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**EU Green Paper: A European Strategy for Sustainable,  
Competitive and Secure Energy  
COM (2006) 105 final 8 March 2006**

***EPSU POSITION***

*Adopted by the EPSU Executive Committee, 20 & 21 November 2006*

**Introduction**

The European Commission published a Green Paper, *A European Strategy for Sustainable, Competitive and Secure Energy* (8 March 2006)

The European Federation of Public Service Unions (EPSU) welcomes the opportunity to comment on the Green paper. **The consultation has limited value** when the Council already expresses itself and endorses key provisions.<sup>1</sup>

Our members understand the importance of security of energy supply and sustainability and the need for clean, carbon-free energy technologies for the whole of the EU economy.

Our members are less convinced by the enthusiasm for a competitive, liberalised EU energy market, experience of which so far shows an adverse effect on employment, as well as on prices and security. **EPSU promotes the development of a Europe for Citizens, based on solidarity, equality and sustainable social, economic and environmental development. We support a European Strategy for Security of Energy that encompasses all these elements.**

EPSU welcomes the discussion on a European Energy Policy. Member States should consider what additional competencies the EU might need for it to play a role in forums such as G8, IEA (International Energy Agency), OPEC etc. Such a discussion should also define what the competencies of the EU are and what those of the Member States. These are related to deciding on the fuel mix, the organisation of the energy provision and services, and network access issues. **A key issue is whether effective democratic control can be exercised** allowing citizens to influence decisions.

**The complete lack of a social dimension is disappointing. The Strategic Energy Review should include a social dimension establishing trade union and workers' rights, focusing on quality and training. Europe's energy policy should contribute to a safe workplace and enable participation in the development of a strategy for secure and sustainable energy supply.**

**EPSU is disappointed that the Green Paper fails to recognise the provision of electricity and gas as key public services.**

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<sup>1</sup> Experience with the previous consultation was not positive. Many contributions were not taken into account. <http://www.epsu.org/IMG/doc/EUgreen.doc> for EPSU's position on the 2000 Green paper.

**The results of the debate should be widely publicised and where there is deep opposition to proposals in the Green Paper the Commission must be prepared to review its position.** One such area that needs critical review is the Internal Market for Electricity and Gas. It is **not** be the corner stone of a coherent policy that puts **solidarity, democratic control, equality and sustainable social, economic and environmental development first.**

### Internal market

**EPSU does not agree with the hypothesis of the Green Paper that the internal market for electricity and gas will deliver affordable, secure and sustainable energy supplies and help the EU to meet its obligations under the Kyoto Treaty.** In fact the EU and the rest of the world need to go much further than the Kyoto targets if climate chaos is to be averted. It is a paper grounded more in hope than reality, heavily dependent on a degree of coordination and cooperation across the EU which conflicts with the very nature of a competitive market.

**EPSU questions the basic assumption** that security and sustainability can only be achieved within what is referred to as a truly competitive market which, incidentally, the Green Paper fails to define. **The Commission has missed an opportunity to address the internal market for electricity and gas critically.**

The European Commission remains silent regarding the predictable<sup>2</sup> result of liberalisation - further concentration. Mergers and acquisitions are not dealt with. Answers we suggest to the power of the large corporations are:

- Work place democracy and improved information and consultation rights
- External democracy, transparency and openness
- Regulation and public control to prevent excesses. Involvement of stakeholders.

