

Political Support at EU Level for Energy and Environmental Policies

Clara Volintiru, Maria-Floriana Popescu, Doru Frăntescu, Melania-Gabriela Ciot¹

Abstract: *In a context of ever more complex decision-making at the EU level, it is important to understand the underpinnings of consensus for major policies. Building upon the recent experience of the Romanian Presidency of the Council of the European Union, and the end of a legislative cycle in the European Parliament, this article traces the institutional efforts of newer Member States in a dynamic and troubled European Union. We reviewed an extensive set of official documents to discern the main policy goals in the energy and environmental fields. We also present an original data set on the past decisions of Members of the European Parliament (MEPs). Building upon our empirical data, we show that despite an integrated approach at EU level between energy and environmental goals, newer Member States in Eastern Europe are still divided, being in favour of more energy interconnectedness, but not inclined to apply environmental standards.*

Keywords: *European Union, Energy Union, Council of the European Union, European Parliament, Romania*

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Introduction

Never before has there been such a level of interconnectedness between the field of energy policy and the environmental policy. Starting with the Paris Agreement in 2016, the environmental goals assumed by the European Member States informed a dramatic change of paradigm for the energy sector. Now, as environmental engagements imbue a wide variety of European programmes and projects, the political commitment is paramount. As the USA retreated from the Paris Agreement in 2017, the European Union remains the undisputed global leader in fighting climate change, and the success of its energy reforms is watched with great attention by the rest of the world. In fact, the new president of the European Commission recently stated: „I want the European Green Deal to become Europe’s hallmark. At the heart of it is our commitment to becoming the world’s first climate-neutral Continent”².

The outline for the Strategic Agenda 2019-2024 focuses on four major themes: (1) protecting citizens and freedoms, (2) developing our economic base: the European model for the future, (3) building a greener, fairer, and more inclusive future, and (4) promoting Europe’s interests and values in the world. These themes will dictate the policy agenda of the coming years, the political agenda is much harder to align.

This article will present the current context in which policy decisions are taken at EU level, with a particular focus on the workings of the Council of the EU and the European Parliament. These two institutions fall in-between the technocratic/policy orientation of the Commission and the political inclinations of the European Council, and sometimes act as a functional bridge between the community method and intergovernmentalism.

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² European Commission (2019), The von der Leyen Commission: for a Union that strives for more. Press release, available online: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5542.

Following the elections that took place throughout the European Union between May 23 and 26, 2019, during difficult times for the EU, where a Member State is about to leave the group, the highest ballot was recorded in the last two decades of European Parliament elections, strengthened by a first-ever increase in the number of voters since the first European elections in 1979. Once completed, the European elections and, in particular, their results lead us to a „political battlefield”. The ensuing negotiations will redesign the future of the European Union for at least the next five years.

The architecture of the future European Union could be designed between two paradigms: sovereignty – that would involve the fragmentation of Europe for power reasons, in which Member States would become the poles of power in the new European design, and federalization – that would involve building a political pro-European majority in terms of values, one that can achieve the transversal policies and measures that those commissioned to lead the European Union will have to put into practice.

The Romanian Presidency of the Council of the European Union (the Council) has successfully managed to close a relatively large number of legislative files. Under the Romanian Presidency of the Council more than 90 files have been closed, which is the highest number for any presidency in the legislative cycle that just ended.

The main challenge for the Romanian Presidency was also an opportunity: the nearing end of term of both the European Parliament and the European Commission. The fact that European Elections took place during the Romanian Presidency meant that the time for effective negotiations and deliberations in the European Parliament was restrained to approximately two months before the start of the electoral campaign. By contrast, the fact that the European Commission was coming to the end of its term meant that there was an interest in preserving its political legacy and seeing many files through, and as such offered the Romanian Presidency valuable support in concluding negotiations.

The Romanian Presidency of the Council was also constrained by the sequencing of its activities with respect to the preceding and succeeding presidencies. From the preceding Austrian Presidency, the Romanian officials had to take over the status of negotiations for different files [e.g. the negotiation box for the Multiannual Financial Framework (MFF 2021-2024)], and, in turn, handed them over to the succeeding Finnish and Croatian Presidencies. At the beginning of 2019, a common 18-month programme has been published for the current Trio. According to it, the main priority at the beginning of the Romanian Presidency was the finalization of the still outstanding files of the current Strategic Agenda and in particular those listed in the Joint Declaration on the EU's legislative priorities for 2018-19. These totalled 65 files in 7 key areas: (1) better protecting the security of our citizens, (2) reforming and developing our migration policy in a spirit of responsibility and solidarity, (3) giving a new boost to jobs, growth and investment, (4) addressing the social dimension of the European Union, (5) delivering on our commitment to implement connected digital single market, (6) delivering on our objective of an ambitious Energy Union and a forward looking Climate Change Policy, and (7) further developing the democratic legitimacy at EU level.

We focus our empirical analysis in particular on the political objective of the Juncker Commission to develop “an ambitious Energy Union and a forward looking Climate Change Policy”. The EU thus aims to create a favourable environment that stimulates and accelerates public and private investment in innovation and modernization in all key sectors, taking into account the diversity of energy supply sources and economic structures across the EU. At EU level, all these measures aim to increase the number of jobs and economic growth, putting research and innovation at the centre of our common future and preparing European industry to support its commitments on climate change. Europe will continue to send the message that the world can count on it as a climate

leader.³ For example, under the Paris Agreement on climate change, the EU is committed to reducing greenhouse gas emissions by at least 40% by 2030. This is an investment in the prosperity and sustainability of the European economy, the data emphasizing that, between 1990 and 2016, EU greenhouse gas emissions decreased by 23%, while gross domestic product increased by 53%.⁴

In the annual report “State of the Union 2018”, the European Commission has made a commitment to be able to boost in the nearby future (more precisely, 2018-2020) the financial support given to artificial intelligence research and innovation to €1.5 billion. However, the EU needs to turn Europe into an international centre for business intelligence, which can allow the analysis of a larger amount of data that can help solve several challenges. It may contribute, for example, to better healthcare, early detection of diseases, better reactions to cyberattacks, minimising production costs or designing renewable energy parks.⁵

Energy and Environmental Policies in the European Union

The world energy sector is heading for a tumultuous period, as scientific discoveries and the observed effects, such as melting the ice cap that leads to the rise of the seas, have made climate change more important to global political agendas. Solutions to climate change require a transformation of the energy sector, as this sector contributes for over 40% of global greenhouse gas emissions⁶. However, growing demand for energy-based services is pushing governments to quickly develop energy production without considering climate implications. Such issues need a better global governance.

