

**Summary from the Meeting of the Chairpersons of the
Economic Affairs Committees on Energy Union**

**The European Affairs Department
Chancellery of the National Council of the Slovak Republic**

PANEL 1

State of the Energy Union

**Chair of the Economic Affairs Committee of the National Council
of the Slovak Republic,**

Jana Kiššová

After having welcomed the guests and introducing them to the renovated premises of the Bratislava Castle, where the conference took place, the Chair of the Economic Affairs Committee of the National Council of the Slovak Republic, Jana Kiššová, gave her opening speech. In the speech she pointed out the complicated situation the EU is currently facing on the social, humane, political as well as economic level. She believes that the EU must continue working in accordance with the principles of human rights, democracy, human values and protection of private ownership.

Further on in her speech she emphasised the significance of free market forces and their reasonable regulation. Using the example of profound differences in energy prices between the EU and their competitors, mainly Japan and the U.S. she made a point of reasonable regulation being an issue the EU needs to effectively respond to. It was also for this reason that she emphasised the importance of the Energy Union project, aimed at lower energy prices, energy security and the ecological dimension, which plays one of the key roles in ensuring sustainable development and progress of the EU.

In her speech, Jana Kiššová also spoke about the importance of intensified consumer focus which is closely interconnected with the efforts to make public transport more ecological and to increase the energy efficiency of buildings. She pointed out that the potential success of these efforts depends on the support of research, which is also one of the main methods of fighting energy poverty.

In her conclusions, Jana Kiššová emphasised that in order for the Energy Union to contribute towards increasing the trust in the EU, it must first of all be a project for its citizens.

Vice-President of the European Commission in charge of Energy Union,
Maroš Šefčovič

In the beginning of his speech, Maroš Šefčovič spoke about the long way Slovakia has come from being a country lying behind the iron curtain to a country which holds the presidency of the European Union. He then drew a parallel with the river Danube, which also used to symbolize a dividing line but which now symbolizes unity and collaboration.

According to Maroš Šefčovič, the Energy Union is, among other things, yet another symbol of strengthening the European family. He also expressed his great

appreciation for the timing of the conference, which made it possible to present the Commission's latest package known as 'Clean Energy for all Europeans'. Šefčovič is of the opinion that the Commission has learnt the lesson of having the necessary complex approach towards measures, which is why the aforementioned package is not only about energy-related topics but also about the modernisation of the economy. Within the package, the Commission is trying to harmonise their proposals with other fields and aspects such as market digitalisation, capital markets union or the European Strategic Investments Fund.

Forming part of the new package is a legislation focused on efficiency, renewable energy resources, electrical energy market design, energy supply security, and the Energy Union management and administration rules. In addition, the Commission also proposes a new eco-design as well as the interconnected and automated mobility strategy. Maroš Šefčovič believes that these proposals will contribute towards increasing energy security and international agreements transparency, and will lead to new ways of importing and using LNG which will represent an ample complement to traditional resources.

The package reflects three key energy objectives of the European Union: a) supply security, b) competitiveness, and c) sustainability. Increasing energy efficiency by 30% by 2030 is another objective set out by the package and it should help the European economy reap the benefits of 70 billion euros and create 400 000 new jobs. The Commission is also introducing the principle of dynamic pricing, increases the support of ecological means of transport and provides the consumer with more information and protection. Within the package it also introduces measures which will lead towards more transparent and user-friendly invoices, wider installation of smart metres, simplification of transition from one supplier to another, reducing administrative obstacles and, ultimately, also towards reducing energy poverty.

Maroš Šefčovič is of the opinion that more focus should be put on the implementation of measures leading to fair, social and just energy transformation in the near future. It becomes clear that more effective and concrete steps are inevitable when we look at some Member States 'energy charges which represent up to 60% of the final bill or the increase in oil prices which is happening despite the significant decrease in oil production in the recent years. As Maroš Šefčovič stated, improvements should be made within national energy plans, using mature and cost-efficient technologies, and in lowering price regulation (while taking vulnerable consumers into account) because its current level puts off new market players and thus blocks competition. The Commissioner expressed his support for research and more ambitious use of investment platforms such as the Commission's initiative 'Smart Finance for Smart Buildings' which is supposed to generate EUR 10 billion in public and private funds in the given field.

In the context of the US presidential elections the Commissioner expressed his contentment with the timing of the events concerning the Paris Agreement and greatly appreciated how it was supported by the Parties to the UN Framework Convention on Climate Change through their signatures and ratification of the Agreement. However, he thinks that EU Member States have to keep trying to find ways of lowering green gas emissions, mostly in agriculture and transport.

