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## Deconstructing the European Energy Union: Governance and 2030 Goals

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## **ABSTRACT:**

The proposed European Energy Union package offers a variety of visions encompassing five dimensions: energy security, a completed, integrated internal energy market, improved energy efficiency, decarbonisation targets, and research, innovation and competitiveness.

The State of the Energy Union of November 2015 has subsequently provided additional focus on both the five identified areas of the EEU itself, as well as EU leadership in post-COP21 decarbonisation of economy and societies, socially fair and consumer-centered energy transitions, a continued commitment to diversification-driven geopolitical responses, and improved transparency and predictability in order to drive energy governance. However, since January 2014 when the European Commission first suggested the need for a new energy governance regime, the legal base and the authority of regime is still far from clear. Member States and the EU Institutions need to take joint responsibility for meeting common European targets and objectives and accept that this while this may result a limited reduction in national sovereignty on energy issues on the short term, this is part of the process that will deliver long term energy security, sustainability and competitiveness.

**Keywords:** European Energy Union; Energy security; Climate and Energy Package; European energy governance; Decarbonisation; GHG; RES; Integrated energy market

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# 1 Key Points

- The proposed European Energy Union package offers a variety of visions encompassing five dimensions: energy security, a completed, integrated internal energy market, improved energy efficiency, decarbonisation targets, and research, innovation and competitiveness.
- Within the framework of the end-of-year COP21 UNFCCC negotiations in Paris, the EU will seek to push for key climate and energy goals for 2030, on the basis of binding EU-wide GHG reduction targets, which in turn will have a key impact on the EU's own framework regarding renewable energy sources (RES), and energy efficiency.
- The geopolitical situation in the European neighbourhood, and beyond, continues to impact visibly upon the EU's current strategies; including its diplomatic stance of the EU in terms of energy-related sanctions imposed upon Russia, its engagement with Ukraine in progressing cross-sector reforms, its ability to revitalize its diplomatic influence within the European Neighbourhood Policy, its prospects for regional energy cooperation, and the foreign policy choices made by its Member States in relation to their optimum national energy mix.
- The concept of 'EU Energy Governance' is key to the functioning of every dimension of the European Energy Union; it can be variously interpreted as multi-level authority designed to enhance the attainment of EU-level objectives and Member State requirements

within and beyond the EU, but the concept is as yet imprecisely defined to be of practical or substantive use.

- The *State of the Energy Union* of November 2015 has subsequently provided additional focus on both the five identified areas of the EEU itself, as well as observations by Commissioner Šefčovič in terms of improving EU leadership in post-COP21 decarbonisation of economy and societies, socially fair and consumer-centered energy transitions, a continued commitment to diversification-driven geopolitical responses, and improved transparency and predictability in order to drive energy governance.<sup>3</sup>
- In January 2014 the European Commission first suggested the need for a new energy governance regime, however, nearly two years later the legal base and the authority of regime is still far from clear.
- Member States and the EU Institutions need to take joint responsibility for meeting common European targets and objectives and accept that this while this may result a limited reduction in national sovereignty on energy issues on the short term, this is part of the process that will deliver long term energy security, sustainability and competitiveness.

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<sup>3</sup> European Commission, *State of the Energy Union 2015*, Brussels, 18.11.2015 COM (2015) 572 final.

