



THE STATE OF THE UNION

9/10 MAY 2012
SALONE DEI CINQUECENTO
PALAZZO VECCHIO
FLORENCE - ITALY

PRESS RELEASE – COMPLETING SINGLE ENERGY MARKET KEY TO EU RECOVERY, THE STATE OF THE UNION

Leading EU energy policymakers and academics said Thursday they are broadly optimistic the third package for a single market in electricity and gas can be achieved by 2014, but challenges remain to address security of supply and climate change objectives. They were speaking during a panel on achieving the internal market during the second-annual State of the Union, organized by the European University Institute.

“Delivering the goal of a competitive, low carbon economy by 2050 is feasible if we act now. Stakeholders must weigh up the costs of acting now. Those costs will be high, but the costs of acting later will be higher,” said Philip Lowe, Director-General of the Directorate General for Energy at the European Commission.

Inge Bernaerts, Head of the DG Energy Unit at the European Commission, noted that transposition by some member states of the third package is lagging a year behind, while basic data is still lacking from transmission system operators, and disputes between TSOs are still unresolved. “By 2014, we need to move from rules to reality,” Bernaerts said. She also pointed out there are worrying signs national politicians are not taking into consideration the impact on European markets of responses.

Going forward, several panelists agreed that the EU must redesign its market model to take into account the need to accommodate the impact of a growing share of energy, from intermittent, renewable sources such as sun and wind through the setup of EU-wide intraday power trading, said Guido Bortoni, President of Autorità per l’Energia Elettrica e il Gas, the Italian energy regulatory body. A plan to develop these markets has been agreed and is ready to be put into place, said Juan Perez, Director of Strategy for EPEX Spot.

At the same time, high-voltage transmission capacity is lacking, a necessary underpinning of an EU-wide market, because the systems and procedures to build and operate these lines must be taken by national politicians, said Daniel Dobbeni, President of ENTSO-E.

Participants at the State of the Union agreed overall that progress on opening of the EU gas market is still falling behind that of electricity, and more integrated gas trading hubs with greater liquidity are needed.

While the continued fulfillment of the EU single market for electricity and gas was viewed as a vital component to the economic recovery of the EU, Pippo Ranci urged EU institutions and energy companies to also develop projects to provide modern energy to the 1.3 billion people with no access to electricity. “I expect the champions of private initiatives to take initiative, with a more focused effort to face this huge problem. We must look beyond this crisis,” said Pippo Ranci, Professor of financial ethics at Cattolica University.

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