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**COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY
COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY**

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CONFIDENTIAL

ACCES RESERVE

Mr Jerzy Buzek
Chair of the Conference of Committee Chairs
European Parliament
PHS 8B46

Dear Chair,

In accordance with Rule 118 of the Rules of Procedure of the European Parliament, the Committee on the Environment, Public Health and Food Safety (ENVI) and the Committee on Industry, Research and Energy (ITRE) held a public hearing on Monday, 20 October 2014 with Mr Maroš Šefčovič, Commissioner-designate, who, subject to the positive outcome of the nomination procedure, will be Vice-President responsible for Energy Union.

Prior to the hearing, Parliament had sent to the Commissioner-designate a list of written questions to which he replied in writing on 20 October 2014.

Mr Šefčovič opened the hearing by making a statement in which he referred to the following:

- The EU faced two immediate energy union challenges, namely ensuring energy security in the context of the crisis between Russia and the Ukraine and fighting climate change taking into account the 2015 Paris summit. The Energy Union could be the answer to these questions and should be treated as the continuation of the idea of the European Energy Community proposed in 2010 and broadly supported by the European Parliament and the Commission;
- The five pillars of the Energy Union would be:
 - Security, solidarity and trust, in which connection he referred to the need for a more assertive European energy diplomacy, better energy policy coordination, close cooperation with the EU's neighbours, the possibility of common purchasing of gas, the Energy Community and diversification of routes and sources of supply;
 - A competitive and completed internal market, which would require greater cross-border flows, more regional cooperation and better connected infrastructure, with the latter being financed inter alia by means of the Structural Funds, the Connecting Europe Facility (CEF), joint investments and the future Juncker Investment Package;
 - Moderation of demand, with particular reference to energy efficiency, focusing on buildings, transport and products;

- Decarbonisation of the EU energy mix, in relation to which he indicated his support for the successful reduction of greenhouse gas emissions and the need for ambitious targets for 2030; he also highlighted the aim of making the EU the world number one in renewable energies and noted the importance of reaching a meaningful international climate change agreement at the end of 2015 in Paris which is a high political priority;
- Research and innovation, particularly with a view to bringing new, high-performance, low-cost, low-carbon energy technologies to the market; he also emphasised the job potential of green growth.

With regard to issues falling within the remit of the ENVI Committee, Mr Šefčovič answered questions and made commitments in relation to the following matters:

- international climate negotiations: a legally binding global agreement would be a key priority for the coming year; he indicated his overall optimism about the process, particularly after the Ban Ki Moon summit in September in the margins of the UN general assembly; he also highlighted the steps being taken by other major emitters - for example the recent climate legislation adopted by President Obama, and the development of the emissions trading system by China; the Vice-President-designate indicated that he would be present in Paris in 2015 and highlighted that the Commission would work as a team, involving not only the Commissioner for Climate Action and Energy but also the High Representative for Foreign and Security Policy; he committed to keeping the Parliament and in particular its delegation to the COP conferences regularly informed about progress in the negotiations;
- 2030 framework: he underlined the importance of achieving ambitious targets in the area of climate, renewable energy and energy efficiency; he underlined that Member States have different starting positions and that two key aspects would be appropriate burden-sharing and an investment fund created from unused allowances; he identified carbon capture and storage (CCS) as an important element in ensuring that certain Member States could meet ambitious targets.
- climate policy and competitiveness: he emphasised that green growth and competitiveness complement each other and that the green economy is one of the few areas in recent years where job creation has occurred; he in particular underlined that there is a positive business case for climate policy;
- ecodesign: he underlined the substantial energy savings already achieved thanks to the introduction of the Directive; for example he highlighted that savings so far achieved are comparable to the yearly energy consumption of Italy; he expressed the need to proceed only in sectors with clear added value (for example boilers); moreover he emphasised the need for better communication of the benefits of the Directive and public consultation of proposed measures in cooperation with the European Parliament and its relevant committees;
- carbon leakage: he acknowledged the challenges faced by EU industry as regards compliance with energy and climate legislation, and recognised that a carbon leakage mechanism would have to stay in place after 2020;
- biofuels: he expressed his hope of concluding the legislative procedure on the ILUC Directive at second reading with a good compromise; he underlined his disappointment with first-generation biofuels, which have not brought the expected emission reduction results while pushing aside food and feed crops and having other unintended social consequences; he expressed support for funding research on second generation biofuels and underlined the expected increased role of alternative fuels in transport;

On the basis of the comments made by the Coordinators of the ENVI Committee, we can state the following:

Mr Šefčovič showed very good diplomatic skills and a good knowledge of the policy area, in particular given the very short time he had to prepare. His commitment to transparency and to close cooperation with the European Parliament was clear. His commitment to the ecodesign Directive was especially welcome.

An important issue remains of concern for the ENVI Coordinators, namely it was still not clarified who will lead the international climate change negotiations for the European Commission. This is not only important at internal EU level, but especially vis-à-vis the non-EU counterparts. The President-elect should provide assurance before the vote in Plenary that he will designate one member of the College responsible for leading climate change negotiations.

Another issue requiring further specification is the carbon leakage arrangements after 2020. In particular any mechanism would need to be re-assessed and re-adjusted in the light of any international climate agreement.

