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ENERGY FOR EUROPE

THE EVOLUTION OF EUROPEAN ENERGY POLICY

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Abstract

Energy policy have been a part of the EU since the very beginning with the two of the founding treaties, The European Steal and Coal Community Treaty (1951) and the Euratom Treaty (1957) being related to energy. But a real common European energy policy have not taken shape. The Energy Union is an attempt to create such a common European energy policy. That will enable the EU to tackle energy related challenges in relation to security of supply, competitiveness and sustainability.

This project attempt to answer the problem statement *Why have the member states of the European Union been reluctant to cooperate in the field of energy?* To answer this question the two theories of Liberal Intergovernmentalism and Public policy analysis will be utilized. The project will provide a comparative analysis of the national preferences of the three cases in the form of the member states of France, Poland and Germany and compare the differences between the member states. This leads up to the second part of the analysis which will focus on the interstate bargaining over the case of the Energy Union within the Council of the European Union. Which will also look at how the member states tries to capture the agenda of the Energy Union and put what is on the top of their priority list into the concept of Energy Union. The finding of the analysis will be discussed before reaching a final conclusion on the problem statement. After this there will be a brief perspectivation focusing of the case of the disputes over the construction of the Nord Stream 2.

The project has found that the three-member states of France, Poland and Germany represents different energy mixes, energy policy directions as well as different prioritization of security of supply, competitiveness and sustainability. These national preferences translate into the interstate bargaining over the Energy Union which makes a common energy policy unable to reach an agreement as to what need to be prioritized. But this does not necessarily mean that the member states cannot find anything within the field of energy to corporate on. But the reluctance shows when more specific policy is proposed such as a joint gas purchasing mechanism or when the member states right to determine their own energy mix is compromised.

Keywords: Energy Union, France, Poland, Germany, security of supply, competitiveness, sustainability, European integration. Liberal Intergovernmentalism, Public policy analysis

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Abbreviations

CDU	Christian Democratic Union of Germany
CSU	Christian Social Union in Bavaria
EC	European Council
ECSC	European Coal and Steel Community
EDF	Electricité de France
EEC	European Economic Community
EEG	Renewable Energy Sources Act
EnWG	Energy Industry Act
EU	European Union
EUP	Energy Union Package
Euratom	European Atomic Energy Community
GHG emissions	Greenhouse Gas emissions
IEA	International Energy Agency
LI	Liberal intergovernmentalism
LNG	Liquefied Natural Gas
Mtoe	Million Tonnes of Oil Equivalent
OPEC	Organization of the Petroleum Exporting Countries
PPI	Multiannual programming of investment in production
RES	Renewable Energy Sources
SEA	Single European Act
SPD	Social Democratic Party of Germany
TTE	Transport, Telecommunications and Energy Council configuration
WTO	World Trade Organization

1.0 Introduction

Energy have been a concern for humanity for a millennium a concern that during the last two centuries evolved into an obsession to find ways to tap energy to maximize its availability wherever and whenever it is wanted. Energy comes to us the consumer in different ways, transport, heating and maybe most obviously in the form of electricity. With the turn of a switch we are provided with energy in the form of electricity. (Crosby, 2006, p. 85-86) But although turning on a switch is as easy as it sounds the story behind the energy flowing by the turn of a switch is far more complicated. It is the politics sounding energy in the case of the European Union that will be the focus of this project. Energy issues where central to the very foundation of the European Union. Two of the founding treaties, The European Steal and Coal Community Treaty (1951) and the Euratom Treaty (1957) where related to energy. But a common European energy policy have not taken shape. (Schubert, Pollak and Kreutler, 2016, p. 94-96) But discussions about the shape of a common European energy policy, a so-called Energy Union have recently been vividly discussed and some steps have been taken towards a common European energy policy. This development is to be understood within the frame of three political concerns related to energy. These three major concerns are competitiveness, security of supply and sustainability. The competitiveness is linked to several issues and objectives of energy policy, such as the creation of the EU internal energy market, energy efficiency and the price of energy.

The security of supply is linked to the EU's high energy dependency, in recent time most notably on the supply of Russian natural gas. The sustainability is primarily linked to the fight against climate change but also to protection of the environment which have become attached to energy policy through the climate change agenda. (Schubert, Pollak and Kreutler, 2016, p. 1-3) In 2015 the European Commission introduced its plans for an Energy Union set to address the energy related challenges the EU faces. The Energy Union. This proposal for the creation of an Energy Union is the first time a plan for the creation of a common EU energy policy which include all the three challenges. With all these challenges related to energy it is no surprise that some argue for a European solution. But many of these challenges are not new and have been existing almost since the creation of the EU. This leads to the problem statement of the project:

Why have the member states of the European Union been reluctant to cooperate in the field of energy?

2.0 Methodology

This chapter will account for the methodology utilized in this project. This includes the methodological considerations that have been made in terms of the scope of the project, project design, and choice of sources. To answer the problem statement, I have made a case study of three-member states of the EU to illustrate why and to what degree the member states are reluctant to corporate in the field of energy. A study that will be followed by a comparative case study where I compare the three-member states.

The comparative case study focuses on examining in detail the context and features of two or more instances of a specific phenomenon. In doing this the comparative case study strives to discover contrasts, similarities, or patterns across the cases. One of the strengths in applying a comparative case study is that it can make the special characteristics of a specific case obvious when compared with others. (Campbell, 2010, p. 174-176) Choosing the cases in a case study involves different strategies for choosing the cases. In the is project the strategy of Information-oriented selection. This entails the maximization of the value of the cases. As such the cases have been chosen because the expectations related to their information value. (Flyvbjerg, 2010, p. 475)

As such a case study firstly analyzing the three cases being the member states of France, Poland and Germany will be conducted. Followed by a comparison of the three-member states. Following this will be an analysis of how these preferences translates into the negotiations in the European council over case of the Energy Union. This will be further elaborated on in the following chapter about the project design.

2.1 Scope and limitations

To answer the problem statement, the project will focus on the time between 2009 until today. The starting point have been chosen because although energy policy has been part of the EU since its formation it took until 2009 before it was included explicitly in a treaty. This happened with article 194 of the Lisbon Treaty in 2009. This treaty outlined the EU's energy policy in the following years and it is this article that laid the foundation for the Commissions Energy Union Package (EUP) introduced in 2015. The objectives in this EUP follows what can be summarized as the three pillars of EU energy policy. These three are supply of security, competitiveness and sustainability. These three pillars of EU energy policy will act as a thread thought out the project as the analysis will are assessed according to their emphasis on these three pillars of EU energy policy. These might have

different names in the literature and debate such as emission reductions or climate with sustainability or internal market or liberalization with competitiveness. But they are focusing on the same aspects of energy policy. One could also argue that EU energy policy rest on more pillars such as research and innovation or energy efficiency. But these other focuses only operate to support the other three pillars. Therefore, the focus of this project will be on the three pillars of security of supply, competitiveness and sustainability.

2.2 Project design

The project will start off with an introduction leading up and explaining the reason behind the choice of the problem statement. This will be followed by a methodology section which includes the scope and limitations of the project, project design and the choices of sources used in the project.

Following this will be a chapter on the two chosen theories of LI and Public policy analysis explaining them and explaining their relevance to answering the problem statement. This chapter explaining the theories will also include a reasoning for choosing these two theories considering which other theories could have been relevant.
After these explanations there will be a chapter about the history of the EU's energy policy, this will give an overview of the topic and an understating of where we are today. It will do this by looking at four different phases of the history of EU energy policy.

Following this will be a to analysis based on the approach given by the two theories of LI and Public policy analysis. The analysis has been largely decided with the use of the theories with LI providing the first part of the analysis looking at national preferences and the second part looking into the interstate bargaining face. Public policy analysis will supplement both analysis with the concepts of agenda setting and decision making. But before this to level analysis a brief analysis of the EU energy landscape will be made, as this will allow a comparison of the situation of the three-member states to the overall situation in the EU.

Based on the theories the first part of the analysis will start off with a case study, identifying the national preferences of the three members states of France, Poland and Germany. This will be followed up by a comparison of the three-member states national preferences. These member states have been chosen not because it would be irrelevant to look at other member states but because of the projects limitation both in time and pages. As such the member states have been chosen on the

basis of information-oriented selection. This information is that these member states are some of the major consumers of energy in the EU. Which also means, that it is these counties which are most heavily invested in shaping the design of the EU energy policy. They are also interesting as they because of their size enjoy a large relative bargaining power within the EU. Most problematic is the absence of Great Britain which also is one of the largest energy consumers in the EU. One reason for not including them is because of their decision to leave the EU. Which have had an impact on their influence regarding the negotiations over the Energy Union. This is especially the case in the later stages of the negotiations. The analysis will follow three objectives of EU energy policy namely security of supply, sustainability and competitiveness alongside this producer and industry interest have also been included. Lastly a summery will be made to compare the three-member states prioritizes regarding the three objectives as well as the degree of producer and industry influence.

The second part of the analysis will look at the interstate bargaining process between the member states sounding the Energy Union. This analysis will focus on the discussion of the Energy Union in the meetings set in the European Council and the Council of Ministers where the Energy Union where on the agenda. The choice to focus on the Energy Union have been made because it represents the larger discussion about EU energy policy. The choice to focus on the European Council and the Council of Ministers has been made because it is within these institutions that the member states are represented. The analysis will also make use of the agenda setting stage of the policy cycle of public policy analysis. This will be done to understand the agenda of the meeting that is being analyzed and to understand why the agenda shifts during the process of the negotiations over the Energy Union. These two levels of analysis will enable me to answer the problem statement. As the national preferences will enable me to answer why there is a reluctance to cooperate. The interstate bargaining stage will show how this reluctance materializes.
The analysis will be followed by a chapter discussing the findings in the project and finalized with a conclusion which will include an answer to the problem statement, evaluation of the project and its findings. This will also include a brief perspectivation focusing at how the Energy Union have been implemented to see whether the member states act counterproductively to the policy decide upon in the decision-making stage, and by that showing reluctance to cooperate. Traditionally looking at the implementation stage would involve an analysis of the institutions and organizations responsible for executing a specific policy. But when an agreement is reached on in the EU it falls to the member states to execute the specific policy this is also the case when it comes to the Energy Union. The focus will specifically look at the plans for the creation of the natural gas pipeline Nord Stream 2 as the project have been surrounded by much discussion and critique for undermining the security of

supply for certain member states including Poland. It is important to note that this might give a distorted picture of the member states willingness to comply and follow the objectives set out in the Energy Union.

2.3 Primary and secondary sources

The sources used in the chapter on of the historical overview of EU energy policy have mainly been secondary sources such as Samuel R Schubert *Energy policy of the European Union* and M. Martinopoulos Kanellakus *European energy policy - A review*. The sources used in the analysis of the national preference will be primary sources in the form of key energy statistical data, relevant policy documents and quotes from heads of states. This will be supported by secondary sources in the form of scientific articles, news articles and books relevant to determining the national preferences. The sources used in the analysis of the interstate bargaining will be primary sources in the form of relevant documents such as the Council conclusions from the relevant meetings and relevant scientific articles, news articles and books will be used as well as secondary sources. This chapter will also utilize non-papers presented by Germany and a joined Great Britain and Czech Republic. It is to be noted that these non-papers have not been officially released by the governments but have circulated in Brussels before reaching the press. (Lewis, 2015) Therefore, some reservations are needed when using these, as such non-paper have no official status as to representing the position of the member states. But they are often used to test the waters without instantly creating a diplomatic strife with another country. Because of this they can still be used to get an insight into the discussions in the Council and the Council of Ministers about the Energy Union.

