

Lessons to be learned as a visit outcome

Friday 23 February, the European energy commissioner Andris Piebalgs visited Romania. The Romanian capital was not a flag on a work map of the European Commission or only of the last wave of accession countries but a defined target. After his flight from Brussels landed on Thursday, being asked on Friday what the next target is, Andris Piebalgs simply and naturally responded: Brussels. The energy commissioner was not coming to analyze the electricity market situation in Romania when anybody else should have been tempted to do it. Instead of this, he came here to promote the new energy strategy of the European Commission, just in the moment when Romania itself is making efforts to re-define its national energy strategy. The energy commissioner was not criticizing the electricity market, but in his approach he integrated Romania within the general European context, addressing us the same requirement as to all other 26 member states.

The commissioner Piebalgs came in Bucharest after an intense activity to promote a new vision and a new strategy, and after publishing in 10 January the proposal for an integrated package of measures regarding energy and climate changes.

With this occasion, the European energy commissioner said: *"If we take the right decisions now, Europe can lead the world to a new industrial revolution: the development of a low carbon economy. Our ambition to create a working internal market, to promote a clean and efficient energy mix and to make the right choices in research and development will determine whether we lead this new scenario or we follow others."* (Brussels, 10 January 2007, IP/O7/29). The promotion of the new vision by Andris Piebalgs had not been reduced to elaborate a document and to present it. This promotion had been developed within the framework of previous events, so proving the correlation of internal European Commission policy with the direct and responsible approach of external policy: strengthening of relationship with Norwegian partner, ratification of the ECSEE treaty and the grant of the observer statute to Norway, Moldova, Ukraine, Turkey; the Euromed project; the Baku initiative and the EU-Africa partnership.

All these principles, the directions of action and actions themselves are presented bellow:

- To exploit the European energy resources in the benefit of the common development of the EU and EEA member states. During the last two decades of the 20th century, EU financed hundreds research & development projects,

having a contribution of 1,500 million euros from the total budget of 15 billion euros of these projects. The development of the North Sea oil and gas industry represents the most spectacular result of this financing. To reinforce the EC-Norway cooperation, during a phone conference in 30.08.2006 it was decided to establish a joint EC-Norway Energy cooperation Group. But the energy resources represent a permanent challenge and EU has to respond to this challenge as an *"Energy policy for Europe"* providing. This policy has to address: an internal market for growth and jobs, solidarity among Member States, a diverse, sustainable and efficient energy mix, a strong effort on energy efficiency and renewables to tackle climate change, technology and innovation, and a strong external dimension to energy policy as Europe needs to *"speak with one voice"* (for consultation: Andris Piebalgs, *"What are the EU energy challenges?"*, "Offshore Northern Seas Conference 2006", Norway, 23.08.2006).

- The willingness of EU to share its experience beyond its borders is illustrated by the launch of the Energy Community in South-East Europe, with precise objectives and deadlines regarding the electricity and gas markets and the removal of barriers against trade, as also the project for energy cooperation Euromed and the initiative Baku (the second ministerial conference, Astana, Kazakhstan, 30 November 2006). EU considers the European model is becoming a "pole of attraction" in global energy regulation and environmental-friendly energy policies, having in mind the viability of solutions regarding the electricity market liberalization that the Directive 54/2003 is supplying, as also the development and renewable's utilization policies. The nine signatory countries and European Commission made a first step towards cooperation with other states by granting the statute of observer to Norway, Moldova, Turkey and Ukraine (for consultation: Andris Piebalgs, *"External projection of the EU internal energy market"*, opening speech, "External Energy Policy Conference, Bruxelles, 20.11.2006", SPEECH/O6/712). During the visit in Bucharest, the commissioner Piebalgs also expressed his interest for the relationship of Romania with Moldova, Ukraine and Turkey.

- The political dialog EU - Africa (meeting in Brazaville, October 2006) for win-win energy partnership having in mind the existing and potentially increasing dependency by Africa's fuel imports (EU already ensures 15% of its fuel needs from Africa, this one being placed on the second position after Middle Orient in the top of

the world energy resources) and on the other hand the extremely limited access of African states at their own resources utilization in order to fully develop the services dependent of energy. On this background, taking into consideration the non-homogeneous situation of the African countries as importers or exporters, for EU, to share its experience or to transfer the technology in the area of infrastructure dedicated regional and interconnections' development may represent a possible payment for energy imports. (for consultation: Andris Piebalgs – *"Energy and development"*, Speech at the External Energy Policy Conference, Brussels, 21.11.2006, SPEECH/06/724)

As a signatory part of the Treaty, we have to acknowledge the regional framework where Romania evolve and that applying for the development of the regional market, Romania can not be separated by neighboring countries as part of EU policy, even Romania is an EU state member and the Romania's progresses are recognized by European Commission.

The global assessment of the energy sector in South Eastern Europe region was expressed previously by the European Union commissioner in a few words: *"this region suffers from a number of deficiencies: lack of energy sources, inadequate infrastructure for transporting energy, disruption of electricity supply, absence of competition, and serious environmental problems, to name only a few."* High Level EBRD Southeast Europe Regional Energy Seminar, Tirana, 10.08.2005, SPEECH/05/83).

On this background, at first glance, the evaluation made by the European commissioner for the Romanian market seems to not be able to bring us quiet and satisfaction. According NewsIn, 23 Feb – Andris Piebalgs described the electricity market in Romania as follows: EU has to ensure that Romanian companies may sell on the other markets and other companies will come on the Romanian market. *"Our aim is to achieve lower electricity prices. The competition on the Romanian market is real, but small"* – said the European commissioner.

Noting that the market was assessed without doubts as being really competitive, we have to accept that the competition's size can not be larger than its target: Romania has a consumption of electricity lower than each Nordic countries, even the number of people is comparable with all Nordic countries' population. And these countries are participants to a common regional market.

HOWEVER,

To fully understand the words addressed to the participants of the meeting in the Senate's room of the University Politehnica of Bucharest, we reproduce below the excerpts from the document *"An energy policy for Europe. Communication from the Commission to the European Council"*.

SPECIFIC GOALS:

- *Any EU company should have the right to sell electricity and gas in any Member State without discrimination or disadvantage;*
- *New interconnectors should permit the Internal Energy Market to function properly, with appropriate investment signals;*
- *The different trading rules and technical standards necessary to permit cross-border trade to work effectively should be harmonized.*

CONCLUSION:

"The Internal Energy Market Communication and the final Report on the Competition Sectorial Enquiry demonstrate that the present rules and measures have not yet achieved these objectives... This situation cannot continue."

Without doubt, on Friday Romania received from the European commissioner for energy no other evaluation that the one that European Union itself received from him in January. Also the same suggestions regarding how to proceed further.

Among the answers of energy commissioner we note the reserves of the European commissioner regarding legitimacy of big energy consumers to ask for preferential prices as also the uncertainty upon a true existing margin for negotiation between a potential consortium of big consumers and the producers.

Moreover, we note the underline of unpleasant truth that the time for cheap electricity was passing, a truth that should stimulate us to innovate more as also to consume less.

Last but not least the commissioner expressed his faith in the role of the power exchanges to contribute to creation of the liquid markets and to supply a reference price.