



The European Energy Policy

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Preamble

The Green Paper on energy lays the foundation for a more integrated European energy policy. The Commission proposes that the policy be based on three objectives: energy supply security, competition and environmental protection. The member states have voiced, on several occasions in 2005, their willingness to cooperate in finding solutions to the European Union's energy problems.

So far, the Lisbon strategy has neglected energy-related issues. However, recent developments show that energy could turn into a bottleneck if the EU does not quickly change its current energy model. If current trends continue in the way energy and transport are used, the EU will become overwhelmingly dependent on imports for its energy supplies and will have a hard time keeping to commitments to combat climate change.

The ETUC is convinced of the need and urgency of a European energy policy that will lead Europe down the road to sustainable development. Quite obviously, the liberalization of gas and electricity markets has not provided suitable solutions to these issues.

Statements on energy issues made by the ETUC take on their full meaning if we consider that changing the energy model will lead to, on one hand, significant restructuring that must be both anticipated and properly managed and, on the other hand, to positive opportunities for employment and social cohesion that should be capitalized on.

The ETUC regrets fact that the Green Paper ignores the social dimension of the energy policy. This omission contradicts not only the fundamental goals of the Treaty, it also fails to recognise that the acceptability of different measures will largely depend on the inclusion of the social impact – both positive and negative – in terms of price, access to energy, employment and occupational health and safety. A European energy system can only be sustainable if the social dimension is clearly identified and backed by appropriate policies.

Efforts to reach these goals must in the first place be made by us. Europe cannot ask third countries for help to maintain an unsustainable energy system. The external policy instruments that the Green Paper strongly emphasizes are useful for securing energy supply; however, they must be regarded as a complement to specific actions that aim to reduce final energy consumption and to develop available energy sources in Europe.

I. Promoting a European energy policy

The ETUC would like the Green Paper to open a broad, democratic debate, involving European citizens and organized civil society in Europe to discuss the objectives, scope and means for EU intervention in the field of energy.

Energy systems are made up of interdependent elements. Changing one would considerably affect all the others. The European Union's energy security therefore requires EU action on both energy supply and demand as well as on the right market regulations at EU level.

So far, EU actions have focussed on guiding energy demand and on completing the internal market. Choices made with respect to energy supply – strategic stocks, range of energy resources, relations with producing countries – remain very national in scope, with the notable exception of the renewable energy Directive.

The energy policy must take up a range of challenges:

- Eliminate social inequality caused by unequal access to energy services;
- Work toward supply self-sufficiency;
- Guarantee responsible management of resources that are being threatened with depletion or scarcity in the medium-term, such as oil, natural gas and uranium;
- Combat global warming caused by the intensive use of fossil fuels and tackle the civil and military risks involved in the use of nuclear energy;
- Prevent energy inflation from having an impact on wages.

The ETUC believes that four major concerns should guide the European Union in dealing with energy matters with a view to achieving significant progress towards sustainable development:

- *Strengthen public and democratic energy management*
- *Reduce energy consumption*
- *Ensure secure supplies*
- *Diversify energy sources*

II. Strengthening public and democratic energy management

a. Transparency and democracy

Energy is a unique commodity; it plays an essential role in economic development, human dignity and the environment. This is why energy choices must be transparent, allowing for the active participation of citizens and democratic control.

These conditions, however, are not being met in the liberalized market. The withdrawal of the state has opened the doors to powerful private oligopolies, whose choices in terms of supply sources and investment are beyond the knowledge and the ability to intervene of the public and the workers of the companies concerned.

The ETUC is therefore calling for strengthening workers' rights to information and to participation, as well as for social dialogue in the energy sector. Moreover,

these rights should be established in all companies when decisions are made that concern the energy and the environment.

The national energy regulators should allow broader participation and bring on board representatives of all the interested parties, including unions and consumer organizations, where this is not the case.

b. Public energy service

Every person and every country has a fundamental right to energy services. The challenge is providing needed energy services to 10 billion people in today's world of increasing economic inequality. In the European Union, millions of people are deemed to be living in energy poverty.

This is why it is vital that we give shape to the European public service (general interest service) and entrust it with the goal of guaranteeing access to energy for all, in addition to other general interest missions, such as protecting the environment, reducing inequality amongst people, regions and member states as well as job creation.

The ETUC defends the right of all European citizens to have access to energy and heating. Particular attention should be paid to vulnerable consumers. The provision of social tariffs and the protection of vulnerable consumers should be the tasks of the energy regulators in all the EU member states. It is unacceptable that in some EU countries regulators do not offer social tariffs.

More structural measures must also be taken in order to reduce the energy bills of lower-income households, such as housing insulation and improved public transport service.