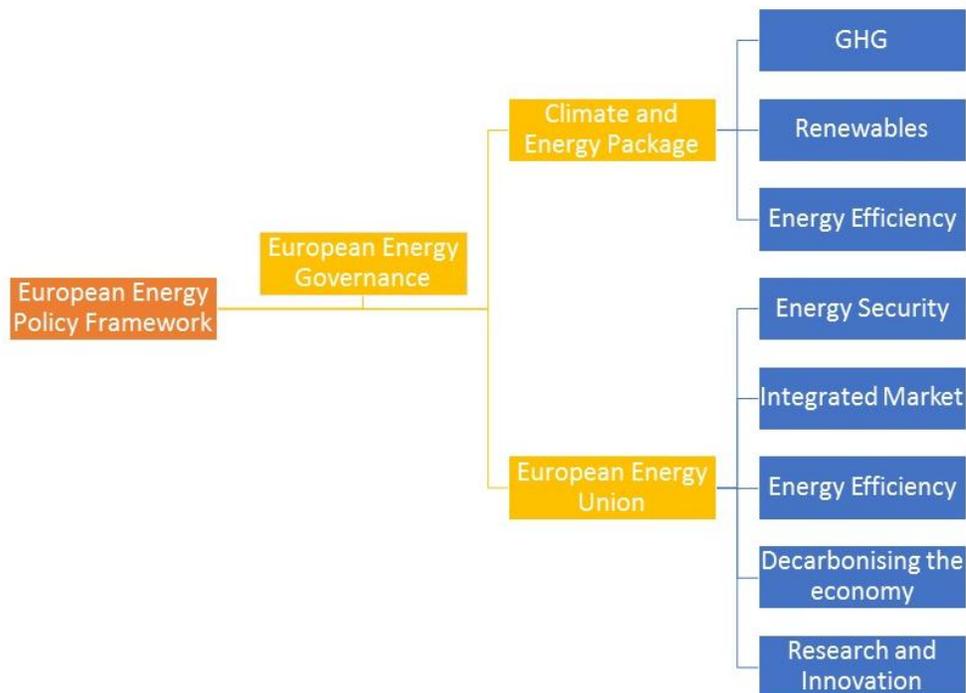
## 2 Introduction

Energy remains an unsettled areas of EU integration. Broad structures and wide-reaching legislation have been in existence for a decade or more, yet much remains incomplete, from the ‘software’ of legislation to the ‘hardware’ of cross-border, and regional infrastructure. Completing the energy market has been a protracted business, frequently blown off course by both Member State institutional complexity, domestic political dynamics and geopolitical tensions. However, it is now proposed that, through the European Energy Union, the 2030 climate and energy package and a new energy governance framework the future direction of the sector and the role of the EU will become more defined.

The issue is one of balance to be struck both across various levels of European government, and in terms of the sequencing of priorities. The European Energy Union thus has to provide a vision that somehow accommodates ongoing Member State control of their own energy mix (in terms of suppliers, types and routes); the development of large-scale national and regional projects of strategic importance (including interconnectors, LNG terminals, pipelines or wind and solar installations); and an extensive and persuasive EU-level strategy that galvanizes its component parts. At present however, there remains a three-way split between national, regional and European level actors and attitudes, as well as a failure to define what the mechanics of governance entails in functional and material terms. Until very recently, the Commission has been less than clear on some very key issues, including the implementation of the 2030 package as well as key aspects of the European Energy Union. Such obfuscation threatens both the perception and ultimate implementation of the various intelligently crafted projects and impactful aspects of the EEU, which at this early stage require black and white decisions, followed by transparent implementation and honest evaluation. Failure to do not only imperils the substantive contours of the envisaged EEU but will undermine the values at the heart of this and all such EU-wide projects, which ultimately include willingness to cooperate on the means, tolerance regarding diverse approaches and trust in the

rightness of the overall ends. Indeed, the November 2015 State of the Energy Union document itself identifies the need for ‘key building blocks for an implementation mechanism to more predictable, transparent and stable policies’.<sup>4</sup>

### 2.1.1.1 Figure 1: 2015 Climate and Energy Legislative Processes



## 3 Exploring the European Energy Union

The goal of a resilient Energy Union with an ambitious climate policy at its core is to give EU consumers – households and businesses – secure, sustainable, competitive and affordable energy. Achieving this goal will require a fundamental transformation of Europe's energy system.<sup>5</sup>

<sup>4</sup> European Commission, *State of the Energy Union 2015*, Brussels, 18.11.2015 COM (2015) 572 final, p. 1.

<sup>5</sup> European Commission, Energy Union Package, Communication from the Commission to the European Parliament, The Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, *A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy*, 25 February 2015, COM (2015) 80 final, p. 2.

