MULTILATERAL AND BILATERAL APPROACHES TOWARDS PURSUING ENERGY SECURITY INTERESTS IN THE EU ENERGY POLICY AND REGULATION

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ABSTRACT

Energy law and policy of the European Union comprise a mix of internal and external measures employed from various levels of competence, and aimed to safeguard EU's key objectives, such as functioning of the internal energy market, environmental protection and energy security. However, the EU energy regulation remains an extremely complex and controversial area of competence, highly sensitive in the light of national security and sovereignty issues. Nevertheless, despite the incremental and fragmented status of the EU regulatory activities in the energy field, it provoked a substantial external effects at different levels of governance, both multilateral and bilateral. The EU has been for a long time leading advocate of a comprehensive international agreement in the energy sector. Unable to negotiate it within the auspices of the World Trade Organization, the EU turned its efforts to conclude geographically narrower legally binding instrument: the Energy Charter Treaty. Through this Treaty, the EU strived to promote its energy interests, among others the diversification and security of supply. However, this arrangement was seen as beneficial primarily for the EU and its energy policy priorities. This reason was the stumbling block for the Russian (the EU's main energy supplier) accession to the Treaty. Thus, the EU-Russian relations in the energy sector remained highly politicized and troublesome, with numerous crises occurring through time (e. g. energy supply cuts), which is why the EU had to search for other possibilities to safeguard its energy demands, in order to lower its energy dependency on Russia. This paper assesses the EU's pursuit of the energy security through internal regulation, and externally in several instances: on the regional level within the Energy Charter Treaty, and on bilateral level in relations with Russia. The main finding is that the internal legal checks and political divisions present the greatest impediment for the more efficient external approach in safeguarding the EU energy security interests.

Keywords: European Union, energy law and policy, energy security, Energy Charter Treaty, Russia.

INTRODUCTION: OVERVIEW OF THE EU ENERGY LAW AND POLICY

Energy represents a complex and multidimensional matter which intersects not only with areas of security, industry and transport, but also with trade, environment, human rights, etc. Politically, it is inseparably linked to issues of international balance of power, national security, socio-economic development and distribution of wealth. Recently, the energy came to the centre of attention following the population

growth, rise in demand, increase in production and consumption, socio-economic and political instabilities, geopolitical conflicts, and deteriorating effects on environment and climate. This was coupled with the financial crisis and industrial and global recession which resulted in rising prices of energy commodities and hindered economic growth.

Likewise, the European Union's (hereinafter "EU" or "Union") energy policy is a rather complex issue area. Certain aspects of energy (e. g. production, distribution, sale and consumption) are scattered along several policy areas (trade, environmental protection and climate change, foreign affairs, sustainable development, etc.), with some falling under either exclusive, shared or complementary EU competence, while in some instances the EU has no competence at all. Furthermore, regarding energy the EU is geologically, structurally and geo-strategically quite unlike other international actors and economies (Leal-Arcas & Filis, 2013: 1298). It consumes and imports increasing quantities of energy, while at the same time has to cope with national, regional and global energy market complexities and developments. Its constituencies lack internal resources, thereby making the entire EU highly import-dependent. The EU struggles to establish coherent energy policy and legislation, operating under extremely contradicting Member States' energy policies and heterogeneous energy realities. Given that energy-poor entities, such as the EU, cannot use energy as a diplomacy tool to influence behavior of other international actors (Leal-Arcas & Filis, 2013: 1276), they are left with utilizing power of their internal policies and regulations in external relations with the third parties. For all the aforementioned, the energy in the EU is inherently heavily politicized issue and potentially results in "a very contentious politics" (Leal-Arcas & Filis, 2013: 1225).

The EU is the second biggest economy of the world which is, as abovementioned, strongly dependent on energy imports to fulfil its internal energy demands. It is the world's largest energy importer, importing about fifty-five percent of its energy supply: around eighty-five of its oil and around sixty-five of its natural gas (Ratner et al., 2013: 5). The EU's primary energy supply is characterized by the lack of diversity, given that the three importers – Russia, Norway and Algeria – account for eighty-five percent of the EU natural gas imports and almost fifty percent of its crude oil imports (Leal-Arcas & Filis, 2013: 1234). This trend of the EU energy dependence is forecasted to significantly increase to between seventy and eighty percent by 2030 (Leal-Arcas & Filis, 2014: 10). The EU Member States' energy markets moreover vary widely in terms of energy resources, infrastructure, investment, economic prices, regulatory level, foreign agreements, etc. (Leal-Arcas & Filis, 2013: 1241), making the prospects for unified EU energy policy even harder.

