

Participation of Commissioner Oettinger at the Romania Energy Day

16:45, 15 May 2013

I. Speech

Ladies and Gentlemen, stimate doamne si domni,

I am honoured to join you today.

Romania, more than many Member States, faces huge challenges to adapt to the European market and regulation, catch up with advanced energy technology, and make its companies better known in the rest of Europe.

But when I see what you have achieved so far, I have great confidence that you will succeed.

Structurally and strategically Romania represents for me an integral and indispensable element of our European energy market. This is what I would like to focus on today.

Internal energy market, renewables and infrastructure

I have been invited to talk about our external policy.

But our external policy is only as strong as our internal policy. This means having a strong internal market, common and

agreed targets, shared programmes and actions, partnerships and solidarity.

So to reach a common voice in external affairs, first we have to make sure that we have our own house sorted out. By which I mean our European energy strategy.

And this strategy is only as strong as the players within this strategy.

Romania is an important player in this strategy.

So first, let me congratulate Romania on the progress it has made in the last ten years. Romania is well on its way to delivering its commitments to raise the share of renewable energy in its energy mix to 24% by 2020. As you know, it is important that if changes to the support systems are needed, they are done carefully and in consultation with affected investors: I therefore welcome the public consultation you have launched on this.

You have also made some progress in energy efficiency, but there is a big potential to do more, especially in less industrialised sectors and transport. Last year Romania led the way in Europe in reallocating Structural Funds for investments in energy efficiency in residential buildings, which helped reducing energy poverty.

I am also delighted that we have completed the ARAD-SZEGHED link with Hungary, and that the Romania-Bulgaria gas link will become bi-directional. Both projects benefitted from the European Recovery Programme for Energy and help Romania to integrate itself more into the European market.

Finally, I welcome moves to diversify your supplies. Shale gas could be an option and I encourage you to join the European debate on this issue.

I also welcome that the Nabucco States, one of which is Romania, have confirmed their support to the project during the recent Nabucco Committee Meeting in Budapest. I am sorry I will not be able to attend the next meeting in Bucharest. But support of Romania, and all other Member States involved, namely Hungary, Bulgaria and Austria, is very important to maximize the chances of the project to be selected by the Shah Deniz consortium. This should happen very soon. You know that in my view, in the end we'll need both Nabucco and TAP to ensure diversified gas supplies to the EU.

Romania will be one of the main beneficiaries from the opening of the Southern Gas Corridor since it will help to diversify its supply portfolio.

Of course I understand that the prospect for additional indigenous resources – shale gas and conventional gas in the Romanian EEZ of the Black Sea – might limit the import prospect in Romania. Nevertheless, I am convinced that gas from the Southern Gas Corridor leaves Romania with the

possibility of diversified gas sourcing, more competition and better interconnections: It is a real no-regret option!

So, Romania has done a lot to fulfil its commitments to the EU. But the story is, of course, not over yet.

When it comes to implementing the 3rd package, there is still work to be done. I appreciate the commitments to end the ban on gas exports: this is absolutely incompatible with the internal market. So are regulated prices, and also for that I welcome Romania's commitments. But it needs to be put in place, both legally and in practice!

Furthermore, the way the interconnections with your neighbours are managed needs to improve. There is too much un-clarity on access rules, and there is too much inefficiency in how they are used. But of course you need an independent regulator to make this happen!

So there are still important actions that need to be taken. But what do you get out of all this?

First, you gain access to a European-wide energy market, bringing more diversity, more security, more safety, notably in nuclear power, and more competitive prices.

The internal market gives consumers better choice, and companies economies of scale. Creating a competitive market

where companies can offer innovative solutions to their customers, will be for the benefit of the whole economy. It will trigger investments in energy efficiency, and it will trigger efficient investments in the network and in generation.

Look for example at the market coupling in the Northwestern European market, including here in Belgium: because of cooperation between network operators and exchanges, based on clear rules, the use of the interconnection is now much more efficient than it was 10 years ago. For example, situations where electricity is transported out of a market where it could be sold at a high price, to sell it in a neighbouring Member State at a lower price, are history. This means that generation and interconnection capacity are used more effectively.

Currently, this situation is challenged as the networks have difficulties to cope with more and more renewables. So integrating renewable electricity better into the market, and ensuring uninterrupted supply, are two key priorities on which I foresee to publish guidance before the Summer break: we need more and better European coordination if we want to make our energy system more sustainable.

But even if renewables create a challenge, the fact that these network operators are cooperating closely makes it easier to deal with these challenges.

Therefore I am happy to hear that you want to get involved in the market coupling with your northern neighbours.

