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Florence School Manifesto: a new energy policy for a new Commission?

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What do I think about EU energy policy future after 10 years of Barroso's Commissions? Yes some simplification needed...



QUIZZ N°1: How much to simplify: are we still in the same world than in 2009...

What assumptions do you see as too “low key” to push for a reformulation of our EU energy policy frame...

- 1 Scarce and pricey fossil fuel Yes too low key / or No
- 2 Fossil fuel pricey but “suppliers secure enough” Yes or No
- 3 Internal market needed to get power price convergence from CCGT competition Yes or No
- 4 Putting a price on carbon everywhere relevant for sustainability Yes or No
- 5 Green revolution, green jobs, world green manufacturing leadership Yes or No

Give your “high key / low key” rating for each assumption..

My QUIZZ N°1: Well we are really NOT in the same world than in 2009...

For me: NO assumption there is too “low key” to not push for a reformulation of our EU energy policy frame...

- 1 Scarce and pricey fossil fuel **No**
- 2 Fossil fuel pricey but “suppliers secure enough” **No**
- 3 Internal market needed to get power price convergence from CCGT competition **No**
- 4 Putting a price on carbon everywhere relevant for sustainability **No**
- 5 Green revolution, green jobs, world green manufacturing leadership **No**

You have my “high key / low key” rating for each assumption...
DO NOT WORRY: from 2009 I did not really foresee any...

I now select only 5 tracks of EU energy policy upgrade... (see: even Grids, R&D, CO2 are missing...)

- **1-** **The internal electricity market:** *currently a European crisis... with any European remedy?*
- **2-** **The internal gas market:** *a last mile needed, or one thousand miles more?*
- **3-** **28 national ways from 20-20-20 to 2030:** *could it lead us (as EU) somewhere?*
- **4-** **The 2030-like energy policy governance:** *any appropriate framework for this new 2030-like EU energy policy?*
- **5-** **External energy (security and policy):** *at least some Energy Union... or only existing Energy disunion?*

+ key simplification... I only contrast a “mini” & a “maxi” option for each of these five key issues

1(1) The internal electricity market: *a European crisis with any European remedy?*

- 1.1/1 Wholesale market “mini”:

A few fixes added to existing Target Model ... core “really reflexive market for flexibility” + CCGT euthanasia

- 1.1/2 Wholesale market “maxi”:

A new Target Model for sustainable “technology choice-investment-operation” of power ...at least 3 components / For entry: *LT price guarantee; **LT grid access guarantee / For operation: ***ST flexibility responsiveness

1 (2) The internal electricity market: *a European crisis with any European remedy?*

- 1.2/1 Retail market “mini”:

Sufficient to get “No regret” platform ... as EU common standard of operation & cyber security + mini unbundling

- 1.2/2 Retail market “maxi”:

Really need full “smart retail 3d Package like” ... *EU retail market “Target Model”, **full grid unbundling, ***“EU level” grid and ITC codes, ** ** “EU level” methodology for distribution planning and grid regulation, **
***ENTSO-E / ENDSO-E twinning & mirroring

2 The internal gas market: *a last mile needed, or one thousand miles more?*

- Two types of shocks (US for price – Russia for volume)? And so what?

- 2.1 Gas “mini”:

To consolidate existing Target Model ... a* few connections West-East, **some capacity allocation & balancing regimes here, ***market coupling there

- 2.2 Gas “maxi”:

No “purely” market base remedy to earthquake...hence public intervention as *checking National Security Plans consistency; **creating EU stocks/ flows monitoring; ***new investment vehicles for TSOs undertaking “non commercially viable” investments as LNG T. or External interco.

QUIZZ N°2 28 national “target sets” from 20-20-20 to 2030: *could it lead us somewhere?*

We (EU) cannot deny that our leaders (Head of EU Member States) have quitted the demanding path open at Berlin Council in 2007 with the 20-20-20 targets **Frankly: why not? Or Frankensteinly: no thanks!**

- Does this mean that we (EU) won't make it regarding reaching in 2030 a “secure enough” gate to 2050 decarbonisation objective?

answer by: **YES we cannot / or NO we can ?**

3 / 28 national “target sets” from 20-20-20 to 2030: *could it lead us somewhere?*

- End Berlin-2007 triple targets: Hence “deep renationalisation” of 2030 EU energy targets? Frankly: why not?

- 3.1 - 2030 Target “mini”:

Exiting RES priority ... and scaling back to carbon containment (GHG Cap) + some R&D and Green funding. See Stern& Calderon report for UN. NB: they call for full fossil subsidy phasing out + progressive coal ban...

- 3.2 - 2030 Target “maxi”:

Energy efficiency target for a “coalition of the willing” ...

1- doesn't touch national energy mix;

2- has “growth support” flavor : buildings (+ “circular” & “shared” economy)

3- time come to discuss National Action Plans (see Germany) + business models + market and regulation principles + organize financing & bankability

QUIZZ N°3 EU energy policy governance: *any appropriate framework for 2030-like EU policy?*

We (EU) cannot deny that quitting the 20-20-20 targets also questions the governance that we can rely on to reach a 2030 “entry gate to 2050”

- Could Commission monitor it with existing <Internal Market + Competition> tool box? Why not?
- Does this mean that we (as EU) have already enough at the EU level till 2030 to deliver a 2030 “sustainable enough” energy system?

one single answer: **YES Commission can / or NO it cannot ?**

4 The energy policy governance: *any appropriate framework for any new EU policy?*

- 28 ways to go to 2030: could Commission monitor it with existing <Internal Market + Competition> tool box? Why not?
- 4.1 - 2030 Governance “mini”: Do not worry...