With regard to issues falling within the remit of the ITRE Committee, Mr Šefčovič answered questions and made commitments in relation to the following matters:

- Energy Union: The present Treaty provided sufficient possibilities to take measures in this area. He would wish to make progress on all five pillars at the same time, stressing the importance of solidarity and trust between the Member States. In any event, he would enter into discussions with Parliament and the Member States to properly define the Energy Union, noting that although the energy mix was a matter for the Member States, it was also necessary to coordinate energy policies, pointing to the example of the gas coordination groups, and to ensure that Member States respect common goals. In the immediate future, he would follow closely the gas supply situation in Ukraine. In the event of a crisis, the Commission would take the necessary steps. He would work on legislative planning, and it would be necessary to select CEF projects and to address internal market issues, including through infringement procedures. He would ensure transparency towards Parliament in connection with relations with third countries, including Russia and China;
- Energy security: He would promote diversification of routes and sources of supply, including EU offshore sources. He pointed to the Southern Corridor, which would reduce EU dependency on Russian gas. He believed that Southstream did not fulfil the condition of diversification of supply, and he stressed that companies operating in the EU should respect EU law. The EU should speak with one voice and pool its negotiating power and take advantage of its position as a major energy consumer. Greater diplomatic efforts in this regard were also necessary. He also mentioned the gas stress tests that had indicated an improvement in the situation and stressed that the Commission would monitor national contingency plans;
- Energy efficiency: He was committed to a binding 30% target for energy efficiency by 2030. He recognised that some Member States would prefer indicative targets, noting that the concrete measures and policies to follow would be as important as the targets themselves. In this field, he would examine incentives to encourage greater efforts towards energy efficiency;
- Renewables: Making the EU the world leader in renewables was a key part of his portfolio, and this should be done inter alia by creating a stable regulatory framework. He stressed that renewables were - as the EU's own energy source - also important from a geopolitical point of view. It was necessary to put in place the necessary infrastructure, including smart grids, support research and innovation and address bottlenecks preventing trade in

electricity produced from renewables. With regard to the target of at least 27% renewables by 2030, he was convinced that the EU would go beyond this target;

- Internal Energy Market: It was essential to complete the internal energy market. In that regard, it was necessary to go beyond the third energy package and he would also examine the Gas Security of Supply Regulation. In addition to tackling the question of infrastructure, he would seek to address the need for cooperation between transmission system operators and regulators, since this would help boost cross-border trade in energy. There should also be a debate on the structure of energy prices in the EU;
- Competitiveness: Green policies and competitiveness should reinforce each other. In this connection, he referred to energy costs, pointing out that high retail energy costs could be accounted for by a range of factors, such as transmission costs, lack of interconnections, lack of competition and taxation, which would need to be addressed by completing the internal energy market;
- Infrastructure projects: He would support investment in infrastructure, including in terms of interconnections, particularly to unlock energy islands, storage facilities, transmission lines, LNG terminals and upgrading of existing coal-fired power stations. In particular, he would promote the projects of common interest annexed to the European Energy Security Strategy;
- Investment: He stressed that the EIB should become engaged to a greater degree and pointed to the need to make use of the EUR 300 billion Jobs, Growth and Investment Package, the Structural Funds and the CEF (the funds for which were insufficient) and to attract private investment;
- Energy poverty: He would examine the question of energy poverty, which was an increasing problem in Europe. At EU level, Member States should learn from each other, and the Commission could support such efforts, using the European Social Fund, the Structural Funds and could revise the State aid guidelines to allow Member States to deal with these problems;
- Nuclear: He would ensure that the level of nuclear safety was as high as possible, recalling the stress tests that had been carried out recently, which could help the spread of best practice. The Commission would make its views clear if it believed that any nuclear power plant was not safe. He expressed the view that nuclear power would remain in the energy mix as a carbon-free energy source. With regard to Hinkley Point, he stressed that this was a state aid case that did not involve any distortion of competition and that he had therefore voted in favour of the relevant Commission decision.

With regard to the coordination role of Vice-President, Mr Šefčovič emphasised that the purpose of the new structure of the Commission is to break the "silo" mentality in the Commission and ensure greater coordination and cohesion within the Commission at the outset of developing policy; drawing on the examples highlighted from the air quality package, the role of the Vice-President will be to lead and coordinate the relevant Commissioners and services so as to ensure the adoption of coherent proposals and to avoid inconsistency in target-setting and reporting; he also emphasised his experience in providing political leadership; and that his solid foreign policy background would help in tackling external challenges such as the UN climate negotiations.

Before the end of the hearing, the Commissioner-designate made a brief closing statement in which he added that:

- Citizens would judge the success of the EU in the field of energy union on the basis of the following criteria: had climate change been fought?; had affordable, clean and accessible energy been provided?; was there security, solidarity and trust in EU energy policy?; had jobs been created and EU competitiveness strengthened?; had these objectives been

achieved in an environmentally friendly and sustainable way, meeting high social standards?;

- He would work very closely with Parliament in planning, executing and evaluating work in the field of Energy Union.

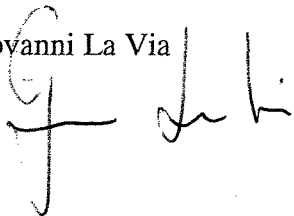
On the basis of the written answers and the responses of the Members present at the hearing, as well as the comments made by the Coordinators of the ENVI and ITRE Committees, who met after the hearing under our chairmanship, we hereby state the following:

The ENVI and ITRE Coordinators concluded by consensus that Mr Šefčovič is qualified to be a member of the College of Commissioners. There was a consensus on the evaluation letter. All groups concluded that he is qualified to carry out his duties, with the exception of the Greens/EFA and GUE/NGL Groups, which raised serious concerns with regard to some of his political positions on the energy and climate portfolio.

We would be grateful if you could bring this assessment to the attention of the Conference of Presidents.

Yours sincerely,

Giovanni La Via



Jerzy Buzek

