





## Untying the Energy Union knot

Actors	Dimensions	Security of Supply	Energy Market	Energy Efficiency	Decarbonisation	Research
	European Commission	6	9	9	9	3
	European Parliament	6	N/A	9	12	N/A
	European Council	3	N/A	6	6	N/A
	Member States	6	6	6	6	3

### About our evaluation

The above tab 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 the 25th of 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 June to September 2017 (included), ranking from N/A (no action) 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 included a brief list of events and actions which have influenced the evolution of the Energy Union, divided per guiding dimension.



## Foreword

### Nicolò Sartori and Lorenzo Colantoni

**It is time to work through the details of the Energy Union, developing the components of the initiative that have been laid out over the past two years, and addressing key questions that remain in the European energy sector.** Indeed, the activities of the Commission in the past four months have been focused on tools such as the Juncker Plan, which has been extensively used for the energy and climate sectors, on the expansion of the EU targets on these sectors, and on the political debate around components of the latest Winter Package, the strongest set of legislative measures developed by the Energy Union to date. And yet, further development of the Energy Union also needs to address core issues that are still to be resolved, such as Nord Stream 2, the carbon market and the future of the Paris Agreement.

**The Energy Union has never witnessed so much activity on the part of the European Investment Bank (EIB).** The institution has signed a long series of loans focused on the energy sector, and covering at least three out of the five dimensions of the initiative. The energy market has been one of the greatest recipients, with the EIB as providing 500 million euros to upgrade power distribution networks and meters in Spain, sponsored interconnectors between France and Ireland (an initiative that is particularly relevant considering the post-Brexit energy debate) and in the Baltic, together with a series of other loans directed to Portugal, the Netherlands and Belgium. Also Decarbonization has received significant attention, with funds being delivered towards expanding renewables in Europe by providing fundamental financial backing to investments in the sector, and approving a package of 222 million euros for a low carbon future, of which 40.2 million is specifically dedicated to climate action.

**Yet, the greatest surprise has been the attention dedicated to Energy Efficiency.** Despite tending to be one of the most neglected dimensions, together with Research and Development, efficiency has been widely included in the Commission and EIB action of the past four months: a massive financing plan of almost 10 billion euros has been launched by the EIB, including more than a billion for climate-related investments in Europe. Social housing, zero-energy buildings and general energy efficiency measures are the recipients of another 3 billion from the same package, while a 4.3 billion budget will finance other energy projects, including energy efficiency and “Open Meter” smart meters. A significant delivery of EU funding towards energy efficiency, which is supported by other, smaller measures (although still in the order of hundreds of millions) dedicated to individual Member States.

**Energy efficiency has also received significant attention from the policy side.** In fact, European institutions have started to work on several components of the Winter Package, the 1,000 page set of policy proposals the Commission delivered as part of the Energy Union in November 2016—and energy efficiency has finally been one of the core topics of the discussion. The Parliament and the Council have finally approved the revision of energy labelling, which has now entered into force, thus improving clarity and transparency on this strongly consumer-focused energy efficiency measure. The Council has also approved the revision of the energy efficiency directive on buildings, as proposed by the Commission, a delicate topic which has often been ignored due to the opposition of several Central and Eastern European Member States.

**Energy efficiency also features in the debate over the revision of the European energy and climate target, yet with very limited success.** On the one hand, the European Parliament has already shown initial support for the Commission’s proposal of increasing the efficiency target to 40% by 2030, through its environment committee (ENVI). Yet, the Council has watered down the possibility of a binding 30% target by 2030, due to the opposition of Central Member States and the UK, removing the word “binding” from the document. The decision casts a shadow on the success of one of the most troubled energy and climate targets for the EU.



**The involvement of the Parliament in the development of the Winter Package has however been wider than this.** The institution has indeed pushed the Commission for a more ambitious renewables target, as well as for greater carbon emissions targets. As in the case of energy efficiency, the Parliament is urging the Commission to deliver binding national targets for emissions reduction, a request which has been delivered by members of almost all the political spectrums of the Parliament.

**The Parliament has also been involved in other energy and climate issues, first and foremost guaranteeing a future to the Paris Agreement.** Following Trump's declared intention to exit the agreement (yet to be put into practice), President Tajani reiterated the EU commitment to bring forward the agreement, regardless of the US position. The declaration came alongside those of MEPs and EU state leaders during the European Council in June. The commitment is not surprising; Obama's pro-climate position likely made possible the achievement of the Paris Agreement, but Trump's detachment from it reduces the threat posed by the US to European climate leadership, allowing a greater use of climate diplomacy, particularly towards China. This is why the past four months have witnessed significant Commission action towards reinforcing climate cooperation on a number of platforms (G7, G20) and with several different partners, with a specific focus on Africa and China. This direction is also evidenced by the signature of the 2017–2018 Work Plan to implement the EU–China Roadmap on Energy Cooperation.

**The path towards European decarbonization is however still missing a few central steps, first and foremost the reform of the Carbon Market.** This tangle is still to be solved, but European institutions and Member States have been actively involved. This involvement is demonstrated by the Parliament's approval of the inclusion of negative emissions from forestry in the EU Emission Trading System (ETS) and the commitment shown by France and Germany, among others, towards reform of the system. Yet, some Member States are also preparing for failure in this regard; the Nordic Council, the inter-parliamentary forum between Denmark, Sweden, Finland, Norway and Iceland, has already started discussing the possibility of a Nordic carbon price floor, if the review of the EU ETS is not considered efficient.

**Other knots are yet to be untied as well, particularly on the Eastern front.** The Commission, which has been seeking a mandate to negotiate with Russia on Nord Stream 2, received a negative answer from the Council's legal experts. Meanwhile, Member States still appear divided; some, such as Finland, are discussing permits to lay out Nord Stream 2 pipelines, while Hungary has signed a deal with Gazprom to be part of the TurkStream project. Others are instead maintaining their strong anti-Russian stance; this is true of Poland, which has been working on LNG diversification to receive the US gas exports that President Trump himself promoted during his recent trip to Poland.

**Facing such a varied background, regional cooperation still seems one of the most profitable ways to overcome these fractures.** The Central and South Eastern Europe Gas Connectivity (CESEC) meeting led to a Memorandum of Understanding which expanded the activities of the initiative, particularly on gas and electric interconnections. This decision has been accompanied by several actions on the part of the Commission to promote physical interconnections in numerous Member States and key connection points, such as the Hungary–Romania and Italy–France borders.

**While the Commission is thus trying to disentangle the components of its most significant energy initiative, the Energy Union, Europe may be on the verge of a revolution:** that of electric transport. Despite past negative forecasts by the Commission, which until five years ago was noting a serious lag in the alternative transport sector, a series of initiatives on the national and the EU level could mainstream the use of electric cars within the next ten years. The UK, France and Germany have indeed made strong statements in this direction, the first two even promising a ban on vehicles powered solely by fossil fuels in the next ten or twenty years.



**The Mobility Package has in fact been receiving the attention of European policymakers in the past four months.** The set of legislative proposals launched in May 2017 has already received the support of the European Parliament; this could offer the legislative basis framing the development of electric transport, particularly delivering key infrastructures such as road charging. Natural and renewable gas is also an opportunity for the decarbonization of transport, under a multi-source approach to the transition from an oil-based system; CNG and LNG transportation are already developed on a series of mobility and transportation solutions (small city cars, long haul trucks and shipping), and could then be included in the upcoming Mobility Package, particularly with reference to the proposal for CO2 regulation for cars and vans and the Action Plan to develop the infrastructure for alternative fuels.