In his conclusions, Maroš Šefčovič expressed his belief that even in the difficult times the European Union is currently facing, we need projects which can get the citizens involved and be beneficial for them. The Energy Union has so far been successful in this respect and we have to continue developing it together.

State Secretary of the Slovak Ministry of the Economy,
Rastislav Chovanec

Rastislav Chovanec spoke about the significance of the event, which he believes is beneficial for the Energy Union project. The citizen has to be the central element of this project, which is why he thinks it is necessary to set the objectives and their added value in order to keep balance between the purchasing power of the citizens and the ambitions of the project.

The project now allows the citizens to participate more actively in issues concerning energy use which is related with a positive motivation leading towards the reduction of prices. It also helps removing barriers between individual states, stabilise energy supply and strengthen energy security. The State Secretary also emphasised the importance of several new proposals from the Commission as they support using cross-border energy supply by applying the solidarity mechanism, transparency in international contracts, legislative compatibility between the EU and third countries and the more comprehensible energy labelling of products.

He also mentioned the importance of directives, the objective of which is to increase energy efficiency, provide consumers with better price overview and help them reduce energy consumption. He thinks that the position of the consumer is strengthened also thanks to the new market design which enables the consumers to get more involved.

Rastislav Chovanec further described the action plan of the Ministry of the Economy of the Slovak Republic titled 'Smart Energy', which supports the steps the EU is taking on the Slovak national level. Regarding national levels, he mentioned the effort the Slovak Presidency is making concerning the solutions necessary for all EU Member States and for the EU as a whole. He thinks that this approach requires us to listen to one another and discuss things openly which is related to the need to fully reflect the different situation in individual states and accept their right to their own energy mix.

Chairman of the Committee on Industry, Research and Energy of the
European Parliament,
Jerzy Buzek

Jerzy Buzek specifically referred to the fact that the EU's policy is leading towards structural changes in the energy market, which had been originally built on giant energy plants. He thanked Maroš Šefčovič for the work he has done on the biggest energy package in the EU in the last fifty years.

When he spoke about issues concerning clean energy, he repeatedly emphasised the need to view them in a broader context and to try and see behind them the concrete problems people are facing. Clean energies can reduce air pollution, working environment and health, but we should not forget to think about the rationale behind supporting some of the new technologies such as energy production from biomass, which can, according to Jerzy Buzek, sometimes have worse impact on health than using coal.

From the point of view of future competitiveness of the economies and SMEs, the speaker emphasised the importance of ETS Regulation. He also drew attention to the importance of a unified energy market which will function as a pillar of the new era of European solidarity. In his opinion, one of the main priorities within this market should be increasing energy security which can be achieved by using all available domestic resources of Member States who are fully responsible for their respective energy mix.

He spoke of the new package by the Commission as of the beginning of a legislative process and assured the audience that the European Parliament sees it in the same way and, at the same time, realises the key role which energy plays in the economy. This is why he is glad that the new common energy policy has a very strong and unified support from both citizens and politicians.

In his conclusion he called on those present to try and show the citizens that we can all progress and be successful.

**President of the European Affair Committee of the Latvian Parliament,
Lolita Čigāne**

According to Lolita Čigāne's words, her participation in the conference was partly of a symbolic nature because the Latvian Presidency launched the Energy Union project. She expressed her satisfaction with the project's progress and she pointed out that the issue of the Energy Union, unlike most European topics, has an exceptional degree of unanimous support.

She also mentioned substantial shortcomings in the area of European energy, for instance high energy prices compared with our competitive economies; she expressed doubts as to the sufficient involvement of national parliaments in the Energy Union project and warned against the Nord Stream 2 project.

She thinks that this project, which is carried out by the Russian company, Gazprom, has high potential of dividing EU countries and threaten the Commission's ambitions. She informed the audience about the difficulties Latvia had to face in connection with strong lobbying pressure from Gazprom and expressed her hope about the timely adoption of the Commission's package. Lolita Čigāne is of the opinion that such step will help implement policies leading towards a higher level of security and sovereignty.

Discussion

In the discussion that followed, the participants of the conference confirmed the justification of measures leading towards strengthening energy security and state sovereignty. They pointed out the need for maintaining the balance between fulfilling the project's ambitions and energy prices, mostly when taking into account the big proportion of citizens who are at risk of energy poverty. They called for further development of energy connections which would lead towards the elimination of the so called energy islands. The importance and potential of LNG for the European Union was mentioned several times.

