Donald Tusk, former Polish Prime Minister and current President of the European Council, in the wake of the crisis between Russia and Ukraine, the Energy Union is among the priority initiatives presented by the Juncker Commission.

At the beginning of his mandate, European Commission President Jean-Claude Juncker announced his intention to create a Vice Presidency charged with oversight of the Energy Union, a position assigned to the Slovak Maros Sefcovic. The choice went along with the merger of the climate and energy portfolios under the responsibilities of a single Commissioner, the Spanish Miguel Arias Canete. While the latter has a more operational role and oversees the activities of the Directorates General, the Vice President for Energy Union is expected to provide strategic guidelines for the Commission's action, by coordinating the activities of seven EU Commissioners, among them the Commissioners for Environment, Maritime Affairs & Fisheries; Internal Market, Industry, Entrepreneurship & SMEs; Transport; and Research, Science & Innovation.

After few months of debate on the possible nature and the future of the Energy Union, on 25 February 2015 the European Commission made public its proposal in the Energy Union Communication. The document—presented by Vice President Sefcovic along with a Communication on the Paris Protocol and another on electricity interconnections—envisages five Guiding Dimensions, fifteen Concrete Actions and forty-three Initiatives to ensure 'secure, sustainable, competitive and affordable energy for every European'.

The EU energy action will be shaped based on the Guiding Dimensions: 1) Energy security, solidarity and trust; 2) A fully integrated internal energy market; 3) Energy efficiency; 4) Decarbonisation of the economy; and 5) Research, innovation and competitiveness. In this respect, VP Sefcovic stressed that the amendment of the EU Treaties is not an option to implement the Energy Union, and that before any treaty change there are various options to be taken up.

Revising the energy policy 'triangle'—competitiveness, sustainability and security—that characterised its previous approach, the Commission's proposal introduces an holistic approach that recognises the deep interconnection between the different energy matters and attempts to provide for the EU a more concrete and coherent coordination role.

Security of supply is the cornerstone of the new energy policy architecture: the Energy Union seeks to firstly respond to the EU's quest for energy security, aiming at strengthening the solidarity and transparency mechanisms already available on paper but not always put successfully in place by the European institutions and Member States. This approach is complemented by the recognition of the great value played by market integration to enhance the security of supply, in particular of those member states particularly vulnerable vis-à-vis Russian gas exports. For this reason, in the new framework, the Commission maintains a strong focus on physical market integration, paying specific attention to interconnections development to jointly address the EU's enormous structural and investment challenge.

The convergence between Member States over these issues appears clear, as emerged both during the Council of the EU—gathered on 5 March for the first time after the presentation of the Energy Union Communication—and during the European Council held in Brussels on 19/20 March. Delegations' emphasis on the need to strive for greater energy security, given the EU's high dependence on energy imports, has been balanced by the view that the core of the Energy Union should be a fully functioning internal energy market. For this reason, there is strong consensus around an acceleration in the realisation of infrastructure projects for energy supply diversification – a domain in which Italy can play a key role, particularly in the Mediterranean and Levantine sea region – as well as strengthening the legislative framework towards security of supply for electricity and gas. This should be fully implemented through upgraded capacity of the ACER-ENTSO system.



Energy efficiency obtains an important place in the Commission's Energy Union proposal, which separates the efficiency dimension from the rest of the decarbonisation objectives. Through the motto 'Efficiency First', paying greater attention to the demand side and establishing a more balanced relation with supply, Brussels expects to unlock the immense potential of energy savings, particularly in the building and transport sectors. This approach, which goes along with the emphasis on smart cities, is expected to boost investments and innovation in the sector, which, according to the initial guidelines offered by the Commission and reiterated by the European Parliament, would be driven by public-private partnerships.

Due also to the incoming appointment of the COP21 and to the path defined in the EU '2030 Framework', decarbonisation assumes great importance in the Energy Union architecture. The Commission's proposal aims to ensure an ambitious climate policy to the EU, allowing the bloc to become the world leader in renewable energy. In this context, the need to revise the Emission Trade Scheme has emerged as a policy priority, as witnessed by the agreement reached between the Council and the European Parliament to speed up the establishment of the market stability reserve, which would start operating in 2019.