3.0 Theory

The chosen theories for this project is that of Liberal intergovernmentalism (LI) and Public policy analysis. These will be explained in the following chapters starting with Public policy analysis and finishing with LI.

3.1 Choice of theories

To answer the problem statement the two theories of LI and Public policy analysis have been utilized. The main theory will be that of LI as such public policy analysis will act as a supplement to the theory of LI. This have been done as only some theoretical concepts of the public policy analysis will be used in the analysis. This is the concepts of agenda setting and decision making. The theory of LI has been chosen as the theory focus is on the member states and their interaction with each other within the frame of the EU. This focus fits the problem statements focus on the member states. Public policy analysis has been chosen as it compliments LI well and enables the analysis to expand by also looking at agenda setting and to further understand the decision-making sounding EU energy policy. These focuses mean that the project will not be focusing on all the concepts of public policy analysis not because it not be relevant but because limitations have to be made.

A range of other theories could have been utilized in the project including other theories focusing on European integration such as neo-functionalism, federalism, constructivism or intergovernmentalism. Among these LI have been chosen because of its focus on the member states as the drivers for integration which is better suited to answer the problem statement. This contrasts with for instance the neo-functionalist supranational approach focusing on the process of functional spill-over. International relations theories such as realism or liberalism could also have been used. But as the project focuses on the internal relations within the EU between the member states and their reluctance towards integration in the field of energy, a theory focusing on explaining European interaction such as LI is more relevant.

3.2.0 Public policy analysis

The theory of public policy analysis is a wide theory with different approaches this project will focus on and utilize the approach of analysis of the policy process: how problems are defined, agenda set policy formulated, decisions made, and policy evaluated and implemented. As such this approach to public policy analysis is concerned with how issues and problems are defined, constructed and how they become part of the political and policy agenda. The theory also looks to explain how, why and to what effect governments pursue a course of action or inaction. (Parsons, 2005, p. 16-17)

How and why governments pursue inaction is especially interesting to this project as the reason behind government inaction in the field of energy is what this project is attempting to answer. The project will especially utilize the policy circle from public policy analysis. As the policy circle will act as a guideline or framework as to how the policy comes to life.
The policy circle divides the policy process into stages. This idea was first introduced by Laswell as an attempt to establish a multidisciplinary and prescriptive policy science. Since Laswell introduced this model of stages in 1956 others have created different variations. (Fischer, Miller and Sidney, 2007, p. 45-47) As this project mostly uses the two phases of the policy circle that is agenda setting and decision making these will be the most thoroughly explained phases.

3.2.1 Agenda setting

Before a policy can become a reality there firstly need to be a recognition of a problem that needs to be solved. This problem recognition requires, beside a defined social problem, the recognition that state intervention is needed to solve the problem. This is needed before the problem can be put on the government agenda. This agenda is the list of problems or subjects that the government is paying serious attention to. The agenda is to be distinguished from the wider media and overall public agenda. (Kingdon, 2009, p. 196-197) Although the governments agenda is tightly connected to the public/media agenda. (Fischer, Miller and Sidney, 2007, p. 45-51) In this agenda setting different actors and interest groups work to force a government to place an issue or problem at the top of the list. They do this either by mobilizing public support or by having direct access to government agencies thus being able to put policies on the agenda without a wider public recognition. As such agenda-setting is the results in a selection between diverse problems and issues. Further the crucial step in this process of agenda-setting is the move of an issue from its recognition of being frequently expressed by interested groups or affected actors up to the formal political agenda. (Kingdon, 2003, p. 198-202) What is known as the policy window can also influence the agenda setting. The policy window is an opportunity for advocates to push their solutions or raise the attention of a specific problem. As such advocates of a specific problem can have their proposal at hand waiting for the window to open and use this to their advantage. Sometimes the window opens quite predictably and sometimes the window is opened due to the occurrence of a specific event raising the awareness of a problem. (Kingdon, 2003, p. 203-204)

3.2.2 Policy formulation

At this stage of the policy cycle expressed problems, proposals, and demands are transformed into government programs. The policy formulation includes the definition of what should be achieved with the policy and the consideration of alternative actions. As such the cost and effect of solutions is identified to determine which solutions or policy instruments should be utilized. Although this is basically the role of governments and higher civil servants the wider society is not suppurated form this formulation of the policy. Instead, they are interacting with societal actors and interest groups. (Fischer, Miller and Sidney, 2007, p. 79-86)

3.2.3 Decision-making

Although interest groups play a large role in the agenda setting stage the nation state is the most important focus of interest in the decision-making stage of the policy cycle. The policy formulation and the decision-making stages are closely related and interwoven and in reality, decisions are made though out the policy cycle. Decisions about which problems to put on the agenda, about which policy options to consider as well as decisions in how a policy is to be implemented and to which criteria it is to be evaluated. Decision making thus takes place in different arenas and at different levels. In this way decision-making can be defined as a process in which choices are made or a preferred option is selected. (Fischer, Miller and Sidney, 2007, p.48-51) As this project forces on the member states it is relevant to look at the decision making in the European council. Moravcsik which theory will be looked upon later, investigates the decision-making phase between the member states in what he calls interstate bargaining. (Moravcsik, 1998, p. 50-52) But others have also examined the decision making within the European council. Some have argued for how the presidency of the Council of the EU [1] holds extra influence in through its capacity to shape the agenda of the meetings and through its knowledge about the positions of the other member states. (Tallberg, 2006, p. 6-7) The presidency can also act as a broker between the member states as such acting as a negotiation institution allowing other member states governments to overcome bargaining impediments. This power of the presidency of the Council is accepted because of the rotation of the presidency between the member states. (Tallberg, 2006, p. 10-12)

[1] The presidency of the Council of the EU is a position which rotates among the member states. The holder of the presidency is responsible for driving forward the Council's work on EU legislation, ensuring the continuity of the EU agenda, orderly legislative processes and cooperation among member states. In doing this, the presidency must act as an honest and neutral broker. For more information see http://www.consilium.europa.eu/en/council-eu/presidency-council-eu/

It is worth noting that the decision or choice also can be one of inaction, this is especially relevant when there are more than one actor or government involved in the decision-making stage as it is the case when a policy is to be defined in the context of the EU. As such the analysis of the decision-making stage is an attempt to account for different styles, patterns and outcomes of decision-making. (Fischer, Miller and Sidney, 2007, p. 48)

3.2.4 Implementation

The implantation stage is where the decision on a specific policy or course of action is executed or enforced. This role often falls to responsible institutions and organizations which are often but not always part of the public sector. (Fischer, Miller and Sidney, 2007, p. 51-52) Although this can seem as a rather simple stage as the policy is just to be put into reality. It is not always granted that the action on the ground will strictly follow the policy makers vision. As such the policy is still somewhat subjected to change in this stage. Therefore, the stage is critical to governments as their initial intention can change and thus the execution be delayed or even blocked altogether. (Fischer, Miller and Sidney, 2007, p. 51-52)

3.2.5 Evaluation

The evaluation stage has two interrelated aspects namely; the evaluation of policy and its constituent programs and the evaluation of people who work in the originations which are responsible for the implementation stage. (Parsons, 2005, p. 542-543)

3.2.6 Critique of the policy cycle

The focus of critique of the policy circle has been the analytical differentiation of the policy process into separate and discrete stages and sequences. As we saw there was a clear relationship between the decision-making stage and the policy formulation stage. This shows how the clear-cut separation between the different stages is problematic. The theory has been further criticized for this clear-cut between the stages as it is seen as not being reflecting real-world policy-making. (Fischer, Miller and Sidney, 2007, p. 55) Further the policy cycle is criticized for being based on an implicit top-down perspective, and as such, policy-making will be seen as being controlled by superior institutions. This leads to a focus on a single polices or decisions and on the formal adoption and

implementation of these. As such the approach ignores the interaction between diverse policies, laws, and norms. (Fischer, Miller and Sidney, 2007, p. 56)

3.3.0 Liberal Intergovernmentalism

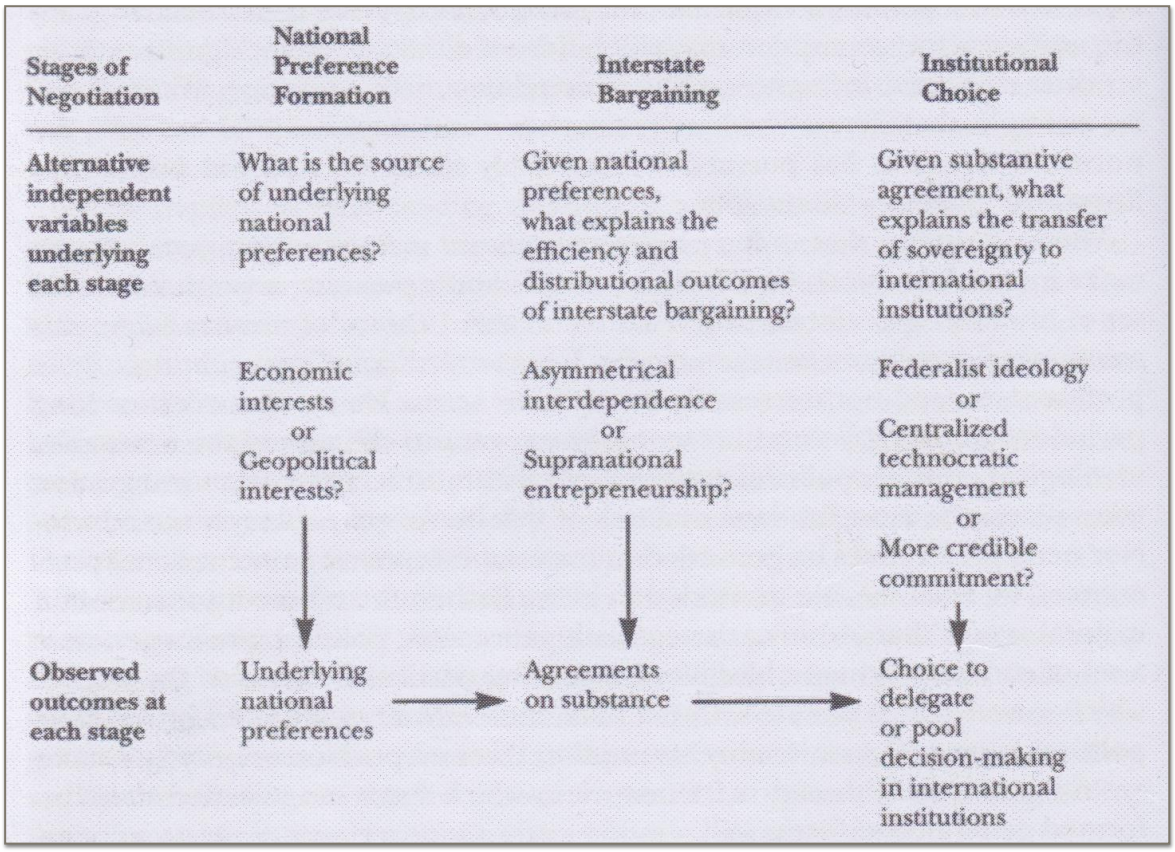
The Theory of LI have its roots in the European Integration Theory which includes Neo-functionalisme, Fedrealisme, Constructvisme and Intergovernmentalism. LI have a close relation with Intergovernmentalism a theory which was introduced in 1966 by Stanly Hoffmann in his essay *Obstinate or obsolete? The fate of the nation state and the future of Western Europe*. (Hoffmann, 1966, p. 861-898) Hoffman argued contrary to Neofunctionalism that the nation state was still the primary actor and force in the shaping of Europe. This had become evident when French president Charles De Gaule had decided to withdraw French ministers from council meetings thus halting all major steps toward further integration. The following period of stagnation in supranational integration in the mid-1960s, boosted 'intergovernmentalism' as an alternative to, the at that time dominant, neofunctionalisms theory. (Schimmelfennig, 2015, p 177-178)

It is this theory introduced by Hoffman that Andrew Moravcsik reformulated in 1993 and thus creating LI. The theory was introduced in his scientific article *Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach*. (Moravcsik, 1993) As such Moravcsik has been the arguably the most important scholar in defining the theory of LI. Moravcsik has since the article further explained the theory in the books *The choice for Europe* (1998), and *Power, Interdependence and non State Actors in World Politics*. It is this first article and these books that will form the basis for the formulation of the LI theory in this project.

