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8. Security of energy supply

A5-0363/2001

European Parliament resolution on the Commission Green Paper Towards a European strategy for the security of energy supply (COM(2000) 769 – C5-0145/2001 – 2001/2071(COS))

The European Parliament,

- having regard to the Commission Green Paper (COM(2000) 769 – C5-0145/2001),
 - having regard to the Commission White Paper on energy policy for the European Union (COM(1995) 682),
 - having regard to the conclusions of the Council meeting on industry and energy which took place on 14/15 May 2001,
 - having regard to the opinion of the Economic and Social Committee⁽¹⁾,
 - having regard to Rule 47(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, External Trade, Research and Energy and the opinion of the Committee on the Environment, Public Health and Consumer Policy (A5-0363/2001),
- A. whereas detailed bottom-up scenarios for the future energy demand in the EU are lacking in the Commission's proposed Green Paper,
- B. whereas EU import dependency for energy is 50 % (49 % in 1998) and is projected to rise to 71 % by 2030 if no actions are taken. However import dependency is in itself not a decisive criterion for security of supply and has to be complemented by other criteria like lack of resources, risk of price insecurity, risk of domestic or foreign political crises, infrastructure failure or loss of public acceptance,
- C. whereas total energy consumption in the EU was 1 436 million tonnes oil equivalent (Mtoe) in 1998, of which 41 % oil, 22 % gas, 16 % coal, 15 % nuclear and 6 % renewable energy sources (RES),
- D. whereas EU electricity generation is 35 % nuclear, 27 % solid fuel (predominantly coal), 16 % gas, 15 % RES, and 7 % oil,
- E. whereas 95 % of EU demand for nuclear fuel, 76 % for oil, 50 % of its coal, 40 % for gas, 0 % of its renewables is met from imports,
- F. whereas the EU is dependent on Middle East countries for 41 % of oil imports, the security of which depends largely on the foreign/military policy of the USA, on Russia for 41 % of gas imports and 18 % of oil imports, on Algeria for 29 % of gas imports; and whereas about 95 % of its uranium requirement must be met from imports,

⁽¹⁾ CES 162/2001 fin.

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- G. whereas reducing the demand of end energy and improving energy efficiency in production is the best way to reduce Europe's external energy dependency; whereas, in all sectors of the economy, there exists enormous untapped technical and economic potential to improve the EU's energy efficiency, as has been acknowledged by the Commission and the European Parliament in their respective documents on the energy efficiency action plan and presented in more detail in the ECCP programme,
- H. whereas oil consumption in the EU is increasing, in particular in the transport sector; whereas oil consumption in the sector of electricity production has gone down steadily, and is stagnating and even slowly reducing, both in industry and in building; whereas oil consumption in the EU is heavily increasing in the transport sector, which is responsible for 78 % of the final energy demand increase since 1985; whereas import dependency of oil from a small number of countries is associated with a serious risk of price instability in the short run and lack of resources in the long run; whereas it is also noticeable that less- developed countries are much more affected by oil price rises,
- I. whereas gas demand in the EU has risen markedly in both absolute terms and relative to other fuels where its market has risen over ten years from 16 % to 22 % in 1998 and is expected to be 27 % by 2020 if no action is taken; whereas the rise is mainly due to massive use of gas in the electricity sector; whereas in the heating sector the gas consumption is still rising in certain EU countries and is peaking in those countries where the domestic gas distribution grid is well developed,
- J. whereas demand for coal in the EU has been decreasing for many years, import dependency is already 50 % and is rising as a proportion of consumption of coal; whereas the sources of supply are diverse and secure and in general more economic than the EU's own mining,
- K. whereas only eight Member States generate nuclear electricity and there are currently no firm plans to construct replacement capacity; whereas certain Member States (Belgium, Germany, Netherlands and Sweden) have a declared policy to phase out nuclear power; whereas there would thus seem to be no political majority for future support for nuclear energy in the EU; whereas import dependency for uranium is almost total, however the volumes involved are very small and sources of supply are diverse and secure,
- L. whereas the EU has set targets for increasing the share of energy consumption from RES from 6 % to 12 % and 22,1 % electricity from RES by 2010; whereas, however, targets regularly set since 1985 for doubling the share of electricity from RES have not been achieved, but latest studies forecast much larger shares for 2010 and beyond in various Member States with effective support systems,
- M. whereas EU energy policy has three main objectives, security of supply, competitiveness and protection of the environment, taking into account the principle of subsidiarity as established in the Council Resolution of 8 July 1986,
- N. whereas final energy use in the EU in 1998 was 28 % in the industrial sector, 32 % for transport and 40 % in buildings, consumption growth fastest in the transport sector,
- O. whereas energy efficiency in the EU has improved 7 % since 1990, but only 3 % since 1993, yet current Commission proposals envisage 1 % improvement per year in the future; whereas the European Parliament is of the opinion that annual reductions in final energy intensity of 2,5 % ought to be achievable, provided a strong political will exists,

