



GEODE General Statement on the European Commission's Second Strategic Energy Review

GEODE, European association representing the interest of electricity and gas distribution companies, would like to introduce the following comments to the European Commission to its Proposal for a Second Strategic Energy Review (SER II):

Content SER II:

- A. EU's Energy policy objectives (sustainability, competitiveness, security of supply)
- B. Green paper "Towards a secure, sustainable and competitive European energy network"
- C. Energy Security and Solidarity Action Plan

A. EU's Energy policy objectives (sustainability, competitiveness, security of supply)

GEODE fully supports these policies, as they were already foreseen in the European Commission's green paper, dated 8 march 2006, "A European Strategy for Sustainable, Competitive and Secure Energy".

GEODE assumes that from a long-term perspective it is important to see that these policies, which the Commission wants to be realised parallelly, have a certain conflict potential. To evaluate a later result of the European energy policy, a prioritisation would be necessary or at least advantageous.

GEODE expresses its discontent about the result of the EC antitrust cases COMP/B-1/39.388 and COMP/B-1/39.389 (German electricity balancing market and German electricity wholesale market). There was no hard fine towards E.ON AG foreseen, price building mechanisms at the EEX are still unadjusted and the competitiveness of the energy market is still detained.



B. Green paper “Towards a secure, sustainable and competitive European energy network”

GEODE has already sent its comments on this Green Paper to the European Commission.



C. Energy Security and Solidarity Action Plan:

1. Infrastructure needs and diversification of energy supplies
2. External energy relations
3. Oil and gas stocks and crisis response mechanisms
4. Energy efficiency
5. Making the best use of EU's energy resources

ad 1): Infrastructure needs and diversification of energy supplies:

Six priority actions:

- A Baltic Interconnection Plan covering gas, electricity and storage will be developed in 2009.
- A Southern gas corridor for the supply of gas from Caspian and Middle Eastern sources.
- LNG Action Plan.
- Communication on the Mediterranean Ring linking Europe with Southern Mediterranean through electricity and gas interconnections.
- North-South gas and electricity interconnections within Central and Southeast Europe need to be developed as a priority.
- North Sea offshore grid should be developed to interconnect national electricity grids in North-West Europe together and start up the numerous planned offshore wind projects.

GEODE supports the choice of these six infrastructure projects. Under point 19 in the European Parliament's report (from Anne Laperrouze) there is a reference to the gas interconnection between France and Spain claimed by GAS NATURAL and supported by GEODE.

GEODE has sent to DG TREN a position paper concerning the Commission's draft discussion paper on LNG.

ad 2): External energy relations

- Improving relations with Norway, energy community (Southeast European market), Belarus, producer countries outside Europe, Russia, countries of the Caspian region, EU-OPEC Energy Dialogue, energy relations with Iraq and the Gulf Cooperation Council, Algeria, Egypt, Libya and Nigeria.
- EU action to promote the highest standards of nuclear safety and security.

GEODE generally welcomes this aim of a consistent EU external energy dialogue. Therein, the highest binding character in international relations should be envisaged.

ad 3): Oil and gas stocks and crisis response mechanisms

- Revision of the Security of Gas Supply Directive in 2010



GEODE will monitor the process and give its opinion within the consultation planned with parties in 2009. GEODE assumes this topic as of high relevance for DSO's.

- Revision of the EU emergency strategic oil stocks legislation

GEODE estimates the foreseen weekly duty to report the oil stocks as not consistent with a liberalised market.

ad 4): Energy Efficiency

New Energy Efficiency Package containing the following initiatives and an Evaluation of the Energy Efficiency Action Plan in 2009:

- Revision of the Energy Performance of Buildings Directive

GEODE supports the general aim of the revision of this directive. GEODE doubts the potential in saving more energy if the member states do not care for additional fiscal incentives and abolishment of burdens in building and tenancy law. GEODE does not agree with the ambitious proposal of the European Parliament to introduce already by the end of 2010 a common European label for the energy efficiency of buildings and the setup of a fund for energy efficiency and energy from renewable sources.

- Revision of the Energy Labelling Directive of domestic appliances
- Intensification of the implementation of the Ecodesign Directive

Directives concern consumers and industry not DSO's.

- Promotion of cogeneration
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GEODE sees CHP as a significant tool in contributing to Europe's answers to the energy challenges. GEODE welcomes the enhancement that cogeneration takes the European Union closer to its energy-related goals. GEODE will monitor the process.

- A Green Tax Package including a revision of the Energy Tax Directive

A green tax package is announced that will include a proposal to review the Energy Tax Directive to make it fully compatible with the energy and climate change goals and an examination of how VAT and other fiscal instruments can be used to promote energy efficiency. GEODE will follow the process.

ad 5): Making better use of the EU's indigenous energy reserves

- EC will table a Communication "Overcoming Barriers to Renewable Energy in the EU", identifying barriers and proposing actions to redress them
- Renewable energy has to be seen as the EU's greatest potential source of indigenous energy.

GEODE fully supports the Commission's emphasis.



- EC will present a revised proposal for a Directive setting up a Community framework for nuclear safety.

GEODE supports this incentive having regard to the importance of a broad energy mix.

Berlin, 15th. March 2009