**The Energy Union is thus showing that it has no interest in leaving on paper the massive amount of legislation proposed in the past months,** and that indeed the full enactment of these measures is vital to the success of the Energy Union. This achievement will however depend on both the evolution of key international energy and climate-related factors, from the Paris Agreement to the Nord Stream 2 debate, and the commitment of other European institutions and Member States.





## Five Guiding Dimensions Details of the evaluation

### 1. Security of Supply Evaluation: 6/12



*This dimension has received remarkable action on the part of the Commission, but hot situations remain unresolved. The debate over Nord Stream 2 is still troublesome; while the Commission is seeing the issue as a chance to obtain more power from Member States by representing them in the negotiations with Russia and Gazprom, such an ambition has yet to be approved by the Council, whose legal experts see no need for such a mandate.*

*The Commission has worked on strengthening its array of allies, and so has Russia. From the EU side, the Energy Community has again been at the centre of the discussion, also including a debate over its possible enlargement. Georgia and Turkey have been addressed by European energy diplomacy as well, in relation to the development of the Southern Corridor. Russia has meanwhile strengthened its relations with Serbia, China (also involving joint explorations in Siberia) and even Croatia, which has extended its current contracts with Gazprom.*

#### THE TEPID NORD STREAM WAR

- The European Commission asks the EU Council for a mandate to negotiate with the Russian Federation an agreement to create an ad hoc legal framework on the Nord Stream 2 gas pipeline project that is in line with key principles of EU energy law (9 June, [here](#)). Opposition to the Commission's request comes from the Nord Stream 2 itself, which says the procedure is politically motivated and entirely unnecessary (9 June, [here](#)) but also from the EU Council, whose legal experts claim the Commission should not be granted a mandate on behalf of Member States (2 October, [here](#)).
- According to Euractiv, an Estonian Presidency official says the dispute over the Nord Stream 2, in particular the offshore section which lies outside EU jurisdiction and market rules, can be resolved if all imports of gas from Russia are addressed. This will require the Commission to obtain a broad mandate from Member States (28 June, [here](#)).
- Nord Stream 2 applies for two permits from the Finnish government to lay out its international offshore natural gas pipelines through the Baltic Sea. The applications seek the approval of the Finnish Ministry of Economic Affairs to construct 374 km of pipelines in the Finnish Exclusive Economic Zone (25 September, [here](#)).

#### THE EASTERN FRONT

- The European Regional Development Fund invests €112.5 million in the construction of a 167 km-long natural gas pipeline in the Polish region of Wielkopolska. The pipeline will connect the LNG terminal in the city of Świnoujście, in North-West Poland, to the existing gas transmission and distribution infrastructure (14 June, [here](#)).
- Poland suspends gas transports via the transnational Yamal–Europe pipeline from Russia, citing poor quality of the gas. According to Gaz-System, the Polish state-owned natural gas transmission system operator, the suspension is temporary, to be lifted once normal



gas quality is restored, and will not affect the domestic gas distribution system (22 June, [here](#)).

- Hungary signs a deal with Gazprom to link the country with the Turkish Stream pipeline by the end of 2019. The deal is signed a day ahead of US President Donald Trump's trip to Poland to promote US LNG exports (6 July, [here](#)).
- During the fourth Central and South Eastern Europe Gas Connectivity (CESEC) meeting in Bucharest, Energy Ministers from 9 EU Member States sign a Memorandum of Understanding which includes a joint approach on energy efficiency and renewable development as well as a list of projects to build an interconnected regional electricity market (28 September, [here](#)). In particular, Bulgaria, Romania, Hungary and Austria agree to get the ambitious BRUA gas pipeline project off the ground as soon as possible (29 September, [here](#)).

### THE SITUATION IN UKRAINE

- The Deep and Comprehensive Free Trade Agreement (DCFTA) between the EU and Ukraine enters fully into force. The agreement is a tool to promote stronger economic links with Ukraine, and naturally foresees enhanced cooperation also in the energy sector (1 September, [here](#)).
- On 15 September, Vice-President Šefcovic meets the Ukrainian leadership in Kyiv to discuss Ukraine's reform progress in the energy sector, gas transit and Naftogaz reforms, and explore ways to further develop EU-Ukraine cooperation in the context of the Energy Union. Šefcovic says the EU supports Ukraine's reforms in the energy sector, which are central to modernizing Ukraine's economy (14 September, [here](#)).

### RUSSIA SEEKING NEW ALLIES

- A month after an agreement between Gazprom and Serbia to expand the natural gas transmission network, Serbian Minister of Infrastructure Zorana Mihajlovic says the country is interested in joining the TurkStream gas pipeline project in order to secure the stability of its energy system (17 July, [here](#)).
- At the ninth BRICS summit, Rosneft signs a broad cooperation agreement with CEFC Chinese Energy Company, which includes a deal for joint exploration in Siberia, but also joint activity in refining, petrochemicals and crude and product trading (3 September, [here](#)).
- Gazprom signs a 10-year deal with Croatia's Prvo Plinarsko Drustvo (PPD) to supply it with 1 billion cubic meters (bcm) of gas annually. The agreement comes into force on 1 October—with the first supply of 0.25 bcm of gas in the fourth quarter this year—and represents an extension of the current short-term contract between Gazprom and PPD (15 September, [here](#)).

### INCREASING SOLIDARITY

- The European Parliament supports the Commission's regulation on the new regulation on security of gas supply, whose aim is to ensure a regionally coordinated approach among EU Member States to prevent potential gas supply crises (13 September, [here](#)). The regulation is part of the latest Winter Package and also includes a solidarity principle according to which, in case of serious gas supply disruptions, afflicted Member States will be able to count on the aid of neighbouring countries (12 September, [here](#)).



## STRENGTHENING EXTERNAL ENERGY RELATIONS

- Ministers from the members of the Energy Community—which brings together EU countries as well as Albania, Bosnia, Macedonia, Kosovo, Moldova, Montenegro, Serbia and Ukraine—meet in Austria to informally discuss European energy policy in the context of the Paris Agreement, but also the Energy Community's role in the broader context of the EU's relations with neighbouring countries and possible enlargement (9 June, [here](#)).
- During an international conference in Georgia, VP Šefčovič welcomes Georgia's recent accession to the Energy Community, and emphasizes its role as an energy transit country, and especially in the development of the Southern Gas Corridor (13 July, [here](#)).
- Turkey and Bulgaria discuss the deepening of bilateral energy cooperation in natural gas and electricity. The agenda includes the implementation of joint projects to improve energy security and diversification of natural gas supply, while aiming to achieve competitive prices. Bulgarian Prime Minister Boyko Borissov points out that the two countries are strategic partners insofar as "the natural streams of natural gas pass through them" (6 September, [here](#)).
- Following the adoption by the European Parliament and the Council, the European Commission starts the implementation of the European Fund for Sustainable Development, the heart of its new €4.1 billion External Investment Plan (EIP) to boost investments in Africa and the EU neighbourhood. The EIP will support, among other things, sustainable energy infrastructure and finance schemes, such as the Sustainable Use of Natural Resources and Energy Finance (SUNREF), aimed at promoting local energy efficiency and renewable energy projects in Africa (28 September, [here](#); full report [here](#)).