The theory of LI is considered to be a so called base line theory in the study of regional integration. As such it is an explanation against which other theories are often compared. The theory draws on general political science theory in its attempt to modernize integration theory. As such the theory draws on the insight from other schools of integration namely neofunctionalism and traditional intergovernmentalism. (Wiener and Diez, 2012, p. 67) The overall objective of the theory is, just as other integration theories before, to explain European integration and by that also explain the EU.

The theory of LI combines within a single framework two types of general international relations theory often seen as contradictory: a liberal theory of national preference formation and an intergovernmentalist analysis of interstate bargaining and institutional creation. (Moravcsik, 1993, p. 482)

Figure 1. LI Framework. (Moravcsik, 1998, p. 24)



Moravcsik summarizes the LI framework as seen in figure 1 above as; *"EU integration can best be understood as a series of rational choices made by national leaders. These choices responded to constraints and opportunities stemming from the economic interests of powerful domestic constituents, the relative power of states stemming form asymmetrical interdependence, and the role of institutions in bolstering the credibility of interstate commitments"* (Moravcsik, 1998, p. 18) These three analytical stages of the LI framework will be further explained in the following chapters.

3.3.1 National preferences formation

The first analytical stage of national preferences is what Moravcsik describe as the economic interests of powerful domestic constituents. But this does by no mean fully elaborate on what he understands as national preferences.

The national preferences are reflecting the objectives of those domestic groups which influence the state. Therefore, preferences are not like policies or strategy's as they cannot be influenced or changed due to a specific international political environment. National preferences are as Moravcsik

sees it a consistently rational behavior. (Moravcsik, 1998, p. 24-25) These fundamental goals or preferences are neither fixed or uniform they vary among states and within the same state across time and issues according to issue-specific societal interdependence and domestic institutions. (Wiener and Diez, 2012, p. 69) As such interest groups articulate their preferences and the government or nation state aggregate them. The government behaves in this way as it is their main objective to stay in office. This objective requires, in democracies, the support of a coalition of voters, parties, interest groups and bureaucracies which preferences are transmitted to the political representation of the government. This does not mean that all foreign policy proposals come directly from interest groups. But that states leaders must construct a coalition out of influential groups with interest and as this coalition must be maintained the influence can also be indirect. As the government will have to avoid making policy that could result in economic cost and risking alienating the groups which support they rely on for staying in office. (Moravcsik, 1993, p. 483-484) This could imply that the bragging that governments undertake during international negotiations is a zero-sum game. But Moravcsik assumes that the national preferences of states generally contain both positive-sum and zero-sum thus implying a mix of these elements in his definition of national preferences. Therefore, any explanation of the preferences of the European governments should explain not whether preferences are positive or zero sum but rather the mix of positive and zero-sum elements in those preferences. (Moravcsik, 1998, p. 25-26)

Moravcsik suggests two broad categories of motivation to account for the underlying national preferences that can explain reasons for and against European integration in the last four decades. These two are geopolitical and economic interests.

3.3.2 The geopolitical preferences

The geopolitical interest is best explained through Moravcsiks understanding of the international system as an anarchic and a dangerous place. Therefore, threats to state security and sovereignty is at the top of the hierarchy of state motives. The key domestic actors in defining the geopolitical interest and thereby influencing the national preferences are foreign and defense ministers, ruling parties and chief executives. (Moravcsik, 1998, p. 29)

The essence of geopolitical explanations for national preferences concerning economic cooperation lies in the linkage between economic policies and underlying politico-military goals. Therefore, economic integration, as is seen in the EU, is not an end, but a mean to pursue so called high politics. The objective of high politics can be an objective goal such as defense against an overt military threat or subjective as when a threat to territory or sovereignty is perceived as an affront to

national identity. Regardless the argument stays the same: governments are more likely to pursue economic integration with their allies in pursuit of a geopolitical goal. (Moravcsik, 1998, p. 27) So when economic integration is perceived to generate positive geopolitical externalities governments will tend to favor integration. In country governments are more likely to reject and oppose economic integration if it generates negative geopolitical externalities. (Moravcsik, 1998, p. 29) As this is a very broad explanation to the phenomenon of integration, Moravcsik presents four different geopolitical explanations to European integration.

The First explanation basically follows a neo-realist approach thus stressing the balance of power. Therefore, integration is seen as a mean of strengthening cooperation among alliances partner against a common threat, such as the Soviet Union during the cold war. Governments simply employed economic cooperation to assure the assistance of allies in a crisis and to present any unilateral compromise with the adversary. (Moravcsik, 1998, p. 29)

The second explanation presented by Moravcsik is a combination of Realist and ideational elements stressing a different superpower balancing strategy. This view sees integration as way to bolster the power and autonomy of Europe in a world dominated by superpowers. As such the purpose of integration was to support common foreign and defense policy-making. This approach further argues that the geodetical interests of individual states can be traced to national values, historical analogies, and lessons of history present in the minds of national leaders, political elites and the mass public. (Moravcsik, 1998, p. 30)

The third explanation sees integration as the function of an attempt of avoiding further Franco-German wars. As such integration is perceived to future shared economic interests, bolstering information flows, generate shared ideological norms and impose international institutional control over critical state actives. This line of thought follows the claim that governments embarked on a process of integration do not fight wars. Therefore, European integration has been a way for especially France and the Benelux countries to dampen German interests in pursuing unilateral aggression. This dampening has also enjoyed strong support from domestic political groups in Germany thus supporting binding themselves to cooperative institutions. (Moravcsik, 1998, p. 31)

The fourth explanation follows an ideational Liberal line of thought. This approach stresses the relative strengths of European and nationalist ideologies among elites and populations. As such the legitimacy of either nationalist or European federalist thinking dictates the willingness pf national politicians and the public to accept cooperation within federal European institutions. (Moravcsik, 1998, p. 32-33) Moravcsik treats theses four arguments for European integration as variants of a single explanation. This might make any geopolitical findings seem vague. But as he argues, bundling geopolitical explanations makes it easier to find evidence for the importance of

geopolitical factors, as it creates a wider basis for understating geopolitical interests.

3.3.3 Political economic preferences

The political economic preferences explain international cooperation as an effort to arrange mutually beneficial policy coordination among counties who enjoy an interdependent relationship. As such cooperation is seen as a way for governments to restructure the externalities understood as unintended consequences of national economic activities on foreign countries to mutual benefit. For example, high tariffs, detailed regulations, or currency depreciation damage foreign exporters and so create the potential for cooperation. (Moravcsik, 1998, p. 35-36) These foreign exporters or in general producers, sectoral and factorial interest groups are key actors in formulating the economic preferences. Other key actors are economic officials, ruling parties and chief executives and groups interested in regulation particularly when they are well organized. (Moravcsik, 1998, p. 28)

Producers may exert direct, instrumental pressure on politicians or may wield structural power, as when a desire to encourage business investment and growth requires the satisfaction of broad business demands. (Moravcsik, 1998, p. 36) Although the producers is seen as the most important actor, the importance of the key actors varies from issue to issue for example producers interest has been very domination in the agricultural sector obtaining subsidies in almost every EU member state. In contrary producer interest has been less influential in the formulation of environmental policies. (Moravcsik, 1998, p. 37) But the producer interest is still the most important factor in influencing the national preference. Secondly ruling governments will follow macroeconomic preferences that evolved slowly in response to structural incentives in the global economy. Further governments have been pressured since the end of the second world war by trend in teleology and economic policy. These trends have been a fifty-year boom in trade and investment in the industrialized world. Which has led to an expansion of intra-industry trade and a rise in capital mobility which has undermined the autonomy of national macroeconomic policies, creating pressure for a monetary cooperation. (Moravcsik, 1998, p. 3)

3.3.4 Interstate Barging

The second analytical stage of substantive bargains focuses on explaining the nature of the outcomes of international negotiations among states with different national preferences. To explain this the theory of LI uses a bargaining theory of international cooperation borrowed form a

rationalist institutionalism line of thought. Moravcsik follows what he calls efficiency and distribution to explain the specific terms of the bargains governments agree upon. Efficiency concerns the question of whether governments exploited all potential agreements and whether gains where left on the table. Distribution concerns how the benefits of cooperation were divided among the parties. To be more precise who won and who lost the negotiations? In measuring this distributional outcome, the question can be asked of who befitted the most from the barging. (Moravcsik, 1998, p. 50-52) These two questions or dimensions represents what Moravcsik attempts to answer about interstate bargaining the following will look at he's theoretical understanding of the interstate bargaining process.

As already mentioned states seek to overcome economic externalities by achieving coordination or cooperation for their mutual benefit. But they must at the same time decide how the mutual gains of cooperation are distributed among the states, as individual interest will often create conflict. (Wiener and Diez, 2012, p. 70-71) Therefor states enter international negotiation where they develop strategies and bargain with each other to reach agreements that fulfill their national preferences. The outcome of such negotiations, bargaining theory argues is decided by the relative bargaining power of the actors. The relative bargaining power of each state is decided by unilateral policy alternatives ('threats of non-agreement'), alternative coalitions ('threats of exclusion'); and the potential for compromise and linkage. The unilateral policy alternatives mean that governments with attractive alternatives will not tolerate inconvenient agreements, while governments with unattractive alternatives gain from co-operation even if they must compromise. Here the possibility of choosing the status quo is often the most common alternative. (Moravcsik, 1993, p. 499-500)

The creation of alternative coalitions or the strengthening of existing ones resulting in the exclusion of other countries, strengthens the potential bargaining power of potential coalition members against those threatened with exclusion. In an EU context this could mean the possibility of leaving some members behind, resulting in a so called two-track or multi-speed Europe. These coalition dynamics tend to favor the large member states, as their participation is necessary for the creation of a viable coalition, and governments with preferences close to the median of the EC, since they have the potential to draw in more members thus creating a more viable coalition. (Moravcsik, 1993, p. 502-503) The compromise, side-payments and linkage at the margin happens when individual members states or a coalition of members states policy alternatives have a range of viable agreements, including maintaining the status quo. Within that range, the precise point at which negotiators will compromise is more difficult to predict, particularly when more than two states are involved. In general, bargaining power will depend on the intensity of preference at the margin. Where uncertainty exists about the breakdown of negotiations or time pressure, concessions tend to

come disproportionately from governments which stand to lose the most, if an agreement is not reached. (Moravcsik, 1993, p. 504-505) Governments will have different preferences across issues, with some issues being more important to some governments than other. In this way governments will be prepared to exchange concessions in issues-areas where they have a clearer interest. As such governments can create linkages across issues and create package deals to the welfare of all participants in an agreement. (Moravcsik, 1993, p. 505)