In the future, the implementation of energy policies will play an important role in ensuring access to sustainable and secure energy, addressing trade challenges as well. Greater importance should therefore be given to issues such as poverty, education, the environment, geographical movements and economic issues. All these topics are closely related to energy and the way in which the future of mankind will be built.

The global community is looking for new approaches and solutions for adapting to climate change and responding to challenges such as water, energy and food security. The Rio+20 Declaration “The Future We Want” underscores the need for a balanced integration of economic, social and environmental concerns into economic development, and also stresses the need to address food, water and energy security issues, thus so as to reduce the negative impact on the environment (on water, biodiversity, air and climate).⁷ One of the greatest challenges facing humanity is how it manages global warming and how it will mitigate its negative effects on human and natural systems. Adapting to climate change is a global priority and is extremely important for developing countries where a large number of people depend on sectors which are sensitive to climate change such as agriculture, forestry and fisheries, have limited resources and capacity, and live in climate-sensitive areas such as mountain regions and coastal areas.⁸ The aim of building climate resilience is to reduce vulnerability to both climate and non-climatic changes, so that it is

³ European Commission (2018). *State of the Union 2018*. Online material available at https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-brochure_en.pdf.

⁴ European Commission (2017). *Two years after Paris - Progress towards meeting the EU's climate commitments*. Online material available at https://ec.europa.eu/clima/news/eu-cut-emissions-23-1990-2016-while-economy-grew-53_en.

⁵ European Commission (2018). *State of the Union 2018*. Online material available at https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-brochure_en.pdf.

⁶ Foster, V., and Bedrosyan, D. (2014). *Understanding CO₂ emissions from the global energy sector*. The World Bank. Online Material available at <https://documents.worldbank.org/curated/en/873091468155720710/pdf/851260BRIOLive00Box382147B00PUBLIC0.pdf>.

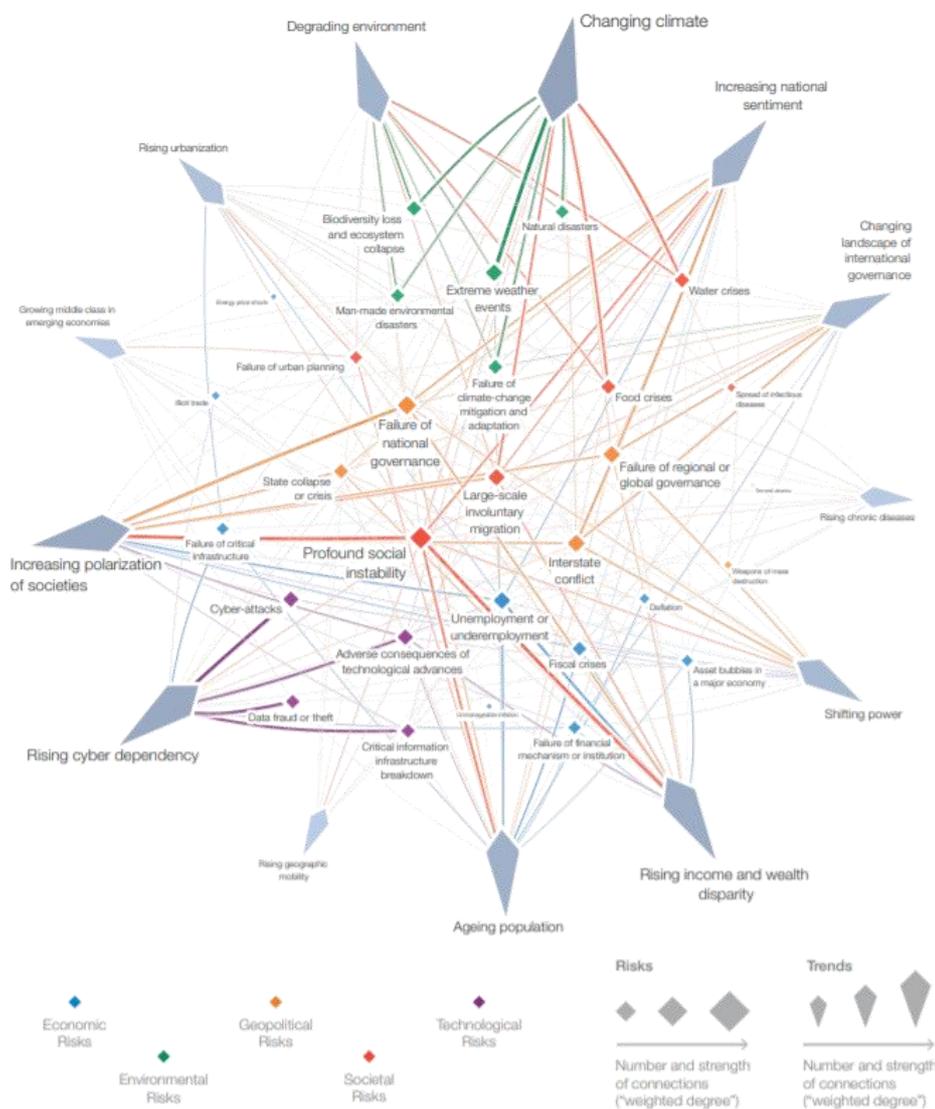
⁷ United Nations (2012). *The Future We Want*. Online material available at https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/66/288&Lang=E.

⁸ World Resources Institute (2011). *World resources 2010-2011: Decision making in a changing climate – adaptation challenges and choices*. World Bank. Online material available at https://wriorg.s3.amazonaws.com/s3fs-public/pdf/world_resources_report_2010-2011.pdf.

closely linked to the sustainable use and proper management of water, energy and nutrition resources that are vital to sustainable development through a harmonious approach to the challenges of water, energy and food security.

The nexus between food, water supply, energy, and climate change has been identified by the National Intelligence Council (NIC) in the USA as one of the four major challenges that will shape the world in 2030.⁹ The map of risk interconnections (see Figure no. 1) shows how this nexus is perceived as being intertwined with other risks, including environmental risks and cyberattacks.

