EUROPEAN ENERGY TRANSITION

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In its most diverse forms, energy is the pivot of every social and productive community. In fact, it contributes to determining the prospects for development and the degree of competitiveness of our societies. And energy is also a powerful element of influence and conditioning in international policy orientations, as well as being the primary sector through which global warming objectives can be achieved.

Today, the EU is the largest importer of energy in the world: every year 400 billion euros are spent to ensure adequate levels of energy supply, especially for the benefit of major polluters, fossil fuel oligopolists. In addition, energy prices in Europe are 30% higher than in the US, and 94% of transport is dependent on petroleum products (for 90% imported).

The framework, therefore, is that of an energy sector that is still poorly competitive on the international level, inadequate for interconnections and infrastructures, expensive for businesses and individuals, and which is likely to compromise the achievement of the EU commitments undertaken under the Paris on climate change. We are now fully aware of it, that is certain, and in fact in 2009 the European Union launched the Third Energy Package aimed precisely at adapting the market design to the needs of a profoundly transforming society.

On the first point, poor competitiveness in the world, it is necessary to overcome national backdrops. The implementation of the Third Energy Package, where it was completed, has opened energy markets to new actors, as well as disciplining, differentiating and making energy supply more transparent. But it is not enough, because the energy market remains today mainly nationally dominated, in a context where paradoxically everything else, or almost, circulates freely in the EU and among the Schengen countries. National borders in the EU are still and too often normative barriers, with the result that energy - for example - does not come where it is needed

and demanded, but where and when norms and infrastructures allow that to happen. The total cost of these system constraints, between insufficient interconnections (east-west or the still missing of the Pyrenees, between France and Spain), congestion and network interruptions (the January 2017 energy crisis between Greece, Bulgaria and Romania, to cite the last of a long series) and imbalances in the degree of openness of national markets (discipline of capacity mechanisms and other market designs still dominated by national protectionism) are great for the European energy sector as a whole. Indeed, they adversely affect European performance on production, distribution and energy consumption.

Even with regard to energy costs, the problem must be resolved at European level. As national governments are titled to charge excise tax bills, exceptional fees, and special contributions, it's hard to believe that living costs, those for private individuals and businesses, may eventually fall. Proposals on the energy market discipline presented by the European Commission in the framework of the "Clean energy for all Europeans" legislative package at the end of 2016 are in the right

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direction because they introduce transparent information elements to the consumer, uniform between EU countries. However, the next step, the harmonization of additional bill charges, conflicts with the principle of the exclusive competence of the Member States on tax matters, enshrined in the Treaties. The costs of energy transition are also, and above all, social costs, starting with those sustained by economies, such as ours, and even more so in eastern countries, where intensive and heavy industry continues to play a prominent role. Here, we must leave behind the mantra that wants the energy transition to be an enemy of employment: for years the EU is at the forefront in technologies for production, storage and distribution of renewable energy. In this regard, it is estimated that this new step will foster the creation of new 700,000 jobs in the next 10 years. And where the transition affects conventional manufacturing, starting with oil and its derivatives, transitional measures must be proportionate, gradual and above all they must be able to count on the positive role of Europe (funds to adapt to modernization and globalization should be strengthened under the next EU financial framework 2020-2027).

On the third point, the adherence of the system and the European energy market to the climate-energy targets, and more specifically to the emission reduction commitments, the EU is setting an ambitious challenge for a profound revision of legislation in this field. In November 2016, the "Clean Energy for All Europeans" has put forward a set of legislative proposals to drive the energy transition by 2030. Among them, the amendment to the Renewable Energy Directive, which currently aims to a 20% target, sets the Commission's proposal to the 27% of energy from renewable energy sources by 2030 and without binding obligations for the Member States. These are still cautious measures, not sufficient to meet the roadmap of commitments signed with international partners in Paris, and which the socialist, social democratic and progressive forces in the European Parliament should aim to increase before the final approval of the texts. At the same time, however, a growing number of renewable generation technologies have reached a degree of maturity that can compete on the free market without resorting to national subsidies. Here, for mature technologies such as photovoltaic and wind power, I believe that the European legislator's commitment must be in favor of a gradual phase-out of national schemes, in order to finally achieve a truly open and competitive internal market.

The Clean Energy for All Europeans package now includes a thorough review of the rules governing electricity markets. It is necessary to set up a sufficiently flexible and integrated market that can remunerate appropriately those virtuous consumers who decide to self-produce and limit their consumption; A market that can also absorb a significant share of energy produced from renewable sources that have profoundly different characteristics from traditional ones (intermittence and decentralization).

A fully integrated market would allow Europe to benefit from photovoltaic energy production. For example, through the installed capacity in the south of the continent, and when for meteorological reasons this is not available, taking advantage of the winds installed in the North Sea. This would trigger a reduction in energy prices, the downsizing of the role of fossil imports and the significant containment of greenhouse gas emissions. But to achieve these goals, first of all, we need to work on a European energy market design, which the Commission outlines timidly in its proposal, but that should be truly open and competitive beyond national protectionism and geared towards full integration (particularly in short and very long period) of energy production from renewable sources.

The adaptation and relaunch of the internal energy market affects all the actors of

society, yet it meets the first resistance by the Member States, which, as I have already argued, are afraid of losing their prerogatives. The theme is complex because energy security - for example - is therefore of exclusive national competence under the European Treaties, but in the EU legislative practice of these years has become increasingly shared responsibility between Member States and the Union. For the last case to be mentioned, we refer to the Regulation on the Safety of Gas Supply (the socalled Buzek Report, by the name of its Parliamentary Rapporteur), in which - and even with the agreement of a majority of the Member States sitting in the Council - the EU through the European Commission establishes macro-energy regions, each of which consists of several neighboring countries and are intended to facilitate, assist and consolidate the technical and operational integration of their respective gas networks. At the same level, the energy package of December 2016 proposes the establishment of regional operational centers for the electricity market as well, and it is difficult to argue that the progressive macro-regionalization of our national energy models will not bring benefits to the performance of Network, streamlining flows, increasing interconnections and, first and foremost, providing energy security.

In February 2017 I was appointed Parliament's rapporteur for the European Commission's Proposal for a Regulation on the Safety of Electricity ('Preparing and Managing Risks in the Electricity'). Since it is a regulation, it will come into full force in the Member States without having to be transposed into national law in advance. And if we consider the EU decision-making process, the amendment and approval of the regulation will take place in stages: firstly, at the end of 2017, with the Parliament having to decide on the basis of my parliamentary report.