The very origins of the EU lie in matters related to the various aspects of energy. Two of the original European communities, the European Coal and Steel Community ("ECSC") and the European Atomic Energy Community ("Euratom"), dealt with the provision of energy for the European economy (Dinan, 2010: 466). However, energy regulation soon receded in importance at the European level given that it was defiantly preserved by the Member States as their sovereign prerogative. This happened despite the severe repercussions of the oil crises in the 1970s, centrality of energy to modern economies, and envisaged savings potentially accrued from an

integrated flexible energy market. Nevertheless, for couple of reasons a paradigmatic shift in regulatory governance context towards the EU level over energy issues occurred, where energy policy is gradually and ever more explicitly becoming an area of Union competence (Dupont & Primova, 2011: 15). First of all, the whole branches of economy formerly understood as "the bastions of national sovereignty" (Ispolinov & Dvenadtsatova, 2013: 78) underwent drastic changes reflecting the dynamics of integration and liberalization at the EU level, characterized by privatization, deregulation and intensified competition. Similarly, the EU energy market over last couple of decades is being extensively "communitarised" or "supranationalised". Secondly, these processes have been boosted by the external challenges requiring integrated EU energy policy, such as: high energy dependency on external suppliers and trends of increasing energy prices, energy security issues (supply disturbances, especially from the key energy importer Russia), environmental protection, climate change, etc. It was equally influenced by the series of subsequent enlargements to the East to include more energy import-dependent states (Nugent, 2010: 343). In the light of these circumstances, to ensure sustainability of EU-wide energy policy, the ratio for stronger employment of EU energy regulation has been, *inter alia*, ensuring the security of supply, through infrastructural investments, diversification of supply routes and energy mix, and mitigating the challenges of volatile international energy markets.

Hence, EU energy policy nowadays is comprehensive, multifaceted, and horizontal issue covering a wide range of policy matters related to energy. The EU pursues its energy policy objectives in a wider context by positioning energy as a central part of all external EU relations, and through exporting its regulatory rules (Renner, 2009: 3). Advocating a stable and transparent regulatory framework for the production and trade of energy, the EU pursues creation of a liberalized pan-European energy market where "energy can be exchanged on the basis of demand and supply rather than on national interests and geopolitical considerations" (*Ibid.*).

The EU energy *acquis* consists of plethora of rules and policies covering competition and state aid, internal energy market, environmental protection, promotion of renewable energy sources, energy efficiency, energy security and crisis management, etc. (Perišin, 2014: 380). Two landmarks for the EU energy governance are: entry into force of the Lisbon Treaty in 2009 and enactment of the Third Energy Package. The Lisbon Treaty brought the shift for energy policy from being an exclusive EU Member State competence to one upon which Member States and the EU possess shared legislative competence. It furthermore include a separate section (Title XXI) on energy in the form of Article 194 of the Treaty on the Functioning of the European Union ("TFEU"). It provides that the EU will act in a "spirit of solidarity" between its Member States, in order to "ensure the functioning of the internal energy market, ensure security of energy supply in the Union, promote energy efficiency and energy savings, together with development of new and renewable forms of energy, and promote the interconnection of energy networks" (Leal-Arcas & Filis, 2014: 12).

In addition, with Lisbon amendments Member States retained autonomy in matters concerning the mix of energy sources, the conditions for exploiting its

energy resources and the structure of its energy supply (*Ibid.*). However, important aspects of energy, such as competitive conditions of energy trade within the internal market (state aid, antitrust) and question of tariffs for third country energy commodities (i. e. common commercial policy) remain within the exclusive competence of the EU (Leal-Arcas & Filis, 2013: 1252). Therefore, this arrangement was described as "a carefully crafted compromise" between national sovereignty over domestic resources and energy taxation issues, and a shared EU competence for the remainder of affairs (Braun, 2011: 2). It is thus suggested to describe the EU energy policy in terms of a new "Union method", i.e. combination of the community method and coordinated intergovernmental action by the Member States (Braun, 2011: 8).

The EU efforts to establish functioning internal energy market went through three phases of introducing energy legislation from 1990s onwards. Measures for liberalization of the EU energy markets were aimed to remove numerous legal obstacles, approximate tax and pricing policies, establish common norms and standards, and set the environmental and safety regulations. Following the two regulatory packages in 1998 and 2003, the last great EU energy liberalization effort ensued. In 2009, the EU adopted the so-called Third Energy Package of directives and regulations requiring the legal and functional "unbundling" of the energy production, supply and transmission of electricity and natural gas, and increasing regulatory powers at the EU level (Perišin, 2014: 377).