Figure no 1. The Global Risks Interconnections Map 2019



Source: *Global Risks Report 2019, World Economic Forum.*

The urgency towards a coordinated global action on climate change was reinforced in 2014 by the Intergovernmental Panel on Climate Change in their report.¹⁰ It reaffirmed that global warming takes place unequivocally, and that it is “highly likely” that human influence was a dominant cause. Major atmospheric concentrations of greenhouse gases (carbon dioxide, methane and nitrous oxide) are at its highest level in the last 800,000 years. Strong evidence of the effects of

⁹ National Intelligence Council (2012). *Global Trends 2030: Alternative Worlds*. Online material available at: <https://info.publicintelligence.net/GlobalTrends2030.pdf>.

¹⁰ Intergovernmental Panel on Climate Change (2014). *Climate Change 2014 - Mitigation of Climate Change*. Online material available at: https://www.ipcc.ch/site/assets/uploads/2018/02/SYR_AR5_FINAL_full.pdf.

climate change is already evident in terms of rising sea levels, melting glaciers, ocean warming and the increasing frequency of extreme weather phenomena.

Currently, energy electricity production is mainly based on combustion of fossil fuels in large power plants that generate carbon dioxide and lose much of the initial energy requirement. Burning these fossil fuels is a serious problem because it causes environmental problems, some leading to global warming (exhausting fossil fuels can be considered a more convincing reason for abandoning their intensive use). It is also lost from the energy produced when electricity is conveyed through electrical networks and is transformed from high voltage into a suitable voltage for household or commercial use. The system is also vulnerable to actions caused by atmospheric or intentional conditions that may lead to temporary interruptions of energy supply.

The use of energy reserves inexorably influences sustainable environmental development. There are no sources of energy that do not harm nature, but some are more destructive than others. Air contamination, water pollution, and soil erosion are the consequences of how fossil fuels are extracted, transported, prepared and burned. In addition, burned fossil fuels lead to greenhouse gas emissions and, implicitly, to environmental changes.

In addition to carbon dioxide emissions or radiation that affects the environment and the population, coal burning is the largest source of mercury emissions in the air each year. Therefore, the reduction of mercury emissions plays a key role on the agenda of the European Union and the United States of America.¹¹

Coal has the longest tradition since people use it for heating purposes for thousands of years. In addition, coal has been the basis of the industrial revolution of the 18th-19th centuries, not least of which this revolution is associated with images of coal mines. Prior to the beginning of the 20th century, this fossil fuel was considered, due to its wide use, the main commodity in global trade. The end of the coal age can be considered the year 1912, when Winston Churchill ordered the conversion of fuel used in the operation of all ships, from coal to oil.¹² This shift has turned attention to oil, which has become the world's most dominant source of energy at the expense of coal.

But almost 90% of the world's energy resources are in the form of coal: lignite or brown coal; since the beginning of the century, coal has been the fastest growing energy source. In the European Union, 88% of the energy reserves are in coal beds, which can be exploited using modern techniques in underground mines or in surface pits.¹³

The European Union has experienced a renewed use of coal in energy production at a time of low international coal prices and high gas prices in the EU. Since 2008, gas prices have risen, while coal and lignite prices have been lower than expected.¹⁴

Power plants in the European Union are in the process of aging and nearly half of their electricity generation capacity could be shut down in the coming decades, especially coal and nuclear power plants. There is a risk for Europe to lose the diversity of its electricity generation capacity. Investments are needed to modernize power plants in the long term, while maintaining the diversity of coal and nuclear power generation.

This is an opportunity for Europe to further decarbonise its energy sector in the long run, but, nevertheless, the current market model may not provide adequate investment signals.¹⁵ Putting

¹¹ Wu, J., Cao, Y., Pan, W., and Pan, W. (2015). *Coal Fired Flue Gas Mercury Emission Controls*. Shanghai, Springer, p. 19.

¹² Bouchentouf, A. (2011). *Commodities for Dummies*. Hoboken, John Wiley & Sons, p. 203.

¹³ European Association for Coal and Lignite AISBL (2014). *Coal - Fuel for the 21st century*. Brussels, EURACOAL. Online material available at: <http://euracoal2.org/download/Public-Archive/Library/Brochures/EURACOAL-21st-Century.pdf>.

¹⁴ International Energy Agency (2014). *Energy Policies of IEA Countries - European Union*. OECD/IEA. Online material available at: <https://webstore.iea.org/energy-policies-of-iea-countries-the-european-union-2014-review>.

forward scenarios involving a low-carbon future, the European Union will need a substantial additional electricity capacity that cannot be achieved only from the use of renewable sources. The EU electricity market will need to be adapted to better meet the energy requirements and current production capacity of the Member States.

Romanian Presidency of the Council of the European Union

It is hard to define the progress indicators for a presidency of the Council, as circumstances and file content differ greatly. For the Romanian Presidency one can choose as progress indicator either the number of resolved files – more than 90 files, or the difficulty to close some of those files (e.g. gas directive). Additionally, the success of any presidency should be weighed against its ability to serve as an “honest broker” (i.e. objectively manage deliberations, so as to achieve consensus and close negotiations). There is always a large temptation for national representatives to pursue national interests in various files, either by advancing negotiations in files of interest, or by delaying the process for contentious issues. By all accounts, Romania acted as an honest broker, which means that it closed many of the files that were important to other Member States (e.g. migration, digital market). It remains to be seen if and how this political capital can be used later on in future negotiations.

Apart from being concerned about the safety of EU27, the leaders of the EU have to finalise the negotiation on the Multiannual Financial Framework (MFF) for 2021-2027, the seven-year agreement that regulates the European Union’s budget. The agreement on the EU’s finance will be concluded after the European elections, as they were considered they could become an unnecessary distraction that prevented any agreement that could have satisfied the MFF. In the last Council dedicated to this matter, from May 2019, ministers focused on the proposals from the European Commission related to the European Development Fund and the European Neighbourhood.

The European Commission has proposed to earmark 25% of the next long-term EU budget 2021-2027 to finance climate actions.¹⁶ On behalf of the European Council, Donald Tusk declared the support of the EU to provide „massive investment for climate neutral goals, with „at least 25% of the EU’s next budget dedicated to climate-related activities”.¹⁷ The European Parliament has called for a higher percentage (30%). The European Parliament has also proposed that a specific allocation (i.e. 4.8 billion euros) be included in the next Multiannual Financial Framework (MFF) for the establishment for an Energy Transition Fund to address societal, socio-economic and environmental impacts on workers and communities adversely affected by the transition from coal and carbon dependence.¹⁸ However, the negotiations for the future MFF are still undergoing, so it is too early to say what percentage will be agreed upon in the end. The clear signal from these inter-institutional negotiations is that there is a clear engagement to fund adequately the environmental goals of the EU.