3.3.5 Institutional choice

The third analytical stage of institutional choice attempts to explain when and why governments delegate or pool decision-making power in authoritative international institutions. This is of particular significance when looking at the EU which is composed of four major institutions: the Council of Ministers, the Commission, the Parliament and the Court of Justice. It is between these institutions and the member states that sovereignty can be pooled or delegated. As such Sovereignty is pooled when governments agree to decide future matters by voting procedures other than unanimity. In the EC legislative process, such decisions occur primarily through quailed majority voting (QMV) in the council of Ministers, where a supermajority of weighted votes is required for reaching an agreement. Sovereignty is delegated when supranational actors such as the Commission are permitted to take certain autonomous decisions, without an intervening interstate vote or unilateral veto. (Moravcsik, 1998, p. 67) The key here is that governments use the institutions to help reaching a collective superior outcome by reducing the transaction cost of further agreements on specific issues. The institutions also provide information effectively reducing uncertainties about each other's future preferences and behavior and creating a frame of mutually sanctioning of non-compliance. (Wiener and Diez, 2012, p. 72-73)

3.3.6 Critique of LI

Moravcsiks theory have been criticized and sparked much debate about European integration. Among these is Daniel Wincott who criticized Moravcsik for focusing too much on the final decision to integrate or not what he calls the supply side rather than focusing on the progress leading states to the decision to integrate, what he calls the demand side. As such Wincott suggests that Moravcsik theory falls short of understanding the governance of the EU on a day to day basis, which he sees as leading up to integration. (Wincott, 1995) LI have also been criticized for not

paying enough attention to supranational actors such as the Commission, downplaying their role and thus not taking their importance into account. (Wiener and Diez, 2012, p. 73-74) In the case of this project Moravcsiks theory stops its explanation at the interstate bargaining stage as such the theory dos not look beyond when a decision is made by not doing this it falls short of explaining why a policy, when decided might fail to reach its goal. In the scope of this project the theory also has some limits as to explaining the agenda surrounding climate change. Although this subject can be said to be of political economic or even geo political character depending on the situation.

4.0 Historical overview of the development of EU energy policy

EU energy policy have been part of EU policy since the creation of the Union as such energy policy have transformed over time following martial, technological and political changes. Therefore, any analysis of EU energy policy must keep in mind the historical context surrounding of EU energy policy. Therefore, the following chapter will examine the history of the EU's energy policy to create an understating of how this policy area has evolved into what we see today. This will of course not be an all-inclusive history of the energy policy of the EU as that would be a project in itself. But it will summarize the major events and transformations of EU energy policy.

The history of EU's energy policy can be divided into four different phases. The first phase form 1951 to the early 1970s. The second phase from the 1970s to 1990, the third phase in the 1990s and the final phase from the start of the 2000s until today. The chapter will now examine what characterized these phases and by that the history of the evolvement of the EU's energy policy.

4.1 First phase

The historical origin of EU energy policy can be found in the very origin of the European Union. As such energy issues where central to the very foundation of the EU. On 18. April 1951 six European nation states Germany France, Italy, The Netherlands, Belgium, and Luxembourg signed what was known as the treaty of Paris. In doing so they created the European Coal and Steel Community (ECSC). This agreement abolished all tariff and non-tariff borders in the trade of coal and steel. It also gave authority to the so called High Authority, a committee consisting of the member states. This High Authority was given the authority over investment subsidies, price and market regulation, as well as the creation of a common market. (Schubert, Pollak and Kreutler, 2016, p. 94-96)

The treaty was an attempt to both secure the production of coal and steel to reconstruct Europe after World-war II. But it was also created as a scheme to put coal, which has been an economic engine of war making, under international constraints to avoid future wars.

This objective to avoid energy becoming an engine of war making was also the goal of the Euratom treaty signed in 1957 together with the Treaty of Rome. (Desmond, 2010, p. 22-24)

These two treaties were bound to two different types of energy, coal and nuclear. Coal had been the primary source of energy since the end of the nineteenth century occupying a leading position of almost 90% (Schubert, Pollak and Kreutler, 2016, p. 97) of the primary energy supply in Europe by the start of the 1950s. But this leading position was reaching an end. Coal was being substituted not by nuclear energy which at first was thought to be the energy of the future, but by oil. (Kanellakis, Martinopoulos and Zachariadis, 2013, p. 1020) By 1969 oil had switched the picture and replaced coal as the most important source of energy, a switch that had already become apparent in 1917 to member of the House of Commons Walter Long who proclaimed that; *"Oil is probably more important at this moment than anything else. You may have men, munitions, and many, but if you do not have oil, which today is the greatest motive power that use all your other advantages would be of comparatively little value"* (Yergin, 1992, p. 177)

Coal had already dropped to being only 35% (Schubert, Pollak and Kreutler, 2016, p. 97) of the primary energy supply in 1967 and by that the main objective of the ECSC namely international constraint had also lost some of its relevance as the main source of energy had switched. (Schubert, Pollak and Kreutler, 2016, p. 96-97)

As such the objective can be said to have been achieved but the ECSC continued to function as a social instrument to assist the run-down western European mining and steel industry until the ECSC could expire in 2002. Despite Euratom still being in force today it has mostly been acting as a technical agency with EU governments keeping nuclear-policy in their own hands. (Wallace, Wallace and Pollack, 2015, p. 345-347)

To sum up this first phase one sees how two of the three first treaties, The European Steal and Coal Community Treaty and the Euratom Treaty where related to energy. As well as both being set in the world to put these sources of energy under international constraints. Therefore, one cannot really describe the EU as having a common energy policy as the focus was constricted to these two sources of energy. Further the treaties where not derived as parts of a common energy policy but as a mean to control what had been and could be the engine for war making in the future.

4.2 Second phase

As oil had become the most important source of energy in Europe the second phase of the history of the EU's energy policy revolves around oil. On October 16, 1973, the six largest oil producing countries on the Persian Gulf decided to start cutting their production of oil with 5% and to keep cutting 5% a month alongside embargo on certain countries such as the US and the Netherlands until western countries stopped supporting Israel in the Yum Kipur war against Egypt and Syria. (Alhaiji, 2005) This fall in production impacted the European Economic Community (EEC) as it imported 95% of its oil at that time. The fall in production also resulted in higher prices as the price of one barrel of oil increased with almost 70%. (Schubert, Pollak and Kreutler, 2016, p. 100-101) Although the EEC had already been exposed to their own vulnerability during the Suez crisis and had decided to introduce the stockpiling directive in 1968 which obliged member states to stockpile oil for at least 65 in case of a new crisis they were not able to handle this new crisis evolving from the Yum Kipur war. (Kanellakis, Martinopoulos and Zachariadis, 2013, p. 1026)

Therefore, member states decided to make bilateral agreements with the Arab oil producing states. After the crisis it had become clear that the ECC member states where woundable because of their oil dependency. It was also clear that the member states where not able to handle this dependency in the context of the ECC. They, except for France, instead chose to join the newly establish International Energy Agency (IEA) in 1974 which introduced an international oil sharing mechanism in the event of crisis. (Schubert, Pollak and Kreutler, 2016, p. 100-101)
This shows how the perception on energy security shifted in the western countries bring energy security to the top of governments security challenges. This dependency of oil from the middle east was further stipulated when a second drastic price hike occurred in 1979 due to the Iranian revolution followed by the Iran-Iraq war in 1980 which took 6 million barrels of oil off the market. This together with unilateral price hikes by some of the Organization of the Petroleum Exporting Countries (OPEC[2]) nations resulted in a 164% increase in the price of one barrel of oil from 1978-1981. Despite these crises illuminating Europe depends challenges the member states still ignored several energy related proposals from the commission from 1981-1985. (Schubert, Pollak and Kreutler, 2016, p. 102-104)

[2] The Organization of the Petroleum Exporting Countries (OPEC) is a multinational organization established to coordinate the petroleum policies of its members and to provide member states with technical and economic aid. The member states are primally middle eastern states. For more information see https://www.britannica.com/topic/OPEC

4.3 Third phase

The third phase of the EU's energy history takes its starting point with the adaptation of the Single European Act (SEA) in 1986, the Maastictrict Treaty in 1992 and the Amsterdam Treaty in 1997 the focus of energy related matters was widened. Although these treats did not contain any specific article on energy they enabled policy makers to borrow legal competences from the economy and environmental parts of the treaties to pass energy related policy. (Kanellakis, Martinopoulos and Zachariadis, 2013, p. 1020)

Based on the treaties market-opening and antitrust principles the Commission set about to liberalize the European electricity and natural gas markets. This liberalization agenda was also very much supported and inspired by Great Britain which had undertaken its own liberalization of their own natural gas and electrical market in the 1980s. The commission focused on these two-forms of energy because these forms of energy are dependent on fixed cross-border networks which can easily be abused by dominant suppliers if they are not regulated. (Wallace, Wallace and Pollack, 2015, p. 346-347) The liberalization of the natural gas and electrical market came in the form of the 1996 electricity directive and the 1998 gas directive. These directives set out to separate the ownership of the transportation network and the producer which proved difficult in especially France and Germany where the governments protected their so called national champions. (Kanellakis, Martinopoulos and Zachariadis, 2013, p. 1024-1025) The commission decided not long after the introduction of the two first directives that they were to week. Therefore, they introduced two new directives on electricity and gas in 2003 and a third one in 2007 which finally lead to the commission making a deal with the national champions in France and Germany to separate the ownership of the network and the production. (Wallace, Wallace and Pollack, 2015, p. 350-352)

4.4 Final phase

With the eastern enlargement in 2004 new nations was included into the EU and with them also new perceptions, ideas and dreams. These new members mostly included former members of the Soviet Union. Having inherited a large dependency on natural gas form their time under the Soviet Union theses new states wished and still do wish to become less dependent on now Russian natural gas. As we saw with the crisis with in the middle east in the 1970s security of supply had a problem before the enlargement in 2004. Further the EU had issued a green paper in 2000 focusing on security of supply and the EU's dependency, although the paper being a response to a rise in oil

prices and not a dependency on Russian natural gas, a focus that would later change. (Schubert, Pollak and Kreutler, 2016, p. 114-115) Although raising energy related issues which not only amounted to security of supply but also on climate, and the internal energy market. The member states did not find common ground and brought no progress in creating a common energy policy with the Nice treaty (2003). (Schubert, Pollak and Kreutler, 2016, p. 116)
But finally, in London in 2005 the European Council (EC) approved a mandatory concept of energy policy which was laid out in the EC's "An energy policy for Europe" focusing on three major challenges for European energy policy. These being sustainability, security of supply, and competitiveness. Shortly after this energy was included with a specific provision in the Lisbon Treaty. (Kanellakis, Martinopoulos and Zachariadis, 2013, p. 1024-1025)

Article 194 of the Treaty of Lisbon formulates the following energy policy goals;
"1. In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States, to:
(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." (TFEU. Article 194)

The Lisbon treaty also included a limitation as it stipulates the member states right to determine the conditions for exploring its energy resources, its choice between different energy sources and the general structure of its energy supply. (TFEU. Article 194)

In 2006 prior to the signing of the Lisbon treaty Europe had experienced the first of two natural gas disruptions bringing the dimension of security of supply to the top of the European agenda. Both disruptions where the result of Russia cutting of the Ukrainian import of natural gas for three days resulting in Ukraine diverting natural gas destined for central Europe. Although there had been disputes between the two countries in the past over natural gas, namely in the 1990s this was the first time that it had any impact on other European countries. (Pirani, Stern and Yafimava, 2009, p. 8) In this way there where now direct conflict between EU and its major supplier of natural gas Russia. But as Ukraine acted as a transit nation for Russian natural gas to the EU many member states supply of natural gas where disrupted.
The second natural gas disruption started on the 1. January 2009 and ended on the 22. January. This crisis was far more serious than the first one in 2006 as Russia on January. 7 decided to completely

cut-off the supply of natural gas to Europe through Ukraine. A disruption that lasted until the 22. January returning the natural gas flow to normal levels for all European customers. (Pirani, Stern and Yafimava, 2009, p. 19-21)

These two crises changed the EU's view on the security of supply of the Russian natural gas, the then foreign minister of the Czech Republic Karel Schwarzenberg summarized the position well after the end of the crisis *"The main lesson learned from this crisis is that Russia and Ukraine aren't reliable suppliers. Europe must think about alternative sources and pipelines."* (European Parliament Press Release, 2009)

The problematic about EU dependency on Russian natural gas has only become more pressing as the relationship between Russia and Ukraine has moved to the brink of war with the Russian annotation of Crimea in 2014 and the ongoing crisis in eastern Ukraine. The EU's relationship with Russia has as with the two natural gas disruptions also been affected negatively by this crisis between Russia and Ukraine. As such the EU imposed economic and diplomatic sanctions on Russia in 2015. The notion of an Energy Union entered the debate in 2014, which will be analyzed in the interstate bargaining analytical chapter.