The implementation of all these policies should be ensured by a more coherent EU effort in the development of low carbon technologies, aimed both at reducing the energy burden on European consumers and firms, and at creating industrial opportunities boosting economic growth and jobs. The Commission's fresh push for R&D, innovation and competitiveness in the field of energy will be presented in 'A new strategy for research and innovation (R&I)', expected to become a pillar of the Energy Union.

These ambitions, however, will be challenged by many of the constraints which have characterised European energy policy in the past years and which it is not clear the new framework is fit to address. For instance, the budget for European energy projects is still limited: out of the 200 billion the Commission estimated are needed for energy interconnections in the period 2014–2020, only 5.85 are provided by the Connecting Europe Facility (CEF) to the Projects of Common Interest (PCI). The European and the national interests have been and are frequently misaligned or perceived to be so, domestically and externally: this is the case for the Nord Stream, opened in 2012, the recent discussion on the Turkish Stream and the still inadequate development of the electrical connections between France and Spain. In addition, the Energy Union has not changed the overall picture of European energy policy governance, which has suffered in the past from limited powers and coordination, also due to the overlap of several European and national players in its implementation.

Starting from 20 May 2015, VP Sefcovic has been involved in an Energy Union Tour across the Member States' capitals, during which he will present and debate the objectives and the possible challenges for the Energy Union, addressing governments and national political authorities as well as other relevant stakeholders such as enterprises, civil society, NGOs and experts. The tour also provides the opportunity to present the concrete follow-up actions to be undertaken by the Commission in the months to come. These include the so-called 'Summer Package 2015', presented on 15 July, which contains a consultative Communication on electricity market design, a proposal to enhance the power of European consumers and a proposal on the reform of the EU ETS beyond 2020. These measures are expected to be complemented by the 'Winter Package 2015', containing a Proposal on revised Gas Supply Regulation 994/2010, the EU LNG strategy proposal and a second list of Projects of Common Interest.

In the plans of the Commission, these legislative efforts are expected to be integrated in 2016 by legislative proposals on market design reform and security of supply in electricity, by a review of the Decision on intergovernmental agreements, by an energy efficiency package and, possibly, by a new renewable energy package.



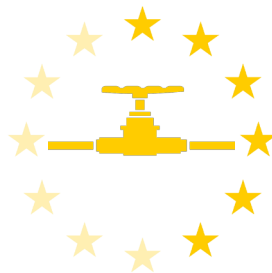
Five Guiding Dimensions

Details of the evaluation

Period March-August 2015

1. Security of Supply

Evaluation: 6/12



The proactiveness of the European Commission in the international scene, particularly in the Mediterranean region, is balanced by the reluctance of Member States to cede national sovereignty and empower European institutions. Bilateral energy initiatives—particularly towards Russia—contribute to weaken the attempts to establish trust and solidarity, while the European Parliament's position on the European Energy Security Strategy demonstrates the fragmentation of the European political families on energy issues.

FOCUSING ON SECURITY OF SUPPLY AND NATIONAL ENERGY SOVEREIGNTY

- The European Council recognises the EU commitment towards the Energy Union. Member States clearly focus on security of supply, keeping a strong position on sovereignty rights over national energy mix and domestic resources development. The European Council sends mixed signals concerning joint gas buying. ([19 March](#))

ENHANCING EXTERNAL PARTNERSHIPS

- The European Commission starts a round of negotiation talks with external gas suppliers to respond to the Turkish Stream initiative. ([14 April](#))
- The European Commission establishes a strategic partnership with Algeria, launching an EU–Algeria energy policy dialogue. ([5 May](#))
- The European Commission and the Moroccan Minister of Energy discuss the implementation of the three 'Euro-Mediterranean Platforms' on gas, on the regional electricity market and on renewables and energy efficiency. ([6 May](#)) The first of the three platforms, the one dealing with cooperation in the gas domain, is launched in Brussels by the European Commissioner for Climate Action and Energy Miguel Arias Cañete and the representatives of the Union for the Mediterranean countries. The platform will mainly focus on three main entry points for gas: the Iberian peninsula, Italy and the Aegean Sea. ([11 June](#))
- The European Commission and Turkey launch the 'High Level Energy Dialogue', which includes all relevant energy sectors such as gas, electricity, nuclear, renewables, energy efficiency and climate action. The meeting focuses on the development of the Southern Gas Corridor, and on cooperation to implement the TANAP project. ([16 March](#))