PANEL 2

Integrated approach to research and innovation

The presenter for the panel, member of the National Council of the Slovak Republic, **Karol Galek**, excused the absence of **Robert Redhammer**, the Rector of Slovak Technical University, and **Petru Ehegartner**, the President of the Committee for Transport and Energy of the Romanian Parliament, due to their unforeseen health complications. There were therefore two speakers delivering their speeches in the second part of the conference.

Director General of the European Commission for Research and Innovation, András Siegler

András Siegler began with recalling the words of the President of the Commission, J.C. Juncker, according to whom Europe should be the world leader in using renewable energies. He said that keeping this position is directly related to the achieved progress within five interconnected dimensions, as established by the Commission.¹ He also mentioned the need for investment incentives and for improving the ability to share risks in the field of research.

He is convinced that research and innovation should be approached from various different angles. This way they can be perceived, for instance, as driving forces for energy efficiency, leadership of the EU in the area of renewable resources and a fair offer for the consumer. If we look at research and innovation from the point of view of clean energy, we can see them as forces strengthening the leverage effect. This happens mostly when setting strong and stable incentives (policies and regulation), mitigating the risks of untested technologies, finding solutions (commutation of private investments) and broadening the scope of science and innovation (public resources).

When aiming to keep the leading position, the EU should take into account several key factors: for instance, the approximate 44% overall energy consumption of buildings which calls for focusing on decarbonisation as a priority in this area. He also mentioned the fact that energy storage cannot be narrowed down to batteries only, and the projected increase of emissions produced by the transport industry.

Apart from Juncker's objective, he also sees very positively the role of the SET-Plan, which is currently the main tool for the implementation of the 5 pillars of the Energy Union and which established 10 main actions for research and innovation. According to the speaker, fast energy transformation can be achieved most efficiently through concentrating the effort into six research and innovation priorities: a) maintaining leadership in renewable resources, b) smart energy systems that place the consumer in the centre of their attention, c) energy efficiency

¹ Energy security, solidarity and trust; the internal energy market; energy efficiency as a contribution towards the optimisation of energy consumption; decarbonisation of the economy research and innovation

d) sustainable transport, e) capture and storage of greenhouse gases and, if possible, also their processing, f) nuclear safety.

He brought the attention to the existence of innovative missions (for example B. Gates has announced the doubling of investment into clean energy); to countries expressing their interest in closer collaboration in various dimensions, for example India, France, USA, Canada, Mexico and the United Kingdom and also to the significance of the Commission's legislative proposals related to funding and risk management.

**President of the European Energy Research Alliance (EERA),
Hervé Bernard**

According to its current President, The European Energy Research Alliance is the backbone of the SET-Plan. It brings together 175 top European organisations and 17 European research programmes focused on materials, technologies and systems. It has a 90% participation rate on the 7th Framework Programme and supports the rise of research alliances at national level. The role of EERA is to implement plans, coordinate activities of the scientific community with the aim of avoiding duplicity and supporting mobility of researchers.

In the area of materials, EERA focuses on research applicable to energy processes using extremely high temperatures, on the storage of solar energy and nuclear energy. In the area of technologies, it focuses its attention on bioenergy; fuel cells; geothermal technologies; using ocean, shale and sun energies and on carbon capture and storage (where it is striving for a breakthrough in its use). The area of systems is an area where EERA mostly deals with the possibilities of system integration and their use in buildings, smart cities or in industrial processes.

According to Hervé Bernard, apart from implementing the SET-Plan and coordinating European research and development, the EERA is trying to build trust between the scientists who form part of the alliance, share infrastructure and build research capacities. However, the top priority is to reach the highest possible level of research, which is applied research. As Hervé Bernard said, the Alliance has yet a long way to go but he is proud of the results it has achieved as well as of its highly efficient employees.

Discussion

Within the discussion on the integrated approach towards research and innovation, the conference participants mainly pointed out funding-related problems. The amount of private investment into research and development is constantly dropping. In this context there were some thoughts on business models which would be able to address the needs of new technologies, ways of production and energy distribution. The Commission's programme NER 300 and NER400, European Fund for Strategic Investments and the option of higher risk coverage by the means of EIB guarantees were also mentioned. There was also a discussion on the potential of biomass which was marked a complicated issue. Another discussion subject was the need for the development of programmes focused on the mobility of students and scientists in the field of energy (e.g. Erasmus+, Marie Currie).