5.0 Analysis

This analysis will start off with a brief look at the overall energy mix of the EU in order to compare the situation of the three cases with the overall situation in the EU. The second part of the analysis will be examining the national preferences of the four-member states of France, Poland and Germany. The second part of the analysis will look at the interstate bargaining process between the member states sounding the Energy Union. This analysis will focus on the discussion of the Energy Union in the meetings set in the European Council and the Council of Ministers where the Energy Union where on the agenda.

5.1 The EU energy mix

In 2015 the EU-28 accounted for 11.6% of the worlds energy consumption in comparison the US stood for 16% and China for 21.9%. (European Commission, 2017, p. 12) This consumption is due to three main energy services, electricity, heating and transportation. The role of each kind of energy in providing these services is different across the EU. (Schubert, Pollak and Kreutler, 2016, p. 51-52) But in large crude oil in the form of petroleum or diesel provides the energy need for the

transportation service. (European Commission, 2017, p. 112-113) The heating service can be based on a range of different energy sources. In the EU natural gas stands for 38.6%, solid fuels mostly coal 26.3% and renewables 22.9% of the heat generation in the EU. (European Commission, 2017, p. 110) Electricity is the most complicated energy service, a service that appears by a switch on which every aspect of modern economy is dependent from the subway in Paris to the lights along the Belgian motorway. (Schubert, Pollak and Kreutler, 2016, p. 52-53) The gross electricity generation in the EU is based on renewables 29.9%, solid fuels 24.5% nuclear 26.5% and gases 16.4%. (European Commission, 2017, p. 90)

In total the EU consumed 1586 Million Tons of Oil Equivalent (Mtoe) of energy in 2015 which represents a clear fall compared to 2005 and 2010 where the EU consumed 1794 Mtoe and 1726 Mtoe. As such the EU energy consumption have been falling from the high level in 2005. (European Commission, 2017, p. 12) The two most dominant energy sources in this final energy consumption [3] is petroleum and gas which combines to 56% and solid fuels amounting to 16% of the consumption out of which 64.1% is hard coal. (European Commission, 2017, p. 22)
The EU's inland production in the same year was at 782 Mtoe out of this nuclear energy was the largest making up 28.3% of the production with renewables at 26.2% and solid fuels at 18.6%. (European Commission, 2017, p. 37)
The relation between the inland production and the overall consumed amount of energy means that the EU had an 54% energy dependency in 2015. (European Commission, 2017, p. 66) This means that the EU imported 54% of its energy from outside of the Union. The primary import destination is Russia which supplies 37% of the natural gas, 29.1% of crude oil and 29.1% of solid fuels. (European Commission, 2017, p. 26) The other main import destinations are Norway which supplies 32.5% of the natural gas and 12% of the crude oil imported by the EU. This makes Russia and Norway the two main suppliers of energy to the EU. Other notable import destinations are Algeria, Quata, suppling 11.1% and 7.7% of natural gas and Nigeria, Saudi Arabia and Iraq suppling 8.4%, 7.9% and 7.6% of crude oil to the EU. (European Commission, 2017, p. 26)
Crude oil, coal and natural gas is as we see still the main sources of energy in the EU. This is not only problematic as it raises the energy dependency of the EU. But also, because these energy sources are considered CO2 heavy thus fueling not just the EU but also global warming and climate change. (Schubert, Pollak and Kreutler, 2016, p. 52) The EU emitted 3425 mio ton CO2 in 2014 amounting to 10.2% of the worlds CO2 emission. (European Commission, 2017, p. 18) Reducing CO2 emission as well as increasing the role of renewables in the EU energy mix is an important

[3] Final energy consumption covers energy supplied to the final consumer's door for all energy uses. It does not include final non-energy consumption.

objective of the Commission. But as we will see in the analysis of the three-member states this is not prioritized as high across the EU.

5.2 National Preferences

When looking at the history of the EU member states, their respective energy reserves have implied a very high level of energy diversity throughout the EU. When comparing member states, it is surprising to notice the differences that exist, depending on the energy mix, industrial organization, the role played by the state, the dependence on imports, and so forth. (Méritet, 2011, p. 3) These differences as well as the national preference in energy policy of France, Poland and Germany will be examined in the following chapter.
The analysis will firstly have a look at the member states energy mix as well as major energy policy initiatives as it underlines their national choices and priorities. Secondly it will look at the preferences in terms of competition which will include a look at producer interests, security of supplies and sustainability. Lastly this analysis will summarize and compare the national preferences as well as producer influence in the three-member states.

5.2.1 France: national preferences - Energy mix and major energy policy initiatives

France consumed 144.12 Mtoe in 2015 this makes them the second largest energy consumer in the EU only topped by Germany. This represents a fall in the French energy consumption compared to 2005 which saw a consumption of 160.77 Mtoe. (European Commission, 2017, p. 82) The final primary sources of energy fueling this consumption is petroleum products at ca. 62%, gases ca. 20%, electricity at ca. 25% and renewables at ca 8%. (European Commission, 2017, p. 83) France in contrast to several other member states is poor in energy resources. The last coal mine in France closed in 2004 and the production of oil and gases only cover around 1% of its consumption. (Méritet, 2011, p. 4) As such almost all the petroleum products and gases are imported which is the primary reason leading to a 46% energy import dependency on all fuels. (European Commission, 2017, p. 66) Looking at the electricity sector France exported 5.5 Mtoe in 2015. The production of this electricity happens via nuclear power plants creating nuclear energy which stands for ca. 77% of the electricity production in France. (European Commission, 2017, p. 195) This makes France the leading producer of nuclear energy in the EU and the second largest in the world only topped by USA.

French energy policy in the last 13 years can be said to have been defined by the French energy act of 2005. Although it is 13 years ago this strategy have laid the foundation and represent somewhat of a shift in French energy policy. The bill expresses four major objectives for French energy policy. These objectives are as following:

- *"To contribute to national energy independence and guarantee security of supply*
- *To protect human health and the environment in particular by fighting against climate Change*
- *To ensure competitive energy prices*
- *To guarantee social and technical cohesion by ensuring access to energy for all"* (Méritet, 2011, p. 10-11)

Looking at these four priorities the first two can be said to be shared and correlate to the priorities at EU level. Whereas the last two objectives are more specific to the French situation as they underline the country's higher degree of state intervention in the energy sector.

5.2.2 Competitiveness and producer interests

Looking at the main producers of energy in France and thus producer interest: France is an interesting case as the two main producers of energy in France, Electricité de France (EDF) and ENGIE until 2015 known as GDF suez is largely state-owned companies. (Méritet, 2011, p. 2) Therefore, the producer interest should correlate with the French governments interests. This state involvement in the national energy sector has resulted in the French being known as the black sheep of the EU when it comes to participating and supporting an EU wide energy policy. An example of the behavior leading to this name is the French reluctance in the 1980s to commit to the European Commission's liberalization agenda and separate its national energy producer from also having the ownership of the energy grid. (Wallace, Wallace and Pollack, 2015, p. 350-352)

The state intervention in France happens primarily through two instruments used to regulate the market primarily to ensure the security of electricity supply, namely the multiannual objective Contracts and the multiannual programming of investment in production (PPI). It is especially the latter instrument of PPI that is interesting as it lays down the objectives of capacity to be installed by the primary energy sources. As such it defines the need of the nation's electricity capacity and allows the government to call for tenders if the capacity is not meet. (Méritet, 2011, p. 11-12)

This shows how the French state have not given up its influence over the French electricity sector and by that also a large part of the collective French energy sector. The most recent PPI was introduced in 2015. It established new targets for French energy policy. These targets where a 40% reduction of GHG emissions by 2030 compared to 1990 levels, a 30% drop in the consumption of fossil fuels in 2030 compared to 2012 levels, increasing the share of RES to 32% of final energy consumption in 2030 and 40% of electricity generation, reducing final energy consumption by 50% in 2050 compared to 2012 and reducing the share of nuclear power to 50% of electricity generation. (French Ministry of the Environment, 2016) The current government with Emanuel Macron as president seems to be following the policy laid out in the energy act of 2005 and the PPI of 2015. But in one instance there seem to be a shift from the objectives laid out in the PPI. Namely the reduction of Nuclear power a shift we will look at in the following chapter on the French security of supply.

5.2.3 Security of supply

When looking at security of supply in France the country had an energy dependency of 46%in 2015 this means that France imported 46% of its energy in contrast the EU-28 import dependency is at 54%. As we saw in the examination of the French energy mix this is due to its high import of oil and natural gases. The energy dependency of 46% suggest that France is in a similar situation as the EU. But when looking further into the French situation it is not as alarming as the dependency might suggest. (European Commission, 2017, p. 376-377)
The top five oil suppliers in 2015 (Saudi Arabia, Kazakhstan, Nigeria, Russia and Angola) account for only 60% of the total imports. The concentration is higher for natural gas, with the top four suppliers (Norway, Russia, the Netherlands and Algeria) representing 80% of the total (compared to 87% in 2005). In July 2016, the company EDF also constructed and started a new liquefied natural gas (LNG) terminal in Dunkirk, which is the largest in Europe. This station will help to further diversify the supplies of natural gas to France, hosting LNG tankers from countries including the United States. (Andriosopoulos and Silvestre, 2017, p. 378) Therefore the French have limited some of the problems of its energy dependence as it has diversified its dependency.

As we saw earlier the French state is highly reliant on nuclear power, this high production and consumption of nuclear energy is largely the result of measure taken by the French government after the first oil crisis in 1973 to reduce French energy dependency. (Méritet, 2011, p. 3) Since this decision, nuclear energy has been a vital part of the French energy mix.

