

**EUROPEAN ECONOMIC AREA**  
**JOINT PARLIAMENTARY COMMITTEE**

**RESOLUTION**

Approved at the 45<sup>th</sup> meeting of the EEA Joint Parliamentary Committee,

in Brussels on 19 November 2015

(Pursuant to article 11 in the Rules of Procedures)

**adopted by written procedure**

**Resolution on the Energy Union**

**Co-rapporteurs:**

**Mr Jasenko Selimovic, (Member of the European Parliament)**

**Ms Irene Johansen (Member of the Norwegian Parliament)**

### **The Joint Parliamentary Committee of the European Economic Area (JPC):**

- A. Having regard to the Energy Union Package – A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy;
  - B. Having regard to the EU Energy Security Strategy;
  - C. Having regard to the Policy Framework for Climate and Energy in the period from 2020 to 2030;
  - D. Having regard to the European Council Conclusions of 23 and 24 October 2014 on the 2030 Climate and Energy Policy Framework;
  - E. having regard to the resolution by the European Parliament of 5 February 2014 on a 2030 framework for climate and energy policies
  - F. Having regard to the resolution by the European Parliament on Making the Internal Energy Market Work;
  - G. Having regard to the JPC reports on the 2030 Energy and Climate Framework;
  - H. Having regard to the conclusions of the 43rd meeting of the EEA Council (Brussels, 18 May 2015);
  - I. Whereas the diversification of supply, the completion of the Internal Energy Market, more efficient energy consumption, decarbonisation, the development of sustainable indigenous energy resources, and research and innovation activities are the key drivers of the Energy Union;
  - J. Whereas the EU has agreed a policy framework for energy and climate for 2030, including EU-wide targets and policy objectives for the period between 2020 and 2030, with the aim of helping the EU achieve a more competitive, secure and sustainable energy system and in order to meet its long-term greenhouse gas reductions target for 2050;
  - K. Whereas the goal of a resilient Energy Union with an ambitious climate policy at its core is to provide EU consumers – households and businesses – with secure, sustainable, competitive and affordable energy;
  - L. Whereas an ambitious climate policy is an integral part of the Energy Union;
1. Recalling that the EEA EFTA States are part of the Internal Energy Market but not covered by the EU common energy and climate policy and set their own national climate policies, objectives and targets,
  2. Noting at the same time that some of the legislative proposals that will be developed to implement the Energy Union Package might be relevant to the EEA States and thus be incorporated into the Agreement on the European Economic Area (EEA Agreement),

3. Considering that the EEA EFTA States are important partners of the European Union in energy matters, contributing to the diversification of its supply sources and routes, enhancing security of supply and supporting sustainable production and consumption;
4. Underlining that EEA EFTA countries fully support EU's strong advocacy on climate change issues.
5. Recalling the importance of close dialogue between the European Union and the EEA EFTA States on energy and climate,
6. Noting that the Commission (in its communication on the energy union (COM (2015) 80)) mentions Norway and EU's intentions to continue to integrate Norway in its internal energy policies. Also notes that the Commission mentions that for Northern and Baltic Seas it will work with Member States and industry on delivering cost-reduction to these offshore energy systems.
7. Underlining the importance for the EEA EFTA States, also at parliamentary level, to engage with the EU, focusing on aspects of relevance to the EEA Agreement and on elements of importance to individual EEA EFTA States,
8. Welcomes the Energy Union initiative and wishes to highlight the following issues:

a. **Energy security and solidarity**

- The JPC regrets the EU's heavy reliance on imports of energy from third countries outside the EEA and the vulnerability to external energy shocks.
- The JPC notes that six of EU's member states depend on one single external supplier from outside the EEA area for their entire gas imports.
- The JPC stresses the importance of reducing EU's dependency on particular fuels, energy suppliers and routes through diversification; underlines in particular the need of phasing out EU's dependency of gas from the biggest external energy supplier to the EU outside the EEA area
- The JPC supports the promotion of energy security by diversification in the EU and underlines the need to prioritise the implementation of key infrastructure projects, as well as the development of interconnectors, in order to ensure a secure and diversified energy flow and better integration with the EU energy market. The JPC notes the role of Norway, Switzerland and Iceland as an important stabilising factor when it comes to reducing energy dependency in Europe.
- The JPC recognises the large amount of energy resources in Norway (wind, hydro and gas), Switzerland (hydro and others), Iceland (geothermal) and Western Balkan (hydro energy) and the big potential these energy sources have for the EU.
- The JPC calls for a strengthening of EU's relations to EFTA and its neighbouring countries, e.g. Ukraine and Western Balkan, especially regarding extension of energy infrastructure (including storage and reverse flows). This will contribute to greater stability and an improved investment environment.
- The JPC stresses the importance of implementation of already agreed legislation; underlines the importance of coordination of national legislation and streamlining of member state's reporting on energy and climate issues.