EPSU has elsewhere documented that the liberalised market for electricity and gas is not delivering the expected benefits. It is now widely recognised for being a failure. We will not repeat all the problems here and refer to a series of papers Professor Steve Thomas (PSIRU, University of Greenwich) has written.<sup>3</sup> **The record of the internal market is not good, particularly where investment decisions are made.**

The lack of investment in networks but especially in generation is reported from across Europe. And is logical. Again we will not repeat the argumentation here and we refer to studies available at [www.epsu.org/a/1465](http://www.epsu.org/a/1465) More important to note here is that there is **a lack in investment in skilled staff** which has been documented by the European social partners in the European electricity industry and which is recognised also by the UK government and in the energy statement of the recent G8 (St. Petersburg, July 2006)

The European Commission underlines the need for investment in networks and in generation. But the Commission fails to recognise that **price signals will not be forthcoming in time** and hence no timely new capacity. **There is a serious problem for**

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<sup>2</sup> For EPSU's predictions see New Era or Dark Age, February 1999 <http://www.epsu.org/a/1844> And see also the EPSU contribution to the Progress report internal market 2000 <http://www.epsu.org/a/118>

<sup>3</sup> Papers on the evaluation of the internal market, employment developments and prices are available on: [www.epsu.org/a/1465](http://www.epsu.org/a/1465)

**security of supply. There is also a serious credibility problem as citizens were promised lower prices and are now told higher prices are needed.**

*No new measures – no ownership unbundling – no one size fits all approach*

EPSU has argued (in its position on the internal market, November 2005) that before any new measures are taken, the current Directives should be implemented. We see no need for further going measures, which presumably should be ownership unbundling. Ownership unbundling will impact directly on the structure of the energy sector and which is the outcome of historic developments. A one-size fits all approach should not apply. We expect that ownership unbundling including in distribution will negatively impact on especially municipal companies and lead to further concentration. Regulators have shown themselves to be capable of ensuring no abuse is made.

*Opt-out and tests*

EPSU argues for opt-outs that allow governments to take measures to address a failing internal market. **Any new measures should go through a number of tests before being implemented.** These tests are in the annex.

**EPSU questions the internal market for gas and electricity as it has a negative impact on security of supply and sustainable development. The internal market will not stimulate investment or at the wrong time and in the wrong technologies.**

*Internal market is not an export product*

EPSU believes it is unrealistic to expect 25 countries to simultaneously see that their best interests lie in a strategy, which will weaken their control over domestic energy policy and a key public service. EPSU believes there is sufficient evidence to show that the market is unable to cope with instability and volatility.. **EPSU rejects the proposal of the Commission and the Council that the internal market should become an export product** and extended into the EU neighborhood countries. You do not export a failing product.

*European Regulator only with defined tasks and under democratic control*

The European Commission proposes the establishment of a **European Energy Regulator**. EPSU recognises the need for more coordination in an internal market with cross border trade in electricity and gas. **EPSU does currently not support such a regulator as its tasks are not set out and democratic control is not even foreseen. If this regulator comes about the European Parliament should control and define its mandate. Its day to day work should be overseen by a Board which includes representatives of social partners, social and environmental groups and municipalities.**

**A key task of the regulator should be to monitor quality.** A first and direct step is to make the existing electricity and gas regulators more transparent. **Advisory boards including the social partners and other social groups should be established at national and European level. The mandate of the regulators should include monitoring the shift to a low carbon economy, employment and quality of staff and welfare of citizens**

*Trans-European networks – each country to have sufficient generation capacity*

The European Commission also proposes a **plan for more Trans-European networks**. EPSU is sceptical of increasing cross border capacities for the sole and ideological purpose of building a market. These networks have costs for the environment and for users, and the risks are high that the costs are socialised while the benefits accrue to few. **EPSU supports that each country has sufficient generation capacity including the appropriate reserve margin.**

**EPSU does support cooperation between the Member States when there are supply problems or in the case of infra-structure damage such as with floods or storms. Regulators have a task to define the norms for the availability of responses (including materials and workers) in case of “ acts of God” or natural disasters.**

*European Energy Supply Observatory – a role in monitoring public service obligations ?*

The Commission proposes a **European Energy Supply Observatory**. **EPSU is positive about such an Energy Observatory or Agency. Its key mandate should be contributing to security of supply and sustainable development. The Observatory could play a role in monitoring the public service obligations and fuel poverty, especially in the absence of an European Observatory on Services of General interest. If such an Energy Observatory came about, and one of its tasks is long-term monitoring, it has to include as a task the employment development in the sectors predicting what jobs are needed and where problems of skill shortage will arise. The Board of the Observatory and possible Advisory Councils should have representatives of the European social partners on them.**

