



The EU Strategic Energy Review: maybe not so depressing after all

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Yesterday, on the basis of press reports, I noted that the new EU Energy Strategy was [depressing, if predictable](#). But today, the strategy was actually posted on the EU's website (you can find it [here, with all supporting documents](#)) and, reading it, I find it much less offensive than the press makes it to be.

For one, beyond an early reference to the current goals of "sustainability, competitiveness and security of supply", there is **not a word about competition and market mechanisms** in the whole [Memo on the Strategic Energy Review](#) (pdf). Not one. I was amazed. In fact, this memo, beyond a bit of fluff that can easily be ignored, is almost sensible!

Let me get you through it.

The EU approach to energy security

Energy security is an issue of common EU concern. With the integration of energy markets and infrastructures within the EU, specific national solutions are often insufficient. And while each Member State is in the first instance responsible for its own security, solidarity between Member States is a basic feature of EU membership. Strategies to share and spread risk, and to make the best use of the combined weight of the EU in world affairs can be more effective than dispersed national actions.

From a medium to long-term energy security viewpoint, the EU's 20-20-20 strategy is the right direction to go in. An energy system with a diversity of non-fossil fuel supplies, flexible infrastructures and capacities for demand management will be very different in energy security terms than today's system.

In the short to medium term, Europe's dependence on imports means that effective provisions for preventing and dealing with supply crises must be in place. Europe can and must diminish its vulnerability to energy supply shocks, first and foremost by developing its own strengths, internally and externally.

The focus on solidarity, infrastructure, non-fossil fuel source and - gasp - **demand** management is not just appropriate - it's downright refreshing! Remember that the "20-20-20 strategy" can be criticized for lack of ambition, but it certainly goes in the right direction (the three 20s refer to 20% share of renewables in energy sources, 20% increase in energy efficiency, and 20% reduction in carbon emissions, ie two of the three are effectively demand-side targets).

EU energy security and solidarity action plan

The Commission proposes a five-point EU Energy Security and Solidarity Action Plan:

- Infrastructure needs and the diversification of energy supplies
- External energy relations
- Oil and gas stocks and crisis response mechanisms
- Energy efficiency
- Making the best use of the EU's indigenous energy resources.

The [press](#) has [focused](#) on the first items, which include the usual suspects (Nabucco, *groan*), smart stuff (reinforcing networks connecting the Baltic countries to the rest of Europe) and spectacular announcements (a "supergrid" connecting offshore wind farms in the North Sea to various countries around it), and these, with the dubious exception of Nabucco (which can be built only if gas is found to fill it, the only credible source right now being Russian gas, which rather defeats the stated purpose of reducing dependency on Russia), make a lot of sense.

Large-scale infrastructure and network development is definitely what EU energy policy should concentrate upon, and the parallel plans to increase reserves and crisis response mechanisms can only be applauded (unless what is meant is countries with large reserve capacity - Germany, France, Italy, ie countries with strong long term import policies - being forced to share them with countries that did not bother to build any - the UK and its "efficient" liberalised markets, because that would be *looting*, not solidarity).

Energy efficiency (with specific focus on construction standards) and "domestic" energy (ie renewables) certainly need to be encouraged and supported - it's smart policy that pays for itself very quickly, and it's good to see it figure here prominently enough.

Even the paragraph on external energy relationships is sensible, with a focus on interdependency:

With producer countries outside Europe - notably Russia, Caspian countries - we need to develop a new generation of "energy interdependence" provisions in our broad-based agreements. As much as Europe seeks security of supply, external suppliers and industry seek security of demand.

This is quite correct - the only thing that's lacking is that acknowledgement that longstanding policies by countries like Germany, Italy and France have done exactly this - and the fact that State-owned, or quasi-monopolistic companies ran these policies needs to be seen as part of the solution rather than part of the problem... but at least the goal is there.

What is heartening is to see this memo dominated by two old-fashioned concepts: energy **demand** (the side of the balance we actually control) and energy **infrastructure** (an acknowledgement that public policy is fundamental, both to set rules and to create the field on which other actors play).

What is more depressing is to see the media headlines focused almost exclusively on how that policy is "anti-Russia." But hey, train them long and hard enough, and they will keep on doing it even when you don't actually want them to anymore.



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