

JOINT STATEMENT ON THE ENERGY UNION

A FRESH PUSH FOR THE INTERNAL ENERGY MARKET

23 February 2015

EURELECTRIC, Eurogas, EPIA and EWEA are pleased to see the new European Commission's increased focus on energy issues. We hope this new momentum will reinforce policy in favour of a better functioning market and a positive investment climate for companies, as well as contribute to achieving a secure and affordable energy mix for a low-carbon economy. A competitively priced, secure and sustainable supply of energy is essential for economic growth, European competitiveness, and the well-being of millions of consumers across Europe.

The concept of an Energy Union, if appropriately elaborated, has the potential to steer a coherent and consistent implementation of European energy policy. An Energy Union should nourish a spirit of greater policy coherence and strengthen cooperation among Member States. Those within – and those beyond – the EU's borders should see a single transparent and competitive low-carbon energy market that provides a secure energy mix and is based on a coherent regulatory structure within a clear ambitious 2030 framework.

A successful policy framework, based on a coherent Energy Union concept, should in our view focus on three interlocking approaches:

1. Design a cost-efficient, market-based transition to a sustainable low-carbon energy mix

- Foster cooperation and coordination between EU Member States to reach the targets on GHG emission reductions, renewables and energy efficiency of the 2030 climate and energy framework through a robust and reliable governance structure. Prioritise efficient cross-border connections and regional solutions, involving also Energy Community countries, in the drive for integrated, liquid, wholesale markets in electricity and gas.
- Drive the low-carbon transition and the achievement of Europe's 2030 targets through effective and market based instruments.
- The EU Emissions Trading System should urgently be strengthened to reinforce the overall effectiveness of this instrument in achieving the greenhouse gas emission reduction target.
- Promote cost-efficient energy efficiency investments and services; seize opportunities arising from decentralised energy production and demand side participation.
- Adapt market rules and practices so as to minimise energy market distortions and allow for fair access conditions for all technologies. Integrate renewables in the market and ensure that they operate cost-effectively.
- Ensure a predictable and stable regulatory framework that gives confidence to investors across the energy chain and that helps to deliver the forward-looking technologies and

intelligent infrastructure that are necessary for the energy transition – in particular at distribution level where most renewable energy sources need to be integrated.

- Submit all policy proposals to a rigorous cost- benefit analysis. New legislation should not unnecessarily increase the financial burden for European citizens.

2. Implement and improve market mechanisms to deliver security of supply

- Complete missing infrastructure links so as to ensure a fully interconnected European market.
- Remove remaining distortions and obstacles to the completion of the internal energy market, in order to make it attractive in a global energy market.
- Create a sound governance system to drive forward the integration of wholesale energy markets across all timeframes.
- Develop a holistic market design that delivers short- and long-term energy system adequacy by properly valuing energy, flexibility and capacity.
- Optimise development of indigenous and sustainable energy resources and business opportunities through the whole energy value chain, while using global market opportunities to keep energy affordable and secure.
- Encourage the EU and its Member States to deliver one external message, making it easier for companies to engage in a global energy market to deliver a competitive, diversified mix of energy supplies for Europe's consumers. Trade in energy products, globally and within the internal market, should be considered positive and desirable.
- Build on the principles and achievements of the single energy market to deliver security of supply, avoiding undue market interventions and distortions. Facilitate commercial agreements that support solidarity across Europe.

3. Deliver a competitive energy system that benefits customers

- Put customer needs for sustainable, affordable and secure energy at the centre of policy-making.
- Create a fair, level playing field for existing and new downstream market participants.
- Promote a regulatory environment that enables the industry to develop innovative products and services for consumers
- Leverage the Commission's Investment Plan for Europe to allocate more funding to research and demonstration of innovative technologies, connecting private investments with energy projects that showcase Europe's technological prowess.