STRENGTHENING EUROPEAN ENERGY DIPLOMACY

- The Council of the EU adopts its conclusions on energy diplomacy, presenting an EU Energy Diplomacy Action Plan aimed at: strengthening strategic guidance through regular high-level engagement; establishing and further developing energy cooperation and dialogues; supporting efforts to enhance the global energy architecture and multilateral initiatives; and strengthening common messages and EU energy diplomacy capacities. ([20 July](#))



EU-RUSSIA RELATIONS

- Greece and Hungary discuss their potential participation to the Turkish Stream project. ([7 April](#)) Russian President Vladimir Putin and Greece Prime Minister Alexis Tsipras sign a trade deal and discuss about a renewed deal for natural gas supply between the two countries. ([8 April](#))
- Greece signs a preliminary \$2.27 billion agreement with Russia for the construction of the Turkish Stream pipeline across Greek territory. The Greek section of the pipeline will be owned by a joint company created by Moscow and Athens. ([19 June](#)).
- The European Commission, Russia and Ukraine fail to reach an agreement during the trilateral talks on the follow-up to the gas Winter Package. ([30 June](#)) The European Commission had hosted the inaugural meeting of the talks, aimed at jointly preparing the supply plan for winter 2015/16. ([20 March](#))
- The European Commission sends a 'Statement of Objections' to Gazprom for alleged abuse of dominance on Central and Eastern European gas supply markets. ([22 April](#))

STRENGTHENING INTEGRATION WITH NEIGHBOURS

- Turkey and ENTSO-E sign a ten-year agreement to connect the Turkish network to the Continental Europe Synchronous Area (CESA). According to the deal, Turkey can export 400 megawatts of electricity and import 550 megawatts of electricity from the European network. ([15 April](#))
- ENTSO-E creates a new Regional Security Cooperation Initiative in South-East Europe. The initiative involves the transmission system operators of Serbia, Bosnia Herzegovina and Montenegro. ([29 April](#)).

PARLIAMENTARY SLUMP ON ENERGY SECURITY

- During its plenary session, the European Parliament rejects—with 315 votes to 277—the European Energy Security Strategy presented by the Commission on 28 May 2014. ([10 June](#))

2. Energy Market Evaluation: 6/12



The European Commission is leading an ambitious process of market integration and transformation that takes into due account technological developments and empowerment of the demand side. At the same time, Brussels is promoting infrastructural initiatives and pushing for greater regional cooperation, an issue on which Member States seem keen to follow the Commission's lead and to concentrate their efforts.

FOCUSING ON INFRASTRUCTURE DEVELOPMENT

- Along with the launch of the Energy Union initiative, the European Commission presents the Communication 'Achieving the 10% electricity interconnection target - Making Europe's electricity grid fit for 2020'. The document offers a strategy to ensure the full integration of the internal electricity market through adequate levels of interconnection, which will also serve as an integral part of the Energy Union. ([25 February](#))



- The Council of the EU in its Transport, Telecommunications and Energy configuration discusses the ways to establish an interconnected cross-border energy market, the potential for regional cooperation and ways to improve investment in energy infrastructure. ([5 March](#))
- The European Commission opens a new €100 million call for proposals to help finance key trans-European energy infrastructure projects, in order to reduce energy isolation, eliminate energy bottlenecks and complete the European energy market. ([5 March](#))
- The Commission launches a €150 million plan for interconnection projects under the first Connecting Europe Facility (CEF) Energy 2015 call for proposals. The Eastern Mediterranean gas pipeline - expected to connect Cyprus to Greece mainland via Crete - is among the projects selected for receiving financial assistance from the EU, as it will contribute to further diversify Europe's natural gas sources. ([14 July](#))
- The European Investment Bank approves four energy-related projects proposed in the framework of the Commission's Investment Plan for Europe. One of the projects is expected to establish new renewable energy and transmission links in Northern and Western Europe, while another will focus on improvements to gas transmission in Spain. ([20 May](#))

REFINING THE 'SOFTWARE'

