

Opening remarks - WEC/EC joint seminar 30 juin 2006

On behalf of the World Energy Council and as its Vice Chair for Europe, let me say how pleased I am to be here today with you, Commissioner Andris Piebalgs, to open the joint seminar between the European Commission and the Council. I would like to thank you for hosting and participating in this meeting.

This is the third edition of our joint seminar. Your participation and the quality of the delegations are a new demonstration of our common interest to cooperate on energy issues. These issues are more and more under the highlights. Since our last seminar, a little more than one year ago, we have attended a rise of the energy concerns of our fellow-citizens, mainly linked to the increase of energy prices. However security of energy supply or climate change remain major challenges.

Governments have attached more importance to energy which is one of the two topics of the G8 Agenda. The European Commission has published important reports and we will discuss one of them, the Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy.

During the former seminar, I had introduced the World Energy Council : Founded in 1923, WEC is a leading global multi-energy, non-governmental and non-commercial organisation. Its mission is to *Promote the sustainable supply and use of energy for the greatest benefit of all people*. The Council breaks down sustainable energy development in three goals: the energy accessibility, availability and acceptability, which we call the rule of the three A. It is important to recall that because I am sure that our objectives are actually very close.

The countries represented here are all members of WEC Europe Region, broader than European Union since WEC Europe counts 35 countries including for example Russia and Turkey. All these countries take an active part in WEC studies, at a global or European level. Let me say a few words about three of these studies. Two of them, carried out at the European level, will be completed by the end of the year: the first results will be presented this afternoon.

Among global studies,

1. Our major study of the 2005-2007 World Energy Council work cycle is "Policy Scenarios for 2050".

It follows earlier WEC scenario work such as Energy for Tomorrow's World (1993), Global Energy Perspectives (1998) and Energy for Tomorrow's World, Acting Now (2000). The overall objective is to postulate and analyse plausible energy policy scenarios to provide perspectives and recommendations on the evolving role of energy systems, associated uses and managed responses to related challenges.

The scenario Study is based on policy options that are defined in relation to two dimensions:

- More or less Engagement of Government
- More or less Integration and Co-operation.

A necessary condition for sustainable energy provision is for governments to become engaged. In the highly developed nations they need simply to ensure that the policy environment is supportive of the endeavours of the private sector and that there is a balance of market power. In the poorer nations they need to be much more deeply engaged to compensate for the lack of private enterprise capacity. There is clearly a spectrum of "government engagement".

Similarly, since the dawn of time there have been alliances and co-operative initiatives between peoples that have helped them to survive and prosper. In some cases, that co-operation has been driven by mutual need to deal with a common problem and in other cases it has been driven by the need to share their complementary resources for mutual benefit. Whatever the underlying reason, there has been a global need to have some degree of co-operation and integration, even though this may have often only been evident at a regional or even bilateral level.

The methodology for doing this is to take advantage of WEC's unique abilities, one of which is to examine issues from the "bottom-up". With member committees in almost 100 countries, WEC has a unique role from a truly global and regional perspective in building plausible scenarios.

For Europe, which includes about a third of the WEC countries, four regional meetings were held since last September, in Copenhagen, Zurich, Paris and Neptun in Romania; a specific group gathering the countries of the south-east of Europe was constituted to bring a specific lighting on this area of Europe.

Last May, in Paris, the French committee organized a conference on the topic: "Our Energy Future: convergences and divergences ". Let me propose three important convergences:

The time dimension - energy requires a view to the long-term : at least 50 years, as in the on-going WEC study, to be a truly useful exercise in the decision-making process.

Of course, these time scales depends on issues. This is true for actual usage (from transportation to insulation of construction and buildings) as well as for the means of funding this. If we consider large scale investment or the development of a new technology – I am thinking of investment in nuclear, hydro or the development of technologies such as carbon capture associated with coal-fired generation – the result is a cycle of some 100 to 150 years!

When you take this into account, a 50-year time span is by no means excessive.

The technological dimension - in our business, demand or generation led technologies play a key role.

We are in a position to consider those that offer solutions over fifty years or more.

- We already know and master the best technologies for the next thirty years. I am thinking of hydro, nuclear, wind power, clean coal, solar water heaters or heat pumps.
- Most of the technologies that will become available 20 to 50 years hence are wellknown : for instance capture and sequestration of CO₂ from coal, fourth generation nuclear, storage of electricity.
- We must not forget energy efficiency an demand-side technologies must also be taken into account.