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- P. whereas experience shows that well targeted public procurement programmes have the potential of significantly reducing the price of energy efficient equipment, which is yet not commercially viable, and thus making it competitive with conventional technologies,
- Q. whereas overall energy demand in the EU has been growing at a rate of between 1 % to 2 % per year since 1986,
- R. whereas taxation levels and excise duties vary considerably between Member States yielding between 4,7 % (France) and 9,7 % (Portugal) of total tax revenue compared with the EU average of 6,5 % in 1997; whereas duties on lead free petrol range between € 750 per 1 000 litre (UK) and € 300 per 1 000 litre (Greece),
- S. whereas the mix of energy sources vary widely between Member States with oil dependence ranging from 71 % in Luxembourg to 11 % in Italy, gas from 59 % in Italy to 1 % in Sweden, nuclear from 37 % in France to zero in seven States, and RES from 28 % in Sweden to 1 % in Belgium,
- T. whereas the expiry of the ECSC leaves only Euratom as a stand-alone energy treaty; whereas the Euratom Treaty should expire after 50 years of its existence in 2007,
1. Welcomes the Commission Green Paper 'Towards a European strategy for the security of energy supply' as a basis for a discussion; regrets missing scenarios for demand side, renewables and co-generation and urges Commission to develop before next year's Barcelona summit comprehensive scenarios; considers that this analysis should have a more detailed bottom-up approach taking better account also of the existing scenario work done in the different EU countries;
 2. Considers that the most appropriate strategy to ensure energy supply consists in diversifying energy sources and origins of supply;
 3. Recognises the fundamental importance of security of energy supply and the cost of energy to the European economy and stresses the high priority that must be given by the Commission, Council and Member State governments to securing long-term stable energy supplies in the interests of continuing European prosperity and well-being;
 4. Notes that world total final energy consumption grew from 4 549 Mtoe in 1973 to 6 646 Mtoe, an increase of 46,1 % over 25 years; notes that EU consumption is projected to grow by 22 % in the period 1990 to 2020 and concludes that with demand rising faster in the world outside the EU, particularly in non-OECD countries, there will be increased competing demand from third countries for the energy needed by EU Member States; draws the conclusion from this that the EU must make efforts to ensure energy demand does not rise as forecast; considers that every available effort must be made to increase energy efficiency and energy-saving, and reduce dependence on imports;
 5. Considers the level of dependence upon oil and the level of dependence on imports of oil to be of great concern; urges the Commission to take specific measures at EU level to curb demand for oil in the transport sector by promoting new efficient engines — the 1 litre car — shifting the emphasis from road and air to rail and ship and pushing Member States for a more integrated regional and town planning; considers that these actions should be combined with the development of alternative fuels like biofuels and hydrogen based on renewables; asks the Commission and the 15 EU Member States also to take action in their activities with developing countries to aid the short and mid-term development of alternative investments both in the transport and electricity sectors;

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6. Calls on the Commission to submit a proposal for introducing a national energy requirement; considers that Member States should be allowed within this energy requirement, to finance energy sources in accordance with the principles of general interest services and environmental protection, whilst fully respecting EU competition and State aid rules

7. Considers that the European Union should use its trade and development policy more efficiently in order to facilitate penetration of the markets of energy supplying countries, principally to create or improve conditions for investment into gas and petrol transportation networks, in particular transportation via pipeline;