Calls for a more coordinated overarching energy strategy for the EU have been made for a number of years. In April 2014, in wake of events in Ukraine, the then Polish Prime Minister, Donald Tusk and now President of the European Council, spoke specifically of the creation of an 'Energy Union'. This in turn led to the Commission developing plans for Europe to become less reliant on Russian gas and by February the following year publishing proposals for a European Energy Union. These focused on gas security of supply, but also highlighted the need for reform in other sectors, including the greater use of renewables and energy efficiency and close co-operation between Member States when addressing external energy suppliers, although the latter issues were perceived to be given a lower priority.

The Commission sees the European Energy Union as the most ambitious energy project since the European Coal and Steel Community, and “a project that will integrate Europe’s 28 Energy markets into the Energy Union, make Europe less dependent and provide the predictability that investors need to create jobs and growth”.<sup>6</sup> The EEU is intended to build on the existing objectives to achieve 5 key ‘mutually-reinforcing and closely interrelated dimensions’<sup>7</sup>:

- **Energy security, solidarity and trust:** building on the 2014 European Energy Security Strategy to ensure that national and EU policy makers cooperate in ‘the spirit of solidarity in energy matters’ to reduce EU energy dependency on fuels, suppliers and routes; working with all energy stakeholders to solve security of supply issues, developing a stronger European role in global energy markets, and improving transparency in gas supply agreements.

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<sup>6</sup> European Commission Press release: *Energy Union: secure, sustainable, competitive, affordable energy for every European*, Brussels, 25 February 2015.

<sup>7</sup> *A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy*, 25 February 2015, COM (2015) 80 final, p. 4.

- **A fully integrated European energy market:** shifting from current underperforming market designs to achieve a fully-integrated internal energy market (in gas and electricity) by improved market ‘hardware’ (boosting transnational interconnections) and upgraded ‘software’ (completing market legislation that will establish the Energy Union); improving opportunities for regional cooperation within a common EU framework, and striving for improved savings for European customers, with an emphasis on protecting vulnerable consumers.
- **Energy efficiency contributing to moderation of demand:** reducing demand-side usage at local, national and regional levels to support measures reducing energy consumption while simultaneously improving energy efficiency and decarbonisation targets in key sectors (buildings and transport, etc.)
- **Decarbonising the economy:** ensuring that climate policy operates integrally to the Energy Union, based on an EU-wide carbon market (the EU Emissions Trading System), national GHG reduction targets, and a clear ambition to be a global leader in renewable energy sources.
- **Research, Innovation and Competitiveness:** ensuring that Research & Innovation is catalytic to the EU’s ambition to be a global leader in renewable energy and technologies.

To achieve these five ambitions, the structure of the EEU comprises a variety of preamble visions, including 15 separate actions and 43 initiatives.

The European Commission argues that achieving a fully integrated Energy Union will require significantly more than a re-bundling of the existing acquis, and no less than a fundamental reconsideration of both the prioritization of the existing policies and in some cases a rethink of the foundations of current rationales. Taking the example of energy security; a conventional view is that this goal can principally be achieved by diversifying energy supplies (both types and suppliers) and routes, for example the Southern Gas Corridor, a proposed Mediterranean gas hub, and a comprehensive LNG strategy are all earmarked for priority. However, demand side activities are not given equal status, and will need to be if a balanced and sustainable approach is to be taken. In order to achieve this, legislative-led initiatives (in the form of revised Energy Efficiency Directive, a European Building Performance Directive, an Energy Labeling and Eco-design Directive) should operate alongside sector-specific measures to drive down waste, particularly in the areas of building and transport.

Such proposals are simple on paper, but delivering them and given them equal political and institutional priority as supply side issues is another matter. This challenge of moving from ambition to delivery also applies in all the other areas of the EEU agenda.

