

European issues

n°279

22nd May 2013

Europe adrift: Illusions and Realities of the European Energy Policy

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Abstract :

The European Council on 22nd May will mainly be devoted to the energy question. On this occasion the Robert Schuman Foundation will be publishing a text by Joachim Bitterlich taken from the "Schuman Report on Europe, State of the Union 2013" published in April last by Springer Verlag Editor. [1]

On 4th February 2011, the European Council, the solemn authority of the European Union, set a common goal on the proposal of the European Commissioner for Energy, Günther Oettinger: the completion of a common energy market by 2014. However in reality this seems to be a profound delusion: the Europeans are further than ever before from a true European market.

They are moving rather more towards the renationalisation of their energy policies in a bureaucratic system of technocratic planning which resembles Soviet style intervention than a European community system. There is one slight difference however: we do not need to nationalise companies – the system takes care of this thanks to regulation down to the finest detail and thanks to the toleration of vast subsidies whose compatibility with European law can barely be guaranteed! Why does this paradox exist? We should not forget that the energy policy has only been included in the European Treaties since Lisbon. And even in Lisbon most Member States were reticent about including this policy into the Treaties. The result of this is that community competence in this area is relatively limited. Above all every Member State takes advantage of the fact that the definition of the energy mix has remained a national competence. In terms of energy policy each Member State can continue to do what it likes without bothering about Brussels and its partners.

Hence the Germans decided, in the wake of Fukushima, to give up nuclear power within the next ten years without even informing or consulting either the Com-

mission or its partners. The somewhat arrogant, but probably founded German response to its neighbours' criticism was as follows: we acted in line with the Treaties. Moreover the French did not consult or inform us about their nuclear or energy policy, so why should we do it, undoubtedly interpreted as a weakness on our part?

The consequence of this choice is clear: Germany has opened the way to subsidies in support of renewable energies – windmills, solar, panels – even in regions which do not appear to be the primary target of these energies! The Germans, who are reputed specialists in the effective implementation of initial decisions simply forgot or neglected the fact that to do this adequate electricity networks have to be planned and built. Of the 2,800 km of new cable necessary and of the 2,900 km cable that has to be strengthened only one tenth has been built. As a result the existing system regularly reaches saturation and often produces too much renewable energy! Indeed for the last year Germany has been producing too much energy! They are exporting it to their neighbours. Given the subsidised price paid by the German taxpayer and the consumer, the Belgians and Dutch do not have much choice: they have to import this cheap energy – given the rock bottom prices offered by the Germans – and stop or reduce their gas fired powers stations. As a result national energy manufacturers are losing money and are calling on Brussels for help.

If we ask why they don't keep this green energy for themselves and stop using their coal and lignite fired

1. This text has been published in "The Schuman Report on Europe, the State of the Union 2013", Springer Verlag Editor. <http://www.robert-schuman.eu/ouvrage.php?num=149>

power plants – which are terribly pollutant in terms of CO₂ – the Germans answer astoundingly “*we don’t need to because with our windmills we are easily achieving our goals!*” At the same time the German government has not been able to date to rise to the enormous challenge represented by this change in system, nor has it been able to discuss the matter with the Länder. Specialists do not see just one German policy but seventeen, each of which is convinced of the wisdom of its ideas! Critics insist on the fact that the result of this first post-Fukushima period has led to the design of a system in which only one would pay: the private – but mostly the industrial consumer – and because of this prices continue to rise regularly!

How strange Europe is! A secondary effect is that the Germans may very well destroy the comparative advantage they have created via social and the labour market reforms. But the Germans are now aware that this policy is dangerous if not dead-end. For the last few months Ms Merkel has been working with her best MPs on the energy issue, in order to organise it smoothly, constantly talking with all of society’s dynamic forces, even going as far as to include the opposition. We have to admit that Peter Altmaier, the new Environment Minister has made great progress in a short time, but unfortunately without achieving the results hoped for to date!

And where is France in all of this? In the post-Fukushima era the French at first deemed the stress-tests on nuclear power stations in Europe, ordered by the Commission as “crime of lèse-majesté”. The results have highlighted however the need to step up security! In this context the fact that France has placed all of its bets on one type of future reactor which will only prove itself in terms of daily practice by the end of the decade, is incomprehensible. For the time being it is being built in two countries with a constant accumulation of delays and price increases. It is a prototype, an example of European know-how but which cannot provide a rapid response to either European or global energy requirements!

The French then decided to act as the Germans have done: they decided – alone, like “grown-ups” to change their energy mix without informing anyone. The aim is to reduce the use of nuclear power by 2030 which will still represent 50% of production and systematically

to strengthen renewable energies. The specialists are talking of 400 billion €! And who will pay the bill of a State whose coffers are empty? It seems to me that there is one “cash cow”, or perhaps two: the EDF and the consumer!

When will the European Commission, the guardian of the treaties, put its foot down, convene a European Council to make the Heads of State and government pay for their sins? Are the energy policy and its price not an integral part of the competitiveness of the European policy? The same applies to the external energy policy at a time when competition and the battle for raw materials have become much more difficult. When will it find the courage to make a legal assessment of the compatibility of national policy with European law and publish the results of this assessment?

Isn’t a Member State, in line with European law, obliged to inform and even consult with the European Commission as well as with its partners if it makes in depth changes to its national energy mix since this cannot remain without effect on neighbouring systems?

When will the Commission prove to Europe that this change and modernisation of the European energy policy over to a true market, towards trans-European networks – the so-called “energy motorways” – towards a certain decentralisation of production, and the progressive use of renewable energies together with a common external policy, represents a marvellous way to revive the European economy and its policy for innovation and applied research?

Jacques Delors and his friends, including the author, made suggestions prior to and after Lisbon with the aim of creating a true European common energy market. In vain, rare is it for someone to be a prophet in his own land!

Six years ago I wrote in an article for the Robert Schuman Foundation entitled “In support of a European High Energy Authority” (26th June 2006)[1], that the design and implementation of a common energy policy “*represented one of the strategic challenges for Europeans in the 21st century.*” This observation is still valid. Because other major nations have seen the same thing in the mean time and are trying to guarantee their future via different means, for example in the USA via the use of shale gas and oil with the aim of becoming independent on the international markets;

2. http://www.robert-schuman.eu/question_europe.php?num=qe-33

China is doing the same via a national and international policy committed to guaranteeing the supply of necessary raw materials – we simply have to look at China's policy in Africa!

For Europe we simply have to add that the implementation of a common energy policy would be a vital tool for the revival of its economy!

It is not (or never) too late to correct things! Why don't France and Germany do the impossible? Why don't they accept that the national level is no longer the pertinent framework for the energy policy? Why, on the 50th anniversary of the Elysée Treaty – don't they take the initiative and draft together the vital factors of an

historic compromise between two political approaches which on first sight are totally incompatible?

Not only would all of this show that their conscience is clear and their European determination, but it would also highlight that they see their policies in a complementary light, that they will work together in the future in all areas, in permanent, close contact with the European Commission or simply to stress that they have finally understood their common European responsibility!

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