*European Centre for Energy Networks – improving reliability*

**EPSU is positive towards a European Centre for Energy Networks which focuses on improving reliability as will the network code proposed by the Commission. We have argued for improved reliability standards especially in the light of the internal market. If Member States should become more dependent on each other, reliability standards have to be redefined and improved.**

**The European Parliament should play a key role in defining the tasks and monitoring these of all these different new institutions.**

**Climate Friendly Diversification of the energy mix**

One way to promote climate-friendly diversification of energy supplies is, as the Green Paper suggests, to aim for a minimum level of the overall EU energy mix originating from secure and lower carbon energy sources. **EPSU believes that this should be a firm statutory target.**

The Green Paper sets out the problem of increased demand, short supply and higher fuel and raw material prices. However, it appears to have **no clear strategy** to deal with the impact of this on households and industry, other than to place its faith in the market to deliver stability and sustainability.

*Massive public investment –innovation and new technologies*

EPSU urges the Commission to support a key role for public investment in carbon-free, energy efficient technologies. EPSU believes that substantial public investment is needed to develop on a commercial scale those technologies currently less cost-effective, such as wind, wave, and tidal power. Priority is to be given to investment in energy efficiency.

The EU should lead the way in the development of these technologies on a global scale, supported by a new EU-wide social partnership on energy policy and climate change, involving employers and trade unions. This must take precedence over the creation of an EU-wide single market. The internal market has actually an negative impact on the resources companies make available for R&D

*Strategic Energy Review:*

- *Include a social dimension;*
- *Fuel mix is a Member State Issue.*

EPSU supports the Green Paper's claim that a Strategic EU Energy Review would offer a clear European framework for national decisions on the energy mix. Decisions on who will decide on which fuel to use will remain at national level. Direct democratic control is needed. **EPSU opposes structures which will disempower local communities.**

We are not in a position to discard the use of fossil fuels in electricity generation. Coal is a major fuel source and the technology exists to improve its efficient use and to reduce the carbon emissions of coal-burning power stations.

**EPSU agrees that coal and lignite are part of the EU fuel mix and that its further development will dependent on ensuring emissions from coal fired power stations decrease drastically and respecting the most advanced technologies available. New technologies will need subsidies and a determined public policy. We can not make the development of coal-fired power dependent on the development of technologies that do not yet exist.**

**The Green Paper does not mention combined heat power generation,** Cogeneration is important to make the use of coal more efficient and hence less impacting on the environment and climate change. The Commission should stress CHP <sup>4</sup>.

**A review should include a transparent and objective debate on the future role of nuclear power. For many countries in the EU nuclear power will be an important part of their energy mix. EPSU has reservations about nuclear power related to concerns over nuclear waste and safety.** EPSU argues for better protection of workers, strict rules for security and waste treatment and rigorous monitoring mechanisms. We have also drawn attention to the fact that phasing-out can cause skill problems. We need qualified nuclear engineers also when dealing with nuclear waste and decommissioning. <sup>5</sup>

**The review must be able to demonstrate how liberalised markets meet the different requirements. EPSU's view that investment in energy efficiency, carbon capture and storage and renewables should be prioritised** The European Commission should also

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<sup>4</sup> <http://www.epsu.org/a/82> EPSU position on Combined Heat Power

<sup>5</sup> <http://www.epsu.org/a/383> EPSU position on the EU's nuclear safety package

include **a social dimension into the Strategic Energy Review**. The Strategic Energy Review should also address how different developments impact on:

- Employment in the energy sectors as well as larger economy
  - The European Commission should promote those policies that maximise jobs and contribute to sustainable development for example renewables, CHP but also urban renewal
- Qualification and Skill developments
- Equality
- Poverty levels and social inclusion.