- The European Commission launches a State Aid sector inquiry into national measures to ensure the 'capacity mechanisms'. The investigation involves eleven EU Member States but, surprisingly, not the United Kingdom. The first results will be available at the end of 2015, the final ones by mid-2016. ([29 April](#))
- The European Commission adopts a Regulation establishing a network code on interoperability, data exchange procedures and harmonised rules for the operation of gas transmission systems. ([30 April](#))
- In the framework of the Summer Package 2015, the Commission presents the Communication 'Launching the public consultation process on a new energy market design'. The initiative aims at defining a new electricity market design that may take into account new technological advancements (i.e., in renewables and low carbon generation) and address new trends such as decentralised electricity generation and innovative energy services. ([15 July](#))

TAKING CARE OF CONSUMERS

- The Council of the EU in its Transport, Telecommunications and Energy configuration discusses the need to ensure consumers affordable, safe, competitive, secure and sustainable energy. ([8 June](#))
- The European Commission launches the Communication 'Delivering a new deal for energy consumers', expected to empower consumers' role on the markets through a three-pillar strategy: helping consumers save money and energy through better information; giving consumers a wider choice of action when choosing their participation in energy markets; and maintaining the highest level of consumer protection. ([15 July](#))

PUSHING ON REGIONAL COOPERATION

- In the occasion of the meeting of the Energy Council, the Commission and the Baltic Sea Region countries forward regional cooperation by signing a Memorandum of Understanding to extend the objectives of the Baltic Energy Market Interconnection Plan (BEMIP) initiative and to fully integrate the Baltic region into the EU energy markets. ([8 June](#))

- During the meeting, Germany, Denmark, Poland, the Czech Republic, Austria, France, Luxembourg, Belgium, the Netherlands and Sweden sign a joint declaration to enhance the efficient use of existing electricity networks and to encourage the integration of renewable energies into the national markets. Another declaration is signed by the EU members of the Pentalateral Energy Forum, aiming at fostering regional energy dialogue, with a specific focus on common assessment of supply risks and enhanced cross-border electricity trade. ([8 June](#))
- The Commission signs a Memorandum of Understanding with France, Portugal and Spain to create a High Level Group to enhance cooperation in the gas and electricity infrastructure domain, by ensuring regular monitoring and providing technical assistance to the Member States. In this context, the Commission also launches two studies on the establishment of further electricity and gas interconnections between the Iberian Peninsula and the rest of Europe. ([15 June](#))
- Fifteen EU Member States ink a Memorandum of Understanding with the Energy Community countries with the objective to increase energy interconnection and foster closer cooperation between the parties. The agreement, signed under the European Commission initiative on Central Eastern and South-Eastern European Gas Connectivity (CESEC), expects to promote a stable regulatory and market framework, improving the investment climate in the region. ([10 July](#))

3. Energy Efficiency

Evaluation: 3/12



Despite ambitious public statements, the European Commission's efforts on energy efficiency appear so far partial. The revision of the Energy Labelling Directive presented in the framework of the Summer Package 2015 is balanced by the decision to not ring-fence specific funds to finance renovation projects, as well as by the enduring reluctance of Member States to comply with European efficiency laws.

EFFICIENCY TOP ON THE EU AGENDA

- At the Informal Meeting of Environment and Energy Ministers held in Riga, EU Member States focus their discussion on energy efficiency issues, in line with the 'efficiency first' motto promoted by Sefcovic and Canete. Particular emphasis is put on the heating and cooling sector. ([15 April](#))
- In line with the 'Energy Efficiency First' principle promoted in the Energy Union Communication, the European Commission proposes a revision of the Energy Labelling Directive. The key proposals include the return to a single energy labelling scale from 'A to G', and the creation of an online database for new energy efficient products to allow greater transparency and easier market surveillance by national authorities. ([15 July](#))

PUBLIC-PRIVATE SCHEMES TO STRENGTHEN EFFICIENCY

- The European Commission announces the Investment Plan for Europe will not ring-fence specific funds to finance renovation projects to boost the energy efficiency of buildings, leaving to the private sector the decision to invest in building efficiency (11 March). After an amendment in favour of a €5 billion energy efficiency fund passed by the ITRE committee, abandoning the idea, the European Parliament eventually agrees on the line proposed by the Commission. ([20 April](#))

- The European Investment Bank approves four energy-related projects proposed in the framework of the Commission's Investment Plan for Europe. One of the projects is expected to foster energy efficiency investments to reduce heating bills in private homes in France, while another will focus on the reduction of industrial energy use in Finland. [\(19 May\)](#)

