



Cornerstones of the new EU Energy Union

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Vice-President Šefčovič speech at EUFORES 15th Inter-Parliamentary Meeting on Renewable Energy and Energy Efficiency

Vienna

Ladies and gentlemen,

Two weeks ago, the European Commission adopted the Energy Union Strategy. I then called it the most ambitious energy project since the European Coal and Steel Community of the 1950s, because what we want to achieve, is nothing less than a fundamental transition of our energy system. We want to set our economy on a new, sustainable trajectory. As one Member of the European Parliament summarized it in a single image: we want to move from a Community of Coal and Steel to a Union of Sun and Wind.

Such an overarching strategy can only succeed if we work together across institutions and stakeholders at all levels: European, regional, national and local. Just like we worked together within the Commission, across portfolios, bringing together 14 Commissioners and 16 DGs. I am therefore very grateful for the opportunity to discuss the Energy Union directly with you – parliamentarians from across Europe, civil society, and businesses. Your contribution will be crucial to achieve the goals of this forward-looking energy and climate change policy.

Ladies and gentlemen, the Energy Union is a big step towards an energy market that is economically sustainable, environmentally friendly, and socially inclusive. An energy market that is integrated, interconnected, resilient and secure. It is a 'triple win' strategy, because it will benefit citizens, businesses, and the environment.

For that, we set out a series of concrete actions – both legislative and non-legislative – in the five dimensions that I presented to the European Parliament in my hearing and that, next week, the European Council will hopefully confirm:

- **First, securing our supply.** Member States, and citizens, should know that they can rely on neighbouring countries when faced with possible energy supply disruptions. That is what the word 'solidarity' means in the energy field; that is how we can build more trust between Member States. We are therefore working on a series of measures to diversify our energy resources and supply routes. Next week, for instance, I will attend the groundbreaking ceremony of the Trans Anatolian Natural Gas Pipeline (TANAP), in Kars, Turkey; a project that will bring gas from Azerbaijan's Shah Deniz II field through Turkey, into Europe. It is this kind of projects we need. But security of supply means much more than only gas, however important gas will remain for years to come. Security of supply means – and I would even say: it means first and foremost – becoming more energy efficient, knowing that for every 1% improvement in energy efficiency, EU gas imports fall by 2.6%.
- Energy security also means: **building a single energy market will allow energy to flow freely across EU countries as a fifth European freedom.** This internal market is the second dimension of the Energy Union Strategy. By removing technical and regulatory barriers of cross-border energy flows, consumers will enjoy the fruits of a increased competition – lower prices and better service!
- The third, fourth and fifth dimensions go hand in hand with the first two and go to the core of today's conference and the work you do at EUFORES, namely: **increasing energy efficiency, decarbonising our economy and investing in innovative renewable sources of energy.**

This covers a very broad range of issues, which will require the full involvement of many commissioners. Let me just mention three issues, amongst many other issues, that I intend to give a serious push in the weeks and months ahead.

First, to tap the full potential of **energy efficiency of buildings**. The figures clearly show why more action is needed in this field: currently, 75% of Europe's building stock is not energy efficient; buildings are responsible for 40% of energy consumption and 36% of CO2 emissions in the EU. About 35% of our buildings are over 50 years old. They eat energy! While older buildings consume about 25 litres of heating oil per square meter per year on average (some even up to 60 litres!), new buildings only need three to five litres on average. So we can – and should – do better.

Second, as the importance of the local level increases, we should pay more attention to initiatives at the local level, of course in full respect of the principle of subsidiarity. **Smart Cities** are an excellent example of how the municipal level can play a major role in the transformation of the energy market that we're looking for. Last week I met an impressive delegation of mayors who shared several good examples of successful initiatives from all over Europe:

- the German city of Heidelberg created an entire neighbourhood with only passive buildings, (in the city quarter of Bahnstadt. The neighbourhood is powered by district heating, primarily sourced from renewables with smart energy consumption meters, creating local jobs and a passive housing knowledge cluster for future projects.
- Helsinki is a leader in heating and efficiency standards. 90% of the city is serviced by the district heating system with over 90% efficiency.
- in the north of France, the city of Loos-en-Gohelle transformed its coal mine into a regional research centre of sustainable development. Visitors now face the surreal image of solar panels in front of the mine's spoil tips.
- and I could go on...

These examples showcase the various local initiatives which should be replicated across Europe, and I would add: with a particular emphasis on Central and Eastern Europe.

And third, we have to develop an energy and climate-related **technology and innovation strategy** to maintain Europe's global leadership and competitiveness in low carbon technologies. Europe has all the necessary elements to become a global hub and a world leader in renewable technologies. It is in this field - in the field of low-carbon renewable energy sources, in the field of energy efficiency, in the field of smart appliances and smart grids – that Europe can regain its competitive edge! *Smart grids are the European shale.*

We must better focus our research and innovation policies, we must create synergies between energy and ICT (very appealing to young people), and between research and industry. New industries will emerge that will strengthen our economy and further support job creation across Europe.

It is in this context that I would also like to underline the importance of ecodesign and energy labelling. Not only because this framework will deliver by 2020 energy savings that are roughly the equivalent of annual primary energy consumption of Italy, not only because consumers can save several hundreds of euros per household per year, but also because there is a clear business case. If countries such as Brazil, China, Korea, South Africa and others adopt equipment energy labelling schemes similar to ours, it creates a market for our companies. Let us be the first mover and set the standards!

Ladies and gentlemen, the Strategy is written, the principles have been established, the real work starts now. We will start up a series of specific actions, such as:

- developing a 'Smart Financing for Smart Buildings' initiative to facilitate access to existing funding instruments;
- we will propose a strategy for heating and cooling; it's an important hook, because as many of you told me: the energy crisis is first and foremost a heating crisis;
- we will dedicate a significant share of the European Fund for Strategic Investments to energy efficiency and renewable energy;
- we will review the Energy Efficiency Directive, as well as the Directive on Energy Performance of Buildings;
- we should bring together potential investors and solid projects. There are investors willing to invest, and there is a need for smart investments, so let us connect the dots and remove obstacles
- and we will develop, without delay, the robust governance framework that the Energy Union needs in order to deliver on its promises, including to make sure that we reach the targets set by the October European Council.

Through these and other measures, we will make sure that the principles we endorsed – such as the 'energy efficiency first-principle – are transformed into reality and become operational.

Ladies and gentlemen,

The first reactions to the Energy Union Strategy have been positive and supportive, in the European Parliament, the Environment and Energy Council, amongst mayors, consumers, business associations, think tanks, and academia. Do not underestimate the importance of such reactions: they really help to create the positive dynamics needed to seize the current momentum and to implement what is on the table.

I therefore hope that throughout this process, I can continue to count on your support, whether you are a parliamentarian, entrepreneur, researcher, civil society activist or a citizen, and I am looking forward to your comments and ideas in today's discussion and over the five years to come.

Thank you.

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