

Malcolm Wicks, Minister of State for Energy, Speech to the Industry, Research and Energy (ITRE) Committee of the European Parliament on UK Presidency Work Plans - 13 July 2005

Introduction

Mr Chairman, honourable Members of the Parliament:

Let me first congratulate and thank you and the former Luxembourg Presidency for the excellent cooperation between Council and Parliament in taking forward our energy priorities.

This enabled agreement in second reading on the proposed Directive on *ecodesign for energy using products*, and prepared a first reading agreement on the Directive on *security of electricity supply and infrastructure investments*. I would like to thank Ms Reis and Mr Chichester, for their excellent work as rapporteurs for these important initiatives. I am confident that, with ongoing cooperation, we can continue to make real progress in this important area.

My colleague Lord Sainsbury has already mentioned the need to progress the Lisbon agenda. This is vital if we are to create the economic and social model for Europe that our businesses and citizens need. The role of energy here is crucial.

Energy is not only an important economic sector in its own right; it underpins the development and success of other economic sectors. It plays a key role in maintaining our public services and in supporting our communities. In today's Digital Age, we are almost totally dependent upon energy.

This increasing global dependency is driving up demand. This puts pressure on our natural resources - pushing up prices and undermining energy security - and on our environment too. The challenge facing us all is not simply how to provide secure supplies of energy, but how to do so in a sustainable way.

Against this backdrop, the energy priorities for the UK Presidency are to:

- drive forward open and competitive energy markets;
- promote security of supply; and
- tackle climate change.

Open and Competitive Energy Markets

If we are to enhance business competitiveness and achieve our Lisbon objectives, we need an effective internal energy market. The International Energy Agency (IEA) report on 'Electricity Market Reform' highlighted the benefits of liberalisation in 1999. These included improved labour productivity; reduced generating costs; improvements in the availability of generating plants; reduced customer outages; and lower prices.

We are making progress in this area and it is good to see that the draft Regulation on conditions for access to the gas transmission networks has now been agreed. Our thanks to your rapporteur, Mr Seppänen, for his role in helping achieve this.

However, we are still far from realising the benefits of liberalisation across the EU. Importantly, the internal electricity and gas market Directives have still not been fully implemented by all Member States.

We will therefore prioritise the Commission report on the implementation of the internal market for electricity and gas and the sectoral enquiry into the liberalisation of the European electricity and gas markets.

Security of supply

A growing demand for energy across the EU, an increasing dependence on external sources of energy and the blackouts experienced in 2003 have taken security of supply to the top of the energy agenda.

I have already mentioned the commitment and co-operation that helped achieve a first reading agreement on the Directive on security of electricity supply. We will need to work with the same level of co-operation to achieve a second reading agreement on the proposed Decision on trans-European energy networks.

Our two institutions have worked well in progressing this initiative and we recognise the good work of your rapporteur, Mme Laperrouze. The Council achieved political agreement last month and will transmit its common position in the autumn. I hope that both our institutions *and* the Commission can adopt a pragmatic approach on this initiative.

South East Europe

Key to increasing EU security of supply and promoting regional stability is to extend the influence of the EU energy market beyond the boundaries of the EU. In this context, the Energy Community Treaty with South East Europe is important. The Treaty will establish a common energy market with South East Europe; allowing open access to the infrastructure linking Greece and the Caspian region to the EU energy market.

We congratulate the former Presidencies and the Commission for the progress so far. This led to the initialling of the Treaty in late May. We are awaiting transmission of the Commission proposal ahead of a decision on signature and conclusion of the agreement. The Parliament will need to be involved in the appropriate way.

Wider international

In order to achieve security of supply, we need to ensure good levels of co-operation with external producers and major consumers. In this context, I would like to focus on the work we will be taking forward with Russia, OPEC, China and India.

We all recognise the strategic importance of Russia for in EU security of supply; for imports of oil and gas and the transit of supplies from other countries. We will continue to take forward the good work of the previous Presidencies and the Commission in identifying ways to invigorate energy relations with Russia. In particular, we plan to host an EU-Russia Energy Permanent Partnership Council in October.

Concerns over energy security and high prices have led to a new political dialogue between the EU and OPEC. This will make an important contribution to security of supply and the transparency and predictability of the oil market. We will continue and enhance this dialogue, working with the Commission and in close collaboration with Member States.

China, and increasingly **India**, are major consumers of energy. At September's EU-China Summit we will put forward detailed proposals for closer EU-China co-operation on energy security and climate change. The aim is to identify practical measures to help China meet its future energy needs in a sustainable way. In the same vein, September's EU-India Summit will promote closer co-operation on energy.

Tackling Climate Change

Clearly, we cannot overestimate the consequences of climate change. CO² levels are rising faster than ever. Scientific consensus is that the consequences of rising global temperatures would be catastrophic.

But tackling Climate Change and controlling the rise in greenhouse gases is not just a challenge for the EU or national and local Governments. Individually, we all need to recognise that we are part of the problem – and an important part of the solution. I believe that if people understand the issues, the implications of their actions and how they can address the problems, they will take individual responsibility...become part of the solution.

We therefore need to do much more to engage the general public in the debate on sustainable energy, but in an intelligent and informative way.

Promoting energy efficiency and renewable energy at community level will stimulate debate. Solar panels in schools, for example, would not only raise awareness of the technology, but also highlight the reasons behind our drive towards sustainable energy.

Key to promoting energy efficiency will be the Directive on energy end-use efficiency and energy services. After the political agreement reached at the last Energy Council, the common position will be formally adopted as soon as possible so that transmission to your Institution can take place for the 26-29 September Plenary.

I know that informal contacts between our two Institutions are already taking place, which will hopefully pave the way for a second reading agreement. I am sure that Ms Rothe, your rapporteur, will share my view that there are difficult challenges ahead, on targets especially. But this is an important initiative and I am sure the good co-operation already demonstrated between our two institutions will allow us to make good progress.

We also welcome the Commission's Green Paper on Energy Efficiency, which was presented at the last Energy Council. This will provide an excellent input to a debate on climate change and sustainable energy within Council, along with the Biomass Action Plan and the report on the financing of renewable energy.

Conclusion

In conclusion. I have given you a broad overview of our agenda for this semester. This is a challenging programme and cooperation between our two institutions will be essential. However, I am confident that the excellent co-operation that has prevailed so far between this Committee and the Council will allow us to deliver this programme to the benefit of European citizens and business. Finally, in this spirit of openness and co-operation, I would very much welcome the opportunity to return to Brussels towards the end of the Presidency to address your Committee again.