MEMBER STATES LACK COMMITMENT

- The European Commission launches an infringement procedure for all Member States—with the exception of Malta—for not having notified the Commission as regards the national measures to transpose the Energy Efficiency Directive into national law. [\(26 March\)](#)
- The European Commission requests Italy, the Netherlands and Poland to take necessary action to ensure full transposition of the Energy Efficiency in Buildings Directive into national law. The Commission also requests Austria, Croatia, Ireland, Latvia and Romania to ensure the full transposition of the Energy Efficiency Directive. [\(29 April\)](#)

4. Decarbonisation

Evaluation: 6/12



Due also to the imminent Paris climate conference, European institutions pay particular attention to decarbonisation and climate change issues. The approval of the Market Stability Reserve by the European Parliament, and the proposal made by the Commission to review the ETS after 2020, are integrated by significant efforts made by Member States. These include, in particular, the European push to put climate change at the centre of the debate during the G7 meeting held in Germany.

CLEAR LINKAGE TO COP21

- Along with the launch of the Energy Union initiative, the European Commission presents the Communication 'The Paris Protocol—A blueprint for tackling global climate change beyond 2020'. The document prepares the EU for the last round of negotiations before the Paris conference in December 2015, in the light of EU's 2030 climate and energy framework. [\(25 February\)](#)

ETS REFORM AS A CORNERSTONE

- The Member States' permanent representatives endorse the informal agreement reached between Council and European Parliament representatives on the decision concerning the establishment of the Market Stability Reserve, which would start operating in 2019. The agreement will be formally adopted by the Council at one of its forthcoming meetings. [\(13 May\)](#) The European Parliament approves the Market Stability Reserve. [\(8 July\)](#)
- As part of the Summer Package 2015, the Commission proposes the revision of the ETS for the period after 2020, in order to reach the objective to reduce greenhouse gas emissions by at least 40% by 2030. Among the key points addressed are the need to safeguard industrial sectors potentially subject to relocation outside the EU, and incentives to investments for innovative and cleaner alternatives. [\(15 July\)](#)

NATIONAL EFFORTS TO ENHANCE SUSTAINABILITY

- Poland approves a new law on renewable energy sources. The new support scheme, based on an auction system—in contrast to the current regulations which are based on green certificates—will enter in force on 1 January 2016. [\(11 March\)](#)



- During the European Council, the Danish delegation holds a mini-summit on renewable energy sources together with representatives from Finland, the Netherlands, Luxembourg, Portugal and Sweden. Executives from the private sector attend the meeting. ([19 March](#))
- The European Commission concludes that the German plans to support the building of 20 offshore wind farms do not distort competition in the Single Market. As well, the Commission considers the scheme proposed by Portugal to promote renewable energy from the ocean and innovative offshore wind technologies in line with EU state aid rules. ([16](#) and [23 April](#))

EUROPE PUSHES G7 TOWARDS MORE AMBITIOUS CLIMATE OBJECTIVES

- During the G7 held in Schloss Elmau, EU countries—led by Germany—succeed in putting climate change front and centre. Among the key issues agreed in the meeting are a carbon reduction objective of between 40% and 70% by 2050, the establishment of a \$100 billion 'climate fund' for least-developed countries, and explicit reference to mandatory legally binding rules to address climate change. ([8 June](#))

5. Research

Evaluation: 0/12



While the Commission launches a set of initiatives to foster energy innovation, their echo among the other European institutions and among Member States appears still limited.

CITIES AS A TEST-BED FOR INNOVATION

- Vice President Šefčovič addresses the issue of smart cities as one of the key elements for the establishment of a functioning Energy Union, and as an excellent example of how the municipal level can play a major role in the transformation of the energy market the Commission is trying to promote. ([17 March](#))

NEW FINANCE OPPORTUNITIES FOR INNOVATION

- The European Commission's Innovation and Networks Executive Agency (INEA) signs 15 grant agreements for priority energy infrastructure projects in Europe. The projects are the first of 34 projects funded by EU's Connecting Europe Facility 2014 call for proposals, for a total amount of €647 million. ([7 May](#))
- The European Commission launches the European Smart specialisation platform on energy. The platform will support regions and Member States in using Cohesion Policy funding more effectively for promoting sustainable energy. About €38 billion in Cohesion Policy funding will be available to boost the shift towards a low-carbon economy for the period 2014–2020. ([26 May](#))