## ENERGY AND SANCTIONS

- Despite the EU appeal to its G7 partners to coordinate any new sanctions against Russia, on 18 June the US Senate proposes a provision to impose additional sanctions on any company—European companies included—which contributes to Russian energy export pipelines (19 June, [here](#)). The Commission, despite reinstating its commitment to the Russia sanctions regime, expresses its concern regarding the possible unintended negative effects of the US bill on the EU's energy security interests, and concludes that it will react if European concerns are not sufficiently taken into account (26 July, [here](#)). The final bill signed by US President Donald Trump, says President Jean-Claude Juncker, is satisfactory as it has been softened to address EU interests (2 August, [here](#)).
- Following an assessment of the situation in Ukraine, the EU Council prolongs the restrictive measures (consisting of asset freezes and travel bans) over actions threatening Ukraine's sovereignty and territorial integrity for a further six months, until 15 March 2018 (14 September, [here](#)). The restrictive measures now apply to 149 persons and 38 entities, after the addition of 3 Russian nationals (including Deputy Energy Minister Andrei Cherezov) and 3 companies involved in the transfer of gas turbines from Russia to Crimea in August (4 August, [here](#)), a decision heavily criticized by Moscow, which states it reserves the right to retaliate (4 August, [here](#)).

## ENERGY IN THE NORTH

- The European Investment Bank (EIB) signs a €300 million loan agreement with Norwegian transmission system operator (TSO) Statnett for the completion of the Nordlink interconnector, which will link Germany and Norway across the North Sea. The bipolar high voltage direct current (HVDC) interconnector will have a rated capacity of 1400 MW, and a total length of 624 km (2 June, [here](#)).

- An LNG plant with annual capacity around 10 million tons is going to be built in the Leningrad region of Russia. The design, construction and operation of this Baltic LNG plant are carried out by a joint venture set up by Gazprom and Royal Dutch Shell (5 June, [here](#)).

## 2. Energy Market

Evaluation: 6/12



*The Energy Market dimension has largely benefitted from the latest EIB action. Hundreds of millions of euros have been delivered in the form of loans aimed at improving physical interconnections in key European borders and inside Member States: among others, France, Italy, the Baltics and Ireland have been central to the focus of the EIB, which has delivered several loans under the Juncker umbrella. Further action has been taken on the gas market, with Sweden and Denmark commencing cooperation to improve the balance between their national sectors, while the integration of renewables remains a hot topic in the EU energy debate. While wind energy costs has fallen in German tenders, which had proven to be one of the most effective financing instruments for renewables, new import duties on Chinese panels are again creating opposition from within the EU's solar industry.*

### THE JUNCKER PLAN AND THE EIB PROVIDE FUNDING FOR THE DEVELOPMENT OF THE ENERGY MARKET

- The EIB signs a €500 million loan with Iberdrola to finance the upgrading of power distribution networks and meters in Spain. The loan will enable Iberdrola to conclude the STAR project, an initiative that combines the replacement of meters rated at 15 kilowatts or less, in an extensive upgrading and digitalization of the electricity grid (27 June, [here](#)).
- The European Commission awards a €4 million grant to build an interconnector linking for the first time the French and Irish electricity systems. The Celtic Interconnector, which will consist of around 600 km of cables able to transmit up to 700 MW of electricity, will enhance Ireland's energy security and improve the integration of renewables into the European energy system (28 June, [here](#)).
- The European Investment Bank (EIB), under the Juncker Plan, grants a €29 million loan to support the construction by Portuguese company Sonorgás of 220 km of new distribution pipelines and 19 liquefied natural gas storage stations in previously unserved municipalities in northern Portugal (30 June, [here](#)).
- The European Investment Bank invests, again under the Juncker Plan, €20m in the €100m BaltCap Infrastructure Fund, which finances infrastructure development across Lithuania, Latvia and Estonia. The BaltCap Fund will primarily focus on providing development capital for energy and energy efficiency infrastructure projects in the Baltic states (3 July, [here](#)).
- The EIB and Elia, operator of the Belgian high-voltage grid, conclude a loan agreement for €100 million to finance the Stevin project, whose objective is to bring ashore wind energy produced at sea (through a line that runs via Zeebrugge to Zomergem) as well as integrating the future energy exchange with the UK (the Nemo project) in the Belgian electricity network (4 July, [here](#)).
- The EIB grants a €300 million loan to Alliander, a Dutch network company, to finance parts of the renewal and expansion of its electricity distribution network. (21 July, [here](#)).





## EMPOWERING ENERGY LINKS

- Romanian and Hungarian gas transmission grid operators, Transgaz and FGSZ, launch the Open Season Procedure for the Romania–Hungary (ROHU) section of the BRUA pipeline project, a step aimed at understanding the costs of the infrastructure. The pipeline will have a bidirectional flow capacity of 1.75 billion cubic meters per year across the Romanian–Hungarian border by the end of 2019 (1 August, [here](#)).
- The European Investment Bank signs an agreement with Italian energy company group Terna which will unlock €130 million in funds for a project linking the French and Italian energy grids. Terna’s “Piedmont–Savoy” 190 km interconnector, the fourth of its kind between the two countries, is expected to increase exchange capacity by 1,200 MW by the end of 2019 (15 August, [here](#)).
- The Cohesion Policy invests €79 million from the European Regional Development Fund to cover part of the construction costs of the 130 km-long Zdzieszowice–Wrocław pipeline in south-west Poland. The new pipeline will reinforce the existing regional gas transmission system and increase its capacity (21 September, [here](#)).

## IMPROVING THE GAS MARKET

- Swedish and Danish national gas transmission operators, Swedegas and Energinet, are set to initiate a project leading to a more harmonized gas market for the two Scandinavian countries. The project, whose main focus will be on balancing and trade, can be expected to present its recommendations in 2018 (5 September, [here](#)).

## INTEGRATING RENEWABLES

- In Germany’s second auction for onshore wind projects, prices have decreased to an average 4.28€ ct/kWh. Additionally, 90% of the 67 applications accepted by the Bundesnetzagentur come from local citizen cooperatives, which receive a preferential treatment through lower prequalification requirements and later realization deadlines (16 August, [here](#)).
- Europe’s solar industry condemns an EU vote to impose another round of duties on Chinese imports, reports the Guardian. The imposition of new minimum import duties for Chinese solar modules and cells could price them up to 30% above market price levels, with huge negative effects for the industry, according to groups such as SolarPower Europe (11 September, [here](#)).

