



*EU Environmental Policy Briefing**

Spring European Council Approves the Future of the Energy Policy for Europe (EPE)

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At their Spring meeting EU leaders gave the green light to most of the proposals contained in the Commission's 'Energy package' and in the Energy Efficiency Action Plan. In the run up to the Summit there was uncertainty as to how enthusiastic Member States would be. The debate saw an energetic Merkel exerting significant pressure on some other leaders in order to gain the necessary votes in support of the proposals. One of the preconditions to agreement is that an Energy Policy for Europe will *respect Member States' choice of energy mix*. However, in the wake of the Spring Council, Europe is getting set to speak with one voice externally, and to table plans to use international negotiations and bilateral agreements to enlarge its energy supply agreements, on the one hand, and to promote international trade in environmental and energy efficient goods and services on the other.

Starting with the international level, the Council approves the Commission's intention to put forward an *international agreement on energy efficiency* which would bring together the OECD and key developing countries (such as China, India and Brazil). Ideally, by 2008, this would entail the banning of products failing to meet minimum standards and to agree common approaches to saving energy. The goal is that of signing the agreement during the Beijing Olympic Games in 2008.

Internally, the Heads of State and Government agreed on the need to reach completion of *gas and electricity market liberalisation*. The highlights of this consist of the 'unbundling' of supply and production activities; further harmonisation of the powers of national energy regulators; and a more efficient and integrated system of cross-border electricity trade and grid operation. The latter includes the development of major off-shore wind power projects in Northern Europe, which are among the so-called 'priority projects of European interest' which will benefit from accelerated and streamlined approval procedures.

One of the most hotly debated measures at the Summit was the commitment to a mandatory target for renewable energy usage, proposed to equal 20 per cent of the total energy mix by 2020. Many Member States were unwilling to commit to a binding target given current low levels of renewables usage and concerns that this

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would not take into consideration different energy systems and landscape or geographical constraints. Going into the meeting there was still a considerable split among Member States.

Ultimately, Germany succeeded in gaining agreement on this (importantly the UK shifted its position late in the day from anti- to pro-target). The Council gave its approval for a renewable energy target which will contribute to 20 per cent of energy consumption by 2020 and for biofuels to make up 10 per cent of the diesel and petrol market. Importantly, the Council states that the binding character of the biofuels target is considered to be *'appropriate, subject to production being sustainable, second-generation biofuels becoming commercially available and the Fuel Quality Directive being amended accordingly to allow for adequate levels of blending'*. This is to be considered an important guideline for the Biofuels Directive Review working team.

In order to meet the renewable energy targets the EU summit called on the Commission to propose a framework Directive in 2007. This proposal should contain provisions as regards:

- Allocation of the 20 per cent target into differentiated targets at Member State level – a 'burden sharing' arrangement;
- National Action Plans containing sectoral targets and measures to meet them; and
- Criteria and provisions to ensure sustainable production and use of bioenergy and to avoid conflicts between different uses of biomass.

In the same spirit, the Council confirmed and approved the target of saving 20 per cent of the EU's energy consumption compared to projections for 2020. The Council reiterated its support for the Energy Efficiency Action Plan, published on 19 October 2006, which will lead to a major programme of new legislation covering transport, labelling, buildings and taxation, and calls for an international agreement on energy efficiency. Among the first measures to be achieved, EU leaders called for increased energy efficiency requirements on *office and street lighting* to be adopted by 2008 and on *incandescent lamps* and other forms of lighting in private households by 2009.

On energy *technologies*, especially low carbon technologies, energy efficiency and renewables, the Commission will table a European Strategic Energy technology Plan, for which it announced the opening of a consultation this week. On these the Council urged Member States and the Commission to work towards strengthening research and development and developing the necessary technical, economic and regulatory framework to bring environmentally safe carbon capture and storage (CCS) to deployment with new fossil-fuel power plants by 2020.

References

1. The full Conclusions and Action Plan adopted by Member States can be found at:
<http://europa.eu/rapid/pressReleasesAction.do?reference=DOC/07/1&format=HTML&aged=0&language=EN&guiLanguage=en>.
2. The energy package can be found at:
<http://europa.eu/rapid/pressReleasesAction.do?reference=DOC/07/1&format=HTML&aged=0&language=EN&guiLanguage=en>

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