WELCOME TO A HOLISTIC GOVERNANCE FOR THE EU CLIMATE AND ENERGY POLICIES - Eurelectric

- In its 'Energy Union and 2030 Energy & Climate Governance' position paper, Eurelectric welcomes the consistent approach to energy policy introduced by the Energy Union Communication. The establishment of a coherent European governance system is seen as the cornerstone for a path towards the agreed 2030 targets without compromising security of supply, competitiveness and sustainability. These governance mechanisms should be based on four main building blocks: clear national plans; enhanced regional cooperation between Member States; a stronger and more integrated role for EU bodies such as ACER and ENTSO-E; and key performance indicators to monitor at EU-level progress towards the energy and climate policy target. ([22 April](#))

THE ENERGY UNION AND THE ROAD TO PARIS - Friends of Europe

- The final report of the Climate-Energy-Industry Working Group of Friends of Europe recognises that the Energy Union strategy is a first, but not sufficient, step to enhance an integrated European approach to reconcile these concerns with the long-term climate strategy. The report stresses that business-as-usual climate policies are not an option anymore: the new European approach to decarbonisation not only has to ensure the EU credibility in global climate negotiations, it has to create opportunities and foster economic advantages in strategic industrial sectors such as renewable energy, energy efficiency and energy storage. ([17 March](#))

PRIVATE SECTOR FOR CLIMATE ACTION - Climate CEOs

- The CEOs of 43 global leading companies sign a joint letter highlighting the challenges of climate change, calling for greater responsibility of the private sector in global efforts to reduce greenhouse gas emissions, and encouraging the world's leaders to reach an ambitious climate deal at COP21. ([16 April](#)) The initiative is followed by a letter from six European oil companies, urging governments around the world to introduce a pricing system for carbon emissions in order to strengthen the fight against climate change. ([1 June](#))

GOVERNMENTS DO LITTLE IN ENHANCING ENERGY EFFICIENCY - Coalition for Energy Savings

- According to the Coalition for Energy Savings, the analysis of national reports on the implementation of the Energy Efficiency Directive (EED) reveals poor performances of national governments in enhancing energy efficiency in their own buildings. The study shows that Member States provide partial information on their plans to implement the renovations required to ensure energy savings. The report expects the public sector to play an important role in stimulating market transformation towards more efficient products, buildings and services, and thus in ensuring that the EU achieves the 20% energy savings target. ([16 March](#))



Interview – Governance

Valeria Termini

- The Juncker Commission has invested a lot in the Energy Union, which appears a very ambitious initiative in a strategic sector for the EU. What is your initial evaluation of the initiative?

The Energy Union is a strategic link in a dynamic process launched by the Juncker Commission to revive European integration. The objective of this process is to drive the evolution of the EU, from a system based on common rules and technocracy to one built on shared political choices and economic strategy. The key aspect of the Energy Union is its attempt to fill this political vacuum using the institutional and policy tools already available. However, to enable this process allowing for greater European political convergence, the EU must work on 'selling' the advantages and benefits, for all stakeholders involved (Government, firms, citizens), of a stronger cooperation. To drive the EU in this direction, in turn, solidarity and trust are crucial.

- Despite the public support received by the Juncker initiative, there is still a substantial difference between posing ambitious objectives and actually achieving them. In your opinion, is there room for such an evolutionary process in the current EU framework?

A strength of the Energy Union initiative lies in the fact that it represents a project aimed at strengthening the EU political integration without intervening in the institutional architecture and the revision of the Treaties, on which there is no consensus. Indeed, in general terms, the Lisbon Treaty ensures the architecture needed to establish new governance mechanisms and to implement the proposals, both advanced by Vice President Sefcovic in the context of the Energy Union. Art. 4 of the Lisbon Treaty, for instance, attributes to the European Parliament a new decisional role, paving the way to a strengthened political and democratic legitimisation of EU action in the energy and climate change domain. In terms of the areas of European intervention, Art. 194 defines its perimeter, which basically coincides with the five Guiding Dimensions of the Energy Union. Finally, the Treaties also provide the institutional tools to overcome the criticalities related to the enforcement powers in the hands of European institutions: in fact, the Enhanced Cooperation mechanisms foreseen in Art. 20 offer concrete opportunities to strengthen Member States' policies and enhance European convergence in the energy domain.