In recent years and during the French election campaign in 2017 the future role of nuclear power has been discussed in France. This follows a trend in the world where governments like Germany and Japan has decided to phase out the use of nuclear power due largely to the events surrounding the Fukushima nuclear power plant accident in Japan in 2011.
The debate in France is especially interesting as most (37 out of 58) French nuclear power plants were built in the period between 1975 and 1985. These plants are set to reach the end of their lifetime between 2025 and 2035. Therefore, a decision is to be made of either replacing the old plants with new plants or introducing a phase out of nuclear power in the energy mix. (Malischek and Trüby, 2016, p. 909) This problem was also debated during the election campaign in 2017 where the now French president Macron and his party En March laid out a plan to cut in the consumption of nuclear energy in line with the PPI *"Nous réduirons notre dépendance à l'énergie nucléaire, avec l'objectif de 50% d'énergie nucléaire [dans la production électricité] à l'horizon 2025."* (En Marche, 2018)

But after the election the position of Macron has changed as he has shifted his priorities and abandoned the plan to reduce the production and consumption of nuclear energy *"What did the Germans do when they shut all their nuclear in one go?, They developed a lot of renewables but they also massively reopened thermal and coal. They worsened their CO2 footprint, it wasn't good for the planet. So I won't do that."* (Rose and Croft, 2017) The shift illustrated by the two quotes underline the importance of nuclear energy in the French energy mix. A shift away from Nuclear energy would be counterproductive as to achieving the other objectives of French energy policy. Because when a decision is made to shift a decision to replace the energy source with something else is also made. As the French is poor on domestic energy sources it would lead to a higher energy dependency. This could be avoided by focusing on RES which would be in line with the both previous as well as current government. But such a replacement is also a costly affair as it requires massive investments. The cheaper options would involve energy sources such as coal which would be unpopular because it would raise French CO2 emissions, a problem Macron raises himself. As such a switch away from nuclear energy is not viable in France as it would either lead to higher energy dependency, higher electric prices that would be unacceptable to French industry, larger CO2 emissions unpopular with voters and create a stain on the image of France as being in the front of the fight against global climate change. Therefore, the decision to not reduce the use of nuclear energy can be seen as a rational choice by the French government.

5.2.4 Sustainability

As we see the decision to keep nuclear energy in the French energy mix does not only touch upon the security of supply dimension but also the formation of the internal market and the French commitment to achieve emission reductions. As we saw France have set some climate related objectives in the PPI. France is also committed through the 20-20-20 strategy by the EU on having renewables account for 23% of their gross end energy use in 2020. Which puts them above the EU average target of 20% as such they are more ambitious when looking at this commitment than other countries such as Germany and Poland. But still far behind Sweden which have set a goal of 49%. (European Commission, 2017, p. 27)

The French commitment to the climate agenda and achieving emission reductions is both present in the energy act of 2005 and in the decision taken in 2008 to move the Direction Générale de l′Énergie et du Climat[4] from the department of the ministry of economic and finance to the ministry of environment. The shift is also further evident in the PPI which assigned very ambitious goals for sustainable development, sometimes higher than those of the EU. (Andriosopoulos and Silvestre, 2017, p. 376) This shift in priority provisionally culminated in 2015 with the French hosting the Cop21 summit in Paris which resulted in the subsequent Paris agreement. This commitment and host role show how the decision in France to focus on the fight against climate is in large combined with a large investment of French international prestige. This shows how it have been important internally to show that France is still a factor and even a leader in some aspects in the international community. (Andriosopoulos and Silvestre, 2017, p. 366-377) But for France its energy transition is also an opportunity to strengthening the French economy. This reflects a strong desire to link sustainability objectives with industrial policy. This is clear in the PPI with its focus on energy efficiency and electric vehicles. As it stipulates a reduction in the transport sectors energy consumption of 11.5% which is to be achieved primly via a shift to having 2.4 million electric and hybrid vehicles on the road by 2023. (French Ministry of Ecology, 2016)

5.2.5 Polish national preferences - Energy mix and major energy policy initiatives

Poland consumed 62.25 Mtoe in 2015 this makes them the sixth largest energy consumer in the EU. The Polish consumption have not moved much compared to the level in 2005 which saw a

[4] French energy and climate administration

consumption of 58.47 Mtoe. The consumption reached a top in 2010 with 66.33 Mtoe as such there has been a fall in the energy consumption from 2010 to 2015. (European Commission, 2017, p. 82) The primary sources of energy fueling this consumption in 2015 was petroleum products at ca. 31%, solid fuels ca. 19%, electricity at ca. 17%, gases ca. 14% and renewables at ca 9%. (European Commission, 2017, p. 83)
Poland is poor in energy resources apart from coal as such Poland had a large production of solid fuels at 53.87 Mtoe in 2015. Apart from this a production of 8.64 Mtoe renewables also in 2015. (European Commission, 2017, p. 36) It is thanks to this large production of coal that Poland is one of the EU's least import dependent member states with an import dependency at 29.3%. The dependency that Poland have is mainly due to a high import dependency on oil and natural gas. (European Commission, 2017, p. 66-72) Looking at the electricity sector it is almost exclusively fueled by solid fuels in the form of coal. As such just as the French energy mix was dominated by nuclear power Poland's energy mix is dominated by coal. Despite coal being the dominant energy source in the polish energy mix it is natural gas that have dominated the Polish energy debate for years. Which might seem surprising as gas only accounted for 14% of the polish primary energy consumption. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 557)

When looking at major energy policy initiatives Poland is rather interesting as their most significant initiative have been that of a joint European Energy Union. As briefly mentioned in the historical overview chapter the then polish prime minister Donald Tusk proposed what was later picked up by Juncker and his Commission and made into the Energy Union. Tusk original proposal will give us insight into the Polish national energy preferences. Tusk outlined his idea in an article to written in financial times on the 21. April 2014 under the headline *"A united Europe can end Russia's energy stranglehold, an energy union could restore competition"* (Tusk, 2014) This is quite interesting as Tusk frames the problem not just as a matter of Russia being a security threat to the EU's energy supply but also as a distortion of competition in the EU energy market. Tusk further wrote*" This, of course, is basic economics. A dominant supplier has the power to raise prices and reduce supply. The way to correct this market distortion is simple. Europe should confront Russia's monopolistic position with a single European body charged with buying its gas."* (Tusk, 2014*)* Tusks proposal is to end the Russian market distortion through a single European body charged with buying natural gas. This proposal shows that the distortion of competition, that Russia in no doubt creates, is not the real concern of Tusk. Because his own proposal also contradicts common market logic by removing one monopoly in favor of another. Therefore, using the argument of avoiding market distortion in an attempt by Tusk to gain support to his proposal, most likely aimed at the

Commission and some member states which favor liberalization in the energy market. This contradiction was also pointed out in the domestic polish debate about Tusk proposal. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 548-567)

The joint natural gas purchasing mechanism was the main part of the proposal by Tusk. But in large the whole proposal related to the security of supply dimension as Tusk proposed mechanisms guaranteeing solidarity among member states, support to building energy infrastructure, making full use of the fossil fuels available in the EU including shale gas and coal as well as creating stronger cooperation with countries outside of the EU in particular the US. (Tusk, 2014) As such the proposal is embedded in the security of supply dimension and the EU's relation with Russia. That Tusk mentions coal is no surprise as polish reliance of domestically produced coal have been driven by a wish to reduce Polish reliance on natural gas from Russia. Tusk writes *"Europe should make full use of the fossil fuels available, including coal and shale gas. In the EU's eastern states, Poland among them, coal is synonymous with energy security"* (Tusk, 2014) This line summarizes the polish position as Poland have been pursuing energy security using domestically produced coal. It is therefore important for Tusk and indeed any polish government seeking security of supply through coal to maintain that an EU Energy Union is energy source neutral, meaning that there is no discrimination of energy sources in particular coal. As such there lies an implicit fear in Tusks proposal that his idea would be transformed into something different than what he want. This fear is of course due to the sustainability agenda which Tusk fears could undermine polish coal production and thus Polish security of supply.

5.2.6 Competitiveness and producer interests

As previously described Polish coal production have been driven forward by a wish to reduce reliance on Russian energy sources. After the fall of soviet influence in Poland all the coal mines in Poland where state owned. Polish governments have attempted to restructure, privatize and improve the profitability of the coal mining companies. This has been done to sustain the Polish production of coal. (Vorotnikoc, 2014) But the programs have only provided for the partial privatization of the mining companies and the industry have been in crisis for the last eight years. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 548-567) As such several coal companies is either state owned or partly state owned. The largest coal company is Kompania Wçglowa SA which accounts for half of the coal production in Poland this makes them the largest coal producer in Europe. This is one of the only four companies which stands for ca 92% of all coal mining in Poland, all of them being

either state owned or partly state owned. (Vorotnikoc, 2014) Because the polish government owns almost all of the coal mining companies the producer interest should in large be in line with the interest of the government. The Polish position on liberalizing and privatizing their energy sector have been one of reluctance. In the coal sector mainly because it would not be functioning without state subsidies as it has become quite un profitable. But also, because Poland as many other Eastern European countries have been worried about Russian state owed energy company Gazprom using the opportunity of the liberalization to acquire companies in the energy sector to gain control over energy markets. (Herweg, 2017, p. 205)

The Polish coal sector is large, and ca. 90000 people employed in the polish coal mining sector in 2015 according to coal industry group Eurocoal. (Euracoal, 2018) Although the number of people employed in the sector have been more in the past polish politicians still seem to deem this group of people as an important electoral base. (Kureth, 2015) This is probably also a part of the reason behind the current Polish government lead by the Law and Order part as well as the previous government lead by Civic Platform have been supporting the coal sector in Poland.

5.2.7 Security of supply

As we saw when looking at the Polish energy mix it is thanks to coal that Poland is one of the least energy dependent member states in the EU. The place of polish coal in its energy mix is highly related to ensuring its security of supply as the former prime minister of Poland Ewa Kopacz put it *"Polish energy security is based on coal, and that is our priority"* (Kureth, 2015) It was also with a basis in security of supply that Tusk in the role of Polish president presented his original idea of Energy Union focusing on a joint natural gas purchasing mechanism.

The reason behind the security of supply dimension dominating polish energy policy is the Polish relation to Russia. This is true both in terms of its historical and its contemporary relation. The historical relation between Poland and Russia is dominated by the Polish role as a satellite state under the control of the Soviet Union during the cold war. Further Poland was also a part of the Russian empire prior to world war one. (Ürge-Vorsatz, Miladinova and Paizs, 2006, p. 2279-2281) Thus the Polish relation to Russia is dominated by Poland's role under the control of previous Russian governments.

The contemporary relation is dominated by the natural gas disruptions in 2004 and 2009 and by the Russian annotation of Crimea in 2014. But Russia is not the only country that Poland have had clashes with reading energy. Germanys agreement with Russia to build alternative natural gas pipelines the so-called Nord Stream 1 and plans of building a Nord Stream 2 directly from Russia to

Germany through the Baltic have not been well received by Polish governments. The fear is that these new pipelines is making Poland and other countries energy security positions more challenging. This is because the new pipelines allow Russia to circumvent Poland and other transit countries when transporting natural gas to Germany. There is also a commercial angle to this as the transit countries will receive lees payment from Russia using their pipelines. (Kacper, 2018, p. 61-62)

It is also because of the relationship with Russia that Poland as other EU member states have moved towards LNG as a complementary source of natural gas by constructing their own LNG terminal. The debate in Poland about the construction of an LNG terminal started in 2005. With construction starting in 2011 leaving the project finished in 2015. (Kamola-Cieslik, 2015, p. 270-278) The project was initiated due to the natural gas disputes and subsequent cut-offs between Russia and Ukraine in 2004. But it was not until the second natural gas disputes in 2009 that the government really pushed for the construction of the LNG terminal. (Kamola-Cieslik, 2015, p. 271-274) The timing as well as the price of the project and the natural gas that it provides show how the polish government have been prioritizing security of supply over commercial interests, although only when the problem became a pressing concern as during the two natural gas disputes.