Completing the integration and liberalization of the EU internal energy market is a laborious and slow process, further impaired by the mixed implementation record of presented legislation. However, there are numerous objective benefits achieved with the introduced measures, one of them being increase in the "liquidity" of the EU energy markets, contributing to a greater security of energy supply, together with to an extent diversified external supplies, by "increasing number of countries supplying gas to EU from fourteen to twenty-three in the period from 2000 to 2014" (Ispolinov & Dvenadtsatova, 2013: 86-87). Taking into account the accumulated positive experiences after the latest developments, EU heads of states and governments have committed to complete the creation of the EU internal energy market, by fully implementing energy legislation in practice, promoting the interconnection of electric grids and natural gas pipelines, boosting energy efficiency, and more efficiently coordinating their external energy policies (Ratner et al., 2013: 2). With this in mind, recently proposed creation of the EU Energy Union which would address fragmentation of the EU energy market was endorsed by the European Council in May 2015 (EurActiv, 2015). The Energy Union would encompass range of policy sectors including energy, transport, research and innovation, foreign policy, regional and neighbourhood policy, and trade and agriculture.

ENERGY CHARTER TREATY: TOO AMBITIOUS PURSUIT OF THE ENERGY SECURITY INTERESTS?

The Energy Charter Treaty ("ECT") emerged during the 1990s as a result of political initiative concerned with consolidation of the international cooperation in the field of energy, launched originally as declaratory and non-binding European

Energy Charter Declaration of 1991. The ECT was concretized and strengthened in 1994 as a plurilateral international agreement which aims to provide "a framework for energy cooperation based on the principles of open, competitive markets and sustainable development" (Leal-Arcas & Filis, 2014: 21). Essential features also encompass principles of non-discrimination, environmental protection and free access for foreign investment. The ECT with its subsequent optional protocols on various topics aims to strengthen the global rule of law on energy issues, and thereby reduce the risks associated with energy related investments and trade (*Ibid.*). Priority areas included in the overall ECT regime are: investment promotion and protection, trade liberalization, unrestricted transit, environment, energy efficiency and dispute settlement (*Ibid.*).

ECT is an example of the EU engagement in promoting its own energy interests by creating a level-playing field for long-term energy cooperation based on complementarity (Pominova, 2014: 2). The Commission as an EU agent was involved in structuring the agreement with an aim of achieving regulatory convergence in legal systems of other signatories, by exporting predictable regulatory and investment frameworks devised on the basis of existing EU legislation. The EU also tried to embed the principle of interdependence and rule-based market governance, and thereby trigger development of more integrated international energy markets. These principles were successfully exported to more than fifty Euro-Asian states participating in the ECT regime (Maltby, 2013: 438). Its regional reach is reflected in predominance of the European and former Soviet Union countries (Pominova, 2014: 3).

The ECT regulations heavily draw on the EU packages of energy legislation, complemented with the WTO norms in respective areas (e. g. transport), as well as with the EU's and international practice of bilateral investment treaties (Pominova, 2014: 8). For example, to ensure safe and reliable energy flow towards its market, the EU has promoted the adoption of internationally consolidated rules and standards governing energy transit (Boute, 2015: 14). Seen as more appropriate, the existing EU-sponsored transit regime of the ECT is predominantly built upon the WTO law and its respective transit provisions, aiming to address the specific challenges of transport in the network-related energy industry, such as infrastructural issues, regulation of politically sensitive disputes, etc. (Boute, 2015: 2-3).

However, the ECT was only partially successful given that some of the most important signatories failed to fully ratify it. These leading energy-exporting countries (most notably Russia, Norway and Algeria) have basically the same grounds for non-ratification: the EU-influenced arrangement reflects EU concerns as a dominant importer and thus establishes lenient foreign investments regime in the energy sector, which contradicts interests of the exporting countries which champion their energy sources as "national patrimony" (Selivestrov, 2009: 8). Dominant perception of the ECT as a legal instrument primarily devised to ensure the security of EU energy supply was confirmed by the International Centre for Settlement of Investment Disputes' ("ICSID") 2012 Arbitral Decision in the case of *Electrabel v. Hungary* (Boute, 2015: 10). According to it, the EU assumed the leading role in the ECT since the very beginnings, and acted as the determining factor in its

establishment. Tribunal furthermore asserted a presumption of non-contradiction between the ECT regulations and EU law (*Ibid.*).