The President-elect of the European Commission, Ursula von der Leyen, said she intends to prioritize climate and the environment in all fields of EU policy. But some say these climate proposals are too ambitious. The energy sector, which is essential to the European economy, wants a

¹⁵*Ibidem.*

¹⁶COM(2018) 321 A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027, available at: https://ec.europa.eu/commission/sites/beta-political/files/communication-modern-budget-may_2018_en.pdf.

¹⁷Speech by President Donald Tusk at the UN Climate Action Summit, 23.09.2019. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2019/09/23/speech-by-president-donald-tusk-at-the-un-climate-action-summit/>.

¹⁸Motion for a European Parliament Resolution on the Multiannual Financial Framework 2021-2027 – Parliament’s position with a view to an agreement, available at: http://www.europarl.europa.eu/doceo/document/A-8-2018-0358_EN.html.

“just transition”, involving important investments aimed towards renewable sources.¹⁹In order to satisfy the Energy Union’s goals and promote the shift to a clean energy system, funding will be required to finance structural adjustments to guarantee safety of supply.

Therefore, Von der Leyen pledged to unlock €1 trillion for climate investment over the next decade and transform components of the European Investment Bank into a devoted climate bank, channelling private investment into environment and clean energy initiatives.²⁰Simultaneously, the EU organizations are negotiating the Sustainable Finance structure for future energy industry investments. Industry is pushing for financing for impacted areas, businesses and employees. While the sector promotes a just transition in energy, it does not want to bear the economic strains alone.

The Romanian Presidency of the Council of the EU has established the future of the European energy system as one of its thematic priorities²¹. Under the provisions of the Clean Energy package, the policy design for ensuring the desired energy transition and climate goals has to account for changes in the energy infrastructure, energy storage solutions and innovative technologies.

Under the Finnish Council Presidency, 1 July-31 December 2019, the Minister of Economic Affairs Katri Kulmuni stressed at the end of September 2019 that Finland will foster a modern, digital-led industrial strategy with a powerful focus on studies and innovation to generate sustainable growth in the EU.²²In the shift to a climate-neutral economy, this will also be important. More financing is also foreseen in the next coming year compared to 2019 for example for Horizon 2020, Europe’s EGNOS and Galileo satellite navigation systems, the Connection Europe Facility’s power strand, Erasmus+ and the European Defence Industrial Development Programme.

The integrated National Energy and Climate Plans (NECPs) are an obligation for the EU Member States under the new provisions of the Energy Union. These will be developed in accordance with the views of the European Commission and will be the benchmark for governance of the national energy authorities. The latter institutional entities will be able to manage 10-year economic policy strategy for 2021-2030 period. Therefore, the Government of Romania published its NECP draft at the end of November 2018 for public consultation²³, which is a synthetic perspective on the Romanian energy policies, including the sources of greenhouse gas emissions. Moreover, the project sets the national targets for 2030 regarding the reduction of greenhouse gas emissions, the share of renewable energy sources in the final energy consumption, and the increase of energy efficiency. The NECP proposal suffers from a lack of transparency and rigor in terms of the analytical grounds and the methodological clarity required. Considering the modifications in the EU objectives and regulatory structure over the past two years, as well as developments in the global fuel and technology industries, the adoption process of the Romanian NECP is rendered more difficult, given the alignment requirements of the European Commission.

Connected to the Environmental Priorities assumed by Romania under the Presidency of the Council of the EU, the Danube region is important for Romania’s strategic agenda. It could provide a useful platform for the development of transnational projects with European added value of the type envisioned as eligible for funding in the future MFF. Following eight years of joint efforts for a more prosperous and cohesive common European space, the Danube Strategy faces a revision phase, which started under the Bulgarian EUSDR Presidency, now taking the final phase under the

¹⁹European Commission (2019), The von der Leyen Commission: for a Union that strives for more. Press release, available online: https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5542.

²⁰Opening Statement in the European Parliament Plenary Session by Ursula von der Leyen, Candidate for President of the European Commission, available at: https://europa.eu/rapid/press-release_SPEECH-19-4230_en.htm.

²¹ Programme of the Romanian Presidency of the Council of the European Union 1 January-30 June 2019.

²² EU2019FI, 26.9.2019, Competitiveness Council discussed the EU’s strategy on sustainable growth, available at: https://eu2019.fi/en/article/-/asset_publisher/kilpailukykyneuvostossa-kasitellaan-eu-n-kestavan-kasvun-strategi-1.

²³ Draft National Integrated Plan for Energy and Climate Change 2021-2030 [in Romanian].

Romanian EUSDR Presidency. A new Action Plan for the Danube region can more effectively facilitate joint efforts, especially with regards to cross-cutting topics (e.g. climate protection, infrastructure development, digitalisation). The endorsed timeline considers the drafting process of EU's cohesion programs for the years 2021 to 2027. The first draft of the new Action Plan has been finalised under the Romanian Presidency, but further national consultations will take place over the summer with relevant stakeholder, expecting a final endorsement in the autumn of 2019.

Energy and Environmental Policy Files from the Council's Perspective

The Romanian Presidency's priorities with regards to energy have been: the Energy Union, the Clean Energy package, and the Natural Gas Directive.

Under the Romanian Presidency of the Council of the European Union, important progress has been made in the energy field. A directive amending Directive 2009/73/EC concerning common rules for the internal market in natural gas was adopted with only the Bulgarian delegation abstaining. The Council also formally adopted an amendment to the so-called gas directive which aims at closing a legal gap in the EU's regulatory framework and boosting competition in the gas market. The overall objective of the amendment to the gas directive is to ensure that the rules governing the EU's internal gas market apply to gas transmission lines between a Member State and a third country, up to the border of the Member State's territory and territorial sea. Among the main elements of the EU gas market rules, which are set out in the so-called gas directive from 2009, are ownership unbundling, third-party access, non-discriminatory tariffs and transparency requirements. Other notable achievements include the adoption of the files on electricity market and the Agency for the Cooperation of Energy Regulators.