5.2.8 Sustainability

The Polish commitment to pursue sustainability and emission reductions can be said to be of low priority. This should not come as a surprise considering the high reliance and production of coal in the country. As such their renewable sector is lagging behind and most of the 9% consumption of renewables stems from biomass co-firing in coal plants. Meaning renewables has mostly been thought as a supplement to the already existing coal-based electricity generation and not as a priority of its own. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 557)

The high reliance on coal is also the reason we see Poland promoting so called clean coal technologies and advocating for technology neutrality. They do this as they see clean coal technologies as a concession towards sustainability and emission reductions, whereas renewables are perceived as a costly addition and not the basis for the future of Poland's energy mix. As such the sustainability agenda and emission reductions is not a top political priority in Poland which becomes further evident considering that almost all parties are criticizing the EU's ambitions regarding climate policy. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 557-558)

That the Polish considers the sustainability objective as a low priority is further evident in their

commitment to have renewables stand for 15% of their final energy consumption putting them well below the joints EU target of 20%. (European Commission, 2017, p. 27) Although this high production and reliance on coal could change in coming years due to health impacts, environmental regulation, international pressure, and an increase in the cost of extracting the coal combined with decreasing global coal prices, it is not likely. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 557) This becomes evident when looking at the polish governments plans to build to new coal fired power plants. (Martewicz, 2017)

5.2.9 German national preferences - Energy mix and major energy policy initiatives

Germany is the largest consumer of energy in the EU, consuming 212.12 Mtoe in 2015 which is 68 Mtoe higher than second place France. (European Commission, 2017, p. 82) This difference between the EU's two largest energy consumers is in comparison higher than the polish energy consumption. This illustrates the size of Germany in the EU energy landscape. Although Germany is the largest consumer in the EU their energy consumption has been falling from 218.46 Mtoe in 2005 to 212.12 Mtoe in 2015, a rather modest reduction compared other EU member states. (European Commission, 2017, p. 82) The final primary sources of energy fueling this consumption in 2015 was petroleum products at ca. 38%, gases at ca. 24%, electricity at ca. 21%, renewables at ca 7%, solid fuels ca. 5% and derived heat at ca. 4%. (European Commission, 2017, p. 83) Germany have an import dependency of 61.9% meaning they import 61.9% of their energy. (European Commission, 2017, p. 66) This is mainly due to imports of petroleum products and natural gas, which is manly imported from Russia, Norway and the Netherlands. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 554-555)

Looking at the electricity sector Germanys electricity generation is rather diverse. Solid fuels accounted for ca 42% of electricity generation in 2015, renewables ca. 30%, nuclear ca. 14% and gases at ca. 12%. (European Commission, 2017, p. 90) Most interestingly is that renewables have moved from being 16% of the electricity generation in 2009 to 30% in 2015. The reason behind this energy transition can be found in the German energy strategy known as Energiewende. The Energiewende have been the Germans major energy policy initiative, although the Energiewende is more a strategy than one initiative or law, as such it resembles the form of the Energy Union. The term of Energiewende have become synonyms with German Chancellor Angela Merkel's decision to shut down nuclear power plants in 2011. Energiwende roughly mean energy transition in the German case this is a transition away from especially Nuclear Power towards renewable energy

sources. Although Merkel's decision made the term and idea of Energiewende internationally known. The idea has roots back to the 1970s and have sprung up from time to time. An example of this is the use of the term during the government comprised of the Social Democrat and Green coalition from 1998 to 2005. (Morris and Jungjohann, 2016, p. 5-6)As such the idea of an Energiwende is not exclusively Merkel's but she and her government have been the ones defining the Energiwende since 2011.

In 2011 Merkel decided to shut down eight of Germany's 17 nuclear plants just three days after what is known as the Fukushima crisis had stated in Japan. The Fukushima crisis saw Japanese nuclear power plants at Fukushima become unstable after being hit by an earthquake and subsequent tsunami. Merkel had with her decision to shut down the nuclear power plants reversed her parties long time position on nuclear energy overnight. This decision received huge public support with 80% of the German population supporting it and three months later the decision to shut down the nuclear power plants was approved in the German Bundestag almost unanimously. (Gründinger, 2017, p. 41-42) Although the decision might seem dramatic and to have been made quickly, a nuclear phase out have been discussed in Germany for a long time. A nuclear phase out had already been agreed upon in 2000 but repealed in 2010. The reason behind the international attention to the decision of Nuclear phase out and the Energiwende is due to the timing, the message, and the messenger. (Morris and Jungjohann, 2016, p. 6-7)The purpose and aim of domestic German energy policy or Energiewende is outlined in the Renewable Energy Sources Act (EEG) and the Energy Industry Act (EnWG).

5.2.10 Competitiveness and producer interests

As touched upon in the historical overview chapter Germany alongside France was reluctant to unbundling and liberalization of their national energy sector. But following a wave of privatizations and mergers of smaller firms in Germany in the 1990ies there are now four large energy companies operating in the country known as The Big Four, these are: E. ON, RWE, EnBW, and Vattenfall. These companies supplied 44% of the electricity to the final consumers in 2010. The Big Four have previously been falling behind as to their participation in the shift to renewables, accounting for only 7.6% of the growth in onshore wind capacity from 1998 until 2012, 19.8% in biomass and 0% in sun power. This reluctance to investment in renewables only recently shifted. Because of their predominant position the Big Four have traditionally had close contact with the political elite in Germany. (Gründinger, 2017, p. 115-117)

In large the industry in Germany have a large influence on the energy policy an example of this

influence is how the costs of financing the EEG have been placed on electricity consumers. Another example of the large influence is seen in the Renewable Energy Law which provides for certain exemptions, for example, lower energy prices for energy-intensive branches of industry. (Renewable Energy Sources Act (German Federal Ministry of Economic Affairs and Energy, 2017, p. 136-137) In large there have been a tradition of state interference in the domestic energy sector in Germany. This is also true with the Energiewende and the German government will oppose to cooperation that would interfere with their plan of the Energiewende. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 554)

5.2.11 Security of supply

With an import dependency of 61.9% Germany is well above the EU-28 average of 54%. This is primarily due to German imports of petroleum products and gas of which it imports ca. 90% of what is needed. Germany also imports a large amount of its solid fuels 45.5%. (European Commission, 2017, p. 68-72) As of 2015 the major German energy supplier for oil and natural gas have been Russia, accounting for 34% of its oil imports and more than 38 percent of its gas consumption. Other important oil suppliers are Norway and Great Britain and a large part of natural gas imports come from the Netherlands and Norway. (German Federal Ministry for Economic Affairs and Energy, 2018, Energidaten, Figure 18 and 22) But the share of Dutch natural gas will be shrinking very quickly as the Netherlands have set a production cap on major natural gas fields. The high import dependency compared to other member states might suggest this would receive the predominant focus in the German energy policy. But, this dimension has instead been framed as commercial and not political. As such it has been the private utilities and energy companies that have been responsible for security of supply.
Because of this, German companies and economic policy have had a large impact on forming the energy mix. (Westphal and Fischer, 2015, p. 7-8) This approach has been present in the construction of the Nord Stream 1 natural gas pipeline. Germany was until the construction of the Nord Stream 1 natural gas pipeline supplied with natural gas from Russia through transits countries such as Belarus, Ukraine and Poland. The 1,200-kilometre-long Nord Stream 1 pipeline runs from the Russian town of Vyborg below the Baltic Sea to Ludmin, near Greifswald in Germany. With this pipeline Germany and Russia avoids the transit countries. The construction of the line was signed in 2005 by Russian state owned natural gas company Gazprom and its German partners E. ON Ruhrgas and BASF and enjoyed the explicit support from the at that time SPD lead German government and the Russian government. The German government approved the line to achieve a

secure line of supply of Russian natural gas. The project received fierce criticism primarily by Poland and, to varying extents, by the Baltic States. (Kacper, 2018, p. 62-63) There are now plans to construct a new Nord Stream 2 pipeline which perhaps have received even more critique. Initially this was also perceived and presented by the German government as a commercial project as Merkel said when asked whether the EU commission should be involved in the negotiations over Nord Stream 2: *"Otherwise it is an economic project and I don't think we need an extra mandate for it."* (Nasr and Martin, 2017) Merkel have since then changed her opinion probably due to pressure from other member states as well as a change in the relationship with Russia. (Gurzu, 2018) The problems and discussion surrounding this new pipeline will take up in the implementation part of the analysis.

Because of this commercial approach Germany has relied on companies, markets, and free trade flows and as a result, a strategic approach to energy security has hardly been formulated. As such it is not the case that Germany does not pursue security of supply but in large it is perceived as best handled by private utilities and energy companies.

5.2.12 Sustainability

The sustainability agenda is the main proponent of the Energiewende as it stipulates a transition from energy sources such as oil, coal and nuclear to renewable energy sources such as wind and solar. The German government have outlined several targets for the energy transition in the EEG 2017. These targets are presented in the following figure 2.

Figure 2. Targets in German Energy Policy. (German Federal Ministry for Economic Affairs and Energy, 2018)

	2020	**2030**	**2040**	**2050**
greenhouse gas emissions (compared with 1990)	–40%	–55%	–70%	–80% to –95%

primary energy consumption (compared with 2008)	–20%			–50%
gross electricity consumption (compared with 2008)	–10%			–25%
renewables share (gross electricity use)	min. 35%	min. 50%	min. 65%	min. 80%
renewables share (gross end energy use)	18 %	30%	45%	60%
Nuclear phase out	0% Nuclear Energy in 2022			

These targets is almost exclusively related to the sustainability agenda most notably the reduction of greenhouse gas emissions and an increase in the share of renewables both in gross electricity use and in the gross end energy use. Germany is also committed through the 20-20-20 strategy by the EU on having renewables account for 18% of their gross end energy use in 2020. (European Commission, 2017, p. 27) Compared to other countries such as Sweden or Finland which have set targets of 49% and 39% (European Commission, 2017, p. 27) this does not suggest that Germany is in the forefront of the fight against climate change. But considering the targets in the following periods and how Germany have shown to be able to quickly make changes in its energy mix as in the case of the nuclear phase out and the rise of renewables in it electricity production, climate policy is to be considered a priority for Germany.

But there have been doubts on whether Germany can meet these targets. This doubt came in the form of a leaked report from the German Environment ministry. The report only expected to reach a

reduction in greenhouse gas emission compared to 1990 of 31.7% to 32.5%. This is mainly due to Germanys use of coal in its electricity generation. (Amelang, 2017) The closure of coal fired power plants have been an important subject in the forming of a coalition government after the German federal election in 2018. As such the closure of coal power plants consisted a red line for the German Greens if they were to join a government with Merkel's CDU. (Wehrmann, 2017) Merkel ended up recreating the former government by inviting the SPD thus setting out for a second period with a CDU/CSU and SPD Gross coalition. The SPDs willingness to accept Germany not reaching the 20-20-20 target for emission reduction might have played a role as the two have had talks about scrapping the 20-20-20 emission target. (Wacket, 2018) This show that there are limits to the extent and speed which Germany can pursue with its Energiwende.

5.3. Summery and comparison of the three-member states national preferences

When looking at the three-member states of France, Poland and Germany their national preferences when it comes to energy policy is as different as their respective energy mixes. French preferences are not so focused on security of supply as its energy dependency is rather low. The French are dominantly focused sustainability especially if connected to increasing French competitiveness. But France will still be careful not to fall too far behind when it comes to sustainability ambitious member states like Germany. French domestic politics also make it very nervous about strong governance inflicting with its state interference in its energy sector. This relates to the broader challenge for French energy policy vis a` vis the EU. Namely the political difficultly of the nuclear question which frames what is possible to discuss and thereby limiting the France ability to determine a coherent vision of domestic energy goals.