The Strategic Energy Review is to acknowledge that there is an **equality perspective** to its proposals and state clearly **the implications for different groups, such as the elderly, the poor, and women. If prices increase more households will face fuel poverty situations, being unable to pay their bills and heat their homes.** Elderly women are particularly vulnerable. **The Commission should therefore prepare a thorough overview of the implications , followed by a Communication setting out the transitional measures required to protect vulnerable citizens.**

The Strategic Energy Review should assist us in making informed choices that maximise employment creation and which bring Europe on a path towards sustainable development.

### **Solidarity – preventing energy supply crises**

**EPSU believes that additional physical capacity is needed to help prevent energy supply crises developing, and not as a necessary condition for the creation of a competitive market. It is for this reason that we would like to see greater interconnection in the European electricity grid, as well as in the gas network. We do not support inter-connection for the sole purpose of building a competitive market as argued above.**

EPSU would like to see further expansion of local power generation. EPSU believes that dependency of the EU on supplies is a more expensive and ultimately wasteful policy than the adoption of measures that reduce demand. All this will require substantial investment, with a strong regulatory framework to ensure that fair rules operate and that public goals are realised.

**EPSU believes that an adequate supply of skilled workers is essential for the EU to meet its energy supply obligations.** The Commission should therefore address the growing shortage of skills in member states.

If an EU regulator would materialise based on democratic control and involvement of social partners and other stakeholders, a key role should be to ensure that companies invest in staff training and development and in energy research and development.. It is crucial that the EU has a clear strategy to develop the employment, training and economic opportunities of the shift to a low carbon economy. The regulator monitors progress towards a low carbon EU economy. The welfare of the EU's citizens should be a major concern of the regulator, but s/he also needs to ensure that the EU recognises the importance of human and trade union rights in its relations with external states.

### **Sustainable development**

EPSU believes that climate change is the greatest threat facing the planet. Urgent measures are needed to avert chaos. We are concerned that the Green Paper appears to give equal weight, or balance, to the objectives of environmental protection, competitiveness and security of supply. EPSU believes therefore that the EU should prioritise the measures needed to directly address climate change, rather than exhort the development of a competitive energy market. As argued before, the internal market will not provide the stable investment climate needed for long-term solutions and new technologies.

EPSU believes that reducing energy demand is the key instrument in tackling climate change. Therefore the EU needs to adopt absolute demand reduction targets and to set targets for specific sectors of the economy including the domestic sector, electricity generation and transport. The European Commission should examine the impact of such targets on the different industries and what this will imply for employment..

**EPSU welcomes the proposed Action Plan for Energy Efficiency.** The target of reducing energy (=fuel) use with 20% by 2020 is appropriate, but the possibility of more ambitious targets and what the (employment and social) implications will be for different industries and services should be explored. The Action Plan should consider its gender dimension. The Commission needs to take action to ensure that the **Emissions Trading Scheme** operates effectively. The solution is to incentivise companies to achieve savings, not to encourage further pollution. Extending the scheme to other sectors should be rapidly undertaken (transport and domestic...) Other green house gasses should be considered. **Emission Trading Schemes should be accompanied with employment plans.**<sup>6</sup>

**EPSU believes that consideration should be given to the creation of an EU Clean Energy Investment Fund.** Countries that lack sufficient capital and are consequently making slow progress in adopting these technologies could be eligible for financial support through the fund. EPSU welcomes the announcement of the European Commission to support the development of CO2 sequestration and – storage technologies.

**EPSU believes however that the most effective way to prevent the worst effects of climate change is to produce a fundamental change in our lifestyle.** A good start could be made by using more fuel efficient and lower CO2 emitting vehicles. We need to place all of this within a broader context of redesigned, liveable, sustainable cities and towns, with better employment, leisure and shopping opportunities. This will improve the quality of life for all.

