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**Energy Union: Free to Frack?**

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*EuroPoint*: In the context of the Ukraine – Russia crisis, EU leaders are ironing out details of the proposed energy union: sovereignty when it comes to fracking, oversight of contracts with third parties (meaning, Gazprom).

Energy Union is the first item on the agenda of the EU summit on March 19 – 20. Given Ukraine’s proxy war with Russia, it is ever more important for EU leaders to agree on a common policy for energy security.

A small price war between Russia and Ukraine in 2009 left a few EU states without gas deliveries in the middle of the winter. In the aftermath of that episode, EU diversified its energy sources, improved energy efficiency, and took modest steps to create regional energy interconnectivity. The EU still imports one third of its energy needs from Russia. A new round of gas negotiations between Russia and Ukraine on March 20 will be mediated by EU Commission Vice-President for Energy Union, Maroš Šefčovič.

EU’s main policies into renewables, energy efficiency, and energy infrastructure will continue. A few subtle changes in language suggests this summit will bring a few alterations and clarifications to EU’s long-term energy strategy.

**Keyword: Sovereignty. Translation: Fracking**

A draft of the summit’s conclusions published by Euractiv contains language suggesting the EU will allow member states to decide on their own whether to allow fracking. Several passage refer to respecting “the right of Member States to decide on their own energy mix” and the use of “indigenous resources.”

This will bring to an end the rift between countries who support fracking (such as the UK, Czech Republic, Poland, and Hungary) and those who are more reluctant about fracking (Germany, France, and Spain).

Narratives on fracking pit environmental concerns against energy independence from Russian gas. The lowest point in the debate on fracking was reached in June 2014, when NATO secretary general Anders Rasmussen accused Russian intelligence agencies for covertly funding European NGOs to campaign against fracking, and thus maintain European dependence on Russian gas imports. An increasing number of voices in Brussels are pointing out we should all “thank” American shale gas companies for the slump in oil prices which are bankrupting Kremlin.

**Keyword: Transparency. Translation: Gas**

Transparency is the first step towards a common energy market as it will strengthen the bloc’s bargaining power towards the goal of collective buying of gas. Poland is spearheading the call for transparency of state energy contracts, for good reasons.

Russia’s Gazprom negotiates secretive energy contracts separately with each country. Friendly countries pay less; perceived enemies of Russia pay more. Poland pays $370 per thousand cubic meters; Germany only pays $310; and Hungary now pays $260. Since 2011, Germany receives gas from Russia directly through the Nord Stream pipeline that bypasses Ukraine.
Keyword: Veto Power

Since gas and other imports are not “indigenous resources,” the European Commission is seeking veto power over energy contracts between member states and third parties.

Several high profile cases in the past called into question the line between sovereignty versus unity. Bulgaria, Serbia, Hungary, and Slovenia signed the contract to build the South Stream pipeline, another route for Russia to deliver gas to the EU while avoiding Ukraine. Amid the 2014 Russian sponsored conflict in Ukraine, the European Parliament adopted a non-binding resolution opposing the project. The European Commission accused Bulgaria for non-compliance with EU rules on energy competition public procurements and temporarily halted the project.

Another deal opposed by the EU (specifically, by Euratom) was Hungary’s plan to purchase nuclear fuel exclusively from Russia for its nuclear power plant in Paks. PM Viktor Orbán had signed a €10bn deal with Vladimir Putin for Russia to build two additional reactors in the country’s sole nuclear plant. Annexes to the contract stipulated buying the fuel rods from Russia, and receiving a discount for buying Russian gas. The announcement generated street protests in Hungary against the country’s increased energy dependency on Russia.

The capricious energy politics of Russian President Vladimir Putin are driving EU countries to pursue deeper integration.