



THE GOVERNANCE OF ENERGY SECURITY

A SENSIBLE ENERGY POLICY REQUIRES A REGIONAL AND GLOBAL PERSPECTIVE

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The majority of articles in this issue discuss energy security in Europe, with Europe or for Europe. Some recent developments provide useful case studies in European energy security: first of all that is the exposure of European energy vulnerability amid the developing crisis in Ukraine, and second, the evolution of energy governance in Europe.

Energy governance is a set of instruments and practices that make energy policies work. Governance can only be successful if it is based on a consensus of goals and objectives. Good governance stretches beyond government institutions and involves various actors. At the supranational level, energy security is on the agenda not only of the European Union, but also of the United Nations, the G7 or the Organization for Security and Co-operation in Europe, just to mention a few. At the subnational level, it benefits from the involvement of civil society organizations, private businesses, municipalities and even social networks.

Governments stand at the center of energy security governance. The International Energy Agency points out that more than 70 percent of global oil and gas reserves are nationally owned. National governments also control nearly half of

global power generation capacities via state-owned companies. But even when governments do not control either reserves or generation capacities, they still have a defining role in policies that can enhance or set back energy security within their states and beyond.

Governments have the power to formulate credible energy policies based on clear choices and implement those policies through appropriate regulatory frameworks and budgetary decisions that provide adequate energy sector investment. Neil Hurst and Antony Froggatt in their Chatham House report on the Reform of Global Energy Governance point out that governments must balance their priorities, taking into account security, available budgets, environment, resource revenues, innovation and diplomatic relations. The outcome of these decisions helps determine not only the stability of energy markets and the level of carbon footprint, but also the dynamics of democratic development and international relations in the energy field.

European energy security, at the level of the European Union, has been neglected through the years mainly because of the difference in national energy mixes and the structures of national energy markets

as well as European capitals' strong belief in common sense and mutually beneficial partnerships between energy producers and consumers. Unfortunately, this belief was flawed. A common European energy security policy began to develop in response to the economic and geopolitical concerns of the past decade.

Outstanding European achievements over the last few years include the advancement in liberalization of the European gas market and the use of pipeline reverse flows. Though energy was at the heart of the founding treaties and much has to be done to enhance energy efficiency, European energy security governance is still young, and European energy policy is criticized much more often than praised. Jacques Delors, an iconic figure in European integration, argues that the energy sector is no exception to the current weakness of the European political system, and also of national systems "marked by pervasive short-termism" where "the immediacy of politics and financial profit outweigh all other factors." The proposed European Commission Energy Union, whose scope is still to be determined, should serve as a catalyst for the necessary energy transition in Europe and must overcome fragmentation and isolation of more than just the energy markets.

The intensity and success of those cooperative frameworks vary from region to region. Southeast Europe still needs political consensus to unlock the enormous alternative resource potential that would make the region a qualitatively different policy player, free from outside political influence.

At the same time, the Baltic region has emerged as a flagship for energy security projects. The Notre Europe report agrees with other experts that the Baltic Energy Market Interconnection Plan is "a clear illustration how regional cooperation can lead to operational decisions and concrete results such as key interconnections being built improving regional integration and removing isolation of the Baltic States." It has not always been smooth, given often diverging interests of stakeholders and the proximity of a monopolist energy resource provider-GAZPROM. Yet the plan, the commitment and the EU funds exist to stimulate additional investment. The path is thorny and rough, but it works.

In a broader sense, regional energy security collaboration between the EU and neighboring countries is critically important to ensure inclusive and efficient energy security governance on both sides. This collaboration offers a broad

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Governments must answer the question of whether to do it alone or with others. Among other practices, successful governance in Europe involves the integration of cross-border infrastructure. Within a broader European framework, regional energy security cooperation is emerging. A study commissioned by the European Parliament policy department concludes that two important focal points for further development of the EU energy market are increased cooperation among network organizations and regional cooperation within the EU.

Seven coupled regional markets are emerging within the EU, with regional projects for integrating gas, oil and electricity infrastructures.

range of opportunities, from traditional fossil fuel contracts to unconventional solutions. The EU Eastern Partnership and the entire European neighborhood would only benefit if energy security topped its agenda.

A report from Chatham House and the Grantham Institute for Climate Change points out that global energy governance will work only if it is inclusive. Achieving this goal requires a period of confidence-building measures leading to fundamental reforms. This is why this magazine also examines energy security governance in Africa — to better understand energy governance challenges and opportunities in different parts of the world. □