Be EU market happy... EC has all needed weaponry in InternalMarket & Competition Policy: no need to do more than all RES in an open market; all capacity mechanisms being DG Comp compliant; all retail market and demand response being Internal Market & DG Comp compliant

- 4.2 - 2030 Governance “maxi”: Do not dream...

You cannot frame a demanding non-market issue like GHG sustainability only with market-related tools ... time come to discuss a new comprehensive governance equipped with new ad-hoc policy power: a full fledge “Energy Union” (as: market & grid regulatory powers; carbon tax and fossil subsidies; plant & car emission caps; neighboring NAP consistency approval; etc.). Whom? Commission? Euro-bodies? or Regional MS, NRAs, Mos & TSOs?

5 (1) External energy security & policy: *at least some Energy Union... or only Energy disunion?*

- **5.1 External energy “mini”: BAU**

Our best friends to get the max from external energy are our twin internal markets / gas & power... .. the more flows will flow and arbitrage work the best possible we will get

- **5.2 External energy “mini+”: (Oettinger + Tusk)++**

EU internal markets will give us their best only when integrating all their external borders INSIDE internal EU frame ...incl. *interconnections planning & unbundling, **access & tariffs; *supply bilateral agreements & contracts compliant with Trade, IntMark & Comp. Policies; +** ** integration between EU Internal markets and Energy Community markets**

5 (2) External energy security & policy: *at least some Energy Union... or only Energy disunion?*

- 5.3 External energy “maxi”:

only an Energy Union with due and substantial powers would put EU on track for external energy security EU external energy security is too close from “hard security affairs” that touch key MS sovereign powers.... The challenges faced today by EU for energy security are as big as “European Defense Community “and “European Coal and Steel Community” have been in the 50’...

- **Content: ALL “mini+”**

*[*interconnections planning & unbundling, **access & tariffs; ***supply bilateral agreements & contracts compliant with Trade, IntMark & Comp. Policies; +** ** integration between EU Internal markets and Energy Community markets] + any other “external energy policy matter” (from Energy Community to Energy Charter & Neighboring Policy)*

>> **In a new Treaty** bidding EU MS with new rules & new laws...

>>**Or a new “Pro-Treaty” being a Schengen-like alliance of the willing MS...**

To conclude:

- (1) A lot of further change & of work expected?*
(2) Or none? Might EU simply come back to its non-energy policy era 1974-2004?





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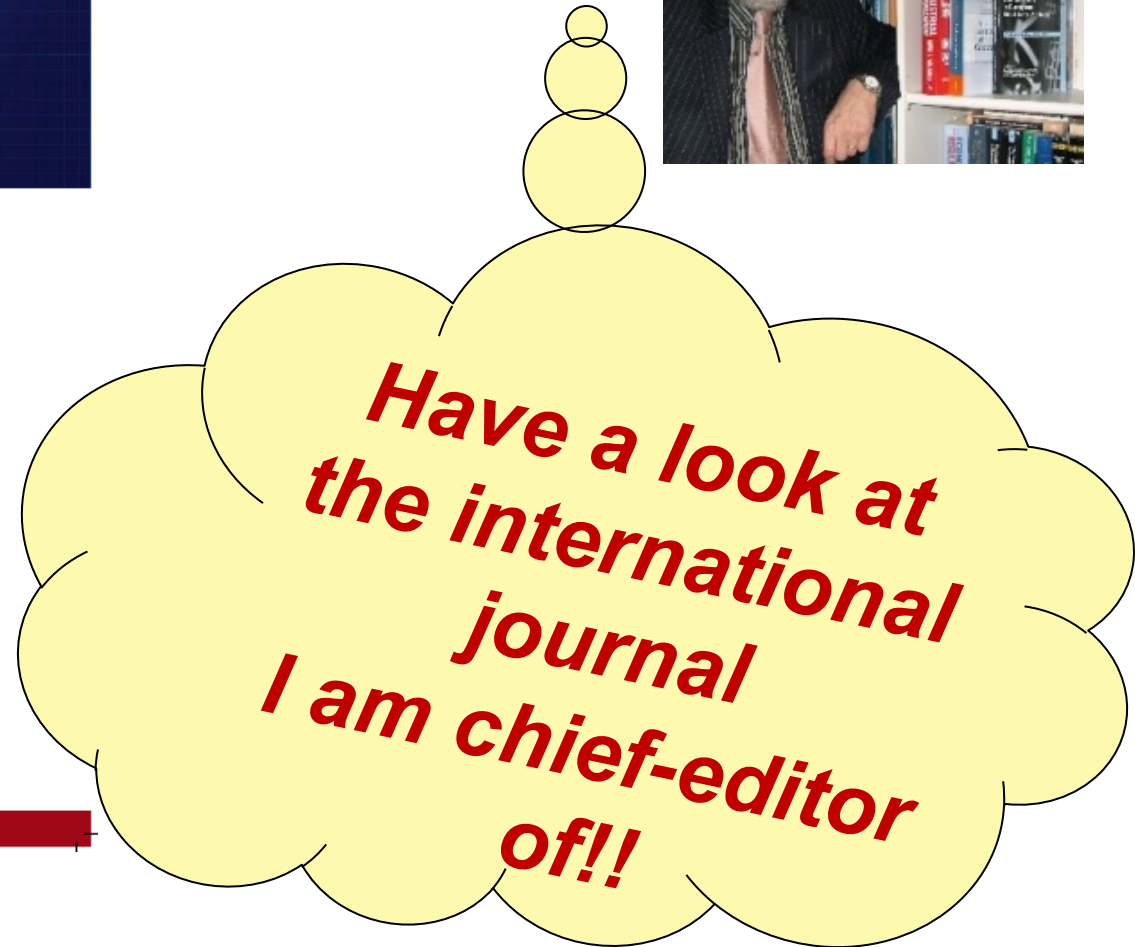
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