Completion of the dossier Clean Energy for All Europeans has taken place at the threshold of the Romanian Presidency at the Council of the European Union. By doing so, the EU has committed itself to reducing greenhouse gas emissions by at least 40% by 2030²⁴. In this respect, the main goal of the package is the transition to clean energy, which will obviously imply changing European energy markets.

The dependence on oligopolistic sources of energy and natural gas transport routes is a vulnerability for the national, regional and European energy sector. Since Romania is one of the relatively weakly interconnected members of the EU in the energy field, it was important to support this priority when holding the presidency of the Council. In this context, Romania promoted increased investment in order to expand the interconnection capacity across EU Member States. Some useful tools in this respect, which would improve the investment framework for interconnections, are the Projects of Common Interest (PCIs) proposed by the European Commission.

Diversifying natural gas supply routes is a measure to increase the energy security of countries in South-East Europe. Particularly important is the establishment of a regional and European interconnected energy network to ensure the development of competitive energy prices.

If we are going back to the „history” of the energy policy, since 2007, under the Bush administration, we can see that the USA started to regard energy efficiency as a matter of national security. The Union is following the same path more recently, with great efforts dedicated to increasing and ensuring energy efficiency. It is a way to address the issues of energy-saving, local pollution and climate change, as well as increased energy security. Intelligently implemented, energy efficiency measures can make a significant contribution to addressing the challenges of energy accessibility and energy poverty.

²⁴ European Commission (2018), Clean energy for all Europeans. Available at: <https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/clean-energy-all-europeans>.

As the Romanian energy sector is generally obsolete and inefficient from a technical and economic point of view, this issue was considered a priority during the Romanian Presidency. Moreover, Romania's energy intensity is still almost double the European average.

Digital technologies offer new opportunities on energy markets, for actors willing and able to adopt innovation. For companies and end-users to take advantage of digitization in the energy sector, a regulatory framework is needed to ensure that existing operators can adapt their business models, that start-ups and technology companies are attracted by the energy sector and that there are real incentives for suppliers.

At EU level, at least 50 million people strive to pay their bills on time and ensure the proper heating, cooling and illumination of their homes²⁵. Reducing energy poverty will mean reducing public health spending, decreasing pollution and lowering greenhouse gas emissions, and increasing productivity and economic activity. The EU does not currently have a unified legal and administrative framework in addressing energy poverty. Opportunities in this respect are the "Clean Energy for All Europeans" legislative package and the recent launch of the EU Energy Poverty Observatory²⁶.

In 2018, the Commission adopted its communication "A Clean Planet for All" on a strategic long-term vision for a climate-neutral economy. The Council conclusions on climate diplomacy adopted by the Foreign Affairs Council on 18 February 2019 welcomed the Commission's communication and stated that the EU would deliver a long-term strategy "striving for climate neutrality" to the UNFCCC by 2020 as requested in the Paris agreement. The strategic long-term vision does not propose new targets but aims to create a vision and sense of direction of EU climate and energy policy towards achieving net-zero greenhouse gas emissions by 2050 through a socially fair and cost-efficient transition. The strategy sets out eight pathways to reducing emissions by modelling different technological solutions: six of them achieving emission reductions in the range of 80-90%, and two charting a course to climate neutrality (net-zero emissions) by 2050. According to the Commission, the strategy covers all key sectors, including energy, buildings, transport, industry, agriculture and land-use, and is in line with the Paris Agreement objective to keep temperature increase to well below 2°C, and pursue efforts to keep it to 1.5°C.

To reach the targets of the Paris Agreement, the use of fossil fuels must be halved by 2030. Romania has a high potential for producing renewable energy, from a multitude of sources: hydro, wind, solar, geothermal, biomass. It also has the potential to benefit economically from the industrial transition to the production of clean energy generation and consumption technologies.

The Romanian Presidency of the Council of the European Union took on the following priorities: Paris Agreement, 2030 Agenda for sustainable development, Biodiversity, and the Marine Environment Strategy²⁷. Its key objectives including: CO₂ emission standards for new heavy-duty vehicles, coordinating the active participation of the EU and Member States in several meetings on the subject, such as the international negotiation session in Bonn (17-27 June 2019) regarding the Paris Agreement or the fourth meeting of UNEA from Nairobi (11 - 15 March 2019), and advancing the negotiations on the LIFE Programme.

The Romanian Presidency did conclude Europe's first-ever CO₂ emission reduction targets for trucks. The new rules will ensure that between 2025 and 2029, new trucks will emit on average 15% less CO₂ compared to 2019 emission levels. From 2030 onwards, they will be required to emit on average 30% less CO₂. The new rules close a gap in European environmental legislation. The rules on the most lasting and polluting chemicals were toughened under the Romanian Presidency

²⁵ European Economic and Social Committee (2013) Opinion of the European Economic and Social Committee on 'For coordinated European measures to prevent and combat energy poverty' (own-initiative opinion).

²⁶ The EU Energy Poverty Observatory (EPOV) is a new initiative by the European Commission to help Member States in their efforts to combat energy poverty. It exists to improve the measuring, monitoring and sharing of knowledge and best practice on energy poverty. <https://www.energypoverty.eu/>.

²⁷ Programme of the Romanian Presidency of the Council of the European Union 1 January-30 June 2019.

as to ensure the protection of human health and our environment, ensuring safe and clean drinking water and improving access to water, as well as updating LIFE programme and ensuring appropriate funding for nature, biodiversity, climate action and the transition to renewable energy and increased energy efficiency.