It is also necessary to negotiate a genuine right to energy, in light of the fact that this right could be soon recognized by the UN. It would derive from human rights as laid down in the UN's 1948 universal declaration. These rights are incumbent on all people and on all countries. The European Parliament and the states must be the guarantors of these principles that also relate to the choice to distribute wealth differently.

c. An industrial energy policy

The European Union needs a real industrial energy policy; it is obvious that the internal market policy is not sufficient to provide it.

The opening of the internal market for energy and the bid to accelerate the process have been carried out precipitously. Along with the restructuring in the energy sector, they have resulted in many job losses, a drop in investment and short-term price instability. Current management practices, along with job insecurity and outsourcing trends, undermine the safety of people and facilities. All of this makes it even more difficult to guide a long-term strategy.

The ETUC strongly believes that the public authorities must have firm control of the energy sector. Energy requires that the long-term issues always be examined, something that the market or the private sector cannot do. Furthermore, in the forthcoming years, European countries will be forced to renew their production facilities. Industrial sectors, employment and the know-how that go along with them, as well as research and industrialization capacity, will have to be preserved and developed.

The ETUC believes it is urgent that the public authorities regain their ability to manage the energy system. A European industrial policy on energy could contain the following elements:

- A long-term programme for investment in energy production and grids, based on anticipated energy demand, national import and export capacity and interconnection capacity at EU level;
- A true European strategy for research and development as well as for public and private investment programmes in renewable energy sources, hybrid cars, energy efficiency technology to reduce emissions of greenhouse gas, hydrogen, carbon capture, etc.;
- Innovative mechanisms to develop additional resources to help renewable energy and energy efficiency get off the ground, notably by making use of a share of the profits from historic operators;
- Professionalization of new industrial sectors, the training of many technicians and engineers to promote the development of renewable energy and, in the medium-term, the development of hydrogen.
- The public authorities should set in motion social guarantees for all workers in the energy sector and these new industrial sectors ;
- Suitable market regulations are required. The ETUC holds that the impact of the liberalization of the electricity and gas markets should be evaluated without any preconceived notions. Electricity and gas prices should be made more transparent and stable for all consumers, including industrial consumers. This is an essential prerequisite for European economic development.

III. Reducing energy demand

Reducing final energy consumption is inevitable if we are to curb all the restrictions resulting from the rapid and continuous increase in consumption, such as exhaustion of resources, CO₂ emissions, nuclear risks, conflicts relating to renewable energy use and territory.

Two types of actions will help to reduce demand: *energy efficiency*, consisting of providing the appropriate services (transport, heating, industrial processes, etc.) by means of the most energy-efficient technology and, second, *energy conservation* in order to cut back on unnecessary consumption.

a. Varied benefits

The view of the ETUC is that reducing energy consumption is urgently needed, with targets for mobilizing people and that are binding on the Member States, in order to avoid fluctuations in effort caused by the prices of oil. The 2005 Green Paper on energy efficiency proposes to return to 1990 levels of consumption by the year 2020 by achieving a reduction in consumption of 20%, equal to a savings of 60 billion euros per year. Such a move would even be profitable because energy production and distribution costs are very often higher than actions to conserve energy.

The potential for job creation in energy services, renovation and insulation programmes and efficient technologies is enormous. However, training and education measures and a forward-looking stance in bipartite and tripartite social dialogue would help to guarantee that this investment is turned into high-quality jobs.

b. The priority sectors

The sectors that have the best potential for energy efficiency should be targeted. The primary aim is to reduce line losses by reducing energy transport distances.

Production, from local sources, should be carried out at sites closer to the consumers, in particular by making greater use of heat-electricity cogeneration.

The transport sector, which today accounts for more than half of oil demand, and the building sector offer the most room for improvement. The ETUC will continue to emphasize the need for public investment for energy renovation in social buildings (subsidized housing, schools, etc.), combined with the use of renewable energy sources, in particular in the new EU Member States, who offer the largest opportunities for energy conservation.

An adjustment in transport modes in favour of alternatives to road deserves a more forceful effort at EU level, alongside social regulations in the road transport sector aligned with the most favourable common, especially in terms of work time.

Energy businesses should be encouraged to provide services to the consumers that consume less energy. The creation of energy service companies should be a goal of the internal market.

c. The means

The ETUC affirms that state intervention is indispensable because it alone can take charge of the general interest and to have a long-term view. Energy oversight requires regulatory, fiscal, public investment and research and development means, without forgetting awareness and training. Transport and urban planning infrastructure policies, which help to structure irreversibly the nature and quantity of energy spending over the long-haul, will play a key role.