- The JPC recognises that one of the key drivers of energy security is the completion of the Internal Energy Market, as well as more efficient energy consumption. The JPC underlines the importance of a joint approach for energy security in Europe.

**b. A fully integrated Internal Energy Market**

- The JPC recognises that today there is no single market for energy in Europe. A more integrated market could result in efficiency gains of 50 billion euros.
- The JPC underlines the need to remove bottlenecks and develop interconnections that allow cross border trade and create competitive and well integrated energy markets. The EEA EFTA states play a very important role as a balancing partner and transitional territories when building the Energy Union.
- The JPC stresses the need for establishment of smart grids and synchronisation of electricity systems; underlines especially the need to interconnect and strengthen the gas infrastructure, including LNG terminals, and sufficient gas storage facilities.
- The JPC underlines the importance of a fully competitive internal energy market.
- The JPC further stresses the importance of facilitating private investments in energy efficiency, renewables and smart infrastructure such as smart and super grids.
- The JPC underlines the importance of a quick completion of the Internal Energy Market, of which the EEA EFTA States are an integral part. An integrated and commercially-based energy market, for both electricity and gas, is also vital for energy security in Europe.
- The JPC calls for the removal of the remaining barriers that still hinder the completion of the Internal Energy Market and for further action to be taken in order to develop energy systems, better protect consumers and reduce prices.
- The JPC stresses that a well-functioning Internal Energy Market needs an effective regulatory framework. In this respect, the JPC underlines the importance of stepping up efforts to incorporate the Third Package for the Internal Energy Market into the EEA Agreement in order to establish a fully functional Internal Market for Energy. In particular it encourages the EU and the EEA EFTA States to identify a mutually acceptable solution to the Agency for the Cooperation of Energy Regulators (ACER) as regards EEA EFTA participation in the Internal Energy Market.

**c. Energy efficiency as a contribution to the moderation of energy demand**

- The JPC notes that the Energy Union incorporates the EU target of at least 27% energy efficiency improvements in 2030 as agreed by the European Council in October 2014; however the JPC also notes that the European Council has foreseen a review by 2020, keeping in mind a level of 30%, and that the European Parliament in its resolution of 5 February 2014 adopted a 40 % energy efficiency target. On this basis, the JPC encourages Member States to give energy efficiency primary consideration in their policies.
- A more integrated energy market could result in efficiency gains of 50 billion euros.
- The JPC underlines the enormous potential benefits of energy efficiency, not least its contribution to increasing energy security, reducing energy costs and achieving EU's climate targets.

- The JPC stresses the need for strengthening the legislation on energy labelling, energy performance and energy efficiency; underlines the importance of further development of energy labelling to enable and encourage consumers to make informed decisions.
- The JPC underlines that energy efficiency does not only lower energy costs but also contribute to reducing emissions and the dependency on third countries.
- The JPC stresses the importance of using untapped energy efficiency potential in the building and transport sector, as well as promoting smart technologies and IT solutions.
- The JPC welcomes the measures already in place to increase efficiency in energy consumption, such as energy labelling and ecodesign legislation. In addition, the JPC notes the aim of increasing energy efficiency in the buildings sector and recognises that the EU needs to increase efficiency and decarbonisation in the transport sector, and speed up its progressive switch to alternative fuels and the integration of energy and transport systems in order to achieve its goals.
- The JPC urges the EEA EFTA States to overcome the remaining barriers to the incorporation of energy efficiency legislation into the EEA Agreement, in particular legislation concerning energy efficiency, energy efficiency of buildings, energy labelling and eco-design.
- The JPC calls on the Commission to identify, in consultation with the appropriate industry sectors and national, regional and local stakeholders, best practices for energy-efficiency financing throughout the EU and beyond, and subsequently to incorporate funding and innovative financing mechanisms in the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and other EU funds.

