

## THE IMPACT OF THE EU'S ENERGY VULNERABILITY AND INSTABILITY OF ROMANIA'S ENERGY SECURITY

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### **Abstract**

*The paper is an analysis of the importance and the approach of a new energy strategy given that energy has become a strategic factor in global politics, a vital component and a cost factor for economic development and progress of society as a whole. The author addresses the European Union's energy policy, which is a basic element in achieving national energy strategies, each country including Romania, acting in the energy sector so as to meet EU targets global and sustainable energy policy.*

*Package union energy released by the European Union aims to give EU consumers a secure, sustainable, competitive and affordable by fundamental transformation of the energy system of Europe, where member states to make that depend on each other for supply security energy for their citizens, based on trust and solidarity real and energetic creation of a union to speak in one voice in the world.*

**Keywords:** *energy efficiency, energy package, energy markets, energy strategy, the European Union.*

**JEL Classification:** *Q21, Q47, Q48.*

### **I. INTRODUCTION**

In response to the geopolitical situation today and the EU's dependence on imports, now it requires a new European strategy for energy security, to be focused on diversifying the supply external modernization of energy infrastructure, the completion of the internal energy market of the EU energy savings. The most important challenges for the European Union refers in this moment how can ensure energy security with competitive energy and clean considering limiting climate change, high demand globally for energy and uncertain future of access to resources energy.

The EU is developing an ambitious energy policy that covers all energy sources from fossil fuels (oil, gas and coal) to nuclear and renewable energy (solar, wind, geothermal, hydroelectric, etc.), in an attempt to trigger a new industrial revolution, leading to an economy with low power consumption and mitigating climate change by ensuring that the energy we consume will be cleaner, safer, more competitive and sustainable. (Marius Vladu, 2015)

Romania's geographical position privileged in South East Europe, the Black Sea region, where it can play an important opportunity to grow stronger with highly stability and economic development based on local resources, energy, diversified hydropower, oil, gas, renewables, coal and nuclear power. This energy mix, it should also lead to a more active negotiation with foreign partners in the future and to become producers and exporters of energy, not only consumers or transit country.

Romania supports the creation of a Union energy based on five dimensions proposed by the European Commission: energy security, internal market, energy efficiency, environmental protection and research, innovation and competitiveness in the field. Romania's strategic position, is one of the few EU countries that has an important reserve of natural gas, are reasons that support the idea that our country must become an active participant in projects planned under the Third Energy Package launched and coordinated the European Union.

Geopolitician Italian Gianluca ANSALONI states in his work "The new Empires. Map geopolitics of the XXI century", that maintaining geopolitical balance of the XXI century will decide further on the unit called barrel." Good and ancient "black gold" seems intended to remain true needle of the balance of power in the world." (ANSALONI, Gianluca, 2008)

### **II. ENERGY - EUROPEAN CONTEXT**

The Lisbon Treaty contains a special chapter on energy which defines the key competencies and the overall objectives of energy policy: the functioning of energy markets, security of supply, energy efficiency and reducing energy consumption, the development of forms of new and renewable energy and interconnection of energy networks. It introduces a solidarity principle according to which a Member State facing severe difficulties in energy supply will be able to count on the support of other Member States. The package of regulations on

future EU policy in the field of energy - climate change has been approved by the European Council and adopted by Parliament in December 2008.

Establishment energy union within the EU will help to stimulate economic growth, increase energy security and combat climate change. Energy Package union objective is to provide affordable energy, safe and sustainable, both for Europe and for its citizens. Union Energy Package was published by the Commission on 25 February 2015 and consists of three objectives of EU energy policy:

- framework strategy for energy union - detailing the aims of energy and concrete measures to be taken to achieve it;
- a communication with the EU's vision for the new global climate agreement, which was subsequently agreed in Paris in December 2015;
- a Communication outlining the measures needed to achieve electrical interconnection target of 10% by 2020.

Also, this package focuses on five mutually reinforcing dimensions: energy security, solidarity and trust; internal energy market; energy efficiency, seen as a contribution to moderating energy demand; decarbonisation of the economy; research, innovation and competitiveness.

On 18 November 2015 the European Commission launched the first report on the State Energy Union, which assesses progress in building an Energy Union and stresses the areas which require further attention in the future. This document examines progress since the publication of the Commission Communication on Energy Union and identifies key issues that require specific policy attention in 2016. At the same time, this Communication presents the comparative EU, the five dimensions of Energy Union and is accompanied Roadmap Union renewed energy Guidelines on the implementation of plans on energy and climate change sheets country methodological approach of the framework strategy Union energy and analyze key indicators of its list of projects of common interest, proposal for a Regulation on statistics European prices of gas and electricity, reports progress on climate action and, respectively, energy efficiency, report on the implementation of the strategy on energy security of the EU report on the implementation of the Directive on nuclear safety evaluation of emergency stocks in oil within the EU.