The *State of the Energy Union* of November 2015 has subsequently provided a focus upon four key areas for the EU and Member States to focus upon: taking the lead in post COP21 low-carbon economy and societies, energy transitions that are socially fair and consumer-centered, diversification-driven geopolitical responses, and improved transparency and predictability to improve governance.<sup>8</sup> The main points made by Commissioner Šefčovič in his 18 November speech to the Stakeholders

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<sup>8</sup> European Commission, *State of the Energy Union 2015*, Brussels, 18.11.2015 COM (2015) 572 final.

Forum on Energy Union was that while the EEU Framework Strategy ‘was generally well received’, the project itself ‘could not be built in Brussels’ alone. Not only is the energy sector multi-level in terms of governance but multi-actor in terms of objectives. While observable trends to renewable and sustainable dynamics were clear in private sector growth and social attitudes, ‘giving political guidance’ to Member States on key points regarding the EEU remains a vital part of communicating not only the message, but the modus operandi of the European Commission.<sup>9</sup>

The State of the Energy Union document itself (COM (2015) 572) attempts to push forward the five key dimensions outlined in the original package, by virtue of ‘progress made’, envisaged ‘way forward’ and specific ‘policy conclusions’ obtained by virtue of key negotiations over the spring and summer of 2015 at Member States, regional and EU levels. It thus provides some new insights, or perhaps a clearer roadmap on (1) the decarbonisation of the economy; (2) energy efficiency as a contribution to the moderation of energy demand; (3) a fully integrated internal energy market; (4) energy security, solidarity and trust; and lastly (5) research, innovation and competitiveness. Set against the context both of the Paris talks and the geopolitical events of the European neighbourhood, the five dimensions emerge as ‘intrinsically linked’, with the regional series of Projects of Common Interest identified as particularly ‘urgently needed to meet our energy policy targets and objectives’.<sup>10</sup> What is still missing, as the document itself makes clear, is ‘a reliable and transparent governance process, anchored in legislation, to make sure that energy-related actions at European, regional, national and local level all contribute to the Energy Union’s objectives’.<sup>11</sup> Cynics might suggest that Commissioner Šefčovič himself, and the variety of actors consulted, remain fundamentally at odds as to how the EEU itself should emerge in terms of both top-down

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<sup>9</sup> European Commission, Speech by Vice-President for Energy Union Maroš Šefčovič at the Stakeholders Forum on Energy Security, Brussels, 18 November, 2015.

<sup>10</sup> European Commission, *State of the Energy Union 2015*, Brussels, 18.11.2015, COM (2015) 572 final, p.1.

<sup>11</sup> European Commission, *State of the Energy Union 2015*, Brussels, 18.11.2015, COM (2015) 572 final, p.15.

authority and bottom-up devolved responsibilities. Supporters might suggest that the EEU is now moving past the initial stage of carving out the strategy to identifying the specific legislative, policy-based and economically-oriented tools to enable any or all of the project's five dimensions to take off.

## 4 The 2030 Climate and Energy Package

An ambitious climate policy is an integral part of our Energy Union. The EU's climate policy is based on an EU-wide carbon market (the EU Emission Trading System), ambitious but fair national green-house gas reduction targets for the sectors outside the Emissions Trading System and an energy policy to make the European Union the number one in renewable energy.<sup>12</sup>

In January 2014, the European Commission published a package of legislation on climate and energy that contained a number of legislative and non-legislative proposals:

The 2030 Communication, which included the headline proposals for targets for reductions in GHG emissions and the use of renewable energy, along with proposals for a new energy governance regime;

- A Regulation for a new stability mechanism for the Emissions Trading Scheme;
- A Recommendation for the creation of a framework for the exploitation of shale gas;

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<sup>12</sup> European Commission, Energy Union Package, Communication from the Commission to the European Parliament, The Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, *A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy*, 25 February 2015, COM (2015) 80 final, p. 14.

- Two Communications relating to competitiveness, one on an Industrial Renaissance and the other on energy prices.

The key element for the package is the GHG target; that emissions must be at least 40% below 1990 levels by 2030. The Commission has proposed that the target is achieved with domestic action and therefore is not proposing to include international credits. The legislation is being introduced for the 2015 Paris UNFCCC summit and the draft also stated that it sees, “no merit in proposing a higher conditional target ahead of international negotiations.” However, in the event of higher international targets, “additional effort could be balanced by allowing access to international credits.”

