The evolution of the European Union’s energy policy

Abstract: The main objective of this article is to present the evolution of the EU energy policy with particular reference to its legal conditions. It will present the directions of the changes in the EU legal regulations in recent decades in order. Central to this is an attempt to answer the question of whether the European Union’s ambitious goal to achieve climate neutrality by 2050, as proclaimed in the European Green Deal, should be viewed in terms of a continuation of the EU’s earlier energy policy, or perhaps more in terms of a kind of “revolution”, imposing the introduction of systemic changes in the energy sector of the Member States.

Keywords: EU’s energy policy, EU’s climate and energy policy, the European Green Deal.

Introduction

The European Union has been aiming to be more than just a community of an economic nature since its inception. Its true foundations are based on such timeless values as human dignity, freedom, equal opportunities for everyone, the common good and solidarity. This is the starting point and the basic premise for improving the quality of life of present and future generations of Europeans, with respect for the principle of democracy and the rule of law, including, primarily, respect for fundamental rights. And it is precisely these fundamental ideas and values that are to be served by the rapid development of the economy, which leads to full employment, better healthcare and a high level of education. However,

never before has the formulation of the European Union’s social and economic development objectives and public policies been so strongly and directly related to the protection of the climate. This phenomenon is well illustrated by the concept of a regenerative economy, which gives the planet more than it takes from it. An inseparable feature of this concept is the model of regenerative growth (qualitative growth), according to which a healthy environment and efficient ecosystems provide safe operational space for the development of the economy. A holistic view of economic growth that takes into account environmental and social aspects is presented by the concept of sustainable development, which is being implemented by the member states of the UN.

Adopted in December 2019, the Commission’s European Green Deal (EGD) is a leading economic development strategy document which provides for the green remodelling of the EU economy to become the world’s first climate-neutral area within three decades. It can easily be assumed that, given such ambitious objectives, all sectors of the economy, without exception, are facing major reconstruction, but it is precisely the energy sector that is playing a key role in reducing emissions. Changing the energy system is therefore a sine qua non condition for the achievement of the ambitious objectives of the European Green Deal. It should be pointed out that, in comparison with the economies of all the Member States, the greatest changes can be expected in the energy sector in Poland, where, despite the huge increase in energy from renewable sources in recent years, almost 70% of electricity is still generated by burning bituminous coal and lignite.

---


3 J. Fullerton, Regenerative capitalism: How universal principles and patterns will shape the new economy, Capital Institute 2015, pp. 1–120.

4 The objective of the measures applied by the EU and national institutions, as stipulated in Article 2(1) of Decision 2022/591 of the European Parliament and of the Council on a General Union Environment Action Programme to 2030 (OJ L.2022.114.22 of 06.04.2022), is a well-being economy where growth is regenerative. For more on regenerative growth, see also: F. Capra, H. Henderson, “Qualitative Growth. A conceptual framework for finding solutions to our current crisis that are economically sound, ecologically sustainable, and socially just,” [in:] From Capitalistic to Humanistic Business, eds. M. Pirson, U. Steinworth, C. Largacha-Martinez, C. Dierksmeier, London 2014, p. 35 et seq.


7 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: The European Green Deal, COM(2019) 640 final.

8 According to the data published by the Energy Market Agency (ARE), at the end of 2022, the share of bituminous coal in the energy mix is 42.6% and lignite 26.5%. More than 21% of en-
The main objective of this article is to present the evolution of the EU energy policy with particular reference to its legal conditions. It will present the directions of the changes in the EU legal regulations in recent decades in order. Central to this is an attempt to answer the question of whether the European Union’s ambitious goal to achieve climate neutrality by 2050, as proclaimed in the European Green Deal, should be viewed in terms of a continuation of the EU’s earlier energy policy, or perhaps more in terms of a kind of “revolution”, imposing systemic changes in the energy sector of the Member States.

1. The specificity of the energy market

The specificity of the energy sector should be borne in mind when analysing the evolution of the legal basis, as it is not only very strongly connected with economic development, but also determines environmental and climate protection. Therefore, the presentation of the evolution of the sectoral policy and the relevant legal regulations should reflect the change in EU (Community) preferences in this respect. In the early days of the European Communities, the priority area of regulation was energy at the expense of the environment, to recall that two of the three treaties constituting the Communities were treaties devoted to the rules on the use of primary energy resources, namely coal (the European Coal and Steel Community)9 and the atom (the Treaty establishing the European Atomic Energy Community).10

