

Towards a general „Europeanization” of EU Member States’ energy policies?

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Executive Summary

The EU is currently setting up its post-2020 climate and energy policy framework. Specifically, the European Council has recently decided to scrap binding targets for renewable energy sources (RES) on the Member State level, leaving only a common RES target for 2030 on EU-level. This decision might be interpreted as a sign of re-fragmentation because it reflects increasing tensions between more and less ambitious Member States regarding the future course of climate and energy policy. Generally, it is often claimed that energy policy in the EU is too fragmented and in need of “Europeanization”. In particular, national approaches towards RES are criticized with reference to the notion of a pan-European super-grid.

Against this background, this paper investigates two main questions. The first question relates to a positive analysis: how Europeanized *is* energy policy within the EU? The second question refers to a normative analysis: how Europeanized *should* energy policy *be*? In order to shed some light on these questions, the paper systemizes and widens a discussion that, so far, narrowly focuses on the potential benefits of Europeanization. Specifically, the paper highlights

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often neglected aspects, such as economic arguments in favor of decentralization and legal as well as politico-economic obstacles against centralization of decision making.

The paper starts with a twofold conceptual clarification because “Europeanization” is too vague as to properly function as analytical category. Thus, two main dimensions of Europeanization are differentiated: centralization of decision making structures and the degree of homogeneity of policies. While it is often implicitly suggested that both go hand in hand, the paper points out that this needs not be the case. There might be bottom-up convergence of policies without centralized decision-making; then again, centralization does not necessarily imply homogenization. Furthermore, different areas of energy policies have to be differentiated, such as support policies for RES and nuclear policies. The upshot is that any call for Europeanization of energy policies should be specific about the respective relevant dimensions.

The paper’s positive analysis demonstrates that the EU’s energy policy landscape is diverse. Within a common framework of EU binding treaties and directives, as well as non-binding guidelines, Member States pursue their individual agendas. For some aspects of energy policy, such as nuclear power and security of supply, decentralized decision-making and heterogeneous policies prevail. For other aspects, such as climate policy and the internal market, decision making is partly centralized and policies are less heterogeneous. Moreover, the development of support policies for RES demonstrates that decentralized decision-making may, nevertheless, yield partly homogeneous policies via processes of bottom-up convergence.

The paper’s normative analysis – building on the theory of Fiscal Federalism – shows that no uniquely optimal degree of centralization and homogeneity can be specified for energy policy as a whole. Instead, the different aspects of energy policy need to be analyzed separately. In case of support policies for RES, there is certainly underused potential for cost savings through

cooperation between Member States. Yet this does not imply that a completely centralized approach towards RES would be efficient: heterogeneity of preferences and the notion of “laboratory federalism” call for decentralization. In case of nuclear power, current decentralization, which leaves decision making exclusively with Member States, may be the only politically feasible way to address preference heterogeneity in the EU. In sum, pleas for a stronger role for EU energy policy should be made with care and differentiation.

Subsequently, the paper reviews those legal and politico-economic factors that may inhibit further European integration: path dependencies and general reluctance of national politicians to transfer sovereignty towards Brussels and Strasbourg constitute important obstacles for visionary ideas such as the pan-European super-grid. Hence, the most feasible pathways towards further European integration rely on bottom-up processes of policy convergence rather than on top-down approaches of policy harmonization. For instance, increased coordination of grid extensions and capacity markets would create economic benefits without the need for centralization of decision-making on EU-level.