The European Council meeting of 17-18 December 2015 EU leaders reviewed the progress made in implementing the EU Strategy on Energy and provided guidelines on measures to be taken. Thus, the European Council requested:

- rapid advance of the relevant legislative proposals in line with its previously stated guidance;
- Full implementation of the legislation on renewable energy, energy efficiency and other measures such as improving the opportunities for investment in order to meet the 2020 target;
- developing an integrated strategy aimed at research, innovation and competitiveness; rapid implementation of projects of common interest and optimal use of infrastructure for the benefit of a fully functional and interconnected and energy security, noting that any new infrastructure should respect fully the third energy package and other applicable EU legislation and Energy Union's objectives.

In 2016, the Commission will continue actions set out in the Roadmap of the EU Energy Strategy Framework, meaning launch of new legislative proposals and revising existing ones. In this regard, on 16 February 2016, the Commission adopted the package on energy security. The package aims to: legislative proposal for revision of Regulation 994/2010 on security of gas supply, the legislative proposal of revision of the Decision on the transparency of intergovernmental agreements concluded by Member States with third countries in the field of energy, LNG and storage EU Strategy, Strategy heating and cooling.

Romania remains committed to supporting the EU Energy Strategy and its implementation actions, carefully watching European Commission's legislative initiatives in the field and is actively involved in the negotiation process at European level. However, for Romania is of particular interest energy security dimension of this strategy framework, taking into account that any new initiative to influence the paradigm of energy security within the EU must be developed in close cooperation with the European Commission, namely that each Member State must fulfill its obligations in the transposition and application of EU law. Also Romania Energy Union is important that the matter be discussed regularly at European Council level, to continue the dialogue with the Commission in the next stages of setup Union Energy and its associated governance system.

### **III. ENSURING ENERGY SECURITY BY THE EUROPEAN UNION**

In the context of the establishment and functioning of the internal market and against the need to protect and preserve the environment, EU energy policy aims:

- ensuring security of energy supply,
- ensuring the functioning of energy markets in terms of competitiveness,
- promoting energy efficiency and energy savings,
- developing renewable energy
- reduction of gas emissions greenhouse,
- promoting the interconnection of energy networks.

Package "Energy - Climate Change", the EU sets a series of goals for 2020, known as the "20-20-20 targets", namely:

- reduction of GHG emissions in the EU by at least 20% compared to 1990;
- 20% increase in the share of renewable energy sources (RES) in the total EU energy consumption and a target of 10% biofuels in energy consumption in transport;
- a 20% reduction in primary energy consumption, to be achieved through energy efficiency compared to the level that would be reached in the absence of such measures consumption.

The need for achieving the targets set at European level on:

- completing the internal energy market,
- connecting all Member States to the European energy networks,
- achievement of the Europe 2020 agenda,
- transformation of the energy sector in 2050 - offering low cost energy for all consumers, have prompted the European Commission to propose an action plan leading to the successful completion of the nearest target proposed, namely the completion of the internal energy market.

Energy supply is one of the main challenges facing Europe today. Acute perspective of increasing prices and growing dependence on energy imports questioning the security of energy supply and endanger the whole economy. In parallel, important decisions must be taken to drastically reduce emissions and combat climate change. In the coming years we will have invested heavily in European energy infrastructure, to adapt to the needs of our future.

#### **IV. ROMANIA BETWEEN REGIONAL AND EUROPEAN EQUATION**

In this respect, Romania has three options. Can cover from own consumption of natural gas, which would lower the price of energy and lead to the development of infrastructure but energy independence would be a limited time and hydrocarbon resources will risk impoverishing much faster due a massive operation, a process that can have a negative impact on the environment.

Another option would be to reach agreement with Russia, either directly or through the EU. In any case the sustainability of natural resources will be spread over a much longer term, but making a direct agreement Romania can gain a role of geopolitical pivot, could become a hub of Russian gas to the West, but the problem is not resolved, whereas it is maintained vulnerability created from a single source of supply. Agreement by the EU gives rise to the possibility of cooperation and mutual assistance Member States in crisis situations, but vulnerability is maintained and no agreement on the price per barrel will be signed by Brussels, which can not guarantee any member that the price will be differentiated depending on the possibilities and the development of each state. The third solution is to develop new supply chains which would lead to diversification and thus to obtain lower prices, but also the development of regional energy cycles. Side of the coin as this can lead to cooling of relations with Russia does not seem willing to lose the monopoly held in Eastern Central Europe. The most viable solution lies in the combination of these three possibilities, while wind power development (Dobrogea is considered one of the areas with the greatest potential of its kind in Europe) and capacity hydropower (Romania using only 50% of his total) .

