

Good afternoon,

Ladies and gentlemen

Objectives and Challenges

Let me begin by thanking you for your kind invitation to speak before you today.

The main focus of my speech will be on the restructuring and coordination of Europe's energy policy at EU level. The principal objective, in this respect, is to ensure affordable, clean and secure energy for all.

This supposes an integrated policy that will allow us to meet -- simultaneously -- a number of different challenges. These include

- meeting our energy needs,
- preventing damage to the *environment*
- and fostering enhanced industrial competitiveness

In pursuing these goals, I should like to stress

- the importance of technology (+ H2020),
- the need for legislative certainty
- and finally, the consolidation of the internal market

If we are to achieve our aims, we must *coordinate our activities* at the different levels of the Commission, the 28 member states and Europe's neighbouring states. It is of prime importance that Europe is able to speak with one voice with regard to energy policy and that we present a united face to the external world.

In this respect, a determined effort is *particularly urgent* given that some EU member states are currently phasing out nuclear energy whilst renewables are not yet in the position to fully take up the slack.

At the same time, the US has undergone a revolution in its energy supply through its development

of shale gas and this is something, I believe, that will enable the United States to increase their competitiveness considerably over the course of the next few years.

Actions

How then can we ensure the smooth and efficient functioning of the EU energy market?

a) Firstly, we must seek to both *develop existing technologies and foster new technologies* in such a way that we improve the supply of cheap, available energy whilst ensuring that such technology does not impact negatively on the environment. In this respect, H2020 - and the synergies that have been developed with the structural funds - will function in such a way as to promote clean and affordable technologies.

b) Secondly, it is important that we supply industry with legislative certainty as this involves outlining objectives that go beyond 2020 to 2030 and even further.

At this point, let me say a few words about binding targets for CO₂; renewables and energy efficiency. Whilst we must set out our targets for the future, it is also necessary that we supply ourselves with the means to achieve these goals.

Europe, we have set out a series of ambitious targets but a number of our member states still remain heavily dependent on coal. As a result, it will be difficult to actually hit the ambitious targets that we have laid down for ourselves.

By contrast, in the United States -- where there are no such binding targets -- the country has forged ahead with the transition to shale gas, a source of energy that is less polluting in terms of CO₂. Progress, in this domain, has been further facilitated by the existence of a legislative framework that has enabled often quite small firms to enter the market.

The regrettable conclusion is that

- we have set ourselves objectives that we do not have the means to attain,
- whilst the United States has actually developed *the means to*
- achieve significant advances without setting binding targets.

My argument is not that binding targets are necessarily to be rejected but when we do specify targets, we should make sure that we are actually in a position to attain them. In other words, they should be smart: specific, measurable, attainable, realistic and timely.

c) Turning now to the consolidation of the internal market, thirdly, we should

- consolidate and extend our energy infrastructure
- whilst implementing internal market law and enforcing competition rules.

In this respect, we must design our legislation in such a way that it empowers consumers and ensures flexible market design.

This is key to completing the internal market as this supposes increased *diversification* in terms of *both* gas and electricity. Diversification, in this respect, includes two aspects:

* Firstly, diversity of energy sources (such as gas, coal, nuclear and renewables)

* Secondly, diversity should include both countries of origin and countries of transit.

This supposes striking a balance between gas and electricity supply and, here, I shall concentrate on gas first before going on to consider electricity.

With regard to gas, Currently, EU supplies arrive through three distinct corridors:

- the northern corridor from Norway

- the eastern corridor from Russia
- the Mediterranean corridor from North Africa

A fourth source, in addition to these three corridors is LNG.

Nevertheless, in several regions of Europe dependency on a single source still prevails. For example, Gazprom supplies an overwhelming bulk of gas in some of the European states (Poland, 70%; Slovakia 100%; Hungary 80% and some western Balkan states 100%).

In this context, we need to promote additional flexibility at the same time as we increase bi-directional pipelines, sufficient storage capacity and flexible supply from sources such as LNG. This requires investment in three high-priority corridors:

* Firstly, the Southern corridor (Caspian Basin, Central Asia etc.)

* Secondly, the corridor linking the Baltic, Black, Adriatic and Aegean seas. This includes both Baltic Energy Market Interconnection Plan (BEMIP) on the one hand and the North-South Corridor in Central and South Eastern Europe, on the other hand.

* Thirdly, the North-South corridor in *Western Europe*. This latter should be able to make full use of possible alternative external supplies including from Africa *whilst* optimising the existing infrastructure in the Iberian Peninsula and most notably existing LNG plants and storage facilities.

Turning now to electricity, firstly, the achievement of the ambitious targets that we have set ourselves will require new transmission lines. At the same time, we must strive to reduce administrative bottlenecks preventing the laying down of new transmission lines at both the EU and the national level. There is also a degree of concern about the effects on health associated

with technology in the field of electricity and this requires factually grounded research that will reassure the public.

Secondly, as is the case with gas, we need to connect Europe as a whole through the linking up of national electricity grids, one with each other. This supposes four EU priority corridors:

- * An offshore grid in the Northern Seas and connection to Northern and Central Europe to transport power produced by offshore wind parks to consumers in big cities and to store power in the hydro electric power plants in the Alps and the Nordic countries.

- * Interconnections in South Western Europe to transport power generated from wind, solar, hydro to the rest of the continent alongside the completion of transmission lines between the Iberian Peninsula and France.

* Connections in Central Eastern und South Eastern Europe, strengthening the regional network.

* Integration of the Baltic Energy Market into the European market.

As ever, all that remains is the question of finance.

Conclusion

By way of conclusion, let me briefly sum up the main drift of what I have said. It is important -- if we are to guarantee cheap and readily available energy -- that we improve existing technologies whilst fostering new technologies. In the process, we must offer industry legislative certainty over a time span that extends beyond 2020.

The necessary consolidation of the internal market includes extending our infrastructure whilst implementing internal market law and enforcing

competition rules. Completing the internal market also supposes the key importance of properly managed diversification, both in terms of striking a balance in terms of energy sources, on the one hand, and in terms of covering countries of origin and countries of countries of transit, on the other hand. To this end, there are a number of projects -- including LNG -- that will enable us to achieve this goal.

Thank you very much