## ANTITRUST, MERGERS AND ACQUISITIONS

- The Commission has opened an investigation into restrictions on exports of gas to other EU Member States posed by Romania’s Transgaz (1 June, [here](#)), and has referred Croatia to the ECJ for failing to align its law on the privatization of INA-Industrija Nafta, the main Croatian energy company, with EU rules (13 July, [here](#)).
- As regards investments and support measures in the energy sector, the Commission has:
  - \* Approved the creation of a €24 billion fund for management of radioactive waste in Germany (16 June, [here](#))
  - \* Approved the new Hungarian support scheme for renewable electricity (11 July, [here](#))
  - \* Approved the €45 million Czech support scheme for refuelling and recharging stations for low emission vehicles (11 August, [here](#))

- Finally, under the EU Merger Regulation, the European Commission has:
  - \* Approved the acquisition of Shell's Northern North Sea petroleum business by Chrysaor (16 June, [here](#))
  - \* Approved the acquisition of Denmark's DONG E&P by INEOS (22 June, [here](#))
  - \* Approved the acquisition of ESSCI by EDF Energy Services, in the UK (3 July, [here](#))
  - \* Approved the creation of a joint venture by Centerbridge Partners and Enel in the Greek wind power sector (5 September, [here](#))
  - \* Approved Dutch state guarantees on energy-saving projects (17 July, [here](#))

### 3. Energy Efficiency

Evaluation: 9/12



*The recent attention accorded to energy efficiency is likely the major item of news concerning the Energy Union in the past four months. The dimension witnessed unprecedented action by many European institutions; the EIB delivered billions to efficiency-related projects under the Juncker umbrella, dedicating to these one billion of the 10 billion included in one of the institution's major financing plan, as well as part of the 4.3 billion which will be destined to social housing, and thus to carbon-neutral and energy-efficient building. The focus on efficiency is also reflected on the policy side, as some of the components of the latest Winter Package dedicated to energy labelling and buildings have been finalized. The efforts on efficiency are however shadowed by the persistent opposition of Member States, the UK and Central states in particular, towards a binding energy efficiency target, which could be the key for a greater commitment of Member States in delivering the objective.*

#### REGULATING LABELS

- A new EU regulation for energy efficiency labelling, based on a proposal by the Commission as part of its Energy Union Strategy and adopted by the Parliament and the Council (26 June, [here](#)), enters into force. Starting from 2020, all products will be labelled on an updated scale from A (most efficient) to G (least efficient), which will increase consumers' awareness of energy consumption and efficiency of household appliances, and will help them to reduce energy costs (1 August [here](#); full regulation [here](#)). However, contrary to the rules for other appliances, new labels for heating products will not need to be introduced before 2030, which according to Euractiv may confuse consumers and slow down innovation and decarbonization (23 June, [here](#)).
- The Council agrees on a proposal for a revised directive on the promotion of energy efficiency in buildings. In particular, the proposal requires Member States to establish long-term building renovation strategies, with the aim of decarbonizing the highly inefficient existing European building stock, and promotes electro-mobility by requiring pre-cabing for every parking space in residential buildings (26 June, [here](#)).



## FOSTERING EFFICIENCY

- In the attempt to meet the EU 2020 and 2030 energy efficiency goals, the Commission proposes a binding overall 30% energy efficiency target and an annual savings target of 1.5% until 2030 (26 June, [here](#)). However, after some disagreement among Member states, the Council approves a revised directive which removes the word “binding” from the text (26 June, [here](#)), a solution whose lack of ambition leaves EU Climate Commissioner Miguel Arias Cañete unsatisfied (27 June, [here](#)). On 7 September, the European Parliament Environment Committee (ENVI) agrees to increase the target proposed by the Commission to a more substantial 40%, as well as closing a number of loopholes that undermined annual energy savings (8 September, [here](#)).
- At a meeting in Chisinau, ministers from the three Caucasus Republics (Belarus, Moldova and Ukraine) discuss energy efficiency policy and investment opportunities with EU representatives, including the Commission’s Director General for Energy Dominique Rostori. With the idea of reproducing the successful examples of intervention in Georgia and Ukraine, the EU would provide funds for energy efficiency projects and investments, in both the private and public sector (12 July, [here](#)).

## EIB INVESTMENTS IN EFFICIENCY

- The European Investment Bank approves a financing plan of almost €10 billion, of which more than €1 billion will be dedicated to unlocking climate-related investments in Europe—including a €200 million for the construction and refurbishment of “nearly zero-energy buildings” (NZEB) in Gothenburg and Stockholm (12 June, [here](#))—and abroad, especially in Africa (including investment in energy-efficient housing in South Africa, Namibia and Botswana). Another €3 billion will support social housing projects in the EU, with an eye on zero-energy buildings and energy efficiency (15 June, [here](#)).
- The EIB concludes a €300m loan contract with the Vonovia real estate management company, intended to partly finance energy-efficiency upgrading and modernization measures for Vonovia’s existing housing stock. The loan is backed by a guarantee from the European Fund for Strategic Investments (14 July, [here](#)).
- A €4.3 billion budget, out of an investment plan of €12 billion, is approved by the EIB to finance new energy projects, including energy efficiency projects in Europe—notably in France and Italy, where Enel will receive €1 billion for the installation of around 41 million “Open Meter” smart meters (28 July, [here](#))—and abroad, especially in India (18 July, [here](#)).
- With a €300 million loan, the EIB co-finances the IFRRU, a financial instrument set up under the Portugal 2020 EU Partnership Agreement aimed at fostering social and economic regeneration of urban areas in Portugal, with a significant focus on energy efficiency measures (12 September, [here](#)).
- The European Investment Bank finances access to affordable social housing in metropolitan areas of Navarre, providing €40 million for the construction of 524 NZEB units. The agreement is supported by the European Fund for Strategic Investments (15 September, [here](#)).

## EXPANDING THE FOCUS

- The Commission will propose new legislation for the regulation of fuel efficiency standards for heavy-duty vehicles in early 2018, says Vice-President for Energy Union Maroš Šefčovič. The new legislation, the EU’s first ever to specifically address truck emissions, comes in addition to the Commission’s proposal to monitor CO2 emissions of heavy-duty vehicles already outlined in the mobility package. Maroš Šefčovič underlines the need for



a gradual transformation of the transport system through an open framework based on a technology-neutral approach. (3 July, [here](#)).

- The Council of the EU concludes that decarbonization will be one of the guiding principles serving as a basis for the EU's maritime transport policy until 2020 and beyond. This conclusion endorses the content of the Valletta Declaration on the EU's maritime policy, adopted at an informal ministerial conference on 29 March 2017 (8 June, [here](#)).
- Eurostat changes the accounting rules applied to the treatment of energy performance contracts (EPCs), the agreements that guarantee a minimum performance for energy efficiency improvement measures. The change will make it easier for public buildings such as schools and hospitals to invest for the purpose of improving energy efficiency (20 September, [here](#)).

