

## **The Legislative Framework of Energy Networks in the European Union – Realizing the European Commission Energy Policies**

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**Abstract** – The paper aims to provide an oversight on the new European Union's energy policy: the establishment and functioning of Europe-wide energy transportation networks. A common European energy strategy and corresponding policy of the European Union has been established after the revision of the fundamental Treaties and the establishment of the Lisbon Treaty in 2009. The aim is to provide the delivery of sustainable, secure and competitive energy necessary for the functioning of the European Union. The paper argues that such steps are in accordance with the European Union's new competence, without exceeding it.

**Keywords:** TEN, energy policy, energy transportation, European Union legislation

### I. INTRODUCTION

What will the future of providing energy for the European Union (EU) look like? This question dates in fact from the founding of the predecessor of the European Union, the European Community of Coal and Steel in 1957. Back then the founding states saw the need to address the issue, as it was the very cornerstone of the European construction, namely the common European economy. This economy needed energy to function and would prove ultimately a success, as it evolved into a fully integrated common market.

Now, with the legal consecration in 2009 with the Treaty of Lisbon of a European energy policy, the Union can finally stand up to the challenges of the present. The Commission of the EU has also observed that without coherent EU action in this field, the EU's objectives in other areas, including the Lisbon Strategy for growth and jobs and the Millennium Development Goals, will be difficult to achieve.

### II. THE EUROPEAN ENERGY POLICY – AN OVERVIEW

The aim of the newly created European energy policy is threefold:

- Combating climate change,
- Limiting the EU's external vulnerability to imported hydrocarbons,
- Promoting growth and jobs, thereby providing secure and affordable energy to consumers.

In the Strategic Energy Review the European Commission proposes that the European energy policy should be linked with an EU objective in international negotiations of 30% reduction in greenhouse gas emissions by developed countries by 2020 compared to the year 1990. In addition, in 2050 global GHG emissions must be reduced by up to 50% compared to 1990 (implying reductions in industrialized countries of 60-80% by 2050) as well as an EU commitment to achieve, in any event, at least a 20% reduction of GHG by 2020 compared to the year 1990.

The Commission indicates three motives for which it sees the necessity of setting such aims:

- As CO<sub>2</sub> emissions from energy make up 80 % of EU greenhouse gas (GHG) emissions in the Union, reducing emissions means using less energy and using more clean, locally produced energy,
- Limiting the EU's growing exposure to increased volatility and prices for oil and gas, and
- Potentially bringing about a more competitive EU energy market, stimulating innovation technology and jobs.

When looking closer at the reasons behind this strategic objective, it can be observed that two of the main reasons are of economic nature, refer to securing the supply of fossil fuels as well as stimulating the European internal market. Only one of the reasons,

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albeit the first enumerated, concerns the protection of the environment.

To achieve such a strategic energy objective would mean, according to the projection of the Commission, to transform the EU into a highly energy efficient and low CO<sub>2</sub> energy economy, to accelerate the change to low carbon growth and, over a period of years, to gradually increase the amount of local, low emission energy that is produced and used. The main challenge is to achieve this in a way that will maximize the potential competitiveness gains for Europe, and will limit the potential costs.

There are already some measures implemented in areas such as renewable electricity, biofuels, energy efficiency – different Directives and Regulations too many to be named here – that have achieved important results but lack the coherence necessary to bring sustainability (environmental protection goal), security of supply and competitiveness (economic goals). All elements are part of the European energy of the policy and they must be taken together as a whole and must be addressed by many other different policy areas.

The first step for a coherent and integrated energy policy was for the member states to endorse a strategy and an Action Plan with the explicit aim of reducing global Greenhouse gas emissions by 2020 by 30% and making a significant contribution to reducing the EU's greenhouse gas emissions by 2020 by 20%. This step materialized essentially in 2009 with the creation of the Directive 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources.

### III. THE TRANS-EUROPEAN ENERGY NETWORKS (TEN)

The plan, as laid out by the European Commission, calls for the creation of an “Internal Energy Market”, which is essential to meet all three of Europe's energy challenges:

- Competitiveness: a competitive market that will cut costs for consumers (both commercial and end-user) and stimulate energy efficiency and investment.

- Sustainability: a competitive market will allow for the effective application of the emissions trading mechanism. Also, it is intended that transmission system operators must have an interest in promoting connection by renewable, combined heat and power and micro generation, stimulating innovation and encouraging smaller companies and individuals to consider non-conventional supply.

- Security of supply: an effectively functioning and competitive Internal Energy Market can provide major advantages in terms of security of supply. The effective separation of networks from the competitive parts of the electricity and gas business results in real incentives for companies to invest in new infrastructure, inter-connection capacity and new

generation capacity, thereby avoiding black-outs and unnecessary price surges.

The internal energy market can be regarded as an extension of the existing internal market, created by the European Community for Coal and Steel and its successor, the European Community. The same legal rules would apply to the energy market, but also with room for necessary special legislation.

In terms of infrastructure, the Commission has set out five priorities through the so-called Priority Interconnection Plan:

- Identifying the most significant missing infrastructure up to 2013 and ensuring Europe-wide political support to fill the gaps.

- Appointing four European coordinators to pursue the four of the most important priority projects: the Power-Link between Germany, Poland and Lithuania; connections to offshore wind power in Northern Europe; electricity interconnections between France and Spain; and the Nabucco pipeline, bringing gas from the Caspian to central Europe.

- Agreeing a maximum of five years within which planning and approval procedures must be completed for projects that are defined as being "of European interest" under Trans-European Energy Guidelines.

- Examining the need to increase funding for the Energy Trans-European networks, particularly to facilitate the integration of renewable electricity into the grid.

- Establishing a new Community mechanism and structure for Transmission System Operators (TSOs) which should be responsible for coordinated network planning.

In addition, the need to increase the reliability of the EU's electricity system and prevent black-outs, common minimum and binding network security standards are necessary in the EU. The new Community mechanism and structure for Transmission System Operators should also be tasked with proposing common minimum security standards. These would become binding following approval by energy regulators.

It can be observed that the Commission is encouraging the integration of existing energy networks across the Union as well as the development of improvements and extensions of those networks mainly in order to provide for higher security of energy supply. The security of the energy supply of all types of energy is one of the cornerstones of the realization of the other main objectives of the European energy policy, namely competitiveness and sustainability – the economic and environmental protection components of the policy. A Decision fixing guidelines for the development of the TENs has been adopted by the European Parliament and of the Council in September 2006.

Of course the Commission calls for other, complementary, measures and actions to be taken for an effective implementation of an European energy policy – mainly effective regulation of the energy

market, including monitoring and reporting measures, transparency, improving energy efficiency in generation, transport and other areas of energy supply and consumption, solidarity between the member states regarding any measures affecting the energy sector and last, but not least steps towards an international energy policy of the Union, in the common interest of all member states.

#### IV. CONCLUSION

The Strategic Review of the Commission has set out a set of policies required to achieve the goals of sustainable, secure and competitive energy by the creation of an internal energy market. Such a market is essential for the EU, which has again realized the need of securing and managing a proper energy supply. A key element of the success of this market is the existence and proper functioning of Trans-European Energy Networks, as they are the main means by which the Union's energy policy will be materialized. By laying down guidelines for the development of TENs, the EU has shown its first commitment to secure the energy supply of all member states above the individual interests of the member states. It is expected that further and intensified activity of the EU in this sector will strengthen the resolve for a common, Union-led energy policy.

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