During the initial phase of development, i.e. on the wave of the rapid growth of industrial production, the application of these treaties was limited to the coordination of activities in the coal and nuclear energy sectors. It should be emphasized that the energy sector was traditionally – and still is today – considered to be of strategic importance to the development of national economies. As a result, energy is referred to as a driver of economic growth of countries11 and is perceived solely in economic terms. As the Community’s energy policy at the time was restricted to the limited matter provided for in the Treaties, it was the Member States themselves which largely laid down the relevant sectoral regulations, which reinforced the position of the monopolistic energy companies in the individual states revealing the differences in interests between the States.12

---

The increasing dependence of the European economies on imports of oil from Middle Eastern countries followed by the oil crisis in the early 1970s changed this situation. It was then that the issue of energy security, which is still so topical today and determines the subject matter of the public discussion, entered public awareness. A decision was then made to adopt a series of directives and Council recommendations to achieve energy security, including through the introduction of the obligation to build up minimum stocks of fuel or to reduce the use of oil and natural gas products at power plants. However, even in the face of the need for closer cooperation, discussions on the need to coordinate the external energy policies of the Member States (not only) then encountered general reluctance.

The establishment of the European Common Market in the late 1980s, which is an “area without internal frontiers, in which the free movement of goods, persons, services and capital is ensured”, under the Single European Act of 1986 (this is now Article 26 TFEU) introduced a new quality into Europe’s energy policy. The Single European Act not only created the treaty basis for building an internal energy market, but also strengthened political cooperation among the Community countries. Consequently, a number of new regulations were issued under the so-called First and Second Packages regarding the liberalization of the energy markets, as a result of which the energy market that had been monopolized to date was gradually subjected to free market mechanisms. One of the liberalization mechanisms was the introduction of the TPA (third party access) principle, namely third party access to transmission and distribution networks for any interested entities, as well as the principle of unbundling, namely the separation of network activities from other activities on the energy market.

2. The importance of primary law and international law

The increase in the significance of energy is best illustrated by the adoption of the Treaty of Lisbon in 2007, which introduced a separate Title XXI – Energy

---

15 These principles were introduced by Directive 96/92/EC of the European Parliament and of the Council of 19 December 1996 concerning common rules for the internal market in electricity, and were subsequently supplemented and extended by the so-called Second Package introduced by Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity and repealing Directive 96/92/EC.
– into the Treaty on the Functioning of the European Union (TFEU) (Article 194 TFEU). This gave the subject matter in question a high position among the treaty provisions. The first paragraph of that article specifies the four objectives of the Union’s energy policy, which are:

(a) ensure the functioning of the energy market; (b) ensure security of energy supply in the Union; (c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and (d) promote the interconnection of energy networks.

Importantly, the assurance of the functioning of the energy market was stated in first place, which was fully reflected in the legislation at that time targeted at further opening up the energy market (the so-called Third Package), especially the development of competition, implemented, among other things, through the principle of the free choice of energy and gas supplier and the protection of consumers, especially the so-called “most vulnerable customers”. And although experts claim the process of forming the internal energy market has ended, it should be stated that a competitive energy market is a necessary prerequisite for the transformation of the monopolized energy market into a distributed and prosumer system.

An important reinforcement of the EU’s competence in energy was the introduction of certain areas of energy policy into the scope of shared competence in Article 194 TFEU, which, in turn, opened the path for the creation of a common energy policy. Even so, each Member State retained the right “to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply” (Article 194(2)).

Simultaneously, taking into account the systemic interpretation of the Treaty, it should be pointed out that Article 194 TFEU is immediately preceded by the title Environment (Articles 191–193 TFEU), which suggests that there is a need to connect these two issues. This is also confirmed by the wording of Article 11 TFEU,

---


17 It should be pointed out that, in terms of energy policy, primary law contains a number of other specific provisions, which primarily include Article 122 TFEU (security of supply), Articles 170–172 TFEU (energy networks), Article 114 TFEU (internal electricity market) and Articles 216–218 TFEU (external energy policy).


which provides that: “Environmental protection requirements must be integrated into the definition and implementation of the Union’s policies and activities, in particular with a view to promoting sustainable development”. It should therefore be concluded that the adoption of the Treaty of Lisbon opens a new stage of the EU energy policy, featuring not only the further liberalization of the energy market, but primarily the adoption of the principle of climate and environmental protection in accordance with the guidelines on sustainable development developed by the UN institutions. Consequently, there was a need to revise the objectives of the energy policy to date.