The Communication also proposed an EU wide target of 27% percent for renewable energy by 2030. Analysis suggests that current policies would lead to a level of use of only 24% by 2030 and so additional action would be required. Importantly for electricity utilities, the power sector is expected to continue to lead the deployment of renewables, and therefore provide about 45% of the Union’s electricity by 2030. However, where the proposal differs significantly from previous 2010 and 2020 targets<sup>13</sup> for renewable energy is that it would be binding on the EU as a whole and not on individual Member States.

This rather unusual arrangement is a compromise between those Member States that strongly supported the continuation of the existing system with a binding target and those fundamentally opposed, either because they believed that countries should have flexibility to choose the most effective and economical way of meeting their GHG target or because they were opposed to further binding targets in general. As is often the case with compromises between significantly opposing views in the EU, this has led to an unclear situation regarding the implications for each Member State of this new target and it has been described as

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<sup>13</sup> The 2010 target was for electricity only; the 2020 target was for energy.

‘unenforceable’ by the legal advisory organisation Client Earth.<sup>14</sup> The proposal itself recognises this potential problem and it states that: “These new commitments for 2030 will be reviewed as part of the governance process...and if necessary, they would be complemented by further EU action and instruments to ensure delivery of the EU target.”

## 5 European Energy Governance

The Energy Union also needs an integrated governance and monitoring process, to make sure that energy-related action at European, regional, national and local level all contribute to the Energy Union’s objectives.<sup>15</sup>

The Commission has proposed a new governance structure in its 2030 framework for energy and climate that goes beyond renewable energy and covers a wide range of existing EU energy objectives including: closing energy price differentials between EU and major trading partners; diversification of energy imports and increasing the share of indigenous energy sources; deployment of smart grids and interconnections; intra-EU coupling of energy markets and the liberalisation agenda; ensuring competition and market concentration; and accelerating technological innovation. This new structure is said by the European Commission to be a streamlining of the current reporting and policy adjustment systems, so that there will be a single unified and iterative process, in which the proposals of Member States are reviewed by the Commission to ensure that in total they meet the EU’s objectives.

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<sup>14</sup> Client Earth (2014), EU’s model for 2030 climate governance is flawed and should learn from UK Climate Change Act. 23 January 2014.

<http://www.clientearth.org/news/press-releases/eus-model-for-2030-climate-governance-is-flawed-and-should-learn-from-uk-climate-change-act-2431>

<sup>15</sup> European Commission (2015), Energy Union Package, Communication from the Commission to the European Parliament, The Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, *A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy*, 25 February 2015, COM (2015) 80 final, p. 17.

In the framework for an Energy Union, the Commission has also called for: “an integrated governance and monitoring process of the Energy Union, to make sure that energy-related actions at European, regional, national and local level all contribute to the Energy Union’s objectives”. These current proposals remain vague in important areas of monitoring, enforcement and sanctions for non-compliance. Despite this, it is these initial separate Governance frameworks that will ultimately define the ambition, scope and success of both the EEU and the 2030 framework, it is also the aspect that has effectively merge the two initiatives.

In the context of EU climate and energy policy, ‘governance’ signifies the various substantive, procedural and institutional arrangements put in place at EU and national levels to ensure the achievement of climate and energy objectives<sup>16</sup>. The origins of governance are the treaties of the EU. Article 3(3) TEU (Treaty of the European Union) for instance sets a ‘high level of protection and improvement of the quality of the environment as an EU objective’, while Article 11 TFEU (Treaty on the Functioning of the European Union) advocates the ‘integration of environmental protection requirements into the definition and implementation of Union policies and activities’. Articles 191 – 193 TFEU meanwhile establishes a shared EU – Member State competence environmental protection, including combating climate change as, via co-decision between the European Parliament and the Council; with special legislative procedure applying to measures that significantly affect a Member State’s choice between different energy sources and their general energy supply structure.

