



Believe in *People*

EPP Group **Position Paper**

on the **External Dimension**  
of **Energy Security**



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# Objectives

Our goal is to ensure higher security of external energy supplies for the European Union. The European Union imports 53% of its overall energy consumption. Besides the existing necessity for more competitiveness, increased energy efficiency, lower costs and more independence in European energy supply, the crisis in Ukraine has highlighted the urgent need to decrease energy dependency on a single supplier and to increase the EU's resilience to external geopolitical pressure. In this context we welcome the creation of the Energy Union as the primary tool for achieving stronger energy security, reducing energy prices and increasing the competitiveness of the European economy. This should entail the creation of a genuine Common External Energy Policy to increase the EU's geopolitical credibility, efficiency and consistency, to allow us to speak to our partners with a single voice and to ensure that the EU's external energy policy goes hand-in-hand with its Common Foreign and Security Policy.

Faced with ongoing significant changes in the international energy markets, such as the development of prices, and game-changing developments in terms of new supply capacity for oil and gas, on the one hand, and the expected exponential demand on the global market - especially by BRICS countries - on the other, the EU has to define a global energy strategy.

The external and internal dimensions of our energy security are closely interlinked. Full sustainable use of all indigenous resources is fundamental for decreasing our import dependency. In this regard, we should advocate for full enforcement of the existing internal energy market legislation, including the Third Energy Package, in order to decrease dependency, enhance the diversity of energy sources, lower energy prices for companies and for the final consumer with a view to transatlantic energy price convergence and create a well inter-connected and synchronised common market, free of energy islands, while respecting the Member States' freedom to determine their energy mix.



# 1. We call for **unity** and **solidarity** in external **energy policy**

> The basis of the Energy Union should consist of negotiating with one voice with third countries. Coordination of positions and collective purchasing of gas should start at regional level, where Member States could voluntarily introduce a common negotiating mechanism and create regional hubs for further expansion of the gas supply infrastructure, in order to strengthen our collective bargaining potential. This could lead to a common European negotiating position. The revision of the Intergovernmental Agreements (IGAs) decision is essential to provide for a stronger role of the European Commission in safeguarding the compliance of intergovernmental agreements with EU law, including its ex-ante evaluations of IGAs, its participation in negotiations and the creation of standard contract clauses covering EU rules. Large commercial contracts have an impact on the EU's energy security. The Commission has an important role to play to check the compatibility with EU law of such contracts and their impact on

energy security, before they are concluded, by participating in their negotiation, notwithstanding the Commission's right to check compatibility after negotiations. The inclusion of "energy security clauses" in trade and cooperation agreements with producer and transit countries should be mandatory so as to avoid politically-motivated disruptions.

> We support the creation of a mutually-beneficial energy market for recipient, transit and producer countries in Europe and our neighbourhood countries based on the *acquis*. The full enforcement of competition law and the existing energy market *acquis* is therefore essential. All third-country companies participating in EU energy production, transportation, distribution and storage must respect all elements of the relevant EU legislation.

> We believe that through our cooperation in the field of energy we can positively contribute to promoting and strengthening democracy, the rule of law and human

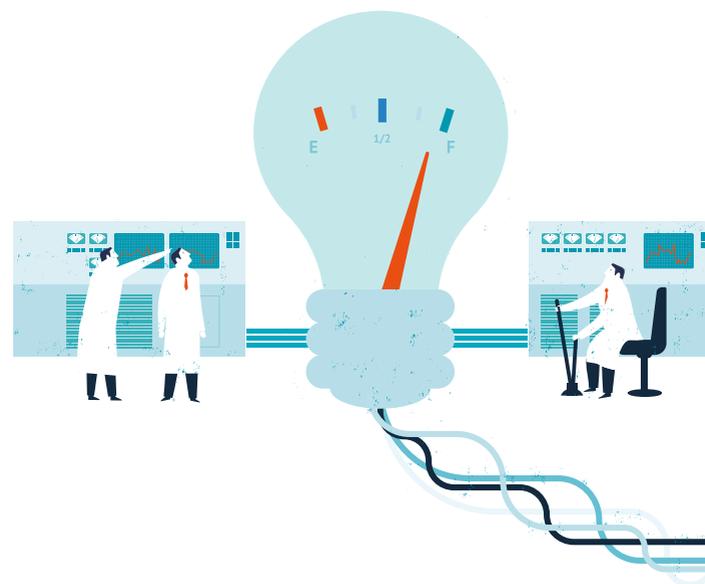


rights in partner countries. We consider that foreign, human rights and energy policies should be mutually reinforcing.

- > The external dimension should also be kept in mind when revising energy and climate legislation, such as on emissions trading, on renewables and energy efficiency, as well as for further possible revisions of the internal energy market, as the development of renewable energy sources in the EU and our partner countries also contributes to addressing our import dependence.
- > The principle of solidarity between Member States should be the overarching principle to ensuring security of energy supply and it should also be extended to Energy Community members. We call for the swift review and strengthening of the Security of Gas Supply Regulation, increasing the options for joint action

in the event of emergencies and energy security threats. This should lead to the establishment of concrete contingency plans, also taking into account available storage capacities.