The provisions of international law treaties, especially the 1992 United Nations Framework Convention on Climate Change20 and the 1997 Kyoto Protocol21 on combating global warming, gave an overwhelming impetus for redefining public policies and introducing new energy regulations. The appropriate legislative process was initiated in 2007 in the Communication from the Commission, An Energy Policy for Europe,22 which was referred to as the Climate and Energy Package because of the combined treatment of environmental and energy issues. This package is referred to as the “3x20” or “20-20-20” package, because it sets three key targets to be achieved by 2020. The first target is a 20% reduction in greenhouse gas emissions compared to the 1990 levels.23 The second target is the promotion of the use of energy from renewable sources, specifically to achieve a 20% share of energy from RES in total gross energy consumption.24 The third target applies to energy efficiency, in particular the obligation to increase energy efficiency by 20%.25 The climate and energy package exemplifies the link be-

between EU policies and global policies. The most notable is the introduction of the EU Emissions Trading Scheme (EU ETS) at that time, the objective of which was to reduce the amount of greenhouse gases emitted by energy-intensive industries, energy producers, airlines and road and maritime transport.26

3. The energy union

The next stage in the development of the energy policy in the EU was initiated by the 2015 Commission Communication announcing the creation of an energy union27 in order to connect energy and climate protection even more strongly. The guiding idea behind the establishment of the energy union was the desire to ensure that all Europeans (specifically businesses and households) have access to safe, sustainable and affordable energy. Furthermore, at the end of 2015, the international community adopted the new climate commitments contained in the Paris Agreement.28 This is an international agreement ratified by both the EU29 and all its Member States,30 which contains an action plan for reducing global warming. The most important element of the Agreement is the long-term goal of the signatory countries involving the stoppage of the increase in the average global temperature at a level which is well below 2°C compared to the pre-industrial levels and to strive for it to be no more than 1.5°C. Therefore, the instruments created within the framework of the Energy Union have come to be seen as a mechanism for achieving these very ambitious climate goals.31

The Commission presented a package of eight legislative proposals on 30 November 2016 in the form of a Communication entitled “Clean Energy for All Europeans”,32 which had the objective of aligning EU legislation to the needs

---

30 Poland has also ratified the Convention (see: Journal of Laws of 2017, item 36, as amended).
of implementing the 2015 Energy Union. A number of acts of law regulating such important issues as the management of the energy union, the specification of the structure of the electricity market, energy efficiency, renewable energy and the functioning of the regulatory body, namely the Agency for the Cooperation of Energy Regulators, were adopted at the turn of 2016/2017 as a result (hence their name: the “Winter Package”). These include Directive 2018/2001 on the promotion of the use of energy from renewable sources (the so-called RED II Directive), the new Energy Efficiency Directive (2018/2002/UE), the amended Directive 2018/844 on the energy performance of buildings, which introduced long-term renovation strategies, and Regulation 2017/1369 setting a framework for energy labelling.

The key changes introduced by the “Clean Energy for All Europeans” package involve the strengthening of the EU’s influence on national climate and energy policy, the acceleration of the speed of investment in RES and the reduction of the ability to support low-carbon energy. For the purposes of these considerations, it should be stated that the last element of this legislative package, namely Regulation 2018/1999 on the Governance of the Energy Union\(^{33}\) that constituted the five dimensions of the energy union, which are closely interlinked and mutually reinforcing, has created the greatest impact on the shape of energy policy. According to Article 1(2), these include energy security, the internal energy market, energy efficiency, decarbonization and research, innovation and competitiveness. It should be pointed out that these dimensions coincide with the Treaty’s energy policy objectives, as formulated in Article 194(1) TFEU, but there is a change of emphasis in this case, as energy security is positioned in first place. This regulation refers to the Member States and the European Union preparing long-term strategies as a “governance mechanism”, including integrated national energy and climate plans every ten years, starting from the period 2021–2030 (Article 3). Simultaneously, the obligation to present a progress report every two years and to prepare coherent long-term national strategies to achieve the objectives of the Paris Agreement was laid down. It is worth noting that Article 11 of the regulation provides for the need to organize a multilevel climate and energy dialogue, in which local authorities are able to actively engage, alongside civil society organizations, businesses, investors and other stakeholders. It should therefore be stated that local and regional authorities must necessarily actively participate in the process of shaping individual energy and climate policy scenarios, as well as integrated national energy and climate plans in the specific area.

4. European Green Deal

The Commission’s European Green Deal Communication adopted in December 2019 proclaims an ambitious goal of EU climate neutrality by 2050, while its achievement implies not only a move away from fossil fuels, but also the need to transform practically all other sectors of the economy that have so far not been directly associated with the decarbonization process, such as agriculture, transport and construction. The holistic approach appears in the nature of the Commission’s Communication, because the European Green Deal is a holistic EU development strategy (a so-called cross-sectoral strategy), setting long-term goals in a number of interrelated areas.