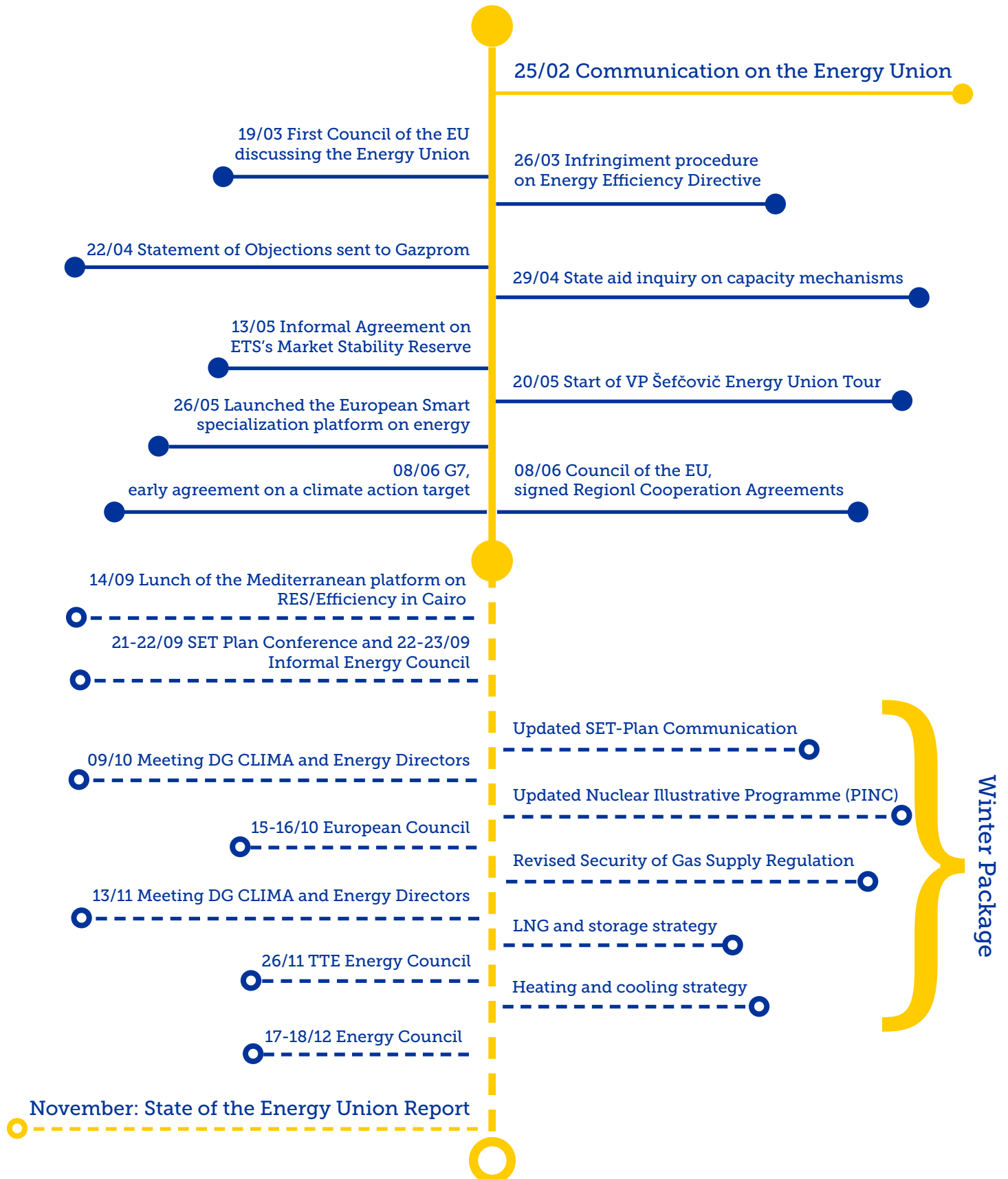
- In terms of institutional actors, what ones can be key players in leading towards this change of approach?

