



# World EnergyFax

World Energy Council

CONSEIL MONDIAL DE L'ENERGIE

**WEC's Bi-Monthly Commentary on Energy Issues**

**15 July 2006**

## **IS EUROPE READY TO MEET ITS FUTURE ENERGY NEEDS?**

The European energy scene has changed considerably over the last few years. Current issues that are of importance to the region include growing concern about dependency on imports, the vulnerability of European economies to oil and gas price escalation, the possibility of gas supply disruptions, insufficient investment in energy infrastructure, difficulties in completing market liberalisation and challenges of climate change mitigation.

These key issues were the major topics for discussion at WEC's annual joint seminar with the European Commission (EC). The seminar, to which all of WEC's European MCs are invited, took place on 30 June in Brussels. Entitled "A European Strategy for Sustainable, Competitive and Secure Energy", the event was co-chaired by Andris Piebalgs, EC Commissioner for Energy, and Pierre Gadonneix, WEC's Vice Chair for Europe. Sixty participants attended, 40 of them representing 19 WEC European MCs.

The EC and WEC both recognised that Europe needs more stringent energy policies as well as supportive market solutions to face key challenges. They agreed that sustainable and secure energy supply can be achieved mainly through competitive energy markets and that a number of policy issues could be developed at the European level. The Green Paper recently released by the Commission outlines the extent to which these issues should require consensus. The WEC Europe MCs share the EC's commitment to "open and competitive markets", but this must be supported by a stable, predictable EU policy framework that encourages investment by market players. WEC is ready to contribute to the development of such policies by regularly participating in the strategic EU energy review discussion.

The seminar also discussed the preliminary outcomes of WEC's two current European regional studies on European vulnerability to possible energy crises and the future of nuclear power in Europe.

In the vulnerability study, WEC attempts to quantify vulnerability by developing macro- and micro-economic indicators that should determine the country's level of energy vulnerability, including factors such as price volatility, rate of energy import dependency, energy mix structure, strategic reserves and exchange rate. A number of indicators are suggested to determine vulnerability of electricity markets. As the EU Green Paper suggests, WEC considers fuel diversification as one of the most effective solutions to mitigate vulnerability. A country could be dependent on energy imports without being highly vulnerable if imports come from diversified suppliers. The study recommends a number of policy measures to mitigate the vulnerability of European economies to major energy problems.

The volatility of oil and gas prices as well as growing concern about climate change have re-opened public and political debate on the future role that nuclear could play in mitigating vulnerability and enhancing security of supply in Europe. The WEC study devoted to this issue intends to provide a view on whether the nuclear option could/should be re-integrated into European energy policy and markets. Although public acceptance of nuclear still remains low in many West European countries, climate change and security of supply have begun to change the generally negative perception of nuclear. At present, nuclear remains one of the major barriers to agreeing on a common European energy policy. More communication and transparency throughout Europe will be a key factor for re-integrating nuclear into the energy debate.

The next joint EC-WEC seminar is tentatively scheduled to take place in Rome during the 20<sup>th</sup> World Energy Congress in November 2007.

## **WEC MEMBERS MEET IN SOUTH AFRICA**

The WEC South Africa Member Committee, SANEA, hosted the second WEC Africa Regional and Scenarios Study meetings in Johannesburg from 5-7 July. Representatives from eight African Committees attended the meetings. The regional meeting focused on the WEC Africa Regional Action Plan, progress to date and the main events planned for the rest of 2006 and 2007. These include a Regional Forum on Energy Efficiency; a PGP Workshop in Namibia and an International Conference on the INGA hydropower project. The WEC Egyptian Committee made an impressive presentation on "*The Egyptian Experience with Wind Energy*".

The regional meeting was followed by a workshop on WEC's Scenarios study. The four storylines for Africa were developed and the related tables completed for the non-mitigated cases. The impacts of

mitigated policies for achieving the three WEC goals of Accessibility, Availability and Acceptability will be completed shortly; these will identify and propose proactive and appropriate policies on a sub-regional and regional basis. It became obvious during the workshop that the preliminary analysis carried out for four sub-regions out of five is critical to the success and value of the global study.

On July 7, a technical visit was organised to SASOL, an integrated South African oil and gas company with substantial chemical interests. SASOL specialises in coal-to-liquids and gas-to-liquids operations and currently supplies about 40% of South Africa's fuel consumption by mining coal and converting it into synthetic fuels.

Our thanks to SANEA for organising the regional meeting and Scenarios workshop.

### **CHANGES IN WEC REGIONAL TEAM**

As of July 1, we welcomed two new members to our regional team. Mr Yoshiaki Imaizumi succeeds Yoshihiro Hatano as WEC Manager, Regional Programmes. Yoshiaki, who will be based in London, is the third JEA/TEPCO secondee to WEC, and we are grateful to our Japanese colleagues for their generosity and support.

Mr Chong-Moo Lee from Daesung Group, Korea, becomes WEC Regional Coordinator for Asia Pacific and South Asia to assist Regional Vice Chair David Younghoon Kim in promoting WEC's regional work in Asia. Mr Lee is advisor to the Chairman of Daesung and will continue to be based at the Daesung Group headquarters in Seoul. He comes from a distinguished career in the diplomatic service and has represented Korea in many countries around the world, most recently as ambassador to India.

### **WEC LAUNCHES PUBLICATION ON CARBON SEQUESTRATION**

WEC's Committee on Cleaner Fossil Fuels Systems launched a booklet on "Carbon Capture and Storage: A WEC Interim Balance" at the recent FOREN 2006 held in Neptun, Romania, from 11-15 June. An easy to read, concise and timely evaluation of the present status and prospects of carbon sequestration, this publication reflects the findings of the Committee's workshops and discussions on carbon sequestration, covering the need for carbon capture and storage, the technologies, their comparative economics, potential CO<sub>2</sub> reductions and the necessary policies and regulations. A chapter is devoted to developing countries. The document concludes that carbon sequestration can be a significant, competitive option to simultaneously slow the growth of CO<sub>2</sub> emissions and promote economic development and energy security in many countries. Significant as it may be, however, carbon sequestration is not a universal remedy. Its successful deployment depends on predictable climate protection and affirmative energy policies (particularly in R&D) and on significant cost reduction.

The new publication has been distributed to Member Committees. Additional copies may be obtained from Rob Donovan at the US Energy Association (RDonovan@usea.org). Thanks to the CFFS Committee and its chairman, Barbara McKee, for developing this important publication.

### **EA AGENDA MAILED OUT**

The printed agendas for the Tallinn EA were mailed out on 7 July. Each Member Committee Secretary was sent four copies for the Committee's four official delegates. If you need more copies, please contact Emily Melton ([melton@worldenergy.org](mailto:melton@worldenergy.org)). We will have a limited number of extra copies of the agenda available in Tallinn.

The French Member Committee is translating the agenda and all annexes, and as soon as the translation is complete, we will print the French version of the agenda and send it to our Francophone Member Committees.

### **WORLD ENERGY IN 2006**

The first edition of "World Energy in 2006", WEC's new flagship publication, is now available in pdf format on GEIS at <http://www.worldenergy.org/wec-geis/publications/default/launches/wei2006/wei06.asp>

The pdf files are free of charge. Complimentary hard copies are also available. Please contact Stéphanie Jacometti ([jacometti@worldenergy.org](mailto:jacometti@worldenergy.org)) in our Communications Department for details.

GERALD DOUCET  
Secretary General  
Tel: (+44 20) 7734 5996

World Energy Council  
5<sup>th</sup> Floor, Regency House, 1-4 Warwick St.  
London W1B 5LT