Developing new supply chains, however, is the most complicated project done. In this respect, the Caspian Sea containing a viable alternative after the US Energy Information Administration estimates about 33 billion barrels of oil confirmed plus a potential amount of 233 billion barrels. Other options are White Stream project which is to achieve a gas pipeline linking Georgia to Romania. The project encountered serious problems still missing a feasibility study and the political situation in Georgia is not a stable one. White Stream 2 or AGIR project is another possibility and should link Azerbaijan, Georgia and Romania but the problems encountered are the same size: the high prices (about 6 billion euros), Georgian insecurity and uncertainty of supply default. Nabucco project involving Romania, is not believed to be carried out, because the consortium operating the operation gazeiferă Shah Deniz (Azerbaijan) has selected another route export to Europe, which will pass through Greece, Albania and the Adriatic Sea , with the end at a terminal in southern Italy.

Romanian President said that the priorities to be considered are; creating the internal market in energy, more efficient use of indigenous energy resources, diversification of sources and routes of energy, infrastructure development to enable better connections between Member States.

Romania must diversify supply natural gas to try to become a vector geopolitical as a result of energy routes that cross the Wider Black Sea to create an interconnection system would lead to mutual support of resource distribution between Member States, since the best way to achieve energy independence is through the establishment of a European energy interdependence. Energy Strategy 2015 - 2035 to be an active tool that puts Romania among the powerful, attractive to investors a tool to ensure stability and predictability of energy sector in the medium and long term.

Exploitation of resources in the Black Sea, where no opposition is manifested, remains the most likely project to ensure gas deficit for the region. The Black Sea has energy potential of the North Sea, but for historical reasons, is less exploited. This potential should be subject to European policy on energy security. The Black Sea is mentioned in the Commission cited above, so this pool of energy is now common European interest.



**Figure 1. The main routes of gas pipelines from the Black Sea region**

Source: The publication Die Presse, 27.06.2013

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The hydrocarbons may enter the EU from a number of sources, but energy security is just an illusion, as long as the interconnection of Member States directly by its transport networks oil and natural gas is not generalized throughout the Union, giving always the possibility market fragmentation and allowing supply interruption. (Neguț Silviu Neacsu Marius Cristian Vlad Bogdan Liviu, 2009)

In conclusion, due to various oil refining capacity, and the possibility of shipping its most important economic security vulnerability is the lack of diversification of gas export. Using only its own resources is not a real solution, which should only be used to partially cover the needs. Romania may involve attracting investors in developing areas with potential hydrologic and wind, while attracting European funds.



**Figure 2. Routes of gas pipelines**

Source: Vladimir Socor, "Caspian Gas and European Energy Security," Jamestown Foundation Eurasia Daily Monitor, March 10.2005, (15 www.jamestown.org/downloads/Transcript\_caspian031005.pdf (May 25, 2007)

## V. CONCLUSION

Romania is currently the largest gas producer in Central and Eastern Europe, according to a document recently showed American investors. Despite Europe's dependence on Russian oil and gas, Romania is the only country in Southeast Europe that has real chance to become independent of its production last year covering over 85% of domestic gas consumption. Romania's energy security can be ensured in the coming years, the need for domestic production, therefore there is a real chance for our country to become energy independent state second in Europe after Denmark. Energy sector development means creating new jobs, collecting more additional fees to the state budget and the best possible prices for consumers. Strengthening energy security is in all our interests, both of Romania, as all EU Member States.

For this it needs: Establish partnerships strong and stable long-term with key suppliers, improving infrastructure, increasing the rational use of energy, efficient exploitation of energy resources that belong to us, contingency planning and creating safety nets to make to easier risks related to security of supply (increasing gas stocks, falling demand for gas using fuel substitution (especially for heating) infrastructure development emergency, such as completing the possibilities of reverse flow and pooling of parts inventory existing security), increased use of renewable energy sources and sustainable production of fossil fuels, conclusion and negotiation of intergovernmental agreements envisaged with third countries that could have an impact on regional supply security, improving energy efficiency.

A European strategy of security of energy supplies, must know all the uncertainties and existing threats, as well as those that would occur in the future involving decision-makers in the field of macroeconomic, foreign policy and trade infrastructure, with particular emphasis on costs and on concrete funding opportunities. Strategic planning must be proactive and provide several possible scenarios and sets concrete measures appropriate to each case so that the European Union should be ready to react to developments in the external environment quickly and well founded, in a way ensuring support growth and macroeconomic stability.

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