**The strategic importance of Euro-Med gas and electricity networks**

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**Abstract**

The objective of EU's energy policy is to ensure security of supply for households and companies at affordable and competitive prices, in a safe and sustainable manner. To reach this objective, in October 2014, EU leaders adopted the 2030 policy framework for climate and energy, including goals of reduction of at least 40% in greenhouse gas emissions compared to 1990, at least 27% share of renewable energy in overall energy consumption and 27% improvement in energy efficiency by 2030.

Integration of energy markets is a prerequisite to achieving these goals, as well as for successfully implementing the Internal Energy Market (IEM).

There is a need to increase cross-border electric interconnections to support the transition to a low-carbon economy, while ensuring security of supply. Regional market integration increases the flexibility of the power system and facilitates the penetration of intermittent renewable energy (RE), by pooling resources and sharing reserves across borders. Acknowledging the need to strengthen interconnectors, the European Council called for rapid implementation of all the measures required for the achievement of the previously set minimum target of 10% of power generating capacity for electricity interconnections by 2020, while reporting progress toward a higher target of 15%. Required investment in power transmission infrastructure have been estimated by ENTSO-E at €150 billion, but could save €40 billion per year by 2030, thanks to lower investment needs in power generation capacity and better operations of renewable energy capacities (for instance making better use of excess wind in Spain of hydro in Nordic countries).

Those savings would be even larger if the market integration is broadened to include the Mediterranean region (Med). Developing a Euro-Mediterranean electrical grid would provide the opportunity to make the best use of the energy resources, to exploit the potential of renewable energy, more particularly solar energy, in the southern Mediterranean countries, and to enhance security of electricity supply both for northern and southern countries.

Natural gas plays a key role in achieving EU’s energy and climate objectives, as gas fired power generation is a way to provide the power system flexibility needed to support large-scale RE penetration. However, threat of Russian gas supply disruption have raised security of supply concerns. Diversification of supply sources and delivery routes requires substantial investment to develop in a timely manner the necessary external and internal gas pipeline infrastructure.

The Eastern Mediterranean Region is emerging as a major potential supplier to Europe. Indeed, abundant reserves are being found and developed in the wide Levant basin, extending beyond Israel to also Cyprus and potentially Greece. The EU is engaging in intensified political and trade dialogue with Northern African and Eastern Mediterranean partners, in particular with a view to creating a Mediterranean gas hub in the South of Europe. The recent Rome Conference on the Euro-Mediterranean Energy Partnership co-organised by the European Commission and the Italian Presidency has launched, the **“**Euro-Mediterranean Platform”, an important tool to facilitate exchange and cooperation. This platform aims at enhancing the cooperation in the Euro-Med region between all the stakeholders of the natural gas chain through a bottom-up approach in order to improve gas supply security by identifying barriers or opportunities in terms of demand, supply, market structure, etc...This indicates a clear willingness of all players on both sides of the Mediterranean to give a new boost to Euromed energy cooperation.

Energy security issues must be co-related with all foreign policy instruments that could contribute to the development of the EU’s external energy relations, such as the European Neighborhood policy, the Common Foreign Security Policy, Trade agreements and adhesion negotiations. Under the European Neighbourhood Policy (ENP), the Euro-Mediterranean Partnership (EUROMED) promotes economic integration and democratic reform across 16 neighbours to the EU’s south in North Africa and the Middle East. Those countries are experiencing a particularly challenging period in their history. The EU cooperation mechanisms can not only help EU countries achieve their own energy and climate objectives at affordable cost, but also contribute to political stability in those countries, while contributing to their objectives of energy access, competitive energy supply and sustainability.