Russian reluctance to ratify the ECT is moreover strengthened by the continuing liberalization of the EU energy market with the latest Third Energy Package, especially regarding provisions on free access to pipelines for third parties and banning the long-term energy contracts (Pominova, 2014: 15), which will be covered in more details in the following part. Besides that, issue of controversy and reason often invoked to explain Russia's refusal to ratify the agreement is the ECT regulation of the energy transit. In order to safeguard the integrity of the EU internal energy market, energy flow within the EU does not qualify as transit, thereby limiting the relevance of the ECT transit regime for Russia (Boute, 2015: 12).

Finally, it is useful to mention that during last year the International Energy Charter as a political declaration was formally adopted and signed, as form of continuation of the European Energy Charter process (EnergyCharter, 2015). It expanded number of signatories to other regions of the world (Africa, South America), and identified principles for strengthening energy cooperation at the international level. Whether this will reproduce the earlier dynamics and crystalize in a binding international treaty, it remains uncertain.

RUSSIA-EU ENERGY RELATIONS: TROUBLESOME STALEMATE AND ENERGY CRISES

The EU and Russia are both major economic and political actors on the international stage. They share significant part of the common external border, long intertwined history and many instances of institutionalized relations in the various fields. In the terms of energy, they are extremely interdependent. They are key partners in this sector: Russia is the biggest strategic energy supplier to the EU, mostly in oil and natural gas. Some Member States are hundred percent dependent on energy imports, where Russian supplies represent the only source of their external energy inflows (Selivestrov, 2009: 2). On the other hand, the EU is the most lucrative market for Russia in general. Revenues generated from the exports of oil and gas to the EU constitute a significant share of the overall export income and of the Russian budget. In numbers, over half of the Russia's natural gas and approximately two-thirds of its oil exports go to the EU (Romanova, 2014: 44). The EU does not only represent a key market for Russian energy exports; it is also the biggest investor in Russia's energy sector. It is estimated that seventy-five percent of total foreign direct investment ("FDI") into Russia comes from the EU and its Member States (Sharples, 2012: 7). The implication of all these facts is that Russia needs a strong EU energy market as much as the EU needs a secure supply of energy from Russia (Leal-Arcas & Filis, 2014: 15).

The EU in its relation with energy-exporting countries in general sought closer institutionalized relations through the promotion of democratic and pro-market regulatory norms (Leal-Arcas & Filis, 2013: 1275). Through various bilateral initiatives the EU strived to secure its energy interests, and in doing so to stimulate sustainable growth accompanied by political liberalization in its partner countries. These countries, including Russia, preferred strategic partnerships rather than

energy relations that were conditional on political and market liberalization (*Ibid.*). In general, they were unreceptive to contracting such international agreements with the EU that, incidentally or intentionally, sought to "depoliticize energy and promote integrated or more rational market models" (*Ibid.*). When these two approaches clashed in relationship between the EU and Russia, subsequently occurred tensions were the most salient obstacle for any kind of successful cooperation in the energy between the two.

First of all, the EU and Russia are extremely different entities. Russia is a unitary state with a centralized leadership, while the EU is a *sui generis* federation of nation-states with strong supranational elements that "functions on the basis of consensus-seeking" (Barysch et al., 2011: 52). The EU and Russia furthermore subscribe to, at first glance, almost irreconcilable energy security perceptions and regulatory paradigms: the EU's competitive-market approach and Russian state capitalism. This is to an extent predetermined by their status with regards to energy resources: the EU is an importer which in energy policy and regulations relies on liberalized energy markets and competition, while in contrast Russia is a supplier resolute in preserving sovereignty over resources and its state-capitalist system (Romanova, 2014: 45). Russia therefore wants access to EU markets for its energy companies, but is reluctant to allow reciprocal arrangements for the EU companies (Cameron, 2009: 23). Meanwhile, the EU struggles to establish coherent and unified energy policy. Its primary concerns are completion of the internal energy market, reducing the consumption of energy and diversifications of supplies. The EU pursues its energy security on the basis of impartial and effective regulatory framework addressing these concerns. Russia, on the other hand, in pursuing its energy security safeguards a strong vertical control of the entire energy sector (*Ibid.*). All this makes even limited regulatory convergence rather unlikely.