The new governance will necessarily keep the political and technical domains separated. The former has to be strengthened, although this could be more effective if done through an approach that assures flexibility, leaving ample margins for regional cooperation. On the technical side, the role of the European regulator, ACER, should be reinforced: in this context, ACER's independent decisional capacity and resources autonomy will need to be increased. Greater transparency in ENTSO-E/G procedures are warranted as well. The new institutional architecture, however, has to take into due account the current revolution in the sector, and the growing role of new actors in the European energy domain. This is the case, for instance, of distributors (DSOs), which are becoming fundamental drivers and enablers of the sector's evolution, and should be involved in the future decisional architecture of the EU.

- In conclusion, what can be the key recipe for a better functioning of the European energy governance to be introduced through the Energy Union?

In my view, the most effective way to ensure proper enforcement, without modifying what it is established by the Treaties, is to enhance regional cooperation approaches. The strong decisional role of the EU, in terms of strategic guidelines (to be reinforced through the Energy Union), can be accompanied by a decentralised and flexible implementation based on regional cooperation. This arrangement can ensure that the differences of Member States are respected while still guaranteeing greater convergence at the European level. In practice, the flexibility of regional cooperation mechanisms can be used to mitigate the impact of a single and strong EU strategic guidance.

Timeline of the Energy Union





What is the Energy Union Watch?

The Energy Union Watch, a project launched by the Istituto Affari Internazionali (IAI) in cooperation and with the support of Edison, responds to the exigency of following step by step the evolution of one of the most ambitious initiatives launched by the Juncker Commission, the Energy Union, and bringing the discussion closer to public opinion and the key stakeholders.

The project aims to monitor the activities of the key EU institutions—the European Commission, the Council of the EU, the European Parliament and the European Council—on the five Guiding Dimensions envisaged by the Energy Union. The Energy Union Watch also covers and illustrates the debate among the key national and European stakeholders, including industrial players, think tanks, and interest groups, on the evolution of the policies and the measures adopted in the framework of the Energy Union. Finally, in order to sensitise the citizens and contribute to the public debate, it offers an analytical assessment of the milestones and results achieved in the framework of the Energy Union, presenting a set of recommendations for the activities to be proposed and implemented.

The Energy Union Watch is produced on a quarterly basis, collecting official documents, public information and open source data, which are processed and analysed by the IAI team. The content of the Watch will evolve over time, integrated and enriched thanks to a process of interaction with experts and stakeholders belonging to the IAI and Edison networks.

About the IAI

<http://www.iai.it/en>
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Founded by Altiero Spinelli in 1965, the Istituto Affari Internazionali does research in the fields of foreign policy, political economy and international security. A non-profit organisation, the IAI aims to further and disseminate knowledge through research studies, conferences and publications. To that end, it cooperates with other research institutes, universities and foundations in Italy and abroad and is a member of various international networks. More specifically, the main research sectors are: European institutions and policies; Italian foreign policy; trends in the global economy and internationalisation processes in Italy; the Mediterranean and the Middle East; defence economy and policy; and transatlantic relations. The IAI publishes an English-language quarterly (The International Spectator), an online webzine (AffariInternazionali), two series of research papers (Quaderni IAI and IAI Research Papers) and other paper series related to IAI research projects.

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Nicolò Sartori is Senior Fellow and Coordinator of the Energy Programme at the Istituto Affari Internazionali (IAI). His research focuses on the external dimension of Italy's and the EU's energy policies—with specific attention to Turkey and the Caspian basin region, the Mediterranean and Russia, and on the governance of energy policies in the EU framework. He is Professional Fellow at the World Energy Council (WEC) Italy, and editor of the column 'Centers of Gravity' in the international review Oil Magazine. He worked at the NATO Defense College in Rome, where he also conducted research on NATO's role as energy security provider in the Caspian region.

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Lorenzo Colantoni is Associate Fellow at the Istituto Affari Internazionali, with specific involvement in the Energy Programme. His focus is on European energy policy, in particular intra-European interconnections, the geopolitics of the European energy supply and LNG. His research extends also to the environment, in particular food security, climate change and international environmental agreements. He has experience at the DG DEVCO of the European Commission and the Centre for European Policy Studies (CEPS). Alongside his research, he also works as freelance journalist for, among others, Limes, L'Espresso, the Energy Post and the European Energy Review.

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