**d. Decarbonising the economy**

- The JPC welcomes EU's commitment to becoming the world leader in renewable energy, and in this context takes note of the EU's target of at least 27% renewable energy by 2030. The JPC also notes the call for a binding target of 30 % renewable energy adopted by the European Parliament in its resolution of 5 February 2014.
- The JPC underlines the importance of the EU Emission Trading Scheme (ETS) as a key tool for achieving long-term climate and energy targets, and stresses the need to strengthen and improve the ETS to ensure that it functions as intended i.e. putting a price on emissions and creating incentives for low carbon investments.
- The JPC underlines that an efficient trading scheme requires a stable and predictable price signal to avoid unsound investments and lock-in of emission intensive solutions. Therefore the JPC welcomes the establishment of the Market Stability Reserve but remains concerned about the effects of oversupply on the long-term price signal, and believes that the problem should be further addressed in the ongoing review of the ETS
- In addition, the JPC stresses the importance of close cooperation between the EU, its Member States and the EEA EFTA States in achieving an ambitious and universal climate agreement during the 21<sup>st</sup> Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in Paris in December 2015, in order to contain global warming below the objective of 2° C.
- Recognising EU leadership in climate change negotiations and the role of the EEA EFTA States in advocating climate change issues, the JPC stresses that an ambitious agreement

will require the commitment of all countries, both inside and outside Europe, in reducing their emissions.

- The JPC further underlines that an integrated energy market is the basis for the cost-efficient decarbonisation of energy systems. In order to integrate renewable energy production efficiently into the market, existing legislation needs to be fully implemented and new market rules put in place. Moreover, private investment in new infrastructure and technologies plays an important role and should be especially encouraged.
- The JPC calls on the Commission and the EU Member States to ensure that, in the development of the Energy Union, due consideration is taken of requirements for environmental protection, biodiversity and the competitiveness of industry.
- The JPC stresses the need for a credible climate financing in the framework of COP 21 in December. Climate financing plays a very essential role in finding an agreement in Paris and to be able to reach the below 2 degrees target. It is of great importance that all countries deliver their share and encourage green investments in both public and private sector.
- The JPC underlines that energy sources from EFTA states are very important for the decarbonisation of Europe.

**e. Research, innovation and competitiveness**

- The JPC underlines that research, science and innovation are essential for a swift transition to a low carbon economy and for the competitiveness of European companies.
- The JPC underlines the importance of supporting research and innovation projects including next generation renewable technologies and energy storage, smart grids, super grids, innovative and more sustainable transport systems as well as carbon capture and storage/use and wind and hydrogen energy by coordinating research and financing projects in partnership with the private sector.

The JPC underlines especially the importance of reducing emissions in the transport sector through stimulating consumers to buy and use more environmentally friendly cars and fuel. An ambitious long-term goal should be set for all new personal vehicles to be zero-emitters. Furthermore, points to the huge potential of creating new green jobs also in the maritime sector through the development and production of more environmentally friendly vessels. In the transportation sector, public purchasing power can play a central role in the future and help to accelerate the development.

- The JPC recognises that progress in environmentally friendly, cost-effective innovations, and advances in research and development, are key to future competitiveness in the EEA, including that of Europe's industry.
- The JPC notes that Horizon 2020 and SET (Strategic Energy Technologies) Plan have already proven their merits, although there is a need to target existing funding more efficiently and to align innovation activities, in particular with the SET plan.
- The JPC also underlines the importance of government procurement to favour low-carbon solutions and the early adoption of new technologies.
- The JPC underlines that public and private investments are crucial in reaching climate targets and create a well-functioning Energy Union. One of the biggest barriers is regulatory

uncertainty, since both national and EU legislation constantly changes causing uncertainty for investors and in the end delayed or no investments. Special attention is therefore needed to ensure that the Juncker plan is unbureaucratic and speedy.

- The JPC also stresses the need to phase out environmentally harmful subsidies including fossil fuel subsidies.