The energy politics and mutual relations is highly politicised issue for both EU and Russia. Politicization in this context means addressing energy trade, investment and infrastructure through (geo)political logic. EU Member States have for historical and economic reasons complicated bilateral relations with Russia. Some of them therefore advocate different positions towards EU energy dependence on Russia, preventing the adoption of common EU external energy position (Leal-Arcas & Filis, 2014: 15). Politicization of energy relations with Russia was further reinforced following the recent EU enlargement rounds to the East (2004 and 2007), to countries having controversial historical relations as well as stronger energy links with Russia. Similarly, energy was increasingly politicized following the Russia-Ukraine gas transit disputes (2006 and 2009) when several EU Member States consequently experienced energy shortages, and the Ukraine crisis in 2014 (Romanova, 2014: 51). Russia on its side frequently reproached for the politicization of its energy supply, especially in relations with post-Soviet countries, to which the EU reacts (Romanova, 2014: 45). It also perceives the EU efforts to diversify away from cheap Russian gas to more expensive natural/shale gas as politicization, same as the introduction of new regulations such as the Third Energy Package. EU's commitment to further liberalize its energy market based on this proposal had its concretization in relation to Russia when the Commission announced in 2012 investigation of alleged anti-market practices by Russian state energy company Gazprom (Ratner et al., 2013: 7).

It is left to see whether the pressures of EU regulation will force Gazprom to comply with rules on effective third-party access to gas infrastructures and strict unbundling (via ownership or functionally), and surrender significant stakes in European distribution networks (Energy Charter Secretariat, 2015: 14). As an initial consequence, Gazprom subsequently had to lower its export prices to major EU importers. To all this, Russia answered with further politicization by e. g. manipulating the energy prices in neighbouring countries, threatening some EU Member States to turn off oil and gas supplies, or offering lucrative deals to particular EU companies in an effort to "divide and rule" the EU (Cameron, 2009: 26).

Nevertheless, despite highly politicized ground, in the last couple of decades certain channels for policy dialogue between EU and Russia were established. The most relevant existing institutionalized mechanisms providing legal basis for energy cooperation between EU and Russia were: Partnership and Cooperation Agreement ("PCA"), abovementioned Energy Charter Treaty ("ECT") and the Energy Dialogue ("ED").

The PCA was the earliest contractual arrangement between the EU and Russia. Its objectives were: providing an overall framework for political dialogue, creating conditions for the future establishment of a free trade area between the two, especially by "instituting the freedom of the establishment for companies, of cross-border trade in services and of capital movements" (Selivestrov, 2009: 6). Two contracting parties granted to one another most favoured-nation treatment. With regards to energy, parties agreed to: cooperate in formulation of energy policy, improve management and regulation of the energy sector, introduce "institutional, legal and fiscal conditions necessary to encourage increased energy trade and investment, and promote energy savings and modernization of energy infrastructure, including interconnection of supply networks" (Selivestrov, 2009: 7). Issue of economically affordable, environmentally acceptable, quality and secure energy supply was highlighted as the main priority. The trade regime in general as provided by the PCA was based on the GATT provisions. Even though the PCA expired in 2007, it did not restrain continuing mutual trade and investment flows. A more detailed agreement has been continuously negotiated since, with energy (together with social reform matters) arguably inhibiting the greater progress in negotiations.

As it was highlighted in the previous part, Russia was one of the major energy exporting countries which signed but repeatedly refused to ratify the ECT. In 2009, Russia terminated the provisional application and definitely stated its intent not to become an ECT contracting party (Pominova, 2014: 1). The launch of the EU-Russia ED in 2000 therefore sought to address the uncertainty concerning Russian refusal to ratify the ECT. Unlike the ECT which was plurilateral binding instrument dominantly patterned after the EU energy regulation, the ED was specific bilateral institution of energy diplomacy, founded on a principle of the equality of partners and their legislation rather than convergence towards one single (i. e. EU's) model (Romanova, 2014: 46). Russia's rejection of both ECT and subsequently EU-initiated Energy Community was based on the concerns that with these institutions "the EU is trying to impose different state and energy regulatory paradigm on Russia" (Romanova, 2014: 50). In contrast, the ED was devised as less intrusive with regards

to the EU regulatory externalization, and consequentially turned out to be more fruitful (albeit still limited) initiative.