8. Recognises the growing importance of gas as its share of total energy rises towards 25% and its projected dominance in electricity production; points out that the potential risks from dependence on natural gas can be reduced:
 - by reducing the needs for gas in the field of heating by introducing energy conservation policies in new and existing building stock and energy efficiency measures like central heating systems based on cogeneration and/or biomass,
 - by spreading the competition at every stage of the process in the natural gas market,
 - by encouraging the construction of new connections (gas pipelines) with the producer countries or gasification terminals with the aim of diversifying the geopolitical and economic risk,
 - by favouring a proactive policy with the main providers of gas like Russia and Algeria allowing for better conditions in technology transfer and capital investment both for the prospecting of new gas fields and for reducing the leakages in existing pipelines and through carrying out plans in the fields of energy-saving, for which the ratification of the Energy Charter would provide a serviceable framework,
 - by taking practical measures within the EU framework to stockpile a higher level of gas reserves in the EU, so as to be able to anticipate breaks in gas supplies, with EU countries which are highly dependent on gas imports taking immediate extra measures in this area;

9. Notes the relative decline of coal and other solid fuels due to high production costs, high levels of polluting emissions and competition from lower cost imports while recalling that coal remains an important indigenous, stable and secure long-term energy source;

10. Draws attention to the special role of brown coal, which is making a substantial contribution to energy production not only in some Member States such as Germany and the UK but also in several candidate countries; considers that the structure of power production in some Member States is diversified by the use of coal and, in the EU as a whole, this helps to ensure stability in the power industry; believes that coal, particularly indigenous brown coal, is an important factor here for the long term; considers that the EU should continue to ensure in its energy and environmental strategies that this indigenous and competitive contribution to energy supply is secured, which is also in the EU's long-term interest;

11. Recognises the environmental importance of the EU reaching its Kyoto target of 8% reduction in CO₂ by 2010, and welcomes the statements in the Commission Green Paper on security of energy supply regarding the important contribution of energy efficiency, nuclear energy and the development of renewable energy sources in achieving this goal;

12. Recommends that the Commission take the necessary measures to ensure that current human resource levels in the nuclear sector do not shrink to such an extent as to jeopardise the existence of the valuable wealth of knowledge and experience in the field of safety and security of operating reactors, decommissioning or waste management;

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13. Recommends that the Commission, when drawing up the future Community energy policy based on the need to diversify supply sources, acknowledge the role which LPG may play as an energy source on account of its low CO₂ emissions when used either for domestic, industrial and agricultural purposes or as vehicle fuel;

14. Calls on the Commission to draw up an energy ladder indicating the order of preferred energy sources determined by CO₂ emissions, other pollutants and environmental hazards; calls on the Commission also to indicate how each energy source increases or reduces the EU's dependence on non-member countries;

15. Reaffirms its strong support for RES and agrees with the Commission's conclusion that the use of biomass for energy supply can be significantly improved; calls on Member States to redouble efforts to achieve a 12% share of total energy consumption and 22.1% of electricity from RES by 2010 and welcomes the adoption of the Directive on electricity from RES; asks the Commission to develop before 2005 a 2020 EU target for RES and asks for better R&D policies and a more flexible interpretation of competition rules while a technology is being developed;

16. Agrees with the Commission's conclusion that the use of bio-fuels (such as biodiesel, based for instance on oil seed rape and alcohol) will reduce our dependence on fossil fuels and hence the greenhouse effect; calls on the Commission to encourage the production of raw materials for biofuels and to do its utmost to remove restrictions on the growing of such raw materials under the WTO;

17. Calls on all EU institutions to encourage the shift towards zero-carbon emission fuels for power, notably electricity generation from nuclear energy, hydrogen for transport fuel from biomass, hydroelectric, solar and wind energy sources, both by removing existing legislative obstacles and by making them subject to a specific EU-wide exemption from all excise duties, energy taxes or climate levies and also by providing incentives to encourage a shift towards efficient energy production plants, including combined heat and power;