## 4. Decarbonisation

Evaluation: 9/12



*The answer of the Commission to the US exit from the Paris Agreement was almost immediate; European institutions, from the Parliament to the Council, extensively confirmed their commitment to the treaty, despite the US actions. Yet, this is different from the standalone position the EU maintained for the Kyoto Protocol, in that it presents the opportunity to increase European soft power through climate diplomacy, as proven by the growing attention to the Union's partnerships with China and its support to Sub-Saharan Africa. A favourable framework for external climate relations has been accompanied by varied attitudes on the internal side; positive developments, such as a stronger commitment by Germany and France on the reform of the EU ETS and a remarkable climate action plan by the latter, are balanced by the necessity to address troubling issues, such as the significant amount of fossil fuel subsidies still delivered by many Member States. Yet, the rise of electric transportation in these same countries could possibly become the key to resolve the matter.*

### THE FUTURE OF THE PARIS AGREEMENT

- Reacting to the announcement by US President Donald J. Trump that he will withdraw from the Paris Agreement, the President of the European Parliament Tajani declares that the EU will take the climate deal forward, regardless of the decision of the US administration (1 June, [here](#)). EU's strong commitment to the accord on climate despite US withdrawal is reaffirmed also by MEPs (13 June, [here](#)) and EU state leaders during the European Council (23 June, [here](#)). Likewise, the African Union (1 June, [here](#)) and the G20 (10 July, [here](#)) side with the EU in agreeing that the Agreement is irreversible, and in supporting its full implementation.
- EU Environment Ministers, gathered for an informal EU Environment Council meeting in Tallinn, discuss together with representatives from civil society, business and developing countries the way forward for implementing the Paris climate agreement, focusing on expectations, opportunities and potential challenges (13 July, [here](#)).
- MEPs back a plan for new compulsory carbon cuts under the Paris Agreement. The plan proposes to reward actions taken before 2020 by Member States with a per capita GDP





below the EU average, and will make it possible to break down EU carbon targets into binding national targets for sectors not covered by the EU carbon market. MEPs also set a target for 2050 of reducing greenhouse gas emissions by 80% compared to 2005 levels (14 June, [here](#); full briefing [here](#)).

## FLUCTUATING DECARBONIZATION EFFORTS

- Industry groups in the energy sector, including Eurelectric, SolarPowerEurope, WindEurope, AVERE and the European Copper Institute, come together to launch the Electrification Alliance. The Alliance promotes electricity as the best chance of completely decarbonizing Europe before 2050, and pledges to support initiatives to develop environmentally friendly electricity sources, such as the scaling up of investment in renewables and energy storage (26 June, [here](#)).
- The Commission adopts guidelines on the disclosure of environmental and social information, supplementing Directive 2014/95/EU. These guidelines will help companies to disclose relevant non-financial information in a consistent and more comparable manner. The aim is to boost corporate transparency and performance, as well as to encourage companies to embrace a more sustainable approach (26 June, [here](#)).
- In his 2017 State of the Union address, President Jean-Claude Juncker does not discuss environmental and energy issues at length, giving centre stage to issues such as migration, jobs and growth, and the future make-up of the Union (14 September, [here](#)). However, the President of the Commission reiterates the EU's commitment to the Paris Agreement, confirms that the Commission will shortly present a proposal on reducing transport sector emissions (14 September, [here](#)) and promotes decarbonization as a central pillar of new Industrial Policy Strategy (18 September, [here](#)).

## THE ROLE OF MEMBER STATES AND REGIONS

- France puts forward an ambitious climate action plan, which aims for carbon neutrality by 2050, the end of coal-generated electricity by 2022 and the end to sales of fossil fuel-powered cars by 2040. Environment Minister Nicolas Hulot also introduces a carbon pricing scheme that will cover 50% of all CO<sub>2</sub> emissions by 2030, and promises a roadmap on circular economy by 2018 (7 July, [here](#)).
- The European Committee of the Regions adopts a set of recommendations on the "Clean Energy for All Europeans" package. The recommendations emphasize the need for a more "localist" approach to four specific elements of the energy package: renewables, electricity market integration, energy efficiency and governance—which CoR members agree should become multi-level in order to increase the efficiency of the Energy Union (13 July, [here](#)).
- Croatia raises incentive fees for renewable energy producers in an attempt to boost the share of clean energy, although Energy Minister Tomislav Čorić says this will result in a slight price increase (around +€3.09/month) in electricity bills for households (4 September, [here](#)).

## PARLIAMENT FOR THE ENVIRONMENT

- The EP Committee on Environment, Public Health and Food Safety (ENVI) calls on the Commission to make a distinction between 'good' and 'bad' crop-based biofuels (favouring those with high GHG-efficiency) in its Renewable Energy Directive (RED). In order to keep only the sustainable biofuels in the EU energy mix, the ENVI committee also reiterates the need to phase down first generation biofuels by 2030 and to decarbonize the transport sector (30 June, [here](#)).



- The EP Committee on Industry, Research and Energy (ITRE), reports Euractiv, calls for more ambitious renewable energy targets than those put forward by the Commission in the Clean Energy package. In particular, MEPs from across the political spectrum ask the Commission to raise the bar on the carbon emissions target for 2030, which currently has not been broken down into binding national objectives (4 September, [here](#)).
- The European Committee of the Regions Commission for Territorial Cohesion Policy (COTER) and the EP's Committee on Transport and Tourism (TRAN) agree in a joint meeting on the vital role of regions and cities in the fight against climate change, and join forces to boost urban sustainable mobility. In this regard, local leaders stress the need for an improved accessibility and harmonization of the different funding opportunities offered by the EU (28 September, [here](#)).

### IMPROVING AIR QUALITY

- The Council of the EU adopts a decision accepting an amendment to the 1999 Gothenburg Protocol to reduce emissions of air pollutants. The amendment establishes more rigorous national emission reduction commitments starting from 2020 for the four main air pollutants (sulphur, nitrogen oxides, VOC and ammonia), while a fifth pollutant—fine particulate matter—is covered for the first time. The EU is now ready to formally accept the amendment (17 July, [here](#)).
- The Commission takes action to tackle pollution with an implementing act that brings into effect "Best Available Technique" (BAT) conclusions for Large Combustion Plants. For all affected installations (around 3,500 in the EU) the Commission proposes that a review of their permits must happen within four years, so as to meet EU-wide standards by mid-2021 (31 July, [here](#); full report [here](#)). On 17 August, the decision officially takes effect after its publication in the Official Journal of the European Union (17 August, [here](#)).
- Starting from 1 September, new and more reliable emissions tests in real driving conditions (RDE) as well as in laboratory (WLTP) become mandatory for new car models before they can be driven on European roads. Commission VP Jyrki Katainen says that these new tests represent a milestone in the work for cleaner and more sustainable cars (31 August, [here](#)).

### FINANCING DECARBONIZATION

- The European Investment Bank (EIB) and Banco Santander sign a risk-sharing agreement to help the latter finance new renewable energy projects with an investment cost of at least €400m. As part of this operation, the EIB will also take on a €200m participation in a Banco Santander loan portfolio covering renewable energy and infrastructure (18 July, [here](#)).
- The EIB signs a €24m financing agreement with Terna Energy Group to help fund the development, construction and operation of three windfarms with a combined installed capacity of 48.6 MW in Viotia, central Greece. The loan benefits from the support of the EU budget guarantee under the European Fund for Strategic Investments (20 July, [here](#)).
- The Commission approves an investment package of €222 million from the EU budget to support Europe's transition to more sustainable and low-carbon future under the LIFE programme for the Environment and Climate Action. The EU will invest €181.9 million for projects in the fields of environment and resource efficiency, biodiversity and environmental governance; the remaining €40.2 million will go to projects in the area of climate action, including adaptation and mitigation projects (28 September, [here](#)).