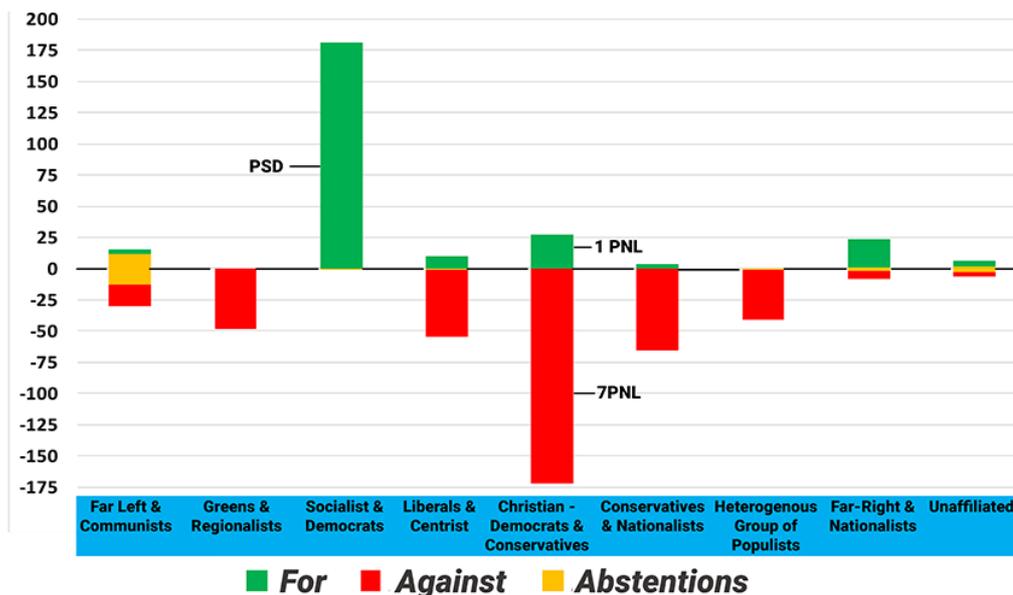
Energy and Environmental Policy Files from the European Parliament's Perspective

The debate on energy policy often encompasses a plurality of interests, as energy decisions have economic, environmental and geopolitical implications. While environmental groups are leading a push towards phasing out the use of polluting sources of energy, other political forces are more concerned about energy security. The discussions are further complicated by the different geopolitical interests and energy preferences of EU Member States. With a growing economy that still needs to catch up with those of the other EU countries, Romania tends to focus more on the security of energy supply (abundant supply of cheap energy is needed for economic growth) and prioritizes the development of the pan-European gas infrastructure which it could exploit. On the other hand, the country is also worried about the predominance of oligopolistic sources of energy and tends to oppose projects that would strengthen the hand of energy superpowers such as Russia.

A fully integrated electricity market is one of the requirements to build a European Energy Union, as it would decrease the isolation of the electricity grids of individual Member States. However, the 10% target of electricity interconnectivity between Member States set in 2002 has not been reached in all countries: the problem of “energy islands” and the weak support of both some political forces and some national governments have slowed down the process of reaching the targets. Romania is part of the countries with the highest difficulties on this area but, according to the Commission's 2017 Report, Romania should still be able to reach its target by the deadline. The other countries that are more isolated are Spain, Portugal, Italy, United Kingdom and Poland.

While additional funding would help the lagging countries, only a minority of MEPs and of the EU Council are willing to support further financial incentives to increase the interconnection of EU Member States. Opposition is due to the fact that some forces in the countries with higher electricity interconnection levels do not necessarily have an interest in promoting investments in this regard and would rather prefer to allocate investments elsewhere (for instance in the clean energy transition).

Figure no 2: Support for more funding to reach the 10% interconnection electricity target by 2020



Source: original data, VoteWatch Analysis, based on actual votes in the European Parliament.

The supporters of the request to allocate more funds for reaching the 10% target of electricity interconnection can find allies among the Social Democrat members and right-wing nationalist ENF. However, MEPs from other groups are not highly supportive (for various reasons). Both free-market oriented ALDE and EPP, as well as left-wing Greens/EFA, GUE/NGL and 5 Star Movement tend to be on the opposing side.

The analysis of voting behaviour reveals that some MEPs voted along national lines, although the picture is quite nuanced. In the case of Romania, MEPs mostly followed the lines of their political groups, with PSD voting in favour of additional support, whereas most EPP members voted against (with the key exception of the MEPs Mureşan and Marinescu). Conversely, Spanish and Portuguese MEPs (the Iberian Peninsula being another peripheral region with regards to electricity interconnection) tend to be much more supportive of strong support for investments and they tend to vote against their political groups when necessary.

While some political forces endorse the production of energy from biomass as a viable alternative to traditional energy sources (e.g. fossil fuels), biofuels are also criticized for diverting agricultural production away from the supply of food and promoting de-forestation.

National cleavages are also observed, since the production of biofuels is unevenly distributed across the European continent. Even though Romanian production of biofuels is still lower than those of other EU countries, there is a strong potential to increase production in the country.

The proposals to crack down on the production and use of biofuels are supported by only a minority of members of the European Parliament and inside the EU Council. However, the level of support for stronger limitations on the use of biomass for energy purposes is expected to increase since the fringe forces that are keen on these proposals (the Greens, the far-left and most right-wing nationalists) are set to grow in strength and size in light of the EU elections this year.

Those who want regulators to support the use of biofuels can count on the support of free-market oriented groups EPP and ALDE. The strongest opposition comes from left-leaning groups, Greens/EFA, GUE/NGL and the Italian 5 Star Movement. The Socialist and Democrats are also keen on supporting certain types of biofuels, but are worried about those that contribute to deforestation. Conversely, right-wing nationalists have also nuanced views on the matter: these political forces are not keen on public support for biofuels, but they tend to be less concerned about the environmental impact of biofuels (e.g. deforestation).

Our analysis of voting behaviour shows that most MEPs tend to follow the lines of their political groups on these matters, although there are significant exceptions, Romanians being one of them. While Romanian EPP members are aligned with their political group, which is rather supportive of biofuels, some Romanian S&D members are willing to defect from the position of the S&D group, when needed, and still support the use of biofuels. Apart from Romania, Bulgarian and Polish members also display stronger support for biofuels than their political group. At the opposite end, Dutch and Belgian members seem to be less keen on incentives for biofuels than other national delegations within the same groups.

The debate on the doubling of the capacity of Nord Stream pipeline focused on the geopolitical implications of the project, rather than its environmental and economic impact. The project would allow Russian gas to by-pass countries with which Russia has less friendly relations (such as Ukraine and Poland) and to export more gas directly to Germany and Western Europe.