- > We call for greater institutional convergence and synergy. In particular, we support the better integration of external energy security priorities in policies pursued by the EU High Representative for Foreign and Security Policy/Vice-President of the Commission. We call for better coordination between the HR/VP and the responsible Commissioners, with the goal of enhancing the coherence of EU external energy security policies. This requires a stronger cluster under the leadership of the HR/VP, equipped with a position for an appointee responsible for that file.





## 2. We need **genuine diversification** of **routes** and **supply**

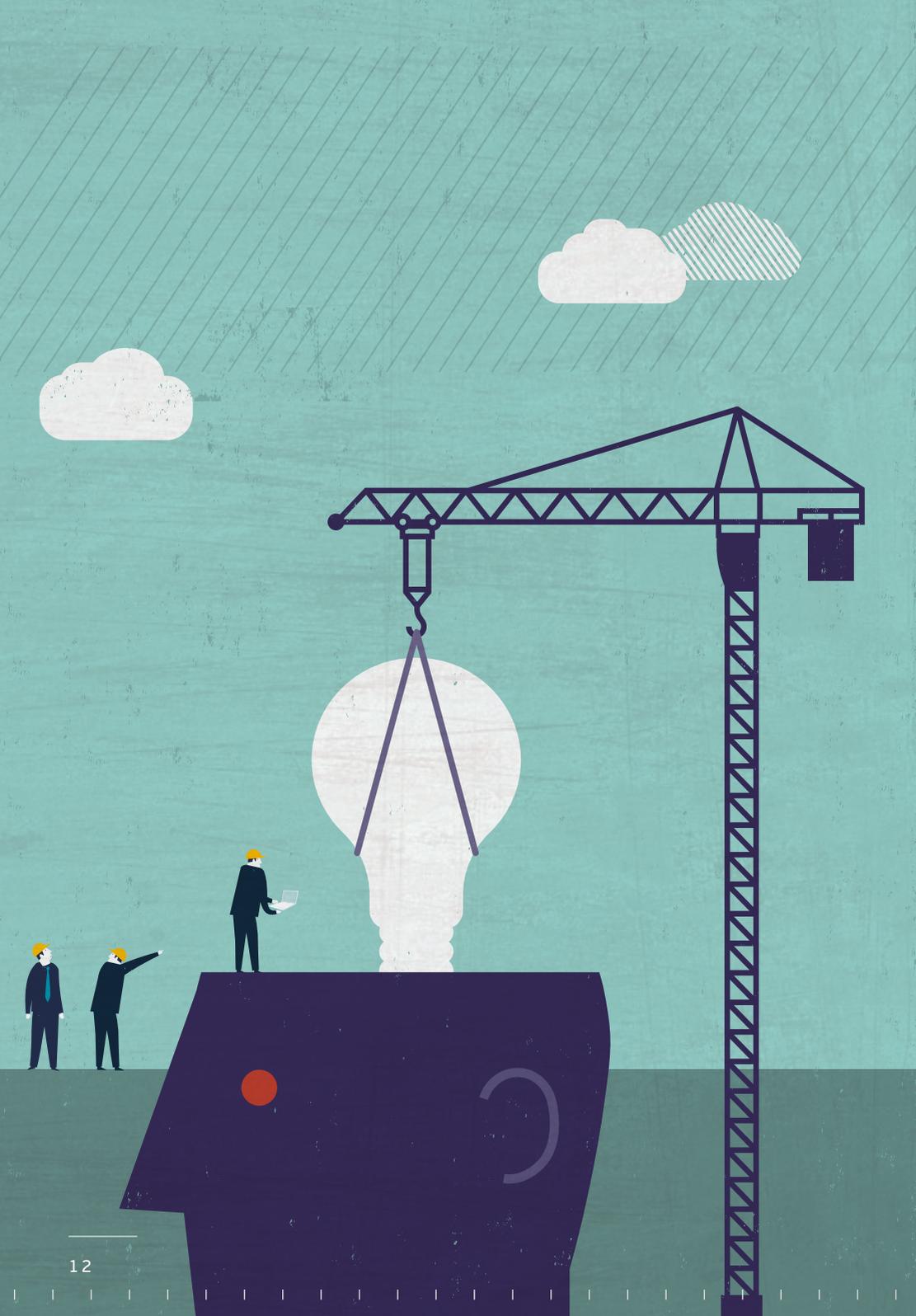
- > We believe that there is an urgent need to increase diversification of energy sources, suppliers and routes through new reliable partnerships. Safe and reliable supply sources are needed in order to achieve a well-integrated and well inter-connected energy market. True liberalisation of the EU internal market is directly linked to the diversification of sources of supply.
- > Improved interconnection with neighbouring countries must be strengthened. With this in mind, we need a review of pipeline projects in our neighbourhood. We call for intensified assistance from the European Commission in the implementation of Projects of Common Interest. The potential of EFSI (the European Fund for Strategic Investments) should be explored, including for those strategic projects that have access to existing financial instruments (CEF and European Structural and Investment Funds). We support the abandonment of the South Stream project and are against its reiteration as the 'Turkish-Stream' project, because it would only reinforce existing

dependencies and is contrary to the EU's diversification principle. In contrast, we reiterate our support for a southern corridor pipeline that links the South Caucasus, the Middle East, the Mediterranean and Central Asian countries to the EU, including Turkey as a transit country. The Trans-Caspian pipeline is of strategic interest for the EU's energy supply and the EU has to regain trust for a reliable energy partnership with Central Asian countries. We support exploring a potential energy partnership with Iran, should the nuclear negotiations be concluded successfully.