The participation of workers, in the workplace and in the sectors, has proven to be effective for initiating energy conservation policies, in particular for staff travel. This potential should be strengthened by giving employees the right to information and consultation on issues relating to energy and the environment.

The EU CO₂ emission trading scheme, set up in 2005, could be supported by the ETUC on the following conditions: its running must be transparent; the rules for allocating quotas should be harmonized at EU level in order to avoid competitive distortions; and prices must be sufficiently high and stable in order to encourage a real and measurable decrease in emissions. Close attention should be paid to those sectors where the introduction of the quota market would bring about real competition losses owing to competition on the world markets. Support measures for R&D, innovation and, where appropriate, training, retraining and access to the labour market for workers, should all be envisaged.

IV. Secure external supplies

a. Energy dialogue

The ETUC believes that securing external supplies should be a linchpin of a European energy policy, a notion that which would complement efforts to reduce consumption.

The European Union must stand united in its relations with outside energy suppliers and must promote, via these dialogues, a social dimension featuring respect for human and trade union rights, in addition to democratic principles.

The EU should also promote dialogue with the stakeholders, involving both sides of industry, environmental organizations and communities, and encourage debate and discussions on energy-related issues.

Future cooperation between the EU and Russia should be extended to include social aspects as well as energy efficiency and technology transfers in the wake of the ratification of the Kyoto Protocol by Russia in 2005.

b. Strategic stockpiles

An effective European energy policy cannot overlook the importance of a sound management of strategic stocks. Such management would ensure regular supplies of oil and natural gas, including in the event of a complete shutdown of outside supplies, and would discourage the use of oil and natural gas supplies for political purposes.

In the case of oil, this could require criteria for the exploitation of oil fields located in Europe, which in turn would call for a careful management of resources, along with a minimum European refining capacity.

In the case of natural gas, effective action requires planning for the compulsory accumulation of strategic stocks in keeping with the principle of *reciprocal assistance* among member states.

V. Diversifying energy sources

a. Greater use of renewable energy

Europe must diversify its energy sources by means of an ambitious adjustment in favour of renewable energy to the detriment of fossil fuels.

The development of a renewable energy sector may offset job losses caused by changes in the energy sector. Looking ahead to 2010, this sector could create one million jobs in Europe, a significant share of which would be local jobs. Renewable energy generates innovation that could spread to other sectors of the economy; one example are the new materials developed in the wind energy sector.

The potential of renewable energy in Europe is far from being realized. The challenge is to set up support policies, without forgetting that for many decades, all energy sources have always been subsidized in Europe.

The ETUC supports the idea of binding targets for renewable energy, beyond 2010, in order to give investors and training structures a long-term view. It is important for every Member State to keep to the renewable energy use objectives that were drawn up for 2010 in order to maximize the positive impact on local employment and town and country planning.

Today's R&D efforts are not enough. The International Energy Agency (IAE) estimates that only 8% of total research budgets in the energy sector is devoted to renewables. At the same time, financial incentives must be provided in the context of the liberalized markets.

The ETUC highlights the importance of the proposals put forward in the Energy Green Paper for developing further renewable energy, including a new Directive on heating and cooling. .

b. Maintaining energy options during the energy transition

The ETUC welcomes the Commission's proposal to set up a common framework for national decision regarding the energy mix, by means of a Europe-wide strategic energy review. A democratic and transparent debate on energy sources, their advantages and drawbacks, is now necessary. The ETUC urges all involved

in such an exercise to take account of employment in the various energy sectors, as well as the potential employment impact of the required transition.

In the next 20 years, renewable energy will not be able on its own to reduce the risks of energy shortages. Coal can be a part of the solution, provided that technology for clean-burning, carbon capture and storage are put to use. Coal is distributed in a more diversified way than natural gas and oil, and resources are considerable. Clean coal technology offers significant export opportunities in the emerging countries, provided that workers' health and safety requirements are put into place, in particular in China and, closer to home, Ukraine.

Turning to nuclear energy, decision-making and implementation must be conducted in a fully transparent and democratic climate with a contribution of independent experts and scientists. That will require better protection of workers in the nuclear industry and adoption of strict rules for security and waste treatment as well as rigorous monitoring mechanisms. The proposed strategic review must absolutely examine how liberalized markets can help to meet these requirements.

Conclusions

In conclusion, the ETUC considers that the Green Paper offers some real prospects for an industrial policy in the energy sectors, for reinforcing services of general interest and for rendering EU policies more democratic.

Now, specific responses must be given to the facts that have been highlighted. Europe, in this area as in others, needs common policies and regulations. The market cannot resolve on its own the challenges of the 21st century.

The ETUC, as a trade union organisation, will play its full role in these debates and in the preparation of proposals.