18. Agrees with the Council conclusion that a shared view on a strategy for security of supply should respect Member States' geographical, economical, regional, climate and structural differences; promote further market opening in the EU; considers that this view should also be consistent with sustainable development as well as climate change commitments within the energy sector, and should add value over action by individual Member States and thus also support local energy production, particularly of combined heat and power production (CHP); considers it important therefore to develop and promote the use of local raw materials, and proposes that the significance of energy sources exploitable at local level in the Member States, and of the whole role of local energy as a way of securing energy supplies should be examined; highlights the need, however, for the coordination of national energy policies in the interest of the Community as a whole;

19. Agrees with the Commission conclusion that the first priority for action should be in the field of demand management measures to improve efficiency of energy use and reduce consumption through conservation; calls on the Commission to submit specific proposals and measures in the demand area as soon as possible, such as a directive on the 'stand-by mode' or improving efficiency in domestic appliances; regrets the delay in bringing forward proposals for the transport sector and in the field of cogeneration, energy services and demand side management; asks the Commission to launch a strategy to make Europe the most energy-efficient economy in the world (Energy Intelligent Europe); notes that no other energy option offers such potential for economic and environmental improvements as energy efficiency; calls for urgent action in all areas given that the Commission notes that 18% of energy can be saved with currently available technology and at no extra costs; considers that demand side should also play a leading role in EU energy international collaboration both with central and eastern Europe, Russia and Ukraine, but also with developing countries using also the new flexible instruments of the Kyoto protocol;

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20. Notes that the resources allocated to research into new and better methods of producing and using energy, in the Sixth Framework Programme for Research and Development project, do not meet expectations for increasing energy efficiency; wishes the European Parliament and the Council to review increasing such resources and, in particular, to allocate a greater share of funds, in absolute and relative terms, to researching systems;

21. Takes the view that despite the absence of a separate energy chapter the EU has plenty of opportunities to conduct an energy policy of its own and that such a policy should consist of the following elements:

- liberalising the energy industry,
- promoting a level playing-field,
- promoting the use of renewable energy sources and monitoring implementation of the Kyoto agreements at EU level,
- research and development in the energy field,
- developing geopolitical frameworks for concluding energy contracts,
- promoting EU policy for energy-saving,
- ensuring that consumer interests are respected in EU policy,
- safeguarding security of supply by giving special attention to creating conditions to enable the cross-frontier transmission of gas and electricity to take place;

Welcomes the call by the Commission for an Energy Chapter and calls on the Member States to include in the EC Treaty a chapter on an Energy Policy at the next IGC, in order to approximate policy frameworks and pave the way for a more systematic and long-term approach to energy, with declared priority for an efficient use of energy and the promotion of renewable energy;

22. Recognises that taxation can have an important part to play in influencing patterns of behaviour, and can be used as an instrument for guiding energy use, as can regulations and technical measures, but considers, from past experience and Commission studies, that taxation must be applied along with practical measures to reduce energy use; calls for targeted taxes, that reflect the environmental impact of energy sources to be introduced that encourage lower energy use and enable environmental commitments to be met; notes that in Germany alone, a petrol saving of about 5 % has been achieved since introducing the 'eco-tax';

23. Considers that fiscal measures now need to form part of a balanced package of instruments to encourage energy savings in industry and domestic households, and to promote the use of sustainable energy in order to ensure self sufficiency, and considers that voluntary agreements with industry are a valuable instrument; calls in this context on the Commission to present a proposal for framework legislation on voluntary environmental agreements, which lays down the relevant criteria with regard to conditions, monitoring arrangements and binding penalties.

24. Believes that all forms of electricity production must internalise negative externalities equally, without the current instances of discrimination that favour some primary energy sources over others;

25. Believes that the costs incurred from the internalisation of the negative externalities relating to the various primary energy sources should be reflected in the price for the end user, the aim being to convey the desired message to the market and thus trigger awareness in society as to the need for more rational use of energy resources;

26. Considers that, when deemed necessary, taxation should be applied to carbon emissions and other pollutants rather than energy production itself;

27. Considers that any taxation of energy for environmental reasons should bear very much in mind the effect on competitiveness of the European economy along with the inflationary affects on vulnerable industries, vulnerable socioeconomic groups and vulnerable remote and rural regions;