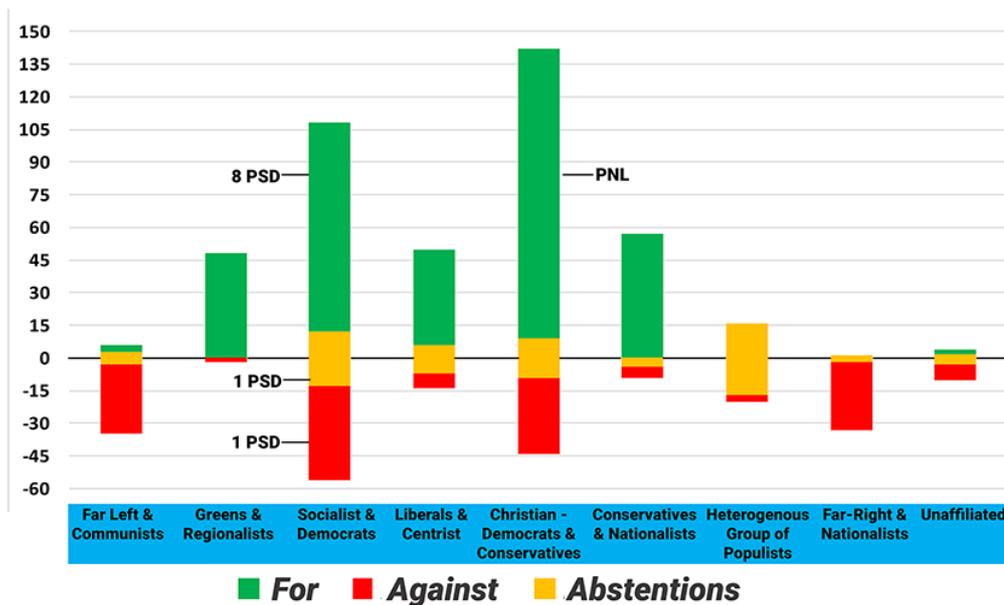
The project is backed by countries such as Germany, Austria and Netherlands, whose economies would benefit from a bigger supply of natural gas. The project would also reduce the disruptive impact of a conflict between Russia and Ukraine on the supply of gas to Western Europe. Conversely, countries such as Poland and Romania are concerned about the Russian alleged ‘divide and conquer’ strategy translated into its efforts to diversify its supply routes to Western Europe and gain political leverage in some Member States in the process.

While the Council tends to be more divided (based on different national priorities), there is a bigger majority in the European Parliament against the project. The balance of power in the European Parliament will not change substantially after the elections, although the gains of right-wing nationalist forces that tend to be more sympathetic towards Russia is set to increase the level of support for the project.

The opponents to the project can count among their allies most political groups in the European Parliament: both free-market oriented groups (ALDE, EPP, ECR) and left-leaning groups (S&D and Greens/EFA), whereas Nord Stream II is mostly supported by the political groups that tend to be more friendly towards Russia (ENF and GUE/NGL), whereas the Italian 5 Star and the British Eurosceptics tend to be more neutral.

Differently from other issues, Nord Stream II tends to generate splits within some of the political groups, as MEPs belonging to different countries do not necessarily see eye-to-eye with their European group’s colleagues. For instance, German, Austrian and (to a lesser extent) Dutch members tend to be more favourable towards Nord Stream II. For different reasons, Greek and Bulgarian members are also more supportive, probably because of their close political and cultural relations with Russia. Not surprisingly, Romanian MEPs tend to vote cohesively against Nord Stream II, regardless of political affiliation.

Figure no 3: Support for stopping the Nord Stream II gas project



Source: original data, VoteWatch Analysis, based on actual votes in the European Parliament.

With regards to environmental policies, one of the more contentious issues under discussion is that related to environmental conditionalities linked to budgetary allocations in the future Multiannual Financial Framework 2020-2027.

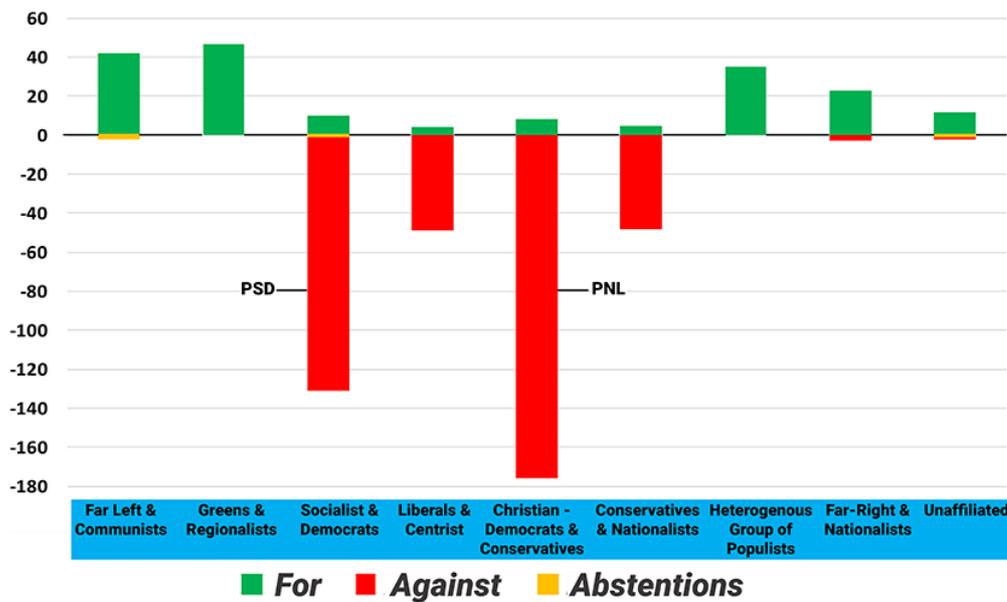
The European Investment Bank plays a key role in injecting funding into infrastructural projects across the EU as beyond. Over the past five years, the EIB has financed projects for over 300 billion euros. Clearly, the funding is not evenly distributed across the EU MS, with Italy and Spain being the bigger beneficiaries during the period 2014-2019. One of the key issues is what conditions should be attached to funding from the EIB. In particular, some political forces would like to introduce a stricter environmental conditionality on EIB financing and exclude support for projects such as bio refineries, steelworks, regasification and gas storage facilities, and motorways. There are also calls to make EIB support conditional on the sharing of fiscal and financial information by companies.

However, stricter conditionality could severely affect countries that are still catching up with regards to their infrastructure, as well as make the process to borrow money more burdensome and bureaucratic. Since Romanian infrastructural system has still to reach the same level as Western European ones, the country would need to ensure that there are not too many strings attached to EIB funding.

There is currently a large majority within both the European Parliament and the EU Council that rejects the introduction of a stricter conditionality on EIB loans. We expect support for a stricter conditionality to increase after the EU elections, mostly because of the gains of fringe political forces (both on the far-left and far-right of the political spectrum) and the losses of the more established parties.