Observed instances of EU-Russia intergovernmental cooperation in energy matters provided the floor for emergence of a bulk of the lower-level initiatives, whether trans-governmental (lower levels of governance and officials) or transnational (businesses and NGOs). Trans-governmental and transnational relations have gradually strengthened because various summits and meetings have become more frequent and regular. These augmented informal institutions proved to be capable of limiting the politicization of energy relations, and in turn facilitated progress of the top-level EU-Russia relations and regulatory cooperation (Romanova, 2014: 48). Thus, there was a growing convergence in the EU-Russia energy relations within the ECT and the ED, where both institutions become engaged in balancing between "cost-reduction and order-creating functions" (Romanova, 2014: 50), mitigating the tensions caused by different regulatory paradigms characteristic for two entities.

Examples of these positive dynamics are: establishment of the Gas Advisory Council, which was essential in strengthening transnational relations, and successfully worked on the procedure for implementation of the Third Energy Package, regarding both EU and Russian authorities and companies; convergence in strategic planning, which was reflected in the adoption of the "EU-Russia Energy Roadmap to 2050", which envisages gradual regulatory convergence as a first step towards a "common, subcontinent-wide, energy market" (Romanova, 2014: 44); agreements on infrastructural projects for ensuring Russian gas imports to the EU, through the Nord Stream (under the North Sea) and the South Stream pipeline (under the Black Sea) (Leal-Arcas & Filis, 2013: 1270).

Despite the profound institutional changes and occasional successes, the potential for comprehensive regulatory convergence of energy markets and tackling issue of politicization of energy relations is severely constrained by internal formal and informal institutions on both sides (Romanova, 2014: 50). In Russia, these obstacles are: specificity of the political and administrative system, with "limited top-down delegation of responsibilities in the government"; and foreign policy orientation, with megalomaniac aspirations in competing with major powers (Romanova, 2014: 51-52). In the EU, key barriers include: complexity of the EU's system that results in the inter-institutional rivalries, lack of institutional coordination and absence of unified external action; and the EU's propensity to impose its legislation on external partners, coupled with conducting energy relations through foreign policy lenses (*Ibid.*).

In sum, EU-Russia energy relations remained vulnerable to politicization, especially during the times of acute crises. However, evolution of the institutionalized energy cooperation between the EU and Russia in the last decade has been overall positive for addressing the main challenges of their energy relations: de-politicization and coexistence and approximation of EU and Russian approaches to market regulation. Nevertheless, the achieved results have remained fairly limited. Acknowledging numerous mutual differences, the EU and Russia adopted the piecemeal strategy of incremental steps (Romanova, 2014: 52). This captures limited effectiveness of the externalization of the EU energy regulation in

Russia. However, such modest approach seems to be the only feasible, given the combination of couple of factors: contradicting regulatory paradigms, slow regulatory convergence given the Russia's global power and aims to establish not unilateral but genuine partnership, and absence of a fully-fledged unified EU energy policy with a completed internal market and harmonized external approach.

CONCLUDING REMARKS

As observed, one of the dominant drivers of the EU internal energy regulation are energy security concerns, which in the present paper were observed in the context of the ECT and the EU relations with Russia. The EU has been for a long time leading advocate of a comprehensive international agreement in the energy sector. Unable to negotiate it within the auspices of the World Trade Organization, the EU turned its efforts to conclude geographically narrower legally binding instrument: the ECT. Through this Treaty, the EU strived to promote its energy interests, among others the diversification and security of supply. However, this arrangement was seen as beneficial primarily for the EU and its energy policy priorities. This reason was the stumbling block for the Russian (the EU's main energy supplier) accession to the Treaty. Thus, the EU-Russian relations in the energy sector remained highly politicized and troublesome, with numerous crises occurring through time (e. g. energy supply cuts), which is why the EU had to search for other possibilities to safeguard its energy demands, in order to lower its energy dependency on Russia.

In the end, reviewing the EU energy law and policy sheds light on the apparent lack of serious political will on the part of the Member States to incentivize efforts on completion of the internal energy market and consolidation of external energy policy, severely restricting prospects of a successful EU pursuit of energy security interests. Also, it could be that inherently contradicting yet overlapping interests surrounding energy policy implementation provide insurmountable tensions for an effective external approach, such as perceived incompatibility of the EU's competition objectives as opposed to energy security interests, thus undermining the whole concept of the internal energy market. Additionally, similar to other policy areas and integration efforts, EU energy policy consolidation and externalization was not left unaffected by the contemporary crisis of integration. Delegating more regulatory authority to the EU level implies loss of sovereignty, especially controversial in essential sectors such as energy. Thus, as Bradford noted, the growing gap coming from within the EU between "different visions of the future for the Union" (2012: 63) in the end presents the greatest challenge for the EU energy regulatory agenda and related energy security interests.

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