

On 15 April 2015, Dr Amelia Hadfield, [Jean Monnet Chair in European Foreign Affairs](#), and Director of the [CCCU Energy and Governance Group](#), was invited to Regent's University to speak at a joint seminar of the Institute for Contemporary European Studies and the Senior European Experts (SEE), chaired by Lord Hannay, and entitled 'EU Energy Union: A Realistic Possibility?' The following is a transcript of her remarks at that session.

Good evening, I am delighted to be here. I would like to thank for the invitation, Professor John Drew, who gave me a very nice overview of the historic ethos of the place and that it granted degrees to women struck me as a particularly important and salient. I would like also to thank Lord Hannay for the invitation, I think that some of the work that has come out of the Senior European Experts has been incredibly important and very much support everyone reading the various papers in their series.

Professor John Drew suggested that the beginning that if we don't get energy security policy right, we are going to get a lot of thing wrong. I agree. I think there is nothing more macrocosmic than energy security at this time. I find myself wedged between a variety of differing opinions however; Andy Lebrecht suggested, quite rightly, that Member States are going to be a tough row to hoe, as they say in my country, they do indeed guard their powers jealously. Nick Butler is very clearly a believer and I think suggests, quite rightly, that what we have seen is a very symbolic and important development, a very ambitious reflection of a brand-new Commission, one I think far more focused than we have seen in the stagnation of previous years. Balanced against Stephen Tindale's observations, I don't want to quite use the word 'disbeliever', perhaps agnostic is a bit more delicate, in that I am certainly questioning the idea that there is very little scope for change, and from this position I need to find my stance in respect of the SEE paper.

I think I would like to start by quoting Jean Monnet:

"Europe will be forged in crises, and will be the sum of the solutions adopted for those crises."

I think that is a helpful starting point.

The roles that Europe has played in energy have been both long standing and vast, and it certainly doesn't fall to me as the final speaker to go over them again, but I would like you to bear in mind maybe four ways in which energy is going to play a significant role in the future. First of all, energy is clearly a **catalyst**, something that drives things on, as it was within the 1950 Schumann Plan to set up and forge, literally, the Coal and Steel Community. Second, energy is a **consolidating force**, refining current structures, markets, possibly even legislation, burning away what is not needed, and getting down to the nitty-gritty. Third, energy operates **corporately**, as well, in terms of its big business optics, and I think also in a sense, the Commission somehow comes off in a similarly corporate way, not always happily, streamlining only according to the predominant, rather than the most effective political and market norm. Finally, energy as a **corpus**, if I can put it this way, a bundling together of law or actors, or even as a sort of a gathering of hard and soft technology. I think energy is going to function in all four of these manifestations.

I very much enjoyed the SEE paper; I was surprised however, to find maybe not quite as much foreign policy, which struck me as slightly odd, in regards to energy security as I would have liked but that's obviously because I am hooked on foreign policy anyway. So I would like to suggest areas where the paper might want to flesh this out, given the predominant geo-

political forces related to energy security that have overwhelmed Europe in the last year and a half.

Certainly the EU's role in energy is a difficult one. The paper is right to point out right at the beginning, that this is limited in terms of the competence, and indeed that this is the very heart of where competence tussles arises. It was commented at the beginning that competence or the struggle for power is very much the linchpin of the current union proposal, and has raised questions of whether it is going to be circumvented, or watered down; so from a competence perspective, we need to understand what is happening.

Certainly, energy it is a shared competence but it is limited in the area that remains the most vital: that is, energy security, simply because purchase of energy type, or the control of choice over a given supplier, and methods of import used, all lie extensively if not indeed exclusively within the hands of Member States, who remain sovereign therefore in political, and to a large degree, market terms as well.

So the focus I would like to see is on the implicit foreign policy requirements at the heart of the EU Energy Union proposal. I agree that the Union's proposal is ambitious but I find it is not particularly persuasive as to how it is going to tackle foreign policy. I am still getting the same shopping lists as regards energy governance, the same sound bites about energy diplomacy and their role in promoting European security strategies.

The question is therefore what needs to change? I think the **easy answer** is nothing. Just get on and finish the Third Energy Package – complete the energy market already, all of Europe is waiting. How long must it take? Or, alternatively work out the finer details of European energy security strategy of 2014, which is a very clever and focused document with a lot of substance to it but certainly hasn't been nailed down yet.

But the tougher answer is of course, that everything needs to change. I think on the spectrum of how tough that is going to be, we need to wake up to this. I think there is a soft sell, and a medium sell and a hard sell, a typical North American spectrum. The **“Soft Sell”** of course is just to watch the Member States continue exactly the way they have been doing for the last few years: namely, they will continue to develop their own energy resources, emphasise sustainability ethos and renewable commitments. All that can be done quite effectively at Member State level but I think it can be done most effectively between, and possibly beyond the Member State level as well.

This brings us to our current understanding of energy governance, some of which is implicit in EU energy legislation, and in key parts of the EEU, but is not nearly clear enough at this point.

The **“Mid Sell”** suggests that the European Commission needs to wakes up to the need to refine and produce examples of energy governance and works to garner agreement on these structures with the Member States. A mid-range suggestion therefore could see the Commission to operate as a ‘contract interlocutor’, meaning it looks very, very carefully at all the energy contracts that have been signed and at all subsequent energy contracts, overseeing all the details, even with the delicacy of a provision to protect sensitive information (an issue which has come up last week at the Council Summit).