As the European Green Deal communication is not legally binding, the need arose to legally sanction the goal of climate neutrality. A regulation named the European Climate Law was adopted in 2021. This is a key element and the starting point for future EU legislation and law-making for pursuing all the assumptions of the European Green Deal. The formulation of this act refers to a number of EU regulations and policies and is not limited exclusively to energy matters. It is sometimes referred to as the “Climate Treaty” because, although it was issued in the form of a regulation, it is a secondary regulation and has an unprecedented significance and scope. In a nutshell, the Climate Law is a comprehensive legal tool for economically transforming the EU to bring about a zero-carbon economy.

The adoption of the European Climate Law constitutes the normative sanctioning of the goal of climate neutrality, however, a subsequent need arose to redefine the EU’s energy policy to date by reviewing all existing legislation. Consequently, another, fifth legislative package named “Fit for 55” was developed, which was promulgated in the Commission Communication of 2021 and adopted by the Council on 25 April 2023 as the final stage of the legislative procedure. It was adopted in the light of fierce opposition from Poland, although this opposition was not taken into account because of the applicability of the ordinary legislative procedure for shared competences, to which the matter regulated by the package belongs (see: Article 194 TFEU, as already discussed). In general terms, the legislation contained in “Fit for 55” is targeted at reducing greenhouse gas emissions in the main sectors of the economy and supporting citizens and micro-enterprises, as well as sectors at risk of carbon leakage. The core objective

---


36 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions “Fit for 55”: delivering the EU’s 2030 Climate Target on the way to climate neutrality (COM/2021/550 final).
is to reduce the EU’s net greenhouse gas emissions by at least 55% by 2030 compared to the levels from 1990 and to achieve climate neutrality in the EU by 2050. The regulations especially address renewable energy sources, energy efficiency, energy taxation, air and maritime transport, as well as buildings. The package consists of a reform of the ETS Directive; the amendment of the regulation on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport; a revision of the ETS Directive applying to the aviation sector; the Regulation establishing a Social Climate Fund; and the Regulation establishing a carbon border adjustment mechanism (CBAM Regulation). Furthermore, the package includes a review of all applicable EU acts on climate and energy, including the Renewable Energy Directive, the Energy Efficiency Directive, the Energy Taxation Directive and the Energy Performance of Buildings Directive.

5. Conclusions

As for the question posed at the outset of whether the achievement of the objectives of the European Green Deal marks a turning point and a kind of revolution in the energy policy to date or is rather a continuation of the reforms undertaken earlier with their adaptation to the new climate objectives, it should be stated that the answer should be based on an analysis of the acts of law adopted in the current fifth package. The main observation is that there is a continuation, but simultaneously a radical deepening and acceleration of the reforms of the energy sector to date. Continuation means that the five main objectives of the energy union established in 2015 are still in place and, in turn, the union would not have been possible without the previous three liberalization packages creating and strengthening the internal energy market. The deepening and broadening of the reforms to date means that the objective of climate neutrality has been incorporated into all areas of the energy union, because, for instance, the principles of operation and the structure of the energy market change when account is taken of the EU legislator’s intensive efforts to promote renewables and energy efficiency, as well as to introduce new mechanisms of energy security. The new crisis response instruments provided for in the REPowerEU Plan, for example, which constitutes a response to the difficulties and disruptions in the global energy market as a result

---

39 Communication from the Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions REPowerEU Plan (COM/2022/230 final).
of Russia’s attack on Ukraine and in order to end the EU’s dependence on Russian fossil fuels, serve this purpose.

Furthermore, it should be stated in conclusion that tracking the evolution of EU energy policy reveals the ambivalent nature of the energy sector. In traditional terms, the energy sector is viewed as an engine for the economic development of countries, which was most fully reflected in the reasons for establishing the European Coal and Steel Community in 1952 as a community of economic interests to secure access to strategic energy sources, namely coal and nuclear fuel. However, today, energy based on high-carbon sources is a factor which hinders the socio-economic development of a country, which can be fully applied to the current situation in Poland. Therefore, this is not so much an evolution in the perception of the significance of the energy sector, as it is still key to modern economies, but the setting of the climate neutrality objective has caused a systemic change in the valuation of energy sources according to the criterion of emissivity, and it is precisely an energy mix based on low-carbon sources that constitutes the basis of competitive advantage.

Meanwhile, the evolution of the energy policy primarily presents an incredible increase in the visibility of the timeless values on which the European Union is based. While the reforms of the first three liberalization packages targeted at creating, administering and modernizing the single market prioritize economic values, the adoption of the Treaty of Lisbon in 2007 and the ratification of the respective UN conventions and agreements has seen an exponential increase in the significance of climate protection and, with it, such fundamental values as the common good, health and human life, freedom, justice and intergenerational solidarity.

Translated by Roman Wojtasz

References


“Pakiet Gotowi na 55”, Biuletyn Europejski 45, 2022, no. 3.