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28. Notes that, in order to increase the energy efficiency of transport, the TEN network, intermodal transport and 'intelligent transport' solutions need to be developed; considers it urgent that the Commission submit proposals for sustained, long-term improvement in energy efficiency and conservation in the transport sector by working with the industry and, where appropriate, making legislative proposals to achieve:

- (a) more fuel efficient engines,
- (b) lighter, stronger materials for vehicle construction,
- (c) use of alternative fuels, particularly biofuels and hydrogen,
- (d) a transfer of traffic from road to more environmentally friendly transport modes such as rail or inland waterway, and
- (e) optimising inter-operability and the combination of transport modes;

29. Considers that an energy-efficient transport system will require large public and private investment and calls on the European Investment Bank to make this an area of high priority both for its own funding and to promote private sector financing and co-financing;

30. Calls on the Commission to produce a co-ordinated strategy for tax incentives on new transport fuels, in order to stimulate pan EU investment in infrastructure, and encourage the marketing of new motive power systems;

31. Notes the considerable potential for energy efficiency gains, reductions in polluting emissions and a world-wide market for new equipment and systems from clean coal technology and calls for industry and the newly established fund formed out of the ECSC to achieve a successful demonstration of clean coal power systems; believes therefore, that it is essential to maintain a viable indigenous coal production industry while recognising the need for greater efficiencies and reduced subsidies;

32. Points out that greater resources than at present provided must be allocated, under the Sixth Framework Programme, to research and development into technologies that will improve the yield from and environmental compatibility of the combustion of carbons and other traditional fuels to generate electricity; wishes dissemination of the results of such research to be promoted by cooperation programmes with third countries, particularly developing countries, with the aim of safeguarding the environmental sustainability of the expected growth in energy demand in such countries;

33. Calls for a European initiative for the development of an emission-free coal-fired power station;

34. Notes that maintaining security of energy supply is primarily a matter for the energy policy of the Member States, though this does not rule out agreements concluded with other countries for improving security of energy supply; considers that national responsibility for ensuring security of energy supply means that Member States must have freedom of action in the means they use to ensure security of supply, whilst fully respecting EU competition and State aid rules; calls on the Council and Commission to move swiftly to complete the missing links in trans-European energy networks (TENS) in order to improve security of supply as well as complete the internal market, by supporting specific projects, where appropriate; calls for particular attention to be given to the development of natural gas transport networks; wishes, in this regard, to see close cooperation between the energy industry, the Union, the Member States and the financial institutions to mobilise all the available resources in the best market conditions;

35. Believes that the failure to adopt effective measures to increase interconnection — above all in areas where it is most lacking, as is the case with the Iberian Peninsula vis-à-vis the rest of Europe — will prevent the emergence of a fully functioning internal market in energy as an alternative to the apparent prevailing trend towards various liberalised national markets;

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36. Recognises the employment and social security effects of local energy production and its importance in securing energy supply, and the huge potential for increased employment, as well as equipment and systems sales, both within the EU and in the wider world, from investment in new capacity for generating electricity from RES, nuclear energy, clean coal technology, combined heat and power generation, techniques for energy-saving and intelligent energy consumption applications (ICT);
37. Calls on the Commission to explore appropriate technology fields where large-scale procurement initiatives could result in major efficiency gains as well as reduced dependency on fossil imports;
38. Supports investment in researching, developing and exploiting more efficiently our indigenous supplies of energy in ways which are compatible with Europe's environmental commitments;
39. Recognises the wide desirability and necessity of electricity from RES, and that in the long run it will be possible to cover our power requirement from the use of various renewable energy technologies; recognises therefore that a combination of biomass and hydro-electric power will in future provide for constant base load generation, and that in addition, the use of wind and photovoltaic power, in conjunction with fuel cell technology, will be able to cover loads in excess of the base load;
40. Considers it essential that the EU lead by example in maintaining research expenditure with the Sixth Framework Programme on future energy technologies, and welcomes the support of the Commission proposal for maintaining a balanced energy mix in the European Union;
41. Draws attention to the fact that the transition to a low carbon economy requires a great deal of research and innovation; calls on the Commission and the Member States to pool their efforts and to draw up a joint research agenda; proposes that particular attention be paid to this aspect in the Sixth Framework Programme and recommends that Article 169 be used as the instrument;
42. Remains of the view that an essential part of maintaining security of supply is to complete the liberalisation of energy markets to achieve a fully functioning internal market in electricity and gas to enhance competitiveness, transparency and energy efficiency; considers that there is an urgent need to create a level playing field in the EU as soon as possible and therefore wishes to see full liberalisation come about as soon as possible; considers that special measures to insure security of supply should not be allowed to offset the general rules of the internal energy market more than necessary; considers that external costs of fossil and nuclear fuels should be fully internalised, where they are not already;
43. Recognises the great importance of fusion as a major new source of CO₂-free energy worldwide in the future; points out the competitive advantage held by European fusion researchers and the importance of siting ITER within Europe;
44. Urges the Commission to assert the full strength of European competition policy and the rules of the European single market on conventional energy suppliers;
45. Points out that liberalisation must be based on reciprocity between the Member States in the case of access to energy markets;
46. Disagrees with the Commission view that little can be done on the supply side, having regard to targets for an increased share of final energy consumption for RES; calls on the Commission to put forward legislative proposals for:
- (a) expanding combined heat and power generation, and
 - (b) encouraging alternative energy sources such as the combustion of waste;