The opponents to a stricter conditionality on EIB loans can count on the support of free-market oriented political families (ALDE, EPP and ECR), as well as the Social Democrats. Left-leaning Greens/EFA, GUE/NGL and the 5 Star Movement are the most supportive of a stricter conditionality. Right-wing nationalists have more nuanced views, although they lean towards supporting a stricter conditionality.

Figure no 4: Support for stricter rules on environmental and social conducts of EIB beneficiaries



Source: original data, VoteWatch Analysis, based on actual votes in the European Parliament.

Generally speaking, ideological views seem to trump national cleavages on this topic: most far-left wing members of the European Parliament support a stricter conditionality, as this would ensure that taxpayers’ money is spent for project that comply with very high standards.

Romanian MEPs have similar views on what is Romania’s interest in this matter, almost all of them expressing opposition to linking EIB financing to the environmental impact and financial disclosure.

The European Committee on Environment (ENVI) in the European Parliament becomes an increasingly contentious ground given the adoption of ambitious Climate Action goals. In the spring of 2019, Greta Thunberg, a young Swedish climate activist took the floor in the ENVI Committee and pointed out that the strategies adopted by various Governments to limit global warming to 1.5 degrees C as part of the Paris Agreement are insufficient²⁸ and the greenhouse gas emissions curve needs to start declining steeply no later than 2020. The European Parliament adopted a resolution on the basis of separate reports by the ENVI and ITRE committees, endorsing the objective of net-zero greenhouse gas (GHG) emissions by 2050 and urged the Member States to do the same. As such, the EU is implementing ambitious climate policies in line with the 2030 climate and energy policy framework to achieve the target of reducing domestic greenhouse gas emissions by at least 40% by 2030 compared to 1990 levels. The recently adopted EU legislation on greenhouse gas emissions reductions (i.e. ETS, Effort Sharing, LULUCF) are in line with the EU and Member States' NDC. In addition, the co-legislators agreed on higher 2030 targets for renewable target and energy efficiency compared to the Commission proposal. The European Parliament also encouraged member states to update the nationally determined contribution to the Paris Agreement (NDC) by 2020.

Overall, the support for more progressive environmental policies in the European Parliament is divided across national lines (see Figure 5). While Western Europe is in favour of Climate Action, Central and Eastern Europe is vastly less supportive. According to voting data in the European Parliament, the highest endorsement for progressive environmental policies is to be found in Mediterranean Member States and Scandinavian states. It is in the latter group that the Green Party has been an electoral success in the latest European Elections. The data related to Southern MEPs mostly stems from the progressive stances of the new anti-austerity parties on the environment (5 Star Movement, Podemos, Syriza, etc.).

²⁸ IPCC (2018) Global Warming of 1.5°C. Special Report. Available at: <https://www.ipcc.ch/sr15/>.

Figure no 5: Overall support for environmental progressive policy in the European Parliament



Source: original data, VoteWatch Analysis, based on actual votes in the European Parliament.

At the other end of the spectrum, Polish MEPs are the most conservative on environmental issues, followed by the Slovaks and the Slovenians. As shown in Figure 5, post-communist delegations prefer a more gradual approach to raising the current standards. Interestingly, British MEPs are closer to these latter views than the ones promoted by their Western European colleagues. An explanation is that the largest political party from this country (i.e. UKIP) is strongly conservative on environmental matters.

Discussion and Concluding Remarks

Building upon the key objective of the Juncker Commission (i.e. Energy Union and a forward-looking Climate Change Policy), the von der Leyen Commission supports a European Green Deal as its hallmark policy. Commission vice-president Franz Timmermans moving from the portfolio on Rule of Law (RoL) to Climate Action Policy reflects the shifting focus on what is likely to become a core European value in the coming years.

This article demonstrated through a process-tracing methodology that the political support in all the European leading institutions is essential in ensuring the adoption of the new energy and

environmental ambitions. The subject of this investigation is interesting because it is a topic on which everybody agrees in principle (i.e. energy security and countering climate change), but there is a wide difference of opinions (and possibilities) as to how to effectively reach the desired outcomes.

Institutional cooperation and alignment of objectives is essential to ensure the deployment of a truly compatible energy and environmental policies in the European Member States. The European Commission has set out an ambitious agenda with clear overlaps between climate and energy policies. Through the lenses of the Commission the interventions in these two areas should be designed in a unitary manner. According to the governance of the Energy Union and climate action rules, which entered into force on 24 December 2018, EU countries are required to develop National Energy and Climate Plans (NECPs) and monitor the progress of their implementation. However, the Council of the European Union and the European Parliament have to ensure consensus on some divisive decisions (e.g. gas directive, electricity interconnection, Nord Stream II, environmental quotas). The empirical evidence in this article assessed both the activity of the Romanian Presidency of the Council of the EU, and that of the European Parliament in these areas. It has attempted to show how consensus was reached, and what impediments there were.

There is a clear dividing line in the European Union between Member States that favour more assertive climate action, and those that are reluctant to implement more progressive environmental policies. With Central and Eastern Europe (CEE) clearly in the latter group, we can see this policy position as a reflection of the persistent East-West divisions in the EU. CEE is marked by a certain recipe for economic development with significant capabilities in the energy sector reliant upon coal, while significant shares of the population struggle with energy poverty. As such, the direct and indirect economic costs of the Green Deal are much higher in these countries. Clear action plans have to be designed to guide the transition of these Member States towards the European Green Deal.

Further research is needed to understand better the positive externalities of environmental goals and the transition of the energy sector. So far, much of the existent research, as well as the public statements on the subject have focused on the changes in energy policy as a reaction to environmental standards. However, this change of paradigm (i.e. lowering the energy footprint and developing climate neutral sources) is not only a constraint, it can also be an opportunity. Environment policy, together with greening the economy can contribute in a very significant manner to the broad policy objectives of stimulating sustainable growth and creating jobs. Across the Atlantic, newcomer in Congress Alexandria Ocasio-Cortez submitted to the U.S. House of Representatives the Green New Deal (GND) proposal, aiming to counter both social exclusion and green-house gases. This dual approach to counter socio-economic and environmental ills is likely to be found in the European Semester in the coming years.

Between the European Green Deal and the American Green New Deal, the policy framework is ripe for broader change in the structure of the economies and societies of the Western world. Furthermore, after a long period of isolationist and regionalist tendencies in international affairs, a new momentum is gained for multilateral cooperation on the world stage.

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