The “**Hard Sell**” is a tremendous change. This entails Member States looking carefully at relinquishing part, or all, of their ability to determine their energy mix, or at least *the energy mix that bears on the stability and the security of the Union as a whole*. External energy purchase becomes in this sense not wholly dissimilar from external trade: supranationally managed by the Commission in key parts i.e., its cross-border facets, or anything with a greater than 50% reliance on a given energy type or provider, or where perhaps more than two or more sovereign borders are crossed. It may be a radical suggestion but it certainly isn’t one that hasn’t been suggested in various corridors in Brussels.

Why the “Hard Sell”? I think it might be time, with all respect to the innovation that we have seen in the European Energy Union proposal, to now face up to the failures of the Coal and Steel Community, and the ongoing incomplete energy market of the EU. It is time to accept that energy policy (like climate change) - despite being manifestly cross-border, collective, and important on a strategic - indeed, on a continental scale, goes to the very heart of European material survival, is intimately connected with the institutional, legislative and market ethos of the European Union as we know it. Yet despite all that energy, is still dealt with not merely nationally, or even locally, but parochially, passively and is afflicted ever more, as the SEE paper quite correctly points out, by “short-termism.”

Why else is it time for change? Well, the EU is more than halfway there legislatively, in terms of the implications of gas and electricity regulations, as well as the sheer impact of EU law upon competition, state aid and commercial structures. The Commission is intent on unbundling, on deconstructing vertically integrated monopolies, from EdF to Gazprom. Its additional competences, in areas like environment policy and climate change target-setting suggest that the EU is already rounding, in top-down fashion, on the creeping supranationalisation of energy, or at the very least, an increasingly asymmetric attitude to determining Europe’s strategic energy mix in favour of Union-level solutions. If it were to be adopted, I think such a strategy would at least serve to clarify the energy union’s ethos, particularly as regards third parties. The problem of course is the Member States.

Despite the geopolitical differences of the Member States, and their material needs, I think we should review the benefits of moving forward with a solid and widening core of EU energy law, legislating growing areas of energy market functioning, and the very sensible push towards interconnections and carbon-free countdowns, allowing to move forward with an EU-level policy, led by the Commission.

The only other option really is vested faith in the Member States, and assume that they mean what they say in terms of Article 194, which calls for, indeed pleads for, Member State *solidarity* on energy security, and hope that they commit to this structurally, not just at Christmas.. This has to be something that you don’t periodically subscribe to when times are tough, in order to mitigate collective bad consciences about the latest contract you have just signed with Gazprom. Either sign with Gazprom as a collective EU entity, and get the best deal from them in a way which genuinely spreads risk and reward. Or get serious about the other dirty “d” word, diversification and start shopping abroad.

Let me finish up in terms of the security of supply issues that the SEE paper touches on. First of all, security of supply needs to be defined in terms of security of demand, *and transit*. It’s an annoyingly broad, integrated spectrum of separate, and not always sympathetic elements. Security of supply involves thus more than just one country’s national resources; it’s not just the “assets/access/affordability” trinity, but it is much more of a contingency-and-continuity

provision in terms of internal and external factors, from price hikes, and weather spikes, and infrastructure failure, or at worst, deliberate politically-motivated stoppage. The various ‘scenarios’ run by the Commission in the mid-2014 as part of the European Energy Security Strategy are very helpful in this respect. The three scenarios were the first real proof that the Commission was moving from, if I may say, its pathological attachment to paper-based analysis, to some innovative strategic thinking (even if, at the end, they produced the standard Commission-style shopping list).

A big part of vulnerability, which is very much at the heart of the security of supply, is political, historical, social, and psychological in nature. It is *perception*, ladies and gentlemen. It is about who we are, what we need, where energy should come from, how and why. There’s an intrinsic ‘us and them’ pervading virtually all of energy security. I think that’s how the Member States perceive it; I am fairly sure that’s how they negotiate it. We neglect at our peril the bedrock of **political, national identities** underlying assumptions about how those identities should be guaranteed and secured in energy terms, even in our rush (however laudable) to standardise these same terms.

I think the SEE paper therefore needs to focus rather more in terms of the foreign policy structures, and to address not only our individual but the collective reliance on gas and oil. It is equally important to remind ourselves as to how this strategy operates against the backdrop of the EU’s green ethos, emphatic determination to deconstruct a hydrocarbon-reliant future.

Finally, in terms of the identity that I was just touching on, the identities of the ‘us’ and ‘them’ will very much determine how the European Energy Union works out, and it must therefore shift from a *coagulation* of Member States, into a *collection*, and from there into a genuine Union *collective*. The Union has to be its own ‘us’, in terms of the collective negotiation and purchasing of gas, if it wishes to go that far; simply because Russia is doing a pretty spectacular job of being a very unified ‘them’, at least in terms of overlaying Kremlin political authority with Gazprom market clout. So let’s take the foreign policy content of energy security seriously; let’s see it worked out more forensically. The solution is not easy, but it is simple: it requires becoming more aware of our responsibilities to European neighbourhood states in providing support and if necessary protection, while attempting to de-politicise energy security: the policy area *least conducive* to any such attempt. But that doesn’t mean we shouldn’t try.