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FFF FIFTH PLENARY SESSION, BERLIN 2009 CONCLUSIONS OF THE CHAIR

Having completed its fifth year plenary, the Berlin Forum has already a good track record as a platform for structured dialogue between the Commission and the stakeholder community on issues related to fossil fuels. At this fifth plenary meeting, issues related to security of supply, particularly in oil and gas, indigenous fossil fuels' production as well as sustainable use of fossil fuels were discussed. The discussions followed on the preparatory debates in working groups which met repeatedly earlier in the year. The following conclusions were drawn by the chair on the basis of views expressed during the presentations and discussions in the Forum's sessions:

As regards **security of supply**, stakeholders discussed the importance of strengthening emergency mechanisms in Europe to ensure a reliable and continuous supply of fossil fuels. As far as the **security of gas supply** is concerned, the Commission tabled in July the proposal for a new security of gas supply regulation. There was a broad agreement on the need for adoption of the new legislation without delay and call on the Council and the European Parliament to finalize their deliberations as soon as possible. The Forum recognized the importance of European refining sector for a balanced and secure supply of petroleum products. The revised **oil stocks legislation** should improve the availability of emergency stocks and create complementarity with the system and crisis management mechanism of the IEA. The input from Berlin Forum participants to the drafting process is recognised and much appreciated. Now, the implementation/transposition stage begins. The Forum will continue to be closely involved, particularly in further work aimed at the creation of optimal reporting tools for both emergency and commercial stocks.

The Forum recognises the importance of a high level of competition in the European oil sector, as confirmed by the presented Commission study, particularly against the backdrop of increased oil price fluctuations and consequential price surges of last year. It invites the Commission to continue monitoring the **competitive situation in the European oil sector** in view of a level playing field for the operators, low entry barriers for investors and value for money for consumers.

Indigenous fossil fuels continue to make up for an important part of EU's energy supplies. Although ultimately finite, European sources of solid fuels and hydrocarbons

can still significantly contribute to European security of supply for decades. The recognition of the role of indigenous fossil fuels in the second SER is much welcome and could lead to a new policy paper on the subject of indigenous fossil fuels. The Forum's further action in this regard will follow the drafting efforts already carried out with stakeholders from the coal sector and will include the oil and gas sectors. Long-term corporate strategies are essential for sustained and sufficient levels of investment. An open policy debate on the role of indigenous fossil fuels, guided also by security of supply considerations, may be equally important. The industry stressed its need to operate in clear legal frameworks, including access to resources, and competitive and stable taxation regimes. A new working group of the Forum will be set up as a platform for the discussion of best practices, for example on public acceptance and taxation, and for formulating a "vision for 2020" that could inspire such a policy debate on indigenous fossil fuels.

Following the suggestions from Forum participants, the Commission will explore in parallel the possibilities of some concrete steps such as the preparation of an inventory of indigenous sources or the inclusion of security of supply considerations in relevant impact assessment exercises. Furthermore, the Forum will endeavour to formulate arguments for including themes related to indigenous fossil fuels and skilled labour force in Community R&D programs. The Commission informed the Forum on the state of play in the development of the future state aid regime for coal.

On the issue of **sustainable fossil fuels**, the Forum highlighted that legislative framework for CCS is a prerequisite for the demonstration phase to go ahead as planned. The need for the Member States to implement the CCS Directive as soon as possible has been underlined. The Forum welcomes the progress towards financing instruments for early demonstration projects, namely through the EERP and the Emission Trading Scheme. At the same time, the Forum agreed that European financing needs to be matched with national support schemes and therefore called on the Member States to elaborate strategies and allocate resources to development of CCS. The efforts of the European Commission and the Member States to support demonstration are important but involvement of private sector is of a key importance. The Forum pointed out that successful demonstration requires from the companies investing in CCS to take on an important part of the technology risk while regulatory risks should be minimised. As knowledge sharing and EU-level coordination is an essential element in these EU-funded support schemes, the Forum welcomed the progress in the establishment of the CCS Project Network.

Looking beyond the immediate challenge of CCS demonstration, the issue of robust **CO2 infrastructure** needed at later stages of CCS deployment was discussed. The Forum supports the Commission's plan to proceed with early preparations of infrastructure and agrees that possible inclusion of CCS in TEN policies should be considered. **Public awareness** is another key issue with long-term implications. Large-scale deployment of CCS will be dependent on convincing the public that CO2 transportation and storage is reliable and safe. Contributions from delegates highlighted the importance of active involvement of the public and NGOs at the earliest stages of plants development. Therefore, the Forum called on public authorities at the local, regional and national levels as well as on energy companies and NGOs to engage actively in raising public awareness and understanding of CCS. The Commission shall evaluate how it can most effectively provide further assistance to such efforts.

The Commission will continue to use this forum, its **working parties** and also the Gas Co-ordination and Oil Supply Groups to ensure close interaction with stakeholders on all issues of relevance to fossil fuels. The participants will maintain the practice of regular meetings of working parties in the periods between the plenary sessions. It is reckoned that parties organized around specific policy issues provide good basis for structured dialogue.

The working groups' agenda for next year will include in particular:

- support to the adoption and implementation of new legislation addressing security of supply, particularly as regards the transposition of oil stocks directive and the development of reporting tools for security and commercial oil stocks;
- role of sustainable indigenous fossil fuels production; a new working group will be set up on the subject; address the future developments in European refining;
- CCS demonstration and future commercial roll-out, including through early steps towards suitable CO2 infrastructure build-up in time for the expected commercial roll-out of CCS;
- addressing the problem of public awareness and support as regards CCS.



Heinz Hübner