## REFORMING THE CARBON MARKET

- According to the new strategic review of energy co-operation by the Nordic Council, a Nordic carbon price floor could be introduced to secure future green investments in the region if the European emissions trading system is not reformed to work efficiently (28 June, [here](#)).
- The Court of Justice of the EU confirms the methodology applied by the Commission when establishing the benchmarks for free allocation of EU ETS allowances for the period 2013–2020. The Court notably finds that the methodology applied to determine the sintered ore benchmark, an important pillar of the regulatory framework to prevent the risk of carbon leakage, is correct (24 August, [here](#)).
- France and Germany say in a joint statement that they will work together to reach an agreement on the European Emissions Trading System (ETS) carbon market ahead of the COP23 conference in Bonn, this November. They will first aim for a political agreement between EU Member States on regulations for CO<sub>2</sub>-reduction tools in non-ETS sectors (4 September, [here](#)).
- MEPs approve new rules accounting for the “negative missions” from forestry as part of the EU’s 2030 climate change policy. The concept of “negative emissions”, whereby in order to meet climate goals forests should not only offset emissions but exceed them, is introduced by MEPs in response to the Commission’s initial proposal on land use and forestry (LULUCF), which proposed a “no-debit” target for EU States whereby forests would have only a neutral impact on climate change (14 September, [here](#)).
- The European Parliament votes in a plan to keep commercial intercontinental flights exempt from EU ETS rules until December 2020, when the International Civil Aviation Authority (ICAO) is due to introduce a global carbon offsetting scheme for air transport, capping emissions at 2020 levels. However, from 2021 onwards, the aviation sector should receive only 50% of its EU ETS allowances for free (20 September, [here](#)).

## DECARBONIZING TRANSPORT

- MEPs react positively overall to the efforts of the “mobility package” to reduce emissions and improve sustainability in road transport, and particularly to the proposed changes for road charging, though some of them urge caution to avoid overburdening SMEs and citizens (31 May, [here](#)).
- As part of the already reported new French energy plant, Nicolas Hulot announces an end to the sale of petrol and diesel cars by 2040 (6 July, [here](#)).
- UK Environment Secretary Michael Gove confirms that vehicles powered solely by fossil fuels will no longer be allowed to be sold in Great Britain, and will instead be replaced by electric vehicles (EVs). To prepare for the adjustment, Britain plans to invest £800 million in driverless and zero-emission technology, as well as £246 million in improved batteries, EnergyPost reports (1 August, [here](#)).
- NGVA Europe publishes a study on the role of natural gas for decarbonization, showing that the resource decreases emissions by 23% if compared to oil in passenger cars, and 21% for maritime transport, when compared to conventional heavy fuel oil (1 June, [here](#)). The EU provided 10 million euros in funding for the ECO-GATE project, aimed at supporting the expansion of the use of natural gas for transportation, through the construction of more than 20 gas refuelling stations in Spain, France, Germany and Portugal (9 August, [here](#)).
- Chancellor Angela Merkel vows to speed up Germany’s transition to electric vehicles, reaffirming the target of having a million e-cars on the roads by 2020. She also estimates that some €500 million or more will be made available to quickly build a network of car



battery charging stations and to improve urban transport infrastructure across the country (16 August, [here](#)).

## BUILDING CLIMATE COOPERATION

- On 6–8 June, Vice President for Energy Union Maroš Šefčovič travels to China to co-chair two international fora, the Mission Innovation and Clean Energy Ministerial meetings, that focus respectively on accelerating clean energy innovation and facilitating its uptake by a global market. He also attends public–private roundtable and bilateral meetings with foreign energy ministers, aiming at accelerating innovation in clean energy technology through public and private collaboration (2 June, [here](#)).
- At the G7 Environment Ministers Meeting, Commissioner Karmenu Vella announces on behalf of the EU the adoption of the five-year Bologna Roadmap on resource efficiency, which reflects the G7 commitment to a more resource-efficient, low-carbon and circular economy (12 June, [here](#)).
- The Commission adopts the Annual Action Programme 2017 (AAP 2017) of the Partnership Instrument, approving 19 new projects totalling more than €87 million. The focus of these projects is on the implementation of the Paris Agreement beyond EU borders—the AAP 2017 will implement projects in China (€3.5 million), India (€3.85 million) and Argentina (€4.5 million)—and, in line with the EU Global Strategy, on strengthening environmental resilience in Asian and Latin American partner countries (14 June, [here](#)).
- On 27 June, the Global Covenant of Mayors for Climate & Energy holds its inaugural board meeting convened by Co-Chairs Vice President Maroš Šefčovič and Michael Bloomberg. VP Šefčovič says that this inaugural meeting confirms the EU's commitment to acknowledging the crucial role of cities in fighting climate change (26 June, [here](#)).
- The EU and China sign the 2017–2018 Work Plan to implement the EU–China Roadmap on Energy Cooperation at the end of the EU–China Energy Dialogue, co-chaired by European Commissioner for Energy Miguel Arias Cañete, and Nur Bekri, Administrator of the National Energy Administration of China. The Work Plan covers the areas of renewable energy, energy efficiency, energy infrastructure, access to each other's markets and reciprocal investment opportunities, and security of supply (2 June, [here](#); Work Plan [here](#)).



## 5. Research

Evaluation: 3/12



*Research and development proves once again to be among the dimensions least considered by the Commission. Yet, EIB action also touches this sector, with a billion delivered to support Poland in its investments in energy and science, while most of the attention dedicated by Member States goes to electric batteries, likely the fastest growing business if the electric transport revolution becomes reality in the next years.*

- Two new hydrogen (H2) refuelling stations officially open in the German cities of Frankfurt and Wiesbaden, thanks to a joint venture between H2 Mobility Deutschland, Air Liquide, Daimler, Linde and Shell. The opening of the H2 refuelling stations, which have the capacity to serve 40 fuel cell electric vehicles (FCEVs) every day, is a step towards a nationwide H2 supply network (14 June, [here](#)).
- The European Investment Bank provides a €110m loan to SENER, a Spanish multinational leader in the development of high-technology projects, to support its R&D programme. The loan, granted under the Juncker Plan, will help SENER to make a significant contribution to the design of new cutting-edge services in the renewable energy sector, states EIB Vice-President Román Escolano (22 June, [here](#)).
- Britain launches a £246 million fund to boost the development and manufacturing of electric batteries. The plan allows businesses and academics to apply for government funds to work on possible electric battery schemes, while a £45 million first tranche will be used to establish a 'Battery Institute' for research to help improve the affordability of the technology (24 July, [here](#)).
- The European Investment Bank (EIB) provides almost €1bn for strategic investments in energy and science in Poland. Under the Juncker Plan, a first loan of €250m is granted for the upgrading and extension of the Energa electricity distribution network in northern and central Poland. Two further EIB loans will provide Poland with €730m for research and development under the InnovFin financial instrument (6 September, [here](#)).
- Europe's largest and most advanced lithium-ion battery factory is going to be built in Sweden by Northvolt, with the financial support of ABB Technology Ventures (ATV), a leading firm in industrial automation expertise, in the initial phase of this project. The factory, expected to start production in 2020, will supply European customers with high quality and customizable battery solutions (26 September, [here](#)).