However, the balancing act between the EU and Member States is never easy. Despite the context of shared environmental protection competence there are explicit provisions to ensure that certain choices “shall not affect a Member State’s right to determination for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply, without prejudice to Article 192(2)”. A 2030 renewable energy target that is binding on the EU but not on

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<sup>16</sup> Turner S, *Embedding Principles of Good Governance Into the 2030 Climate and Energy Framework, Governance to Deliver A Clean and Secure Energy System*, May 2015.

Member States potentially opens up another variation of responsibilities and degree of complication and the need for political compromise.

Any new governance framework should be transparent, fair and effective, which is likely to require:

- the development of national planning, policy and reporting;
- the establishment of indicators for competitive, secure and sustainable energy;
- indicators for transparency, reliability and predictability for investor certainty;
- Enhanced consumer roles and rights.

To deepen the EEU's nascent governance structures, there is a need for full and swift implementation of existing energy legislation, particularly as the relate to the 2020 targets, with clear commitments to review legislation for post-2020 contexts. In addition, clearer policy signals need to be forthcoming from the Commission on the roles of pan-European agencies such as the European Network of Transmission system operators for Electricity (ENTSOe) and the Agency for the Cooperation of Energy Regulators (ACER), the methodology and timetable of reporting, as well as the EU's own reporting via the Parliament and the Council, in the form of the 'State of the Energy Union'.

The opportunities to be derived from a workable EEU include heightened policy stability, and investment certainty in envisaged energy transitions, increased trust and solidarity between Member States themselves, and with EU institutions, as well as stronger roles for citizens and local communities, helping to reinforce the legitimacy of long-term action on climate and energy. Absent a coherence and consistency between the moving parts of the EEU however, the EU risks launching 'a governance system largely outside the rule of law' and energy market fragmentation, which in turn would damage investor confidence, erode EU legitimacy at

home and abroad, and ultimately compromise the current achievements of EU level climate and energy objectives.

The November 2015 State of the Union Communication included an annex on Guidance for Member States on the elements and timetable for the development of national and ultimately Pan-European national climate and energy plans.<sup>17</sup> The document gives important details for the forthcoming process and also highlights the heart of the debate when it states:

*While Member States have the right to develop policies suitable to national circumstances, national plans should set out the direction of national energy and climate objectives and policies in a way that is coherent with delivering on the commonly agreed objectives of the Energy Union, in particular the 2030 targets.*

The document importantly also notes that the plans should not only cover the period from 2021 to 2030 but include ‘a perspective until 2050 in order to ensure consistency with long-term policy objectives on the EU and national level’. This has particular relevance for the 2050 decarbonisation objective to continue reducing emissions so that by 2050 they are 80–95% below 1990 levels. The Commission’s proposed timetable for the development of national plans can be seen in table 1.

#### 5.1.1.1 Table 1: European Commission’s Proposed Timeline for developing national energy and climate plans

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<sup>17</sup> European Commission, Annex Guidance to Member States on National Energy and Climate Plans as Part of the Energy Union Governance, to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, State of the Energy Union, COM(2015) 572 (Final) 18<sup>th</sup> November 2015

	Member States	European Commission
2016	<ul style="list-style-type: none"> <li>• Develop strategy and methodology</li> <li>• National stakeholder consultation</li> <li>• Regional discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Finalise reference scenario and provide reporting template</li> <li>• Provide guidance on regional reporting</li> <li>• Draft legislation: Effort Sharing, Renewables, Energy Efficiency, market design and streamlined planning</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Finalise stakeholder consultations</li> <li>• Provide projections on reference and policy scenarios</li> <li>• Submit draft national plans</li> </ul>	<ul style="list-style-type: none"> <li>• Support regional consultation</li> <li>• Consultation with MS on draft national plans</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Finalise and submit national plans</li> </ul>	<ul style="list-style-type: none"> <li>• Provide support for MS national plans</li> </ul>

The 26<sup>th</sup> November Transport, Telecommunications and Energy Council, discussed the Energy Governance proposal and reached a number of key conclusions. This included that the first National Plans would only be finalised by the end of 2019 and not in 2018 as suggested by the Commission. The Council stated that the governance system would take account of the different nature of the EU targets for 2030, namely, binding, EU-binding (but not on Members States) or indicative. However, the Council also stated that the governance system, which will include planning and reporting obligations will be accompanied by specific legislation related to the 2030 targets. This potentially opens the door for further issues specific discussions around the implementation and oversight of specific targets and initiatives.