Being part of the integrated market also ensures that, when our supplies do get interrupted, as happened in gas in January 2009, there is a way to access alternative supplies.

I am hopeful that Romania will do all it can to play a full part in the internal energy market. You have an important role in the whole bigger region. With our Energy Community project extending to Eastern Europe and the Balkans, new doors are opening up for your country and for all stakeholders.

But to do this, we need a well-functioning energy market, full implementation of the rules, to create the right framework for investments. We need lots of investments.

I am arguing for more European money to go into new interconnections, connecting countries like Romania better to the wider European network. So you can trade with partners from the Baltics to the Mediterranean. You have heard today about our efforts to secure new European funding for infrastructure, through our Connecting Europe Facility. We need to spend this wisely, so that it can trigger and leverage the maximum of private financing.

Ladies and Gentlemen,

We also need to invest in energy efficiency. Here, European actions can help your country immensely!

We are arguing for more funding through the structural funds for energy efficiency, as well as the speedy implementation of the new Energy Efficiency Directive.

Longer-term: 2030

But this is just a start. With the Green Paper, the Commission has launched the discussion on our energy policy and climate policy up to 2030, beyond 2020. I want Romania to have a voice in these discussions. Your views are important to me.

The challenge is to transform the energy system while ensuring that Europe is able to compete with other countries - countries which have their own oil and gas, no binding greenhouse gas targets, high levels of energy subsidies, low safety and environmental standards.

I want to make sure that the 2030 framework minimises potentially adverse impacts on energy prices, while allowing our companies to move ahead in terms of technology, efficiency, added value, sustainable investments and skills.

Ladies and Gentlemen,

If we are not strong at home, we cannot be as strong as we would like overseas. Being united and having a single voice externally is crucial to ensure that we have access to the supplies we will need.

Europe is in a global race for energy resources. The global energy demand will grow probably by more than one-third over the period to 2035 with China, India and the Middle East and Japan in a strong competition especially for gas. Even if we boost renewable energy to 50% or more of our supplies, we will still be dependent on imports for a large part of our energy. And the competition for those resources will be all the greater, as the world's population expands, particularly its middle classes and urban populations.

To those who say: but we already have our national negotiating partners in Russia, Azerbaijan, Brazil, I say: National sovereignty in energy is not really an option when we have a single internal energy market, stretching from the Balkans to UK and Ireland, from the Baltic to the Mediterranean.

The energy security of every Member State will be stronger and cheaper when the EU learns to speak with a single voice and leverage its real power. By speaking with different voices, we just give our partners the power to divide and rule. Of course they will happily speak to one country if this means they can avoid talking to a stronger Europe!

Likewise, there are those who are content to rely on national interests and national rules in assessing new projects. But do you really only want to have a national market, isolated, fragmented from the rest of Europe, in the shadow of the big international players? I don't think this is in anyone's interest. This is why we have European rules, and European agreements. Because then we can make our voice heard.

This means for example that all gas pipelines, including the major transit line that brings gas from Russia through Romania to Bulgaria and Greece, is fully integrated into the EU's energy market. It is detrimental to the position of Romania and to the position of your neighbours, when this pipeline is not complying with EU law. We are ready to assist Romania to solve this.

I believe that Europe is best qualified to defend Europe's interests in the world.

This does not mean that Europe is the only one talking. Everyone has a voice. But let us make sure that we share the same messages and have the same understanding.

You can see what I mean in this region if we look at Romania and Moldova. Romania-Moldova interconnector projects, in particular the Ungheni-Iasi interconnector, are of key importance for the whole region.

For us this project is about more than just gas. It is a strategic asset in ensuring diversification of sources and security of supply for the whole region. It is therefore of great importance that it will be operational, maybe by the end of the year.

The latest developments in Moldova cause great concern, but I hope this will not require to review our support for the Ungheni-Iasi gas interconnector.

The Commission has already approved a € 7 million grant for this project provided that firstly, all relevant land ownership documents are transmitted and secondly, that state aid issues involved in this project are declared compatible with EU law by the European Commission.

Given the delays already experienced in the preparation of this project, which recently led to the postponement of the inauguration of the works, we would like to count on your full support to ensure that Romania swiftly fulfils both conditions.

Ladies and Gentlemen, dear President Gal,

Thank you again for coming to Brussels to discuss the European and Romanian energy market and energy policy. We have a lot to offer you. You have a lot to offer us. Together, as a European team, we can put Romania on the energy map and strengthen Europe's energy market and security at the same time.

Thank you all for your work and your attention.