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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? Some simplification needed...



First: We aren't anymore in the same world...

- 1 Scarce and pricey fossil fuel
- 2 An internal market for competing CCGTs... of for fed-in RES
- 3 Green revolution, green manufacturing leadership, green jobs
- 4 Putting a price on carbon everywhere
- 5 Fossil fuel pricey but “suppliers secure enough”

Too much significant assumptions gone to not reformulate the frame of our EU energy policy...

BUT with simplification...

Second: at least 5 tracks of EU energy policy upgrade...

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

Another simplification... contrasting a “mini” & a “maxi” option for each issue

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 LT price guarantee; ST flexibility responsiveness; LT grid access guarantee
- 1.2/1 Retail market “mini”: “no regret” platform ... as EU common standard of operation & cyber security + mini unbundling
- 1.2/2 Retail market “maxi”: a 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, but a mile too far?*

- Two types of shocks (US price – Russia volume)? And so what?
- 2/1 Gas “mini”: **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.

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

- End 2007 triple targets: Hence “renationalisation” of EU energy targets?
- 2/1 - 2030 Target “mini”: exiting RES priority ... and scaling back to **carbon containment** + some R&D and Green funding. See Stern& Calderon report for UN. NB: they call for full fossil subsidy phasing out + progressive coal ban...
- 2/2 - 2030 Target “maxi”: **energy efficiency target (incl. circular & shared economy)**... 1- doesn't touch national energy mix; 2- has “growth support” flavor 3- time come to discuss national action plans + business models + market and regulation principles + organize financing & bankability

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?**
- **2/1 - 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**
- **2/2 - 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”**

5 External energy security and policy: *at least some Energy Union... or only Energy disunion?*

- **5/1 External energy “mini”**: 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+”**: EU internal markets will give us their best only when integrating all our external borders ...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
- **5/3 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 its energy security is as big as “European Defense Community “and “European Coal and Steel Community” have been in the 50’...

To conclude: a lot of change & of work expected; or none: back to the EU non-energy policy era 1974-2004?



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