## 6 2015 Conclusions

In August 2015, in Vienna, Commissioner Šefčovič attended the 10th Anniversary of the Energy Community, established to integrate the energy markets of the Balkan countries with each other and with their neighbouring EU Member States. An illustration of a successful regional energy initiative, the Energy Community ‘developed from a regional pre-accession tool to an eminent instrument for our joint security of supply, carrying further our cooperation in the field of energy’, gradually permitting its signatories ‘to promote safe, secure and predictable production and transportation of energy in the closest EU neighbourhood’ as well as playing ‘a pivotal role in the external dimension of the Energy Union’.<sup>18</sup>

The 2015 European Energy Union however is a vastly more complex and ambitious animal. Designed as the EU's overarching energy strategy for decades to come, it will require intense cross-sectoral and multi-actor cooperation in a host of policy areas. There is still no clear internal logic or consistency amongst the five dimensions of the EEU, nor clarity of definition in terms of energy governance, or indeed of how the emergence of ‘European energy governance’ will connect to related EU policies. Šefčovič has spent much of 2015 on the Energy Union Tour, taking soundings and receiving advice on its technocratic and strategic aspects.

Still key among these insights will be the geopolitical tensions regarding the role of Russia as a key supplier that continue to separate Member States between the west and east of the EU, with similar geographical divisions may be seen on the extent of ambition around decarbonisation. However, the over-riding question remains on the issue of subsidiarity,

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<sup>18</sup> European Commission, Speech by Vice-President Maroš Šefčovič at the Celebration Ceremony of 10th Anniversary, Energy Community, Speech 15/5542, Vienna, 27 August 2015, available at [http://europa.eu/rapid/press-release\\_SPEECH-15-5542\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-15-5542_en.htm).

i.e. the appropriate level of authority by which key aspects of European energy governance should be legally and practically effected and potentially enforced.

In January 2014, the Commission first proposed the need for a new energy governance framework, as part of a compromise between Member States on the binding nature of the 2030 renewable energy target. Despite nearly two years of discussion some the key questions remain unanswered:

- The **structure** of governance: are Member States and European institutions to operate on a terrain defined by hierarchy, in variable dynamics akin to flexible integration, or as stakeholders, upon a level-playing field?
- The **content** of governance: who are the key actors (key DGs, Council and Parliamentary Committees, Member States, private sector players, and regulatory actors), and what is the precise **methodology** of energy governance? How are policies to be achieved, legislation enacted, targets set and met: what forms of measurement are ideal for each case?
- The **terrain** of energy governance: how far does the EEU extend? A market and political structure capturing Member States but presumably as a foreign policy tool, aimed at (and possibly extending to) non-EU domains including Neighborhood zones, Strategic Partners, etc.

Constructing the EEU thus requires clarity on the key definitions on energy governance and an intelligent construction of the moveable components of structure, content, operational methodology and geopolitical terrain of European energy dynamics. While the foreign policy component of the EEU will inevitably be taken up with bilateral EU–Russia gas to ensure stable gas supplies to and via Ukraine, as well as the trilateral EU–Russia–Ukraine energy package, policy goals for 2016 should be concentrated in the main upon the swift implementation of achievable objectives of the first few parts of the EEU’s five dimensions.

Member States and the EU Institutions are likely to need to take joint responsibility for meeting common European targets and objectives and accept that this while this may result a limited reduction in national sovereignty on energy issues on the short term, this is part of the process that will deliver long term energy security, sustainability and competitiveness if a different energy sector and true Energy Union is to be achieved.