PANEL 3

The future smart EU energy systems with the consumer at the centre

**Director General of the European Commission for Health and Consumers,
Carina Törnblom**

Carina Törnblom expressed her appreciation for the conference and its collaborative spirit. Similar spirit can be found within the Commission and its working groups focused on the protection of the consumer in the field of energy.

She briefed the audience on the beneficial practices for the consumer adopted by the Commission. These practices are related to the clarity of accounts, simplification of the process of changing the supplier and setting the energy consumption system in a way which would give consumers the opportunity to react to their needs when energy is cheaper. She pointed out that it is necessary to take care of all consumers and that it is the general truth that an unconsumed kW is the cheapest one.

She has also mentioned that smart metres were met with doubts from consumers, who were mainly concerned about the protection of their personal data. However, things are looking better these days also thanks to the Commission's winter package.

**Executive Director of the Smart Energy Demand Coalition (SEDC),
Frauke Thies**

Frauke Thies is of the opinion that since the results achieved in research and innovation get reflected in the increase of the EU's competitiveness, it is necessary to further support and develop this field. However, she added that these results do not have to automatically lead towards the improvement of the consumer's position, which is an issue that should be dealt with specifically. The outcome would be that the consumer would be able to produce energy without major difficulties or even sell it. This is the way in which the development of automated technologies is progressing in some countries, for instance in the USA or Belgium.

Concerning the issue of connecting the consumer into networks, Frauke Thies thinks it is necessary to take into consideration not only the standardization in building efficiency but also the standardization of networks themselves. Together with the existing flexibility, implementing a dynamic pricing model and a more liberal opening of markets can also prove useful. Such measures will lead towards removing the ceilings and tariffs which are market-distorting and will get the prices closer to real values.

**Expert Director of the European Smart Metering Industry Group (ESMIG),
Willem Strabbing**

Willem Strabbing's speech was mostly about smart energy metres. Within the intention to cover households by 2020, the Commission has reduced its estimate from 80% to 72%, which, according to Strabbing, is still quite a satisfactory number. Based on research he participated in, he said that provided there is a direct feedback from the consumer, 7-11% of energy can be saved. However, lower prices are not the only aspect of demand. Smart metres also have to provide personal data protection and a certain level of user-friendliness.

As for the protection of personal data, the consumer needs to agree to their access by a third party while he is guaranteed full control. Willem Strabbing is convinced that market liberalization will expand licences for the installing and operation of smart metres. That is why the issue of protection of personal data must be approached carefully and responsibly which requires some progress in the area of safety certification.

Willem Strabbing sees promising progress on this level, as well as in the sphere of increasing the level of comfort where devices with the highest possible degree of automation are being worked on.

**Co-Founder of the company GreenWay,
Peter Badík**

Peter Badík started his presentation by quoting Mary Barra, the Executive Director of General Motors, who projects bigger changes in the automotive industry in the present decade than in the last half a century. After this he introduced his company, GreenWay, and showed maps of locations of power stations, explained the criteria for their installation and familiarised the audience with an application which enables the user to search for them.

The second company Mr. Badík founded deals with ecological transport with the focus on heavy goods vehicles. It reacts to the development of supply services and to the fact that the ecological transformation of heavy goods vehicles produces much greater effects than doing so in the area of personal cars.

The speaker is of the opinion that politicians should support ecological transport to a much higher extent also due to the achieved technology level which is not being met with readiness by policy-making and administrative processes.

Director of the company TECO, a.s., Jaromír Klaban

In the beginning of his presentation, the director of TECO, a.s. dealt with the issue of building smart grids "bottoms up", where virtual data storage plays an important part. He said that despite the significant progress achieved within 'Smart Grid', it should still be seen as an objective.

Then he moved to introducing his company, Teco, a.s., describing their products and services within which he focused mainly on 'Foxtrot', the integrated system for

the support and operation of a smart house. The system can control lighting, heating, cooling, electro mobiles, solar panels, batteries, etc. Its scope is very broad also geographically as he demonstrated on the examples of Foxtrot users from various European and non-European countries.

Discussion

The issue of energy prices was most frequently mentioned in the discussion. The participants felt that measures leading towards the reduction of prices are insufficient. Some blamed the current state on weak market liberalization, some on the absence of reasonable regulation and others on the insufficient support of new technologies or the complicated implementation of political intentions. However, they were unanimous in expressing the concern about the high number of EU citizens who have problems paying energy bills. They agreed that there should be implemented such energy measures that would be of help to the consumers without distinguishing between them based on their social status.