

Energy Union or electricity union? An incomplete package.

Brussels, 25 February 2015: The Energy Union Communication rightly highlights the importance of open and free energy markets, but misses an essential focus on how this will deliver jobs and growth, and on the recognition of the continued role of petroleum products in the economy.

Describing a long term vision for Europe's energy systems in a competitive lower carbon economy is important and the proposed five dimensions are essential parts of it. The Commission Energy Union Package outlines this future, focussing on the importance of the EU internal electricity market and measures to make it work; on the importance of energy efficiency in end use; on security of supply; and on research and innovation.

However, the Communication lacks at least three key elements:

Firstly, how the Energy Union will deliver competitive energy to foster growth by reversing the decline in industrial value creation in Europe¹. Energy costs in the EU are seriously out of step with competing regions and addressing this should be a core part of an Energy Union which promotes growth and jobs. Secondly, the roles of important energy products and their supply systems, such as petroleum products and refining, are completely ignored; or worse dismissed as involving "old technologies", implying the use of low skilled labour. The reality is the opposite: according to the IEA, the EU will need petroleum products for many years and replacing them in

transport and industry requires major technological breakthroughs; and by Commission's own analyses, EU petroleum refining is very innovative and employs highly skilled labour.

Thirdly, with the exception of some detailed proposals for electricity, there is a huge gap between the vision laid out and the current reality of energy use. The necessary balanced and economically realistic transition steps need much more work to make this a real Package.

FuelsEurope Director General, Chris Beddoes, commented "*We had strong expectations of the Energy Union and find it a bit like a glass half full: it is a good start, but it is incomplete and lacks balance on all energy products – such as petroleum products - in the economy, lacks focus on energy cost and competitiveness and lacks recognition of the need to retain existing energy systems –such as EU refining – which add value and secure supplies to the EU economy*"

FuelsEurope hopes to work closely with all institutions as they complete the Energy union package and develop appropriate implementing measures.

FuelsEurope, the voice of the European petroleum refining industry

FuelsEurope represents with the EU institutions the interest of 42 companies operating refineries in the EU. Members account for almost 100% of EU petroleum refining capacity and more than 75% of EU motor fuel retail sales.

FuelsEurope aims to promote economically and environmentally sustainable refining, supply and use of petroleum products in the EU, by providing input and expert advice to the EU institutions, Member State Governments and the wider community and thus contributing in a constructive and pro-active way to the development and implementation of EU policies and regulations.

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¹ Competitiveness Council conclusions – 04/12/2014