### **External Policy**

An aspect of the EU's dependence on external supplies is overlooked, and that is how society and especially vulnerable sectors and groups will be effected.

Most reserves of oil and gas are located outside of the European Union, with many in politically unstable and potentially hostile states. We could be in for a long period of high prices; good for producer nations, but bad for consumers, especially those on low incomes.

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<sup>6</sup> <http://www.epsu.org/a/90> EPSU position on the Emission Trading Scheme and the Employment Proposals.

Low-income domestic users will be badly affected. Beneficial tariffs and other forms of social assistance, including for insulation of homes should be planned. These considerations need to be part of the Strategic Energy Review.

**The EU should not support supply contracts with dictatorial regimes, or defend EU companies who enter into them.**

EPSU agrees that the EU Member States should seek to diversify their sources of (fossil) fuels so as to make the EU less dependent on import and local crises. Building more oil and gas pipe-lines helps as well as do LNG terminals.<sup>7</sup>

*Common External energy policy made more difficult by internal market*

EPSU agrees that the EU should have a common external energy policy to enable it to speak with a common voice. In fact, the creation of a competitive, single market could actually work against the interests of the EU seeking to speak with one voice on external energy relations. It would simply highlight the conflicting interests and objectives of competing energy companies operating within the enlarged EU.

With developing countries like China and India, as well as those on the African continent, looking to improve their living standards, competition for finite fuel reserves will intensify. It is important therefore that relations between the EU and other regions of the world develop in a positive direction. Dialogue and partnership between the EU and other regions is essential. There is also a place in these dialogues for trade unions and civil society. So far the European Commission has involved business but not the trade unions.

EPSU has criticised the SEE Energy Treaty for its lack of democratic control and lack of a social dimension. **To facilitate the dialogues a global sustainable energy pact should be agreed, with all countries signing up to the adoption of clean and renewable energy technologies and the promotion of energy efficiency.**

**EPSU believes strongly that adoption of a global sustainable energy pact should be a key element in the EU's external policy on energy.** At the heart of this should be the promotion of democracy and human and trade union rights as laid down by the ILO. Good governance in EU supply countries that respects democracy at the workplace and the role of social dialogue is also essential for good industrial harmony and to ensure transparency and counter the threat of corruption.

EPSU believes that the promotion of clean and renewable technologies worldwide is an essential element in development aid to regions such as Sub-Saharan Africa, where access to energy and clean water is severely restricted or wholly absent. Therefore we cannot accept the Green Paper's proposal that "Reinforced market-based provisions on energy and trade-related issues would be incorporated in the EU's existing and future agreements with third countries" EPSU believes that agreements with third countries should be based on open dialogue and negotiation. The EU should not attach strict conditions to negotiations, thereby weakening the bargaining position of developing countries.

## **Conclusion**

EPSU supports many of the proposals in the Green Paper to strengthen security of supply and sustainability. We see the adoption of clean, climate-friendly energy technologies as a

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<sup>7</sup> And again note that we have to make choices – investing in LNG terminals to some extent conflicts with investment in nuclear power or with investment in renewables



primary goal for the EU and believe that the EU has a duty to promote these beyond its own borders. EPSU does not support the internal market for electricity and gas as the best and only way forward. EPSU regrets that the European Commission has not considered how it can ensure that a European energy policy remains under firm democratic control. EPSU is disappointed that the Green Paper fails to acknowledge the social dimension of energy policy. EPSU urges the Commission to recognise a key role for the social partners and the adoption of basic social standards in all international agreements.

The promotion of employment and protection of the environment should be key objectives for the EU. There is scope to expand employment with the adoption of new technologies and this should be brought out more clearly in the follow up to the Green Paper. This is important, not only for the EU, but also for developing countries. EPSU believes that quality jobs, good social standards, and a key role for social partners, should be at the heart of the follow up to the Green Paper.

CB/PUT 27 Sept/76 green paper/it 76 EN drft position in Green paper