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47. Recommends that special emphasis be placed on research into new designs for safer and less costly fission reactors with more efficient fuel consumption, given the need, whatever the future of nuclear power may be, to remain sufficiently capable of drawing upon a diverse range of energy sources that do not emit greenhouse gases, should dramatic geostrategic shifts in the world or a sudden adverse trend in climate change render it vital to update nuclear power stations in Europe once the current generation of power stations reaches the end of its useful life;
48. Believes that achieving the targets for 22,1 % electricity from RES by 2010, maintaining the present level of nuclear electricity production and building new clean coal power plants are all essential for security of supply and for achieving the Kyoto emission reduction targets;
49. Recognises the importance of good political relations with EU major energy supply partner countries; considers moreover, that this cooperation should be reinforced in order to be able to create commercial conditions which are favourable for European enterprises and for the supply of gas and petrol; supports the Commission initiative not only with Russia but also the Caucasian Republics, Iran and other countries producing fossil fuels and calls for speedy ratification of the Energy Charter; proposes that the European Union's Northern Dimension policy be given concrete form by energy projects serving common European objectives, e.g. the construction of a northern gas pipeline link from Russia to Europe;
50. Agrees with the Commission proposal to step up political and economic cooperation with the Caspian Sea countries, to obtain a more geographically distributed energy supply, giving special attention to transit through such countries as Ukraine and Turkey;
51. Calls on those Member States who presently enjoy the benefits of nuclear generation of electricity which have not already made provision for the treatment and disposal of their own radioactive waste material to adopt appropriate measures as soon as possible because, having regard to the importance of nuclear electricity to EU security of supply, the waste issue must be addressed and public confidence must be secured in the solutions; believes the Commission has a role in this regard in suggesting options;
52. Considers that the storage of nuclear waste is still a problem requiring more research and greater efforts; calls also for the safety of nuclear power stations in the candidate countries to be guaranteed;
53. Calls on the Commission to draw up a treaty for promoting, researching and expanding renewable energies that will recognise that there is unlimited need for this, in so far as we also want to safeguard sustainable energy supply for the period after the expected exhaustion of fossil energy sources;
54. Considers that a major challenge facing the EU and Member States is the need to shift public attitudes and perceptions from the present widely held view that energy is in plentiful supply with no likelihood of change in the foreseeable future to a better understanding of how vital energy is to everyday life and EU living standards and therefore how important it is to behave responsibly in energy use through greater efficiency and conservation measures; calls for measures to inform public opinion;
55. Points out that there are two billion people in the world today who do not have access to electricity; emphasises that sustainable energy reduces dependence and can promote economic development;
56. Encourages the use of local and regional energy resources as a way to secure the energy supply and support the production and use of all local fuels in the whole EU;
57. Supports the discussion with local and regional energy initiatives;
58. Instructs its President to forward this resolution to the Council, the Commission and the parliaments of the Member States.
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