- **The Oxford Institute for Energy Studies publishes its insight paper “European traded gas hubs: an updated analysis on liquidity, maturity and barriers to market integration”.** This OIES Energy Insight provides an update on the maturity and development of European traded gas hubs, including both longer-term established hubs and recently emerging ones, in order to come to an overall assessment of the policy goal of achieving a Single Energy Market for natural gas in Europe (May, [here](#)).
- **Bruegel’s Research Fellow Simone Tagliapietra co-edits “The European Gas Markets”.** This book explores in detail the challenges that the European gas markets currently face, and the opportunities they present. The analysis is comprehensive of the various economic, political and technological factors that interact in this sector (31 August, [here](#)).
- **CEPS publishes its paper “CESEC 2.0: Opening the door to a new level of regional cooperation”.** In light of the upcoming CESEC 2.0, the paper analyses the first Central and South-Eastern Europe Gas Connectivity (CESEC) initiative, which brings together EU and non-EU countries under a single regional framework promoting energy policy cooperation. It argues that the initiative has been a major political success, and claims that these accomplishments are relevant for the success of the initiative’s next phase, which will see its extension to electricity markets, renewables and energy efficiency (28 September, [here](#)).



## Andris Piebalgs

Senior Fellow EUI, former EU Commissioner for Energy

- **What do you think are the weaknesses and strengths of the Energy Union, and what elements do you think will be key to guarantee its success in addressing the energy transition challenges (and opportunities) for the EU?**

Energy Union is the logical continuation of the EU's energy policy. The goals of this policy are universally shared by the Member States and the European Parliament. EU's energy policy should provide for safe, sustainable and competitive energy supply for the European households and industry. By the commitment to the Paris Agreement it is also clear that the main driver of this policy will be a drastic cut to greenhouse gas emissions. The building blocks of the Energy Union follow the "20-20-20 by the year 2020" strategy, whose realisation is going rather successfully. The EU's internal market's integration is also advancing, particularly in the electricity sector, markets are better interconnected each year. It is important to note that all the necessary institutions for the EU's energy market are well established. All this means that the Energy Union has a good institutional base and a strong European Commission's leadership for the next steps to be taken. Unfortunately, there are also weaknesses. The most serious still are the very diverging views between the Member States on external energy policy. A good proof for this is the controversy around the Nord Stream 2 pipeline project. Furthermore, a serious challenge is the late or incorrect implementation of the EU's energy legislation. More investments are also needed in research and development. An additional challenge is the diversity of opinion on the future of the nuclear energy. I don't believe that future revisions of the Treaty, if they are done, could change the article on the full responsibility of the Member States about their energy mix. The way forward is strengthening the energy efficiency measures, increasing competitiveness of renewable energies, investing strongly in research and development. I do believe that the Energy Union project will be a success. A good indicator in this respect is the positive response in the legislative process to the European Commission's proposals package "Clean energy to all the Europeans".

- **In only a few years, the energy landscape of Europe has significantly changed, such as in the case of renewables or gas consumption. What do you think are the major developments in the European energy market from the time you were Commissioner?**

It is true a lot of changes have happened since I left the Energy Commission for Energy office at the beginning of 2010. The most important is the decoupling of the economic growth from the growth of energy consumption. Since 2006 primary energy consumption in the EU has decreased by 10.6%. At the same time the EU's economy has grown considerably. The competitiveness of the renewable energy sources has increased considerably. Even offshore wind is now getting competitive. The developments in the LNG sector also strengthen the security of gas supply. The oil prices have decreased considerably. And last but not least, a game changing agreement in the fight against climate - Paris Agreement - came into force. These all are excellent developments and at the same time good proof for the necessity and effectiveness of political actions in the energy field. The markets have also responded well to many visionary policy measures.



- **Many believe regional plans - such as the Baltic Interconnection Plans - will be the key to overcome national differences and achieve the Energy Union: what do you think can be the role of them, and what are their limits?**

The Baltic Energy Markets Interconnection Plan (BEMIP) is a good example of the potential of the regional cooperation. It was created during my time in the office as a means to end the isolation of the Baltic countries, who have been an “energy island” for a very considerable time. There has been a political consensus in all three Baltic states to change this, but in taking practical measures little progress has been achieved. In agreeing on a coherent plan with a strong involvement and sometimes a leadership from the European Commission, remarkable achievements have been made. Today the Baltic countries are well interconnected with Poland and the Nordic countries, the important interconnections in the gas sector are advancing and soon the synchronization with the continental electricity system will be made. The same approach is now being followed in South East Europe. Additionally, the Council of the European Energy Regulators promoted regional cooperation already during my time in office. One of the most promising development has been the Pentalateral Forum. Still, the overall progress has been limited. The reason in my opinion is not the lack of political will, but the lack of resources. The recently agreed gas security of supply regulation makes this cooperation mandatory with the expectation of the allocation of more attention and resources to regional cooperation. I believe that this latter aspect, regional energy cooperation, is an important stepping stone for achieving the Energy Union. Still, the main driver is the adoption and the implementation of the European legislation.

- **The Russian front is still tepid; despite an opening from the Commission on Gazprom's propositions, the opposition of Member States make a full reconciliation still hard to reach. How long will still impasse finish and what do you think will be the most likely outcome?**

Russia has been for very long the main discussion topic in the European energy policy and rightly so. Russia today provides one third of the imports to the EU's primary energy supply. It will stay the largest provider of energy resources for the years to come. Still, the dominance has clearly decreased because of the EU's active energy policy and the developments in the energy markets. Decoupling of the economic growth from the growth of the energy consumption, strong development in the deployment of the renewable energy sources, unbundling of supply from the transport in the EU's energy networks, more diversification possibilities through strong development of the LNG sector, growth of production in the shale gas and oil have changed the old energy relation paradigm between the EU and Russia. It is not correct any more to connect directly the security of supply with the security of demand. The global energy markets have developed in such a remarkable way and the developments in the EU has strengthened the negotiation position of the EU. A good example to this changed situation are the proactive commitments of the Gazprom in the antitrust investigation case about its past activities in some part of the European Union. The European Commission has clearly found out that Gazprom's gas policies in some of the states have been monopolistic. To avoid heavy fines and to continue to be active in its “number one” market, Gazprom has decided to make very serious commitments. Some Member States still believe that these measures are not going sufficiently far, but I believe that the DG Competition final decision will be close to the commitments provided. Clearly, more controversy is around the Nord Stream 2 project, but I think that the European Commission's approach for the mandate for negotiation is the best way forward. I am convinced that, as long as there is a substantial lack in the progress in the implementation of the Minsk agreements, we cannot expect a meaningful energy dialogue with Russia. That does not prevent the necessary communication to advance some projects of common interests.