- > In view of a Euro-Mediterranean Energy Partnership we should foster the development of gas, electricity and renewable energy platforms, including harnessing the potential of solar energy, and give priority support to the necessary North-South interconnectors with North African countries. We also underline the importance of the Eastern Mediterranean Partnership (Cyprus, Greece and Israel) and its gas potential, which can be used to enhance energy security in South-East Europe.



- > We also support strong cooperation with energy partners in Northern Europe, along with the development of strong regional networks in the Nordic-Baltic-region and the Baltic-Adriatic energy interconnections.
- > We believe that the Nord Stream 2 agreement is not in line with the EU strategy of diversification of sources of supply and routes of transit of imported energy, as well as the EU's energy security strategy and foreign, security, and Eastern Partnership policy goals, reinforcing the EU's dependency on Russian gas supply. We call therefore on the European Commission and EEAS (European External Action Service) to thoroughly assess the compatibility of the Nord Stream 2 project with EU law and to ensure that all relevant EU legislation is fully respected.
- > New strategic energy partnerships with Norway and Turkey could also significantly strengthen the EU's energy diversification. Coherence between Turkish energy policy and the EU's priorities for diversification should be ensured. We should focus on the Trans-Anatolian and the Trans-Adriatic Gas Pipeline, leading to real diversification. We support Turkey's full accession to the Energy Community. We call on the Turkish government to sign and ratify the United Nations Convention on the Law of the Sea (UNCLOS), which has been signed and ratified by the EU and its 28 Member States, without further delay. Turkey should also respect the sovereign rights of all Member States, including those relating to the exploration and exploitation of natural resources when in line with the EU acquis and international law.
- > We support the definition of strategic energy infrastructure projects that create real diversification both with our neighbouring countries and members of the Energy Community. This entails the development and upgrade of bidirectional interconnectors as well as their enhanced availability, the elimination of energy islands, reverse-flow technology, storage capacity and LNG terminals within the EU. We call on the Commission to swiftly propose an LNG Strategy which is vital for the diversification of gas supplies.
- > The construction of an Energy Union relies on maximising the capacity of interconnectors, but also on building a modern energy infrastructure and modernising existing networks. An EU energy security strategy must therefore include coordination mechanisms, including smart transmission and distribution, to ensure interoperability. We need an interconnection target for gas, coordinated with the electricity interconnection target, going beyond the Regulation on safeguarding security of gas supply.





### 3. We support

# strengthening international cooperation and energy diplomacy

- > In the current geopolitical context, strong strategic energy cooperation with the US and an increase in cooperation within the EU-US Energy Council is important to enhancing the security, political and economic partnership between the EU and the US. We call for the opening of energy markets in the TTIP (Transatlantic Trade and Investment Partnership) negotiations - with the aim of lifting the US export ban, leading to a lowering of energy prices - via the Transatlantic Energy Market (TEM), thus improving our bargaining position on the global market.
- > We support the development of EU energy diplomacy in partner countries and international fora with the aim, inter alia, of promoting more transparency in global gas markets, preventing market failures and increasing energy security for all.

The development of a genuine global gas market must be safeguarded within WTO rules, preventing competition-distorting mechanisms. We therefore welcome and encourage the Commission's use of EU competition policy rules against non-EU energy companies.

- > We want greater synergy between energy security and climate change diplomacy, especially throughout the COP 21 negotiations in Paris, to ensure sustainable global burden-sharing in CO<sub>2</sub> reductions. This contributes to the EU's primary objective of energy security but also to the competitiveness of the EU economy.
- > We stress the need to support the pan-European dimension of the Energy Union, given that the contracting parties of the Energy Community commit to implementing



the EU energy acquis, especially the provisions on the internal energy market. We support further enhancing the functioning of the Energy Community and strengthening its institutions. We support the renewal of the Memorandum of Understanding with Ukraine on a strategic energy partnership this year. We should also foster the increase of energy efficiency and sustainability in transit countries through common infrastructure projects

aimed at reducing transit losses. The long-term perspective is to include (potential) candidate and neighbourhood countries, especially the countries of the Western Balkans that are not members of the EU, in the Energy Union. We highlight the importance of a Euro-Mediterranean Energy Partnership and we consider that energy security should be part of the ongoing review of the European Neighbourhood Policy.





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