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Ladies and gentlemen, … I'm honoured to be invited to this conference and to be able to take part in the dialogue about one of the most crucial issues of our life today: The question of energy policies and how this interconnects with our need to create a sustainable environment whilst avoiding dependency on oil and gas supplies from politically unstable countries. We have a major responsibility towards today's as well as future citizens – young and old, poor or rich. We must ensure the security of supply and at the same time the sustainability of our energy consumption and production,

I suppose that I am not the only one in this room, who is extremely happy to see the road that is being created for a common European energy policy. Only a year ago, I think most people would have laughed had anyone suggested that the European Commission would suggest that EU should adopt a binding target of 20% renewables in 2020. But today we know that at the European Council less than 2 weeks ago after long negotiations and much hazzle agreed on binding targets for both CO2 reductions, renewables and biofuels.

Why do I find that an increased focus on renewables is the right solution to confront the challenges for our common energy policy? Because are local, they bring environmental benefits and because they diversify Europe's energy mix.

Power without fuel?
It sounds like utopia. In reality it's not. Within our borders we have abundant resources in the forms of wind, solar, wave and geothermal to name a few. According to the European Wind Energy Association we can use wind energy to meet 23% of European electricity demand in 2030 – and they say it can be done by less than doubling the number of wind turbines currently operating in Europe – but of course this is not an independent view.

My home country, Denmark, already gets 20% of its domestically supplied electricity from wind power though we do have to import energy from our neighbours amongst which there is little or no contribution from wind. It is my clear conviction that we can duplicate this share in the rest of Europe if we make a determined effort. And this can be done without causing harm to the European competitiveness so long as suitable subsidies are put in place to compensate the fact that plant lifetime costs for wind energy makes it more expensive than the market price for electricity. Again using Denmark as an example, our focus on renewables has not damaged our competitiveness, on the contrary according to the World Economic Forum's Global Competitiveness Report1[1], Denmark is the fourth most competitive economy in the world.

But wind is only one of several technologies with “no fuel”-features. In the debate on Europe’s energy future, we need to expand our definition of what constitutes an energy resource to include those resources that are available right at our doorstep in the form of renewable energy sources. If we combine serious efforts in renewables with determination to implement energy efficiency measures, and redirect our research efforts for ultra-low or non CO_2 emitting and CO_2 neutral energy technologies rather than fossil fuel energy, I believe that we can in fact turn this energy challenge into an opportunity and a competitive advantage for Europe.

It will be a challenge for Europe to reach a contribution from non CO_2 emitting energy technologies in the same order of magnitude as the CO_2 emitting technologies. It will require all the ingenuity the energy sector can mobilise as well as political vision and determination. This must be combined with dramatically increased research funding. But compared to the challenges of maintaining and securing Europe's current energy supply structure, this challenge is achievable. From an energy security point of view, the implications of having an indigenous zero-emissions energy source available at our doorstep are staggering.

A shift from fossil fuels to renewable energy sources is an essential precondition for meeting our climate change commitments. Even though a switch to these new sources of energy requires heavy investment, it offers great economic opportunities at the same time. Environmental policy becomes economic policy, because the fight against climate change means investment, jobs, technology and export markets. We can turn the energy challenge into an opportunity for Europe.

And I believe that the wind energy sector is a corner stone in that process. Windmills, for example, are getting more and more specialized, so that they can fit to different wind and geographic conditions, not to mention the enhanced electricity production at weaker and moderate wind-strengths. The EWEA study shows that the potential for wind-power for example in the new member-states is as high as 19 % of the power generated by 2020. It is also calculated that the price of investment will fall by 25 % from 2002 to 2020.
But also bio-energy sources can provide an environmental sustainable alternative to fossil energy sources. It has the ability to reduce pollution but it can also exacerbate a range of other environmental problems if not developed carefully.

In the parliament we had strongly advised the European Council to agree on binding targets for renewables. The binding character is essential, because EU need to create a long term stable policy framework which will give investors a clear orientation where the market should invest. In Denmark we have for one decade led an offensive policy approach with regards to renewables. Public investment in renewables and concentrated research efforts has given Denmark a lead position when it comes to energy production from renewables energy sources. Today 25 % of the Danish energy production is from renewables energy sources, and we have a potential of raising that share to 50 %.

Last week I was appointed rapporteur for the Parliament's report on the renewable roadmap. I look forward to this great opportunity to voice the parliament's perspective on the forthcoming legislation for renewables. In the parliament we support the Commission's plan for a renewable road map, but we feel that huge steps need to be taken in terms of creating a viable framework for our ambitious goals for expanding the role of renewables.

Actions to accelerate technology development and drive down the costs of new energy technologies must be complemented by policy measures to open the market and to ensure the market penetration of all existing technologies that are effective in addressing climate change. Competing against entrenched technologies and huge locked-in investments in the current energy system, largely based on fossil fuels and centralised generation, new technologies face high entry barriers. The EU Emissions Trading Scheme, green certificates, feed-in tariffs and other measures can ensure that the implementation of environmentally friendly energy production, conversion and use is financially viable. Such measures can provide powerful policy signals to the market and create a stable climate in which industries can take the long-term investment decisions required. The Intelligent Energy-Europe Programme, albeit grossly underfunded, will also provide some of the necessary tools and mechanisms to overcome the non technical barriers to the take up of new and effective energy technologies.

The main obstacle to renewables is the extension of electricity grid infrastructure. It must be acknowledged though, that the need for infrastructure investment is not only relevant for wind energy, but benefits all types of system users. A modernisation of the European grid infrastructure is indeed necessary for all types of energy-mix, and it will further enhance potentials for renewables, if other member-states are capable of receiving power from water in Norway, from wind in Germany and from the sun in Spain. The European network therefore needs to be developed with a European aim and not for national purposes only.

We therefore also need a European approach to tackle the obstacles to integrate renewable energy sources into the network. It is the duty of the operators to support energy changes and it is the obligation of public authorities to facilitate the authorisation procedures for building new lines. In some Member States, less than ten kilometres of new power lines have been built in the last ten years due to lack of permits. Cross-border projects are being stacked for years and others have been abandoned after 15 years struggling to get them built.

It is a common challenge for EU and the member states to create stable and predictable circumstances for the large investments needed to ensure reliable and sustainable energy supply for the European citizens and it is a common challenge for us all to combat the climate change now. It is our common responsibility to save the planet for current and future generations.

Once again thank you very much for inviting me.

The interconnectors we have today were built in the 60s and 70s, but at that time their objective was not to trade cross-border. Today, despite our wish to increase trade and to integrate new sources of energy in our consumption, no-one likes to see high voltage above ground power lines. However, an effort needs to be made if we want a zero carbon emissions society.

Another pre-requisite for the success of any new European energy strategy is the achievement of effective competition in energy markets. We must ensure that full legal and ownership unbundling between transmission/distribution, production and trading activities takes place.
Why is unbundling so important? Today we must acknowldge that the deregulation of the energy market within the EU has so far failed to meet espectations. Former national og regional energy monopolies still control access to their networks for competitors. There is very limited internal market integration in terms of interconnections between national suppliers as part of a European grid of electricity and gas.

Significant differences persist in the level and effectiveness of unbundling of transmission and distribution from competitive activities. This means that in practice national markets are open to fair and free competition <u>BUT</u> to differing degrees. The provisions of the second electricity and gas Directives on unbundling need to be fully implemented, not just in their letter but also in their spirit. If progress to a level playing field does not result, further measures at Community level should be considered.