- **Looking southward, energy cooperation in Europe's neighbours is increasingly important but more and more complicated, as in the cases of the North African countries or Turkey. What could be the recipe for a successful European external energy policy?**

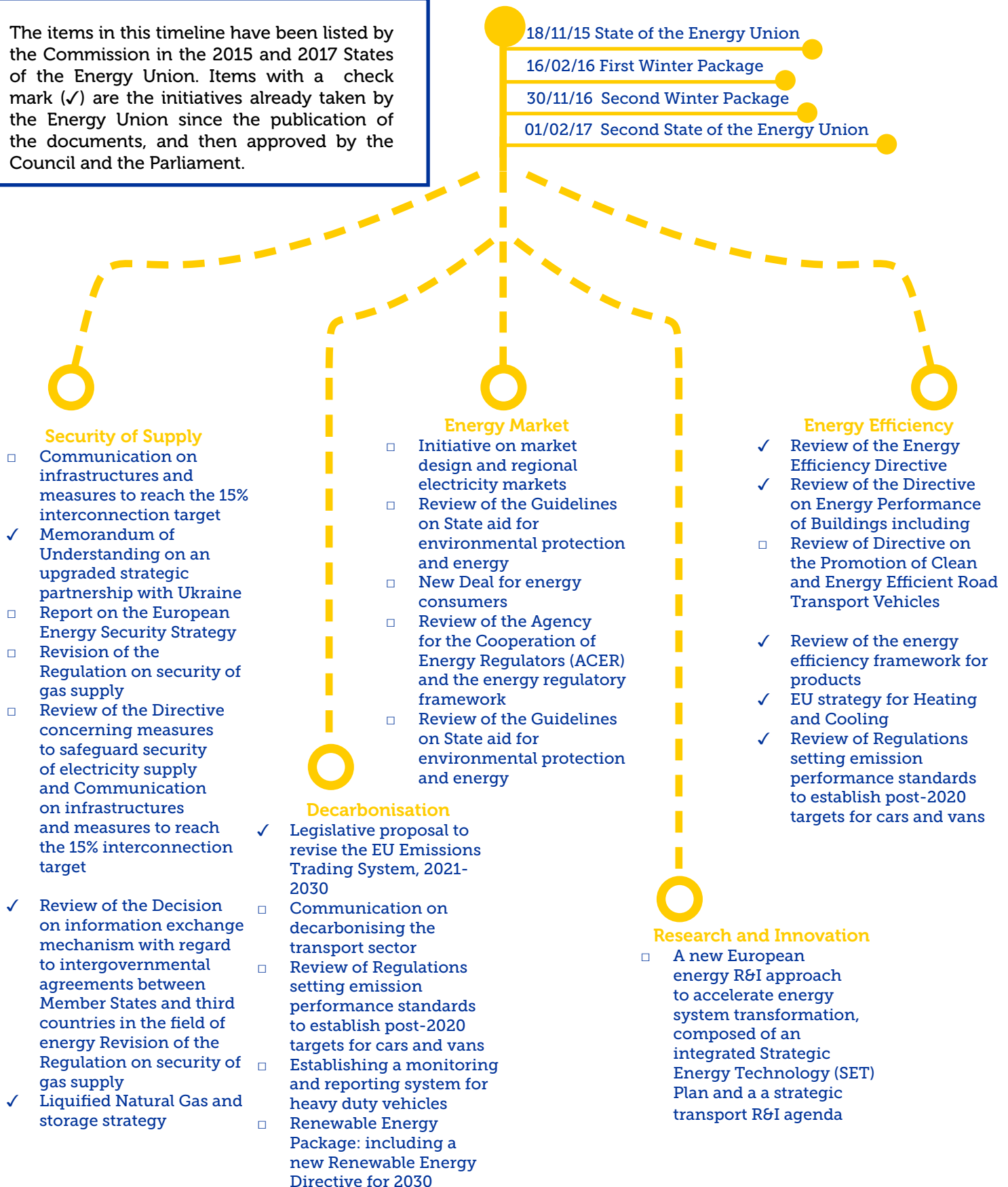
It is true that the political situation in North Africa is still tense. At the same time energy supplies have continued during the most complicated of times. The discovery of very important gas fields in the Eastern Mediterranean, the final investment decisions made, the principal agreement about East Med pipe, that could bring substantial amounts of gas to Europe by 2025, and change the dynamic of the energy relations with the Europe's southern neighborhood. The supplies of Azeri gas via Turkey are also important for the diversification of the energy supply. At the same time, I believe that European external energy policy should also focus on climate change policies, where EU has very important expertise. Thanks to the Energy Community, the EU has got a very interesting experience in the energy relations with the third countries. I believe that some of these experiences could be shared with our southern neighbors as well.

- **Finally, the fate of the transatlantic dialogue on energy and climate policies. Should we consider frozen any kind of cooperation with the US in this domain? Can we expect other global partnerships (i.e. with China) to credibly emerge, and to positively affect the implementation of the Paris Agreement?**

I am really happy about increased energy partnership with China. Still, it can't replace the transatlantic dialogue on energy and climate policies. It will continue in the framework of the International Energy Agency. Clearly it is not sufficient, but at least that is an important global framework. I believe that good cooperation could be continued on the R&D and some other frameworks with the US Department of Energy. We already had complicated energy relations at the beginning of the J.W.Bush presidency, but with consistent contacts there had been substantial improvement in the approach to the global energy challenges. For the success in the fight against climate change we need engagement of the US and we need to use every opportunity to increase it.

# Roadmap for the Energy Union

The items in this timeline have been listed by the Commission in the 2015 and 2017 States of the Energy Union. Items with a check mark (✓) are the initiatives already taken by the Energy Union since the publication of the documents, and then approved by the Council and the Parliament.





## **WORLD ENERGY COUNCIL** | **IN-DEPTH: LNG & SMALL SCALE LNG**

*Over the last years direct uses of liquefied natural gas (LNG) have continued to spread internationally, especially in isolated networks, in maritime and heavy road transport as well as in industries, despite the recovery of competitiveness in the prices of petroleum products.*

*Thanks to technological development and the deployment of new solutions, many actors (e.g., international organizations, Federal States, the European Union and Nation States) have recognized small size LNG as an interesting option for sustainable development, implementing it in policies and regulations.*

*Today's international socio-political and economic framework is particularly favourable for the spread of small scale LNG solutions, because they are strictly functional to new global energy and environmental policy objectives. New European strategy for low-emission mobility, sea protection measures adopted by the IMO, and new climate-change emission control mechanisms under discussion have set the stage for a favourable socio-political and economic framework for increasing the direct use of LNG. Keenly aware of the key role that LNG will play in the future, as a secure and competitive energy source and environmentally friendly transport fuel, the Italian Committee of the World Energy Council (WEC Italy) has chosen since 2012 to partner in ConferenzaGNL, the bi-annual international conference on LNG for transport and industry in the Euro-Mediterranean area.*

*EU Member States are required to adopt national policies to develop markets for alternative fuels while insuring their deployment. In addition, the development of LNG uses and infrastructures is at the core of the Energy Union Package defining a framework strategy with a forward-looking climate change policy. In this strategy, LNG has a key role for improving the security and diversification of energy supplies in Europe.*

*These themes will be addressed with the contribution of WEC Italy on 22 November during the event "Small Scale LNG in Euro Mediterranean: Unlocking environmental and economic benefits for the region" to be held in Brussels at the European Parliament.*

### **Who are we?**

*WEC Italy is a non-profit multi-energy association based in Rome, established in 1988 under the patronage of the Ministry of Foreign Affairs and the Ministry of Economic Development ([www.wec-italia.org](http://www.wec-italia.org)).*

*The Association is a supporting member and founder of the World Energy Council (WEC), the foremost international multi-energy organization in the world today, accredited by the United Nations and Member Committees in close to 100 countries around the world ([www.worldenergy.org](http://www.worldenergy.org)).*



## 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 Istituto Affari Internazionali

<http://www.iai.it/en/>

 @IAIonline

Founded by Altiero Spinelli in 1965, the Istituto Affari Internazionali (IAI) 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](http://www.iai.it/en/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 Junior 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, National Geographic, Limes, L'Espresso and the Energy Post.

With the contribution of Federico Mascolo, trainee at the IAI's energy, climate and resources programme

Updated 30 September 2017