In our WEC study, several global sub-groups are working on specific technical issues as mobility, electricity use or energy systems.

The political dimension - no government, not even the least interventionist and most market oriented, can disregard the energy issue given its importance.

Energy is strategic, choices have long-term consequences, and significant investment is required for development and supply security. It is therefore sensible to introduce public policy issues into energy scenarios, as done by WEC, both at national and international levels.

At national level, cultural diversity and varying development levels are obviously fundamentals to take into account as they lead to differentiated and adapted tools.

At international level, we must reach a common vision of the global future leading to development and cooperation in an "interdependent world", the theme of next year's WEC in Rome. Energy can be a source of geopolitical friction but interdependence can also lead the way to cooperation and sustainable development.

One of the two European WEC studies is strongly linked to the topic of our Seminar and

2. Addresses *Energy Security in Europe* in terms of countries' vulnerability to energy supply disruptions.

The need to ensure secure and reliable energy supplies at affordable and stable prices is vital to economic and social development. It should constitute an integral part of any consistent energy policy. However, in the current context of increasing globalisation and economic integration, which are reaching far beyond the borders of the European energy market, the concern over energy availability and supply security is receiving increasing public and political attention in those parts of Europe which are resource-poor. The growing dependency of many European Countries on energy imports and the anticipated further rises in energy prices in the coming years reinforces the concerns. Uncertainty about the full implications of market liberalisation and competition and their impacts on security of supply and transmission network reliability is also considered. A few cases of major blackouts that occurred in Europe and North America in 2003 provided a clear warning that electricity market reform must be most carefully designed and implemented.

With this in mind, the objective of the proposed study is:

- To assess the vulnerability of the European economies to a possible energy crisis caused by a sudden price surge, by comparing the cases of a few selected European countries with different economy and energy sector structures ;
- To introduce indicators of the economic value of energy vulnerability in order to implement comparisons between regions or countries, both at macroeconomic and microeconomic level ;
- To develop a set of recommendations for mitigating the impacts of such a crisis.

Linked both to the Policy Scenarios for 2050 and the Vulnerability study, a major issue is the Future Role of Nuclear. The second European study deals with this question at a European level by

3. Improving general understanding of the role of *Nuclear Power in Europe*, in particular focusing on its integration into the European market.

One of the main conclusions of the 19th World Energy Congress, held in Sydney, September 2004, relates to preserving the overall energy alternatives for future generations, a position which firmly supports the central goal of sustainable development:

All energy options must be kept open and no technology should be idolised or demonised.

Currently, nuclear power generates about 30% in Europe. It is mostly used in industrialized countries, which have the necessary technological, institutional and financial resources and strict environmental and safety standards. Many of those countries that are able and willing to use nuclear are also large energy consumers. Even if the public in Europe is sometimes still reluctant to accept nuclear, a number of European countries, facing difficulties in meeting their future energy demand or their commitments under the Kyoto Protocol, are starting to look at nuclear as a valuable option ; they are reconsidering their national strategies with a view to keep nuclear in the energy mix.

In this context, it seems relevant to enhance the understanding about what conditions nuclear has to meet, in order to integrate into the future of the European energy market : mainly public acceptance and institutional frameworks since economic competitiveness compared with other power generation options is today confirmed. The Regional Study on the *Future Role of Nuclear Power in Europe* deals with major issues:

- Overview of nuclear's role in the European electricity market and its prospects ;
- Financial, social and institutional conditions required for nuclear in current technologies (on the horizon 2010-2030):
 - Financial advantages needed to attract investors ;
 - Conditions to be satisfied to be accepted by the public ;
 - Institutional framework needed to facilitate the integration of nuclear.
- Technological, financial, social and institutional conditions required for nuclear in future technologies (on the horizon 2030-2050).

4. Conclusion

Finally, on behalf of the Council's European members, I would like to reiterate our desire to establish a regular dialogue with the Commission.

The World Energy Council organizes every three years a World Energy Congress: the last congresses were held in Tokyo, Houston, Buenos Aires, Sydney. In November 2007, Europe will organize the Congress which will be held in one of its more beautiful cities, Roma. It will be an exceptional event with about 4 or 5000 delegates. Let me invite you, on WEC behalf, to this Congress in which President Barroso already agreed to take part by giving an important keynote address. And why not to hold our next seminar in Roma ?