Poland's energy national preferences are based on the security of supply and its relationship with Russia. A main way of achieving this objective have been a proposal for an Energy Union. Through this Poland advocates for solidarity between the member states to be translated into concrete mechanisms for crisis managements and diversification of supply. Further Poland oppose concrete de-carbonization measures and defend clean coal technologies as well as technological neutrality allowing the country to continue using coal to achieve a low rate of energy dependency.
Germany is mostly concerned with its own strategy of Energiwende moving away from fossil fuel-based energy sources towards renewables. As such Germanys preference is to translate some of the essentials into the broader EU energy policy, or at least secure that an EU framework would not go against its national transition process of Energiwende. When it comes to security of supply

Germany would probably act as a rather silent counterpart to the more security of supply-oriented member states such as Poland. The following figure 3 compares the three-member states as to how high or low they prioritize each of the three dimensions as well as the degree of producer and industry influence. It is these interests which we see materialize in the following analysis chapter on interstate bargaining.

Figure 3. National Preferences of France, Poland and Germany

Dimensions	France	Poland	Germany
Security of supply	Low	High	Medium
Competitiveness	Medium	Medium	Low
Sustainability	Medium	Low	High
Producer and industry influence	Medium	Low	High

5.4 Interstate bargaining

As stipulated in the methodology this analysis will focus on both the meetings between heads of states in the European Council and meetings between Energy ministers in the Transport, Telecommunications and Energy Council configuration (TTE). This will be done to understand why and to what extend the Member states are reluctant to cooperate in terms of energy policy.
The following figure 4 is meant to give an overview of the negotiations in the Council and the TTE as well as other events related to the Council meetings. The figure 4 also gives an overview of who had was holding the Presidency of the Council as well as the main agenda of the meeting or event. Who was holding the presidency of the Council have only been included in the meetings of the Council, TTE or Environmental Council

Figure 4 ***Timeline over the negotiations in the Council***

Time	Council meetings and Events	Presidency of the Council	Agenda
April 2014	Tusk proposal		Security of supply
4 May 2014	Poland non-paper		Security of supply
26 June 2014	Council meeting	Greece	Security of supply
23 October 2014	Council meeting	Italy	Sustainability
After the Council meeting on the 23 October 2014	UK and Czech Republic non-paper		Competitiveness
09 January 2015	Germany Non-paper		Sustainability
25 February 2015	Commission EUP proposal for an Energy Union		No main focus
5/6 March 2015	Meeting in the TTE and the Environment Council	Latvia	Critique of the lack of prioritization in the EUP
19 March 2015	Council meeting	Latvia	Security of supply
26 November 2015	TTE meeting	Luxembourg	Governance structure
12 December 2015	Paris climate conference		Sustainability

17 March 2016	Council meeting	Netherlands	Sustainability
30 November 2016	Package on Clean Energy for all Europeans		Sustainability
9 October 2017	Regulation on security of gas supply		Security of supply

5.4.1 Preliminary meetings in the European Council

The discussions about an Energy Union stated before the first formal discussions in the European Council and TTE. Tusk proposed his idea of an Energy Union in April 2014 and by that laying a basis for the discussion of an Energy Union. Tusk ideas was to: “

- *EU MS joint negotiations of energy (especially gas) supply contracts with external suppliers;*
- *Strengthening of solidarity mechanisms in the case of a gas supply interruption;*
- *Expanding strategic and cross-border energy infrastructure, including pipelines, storage and LNG terminals;*
- *Making full use of available indigenous European fossil fuel reserves;*
- *Diversifying oil and gas supplies; and*
- *Promoting the energy security of the east and south east EU.”* (Kacper, Fischer, Gullberg and Sartor, 2016, p. 552)

The most important part of this proposal for Tusk was the creation of a single European body that should oversee buying natural gas. The aim of this was to confront the Russian monopolistic position in the natural gas market and thus restore free market competition. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 552)

The timing of his proposal is important as it correlated with the ongoing negotiations over the EU’s Climate and energy policy framework for 2030. As such Tusks move was an attempt to re-shape the EU’s energy and climate agenda. The timing further correlated with the Ukraine crisis and a fear of Russian retaliation over EU’s economic sanctions using its natural gas supply. Tusks proposal

received much attention also from the Commission which issued a communication on the 28 May. 2014 reflecting many of Tusk points. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 552)
After this the Energy Union was discussed on the 26 June. 2014 in the European Council. The conclusion from this meeting reveals a part of what was disused and which dimension of the Energy Union where prioritized at this moment *"Geopolitical events, the worldwide energy competition and the impact of climate change are triggering a rethink of our energy and climate strategy. We must avoid Europe relying to such a high extent on fuel and gas imports."* (European Council conclusions of 26th/27th June 2014, p. 18)
The Council conclusion seems to follow up on the problems raised by Tusk two months earlier in April and there is no doubt about his proposal being the basis of the discussion. As geopolitical events, most likely a reference to the Crisis between Ukraine and Russia, and fuel and natural gas imports are mentioned. It is not that climate and EU competitiveness is of no concern, but the security of supply angle seems to be the dominating issue on the agenda. Tusks initiative and idea to create an Energy Union was later picked up by President of the European Commission Jean-Claude Juncker which presented the idea of an Energy Union as one of five priorities at the beginning of his presidency in 2014. (Juncker, 2014)
The next relevant meeting was held on the 23 October 2014 in the European Council. At this meeting the Council called for the creation of an Energy Union. But it was the Climate and energy policy framework for 2030 that was the top of the agenda. Most notably the Council agreed on a binding objective to reduce greenhouse gas emissions, a target for renewable energy consumed in 2030, improvement in energy efficiency and the completion of the internal energy market. (European Council Conclusions of 23th/24th October 2014, p. 1-7) Security of supply was also on the agenda with a focus on supporting infrastructure projects primary in the gas sector set to reduce Finland and the Baltic states dependency on Russian natural gas. (European Council Conclusions of 23th/24th October 2014, p. 8-10)
This resembles Tusk third priority of the EU supporting the building of adequate energy infrastructure. But the main part of Tusk proposal of a joint mechanism for natural gas purchasing was no mentioned in the conclusion. As such Tusks attempt to push security of supply to the top of the agenda on this meeting was not successful when looking at the conclusions of the Council. As such the Council agreed to revert to the issue in 2015 to assess progress. (European Council Conclusions of 23th/24th October 2014, p. 8-10) At the following Council meeting on 18th December 2014 the Council called for the Commission to present a comprehensive Energy Union proposal well ahead of the March 2015 European Council. (European Council Conclusions of 18th December 2014, p. 2) In between these two meetings several countries issued non-papers

communicating their position on the Energy Union mostly aimed at the Commission and the other EU member states. The senders included Germany and a joined Great Britain and Czech Republic, Poland had already send their non-paper on the 4th May 2014. These non-papers will give an idea of the discussions in the Council and the Council of Ministers. Germany and a joined Great Britain and Czech Republic issued non-papers.

The German non-paper focuses on four dimensions security of supply, internal market, moderation of demand and decarbonization. Their position in the non-paper regarding security of supply correlates with the findings in the analysis of their national preferences. As such Germany formulates its position to the polish Tusk proposal *"Proposals for establishing a common mechanism for the purchasing of gas run against the liberalisation of gas markets in Europe. In Germany, the gas supply is in the hand of the private sector, government merely has a regulatory role. In view of the German government the completion of the internal EU market for gas is the most effective way to strengthen the negotiating position of European companies vis a vis external suppliers of gas."* (German Federal Government, 2014, p. 2) As such Germany sees an internal market as the preferable mechanism to achieving a secure supply of energy in contrast to the Polish proposal of a joint natural gas purchasing mechanism.

This position is more or less an adaptation of the status quo not suggesting any substantial new initiatives directly regarding the security of supply dimension. The main agenda presented in the Germany non-paper is decarbonization. The German position is to focus on the already agreed upon 2030 framework for climate and energy. Germany wants to translate this framework into the Energy Union, by doing this Germany is large supporting a status quo. Further it is clear that Germany wants to translate the idea of the Energiwende into the Energy Union. *"A main focus of the Energy Union should be to provide a stable and reliable investment framework lowering investment risk for safe and sustainable low carbon technologies, particularly energy efficiency and renewable energies. Fossil fuel subsidies should be phased out."* (German Federal Government, 2014, p. 1) This is in line with the Energiwendes focus on transitioning away from fossil fuels towards renewables sources of energy.

Germany also express its position to general cooperation between the member states in energy policy. *"In general, Germany supports more coordination of national energy policies since national energy policies of Member States are increasingly connected physically, economically and politically: However, any overall energy governance must respect Member States energy mix competence and necessary flexibility."* (German Federal Government, 2014, p. 4) As such Germany supports cooperation between the member states when it comes to energy policy. But are also quick to stress the member states sovereignty when it comes to determining their own energy mix. This

shows how Germany still wants to protect its national energy policy of Energiwende from any EU governance mechanism that might intervene with it. As such this position correlates with the wish to avoid Tusk joint natural gas purchasing and let the market function as the key instrument.

In contrast to the German non-paper the UK and Czech Republic non-paper instantly focuses on what seem to be top of the agenda in the discussion about the Energy Union between the member states namely the governance issue. As such the joint UK and Czech non-paper was given the title *European Governance of EU Energy Policy Goals* (The government of Great Britain and the government of the Czech Republic, 2014, p. 1) The UK and Czech Republic advocates for a governance structure to *"be light touch and non-legislative so as to respect Member State flexibility over its choice of measures and technologies, as per the European Council's Conclusions, with discussions on national plans to be conducted informally and bilaterally between Member States and the Commission*;" (The government of Great Britain and the government of the Czech Republic, 2014, p. 1) This is largely in line with the German position on the governance issue as it advocates for a soft governance and stress the member states sovereignty as to determine their own energy mix as well as choice of technologies. As such the member states should develop national plans which should enjoy some coordination with the Commission and the other member states.

5.4.2 The Commission proposal

With preliminary discussions in the Council and the issuing of non-papers by certain member states the Commission presented its proposal in the form of the EUP on the 25 February 2015. The package includes three 'communications.

- *"a framework strategy for the Energy Union, its goals and concrete steps*
- *the measures needed to achieve the target of 10% electricity cross-border interconnections by 2020*
- *the EU's vision for the Paris Climate Conference scheduled between 30 November and 12 December 2015"* (European Commission, 2015)

The framework strategy for the Energy Union focuses on five dimensions security of supply, emission reductions, internal energy market, energy efficiency. Although this proposal in some respects is similar to Tusk proposal the EUP displays different priorities. For instance, the Commissions sees diversification of supply as the way to solve the security of supply challenge. Diversification of supply means that alternative energy sources should be pursued, and only after

this alternative suppliers or supply routes. This position is in line with the focus on promoting the role of renewable energy sources in the EU energy mix. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 553) As such the Energy Union is an attempt to create a strategy for a fully common EU energy policy. This strategy follows five objectives or dimensions

- *"Energy security, solidarity and trust;*
- *A fully integrated European energy market;*
- *Energy efficiency contributing to moderation of demand;*
- *Decarbonizing the economy, and*
- *Research, Innovation and Competitiveness"* (European Commission, 2015)

The Commission's proposal did not mean that the discussions over the Energy Union was over as is evident in the meetings in the TTE and the Environment Council on the 5 and of 6 Marts 2015 where the Commission's proposal for the Energy Union was on the agenda. At these meetings the prioritization of the different dimension in the Commission's proposal was discussed as the conclusion stipulates the need of; "striking the right balance between its different goals" its meaning the Energy Union. ((European Council, Environment, 6th of March 2015, p. 3-4) The introduction of this need to prioritize between the dimensions is interesting, as the member states criticizes the Commission's proposal for suggesting that no prioritization exists because the dimensions are mutually-reinforcing and closely interrelated. That no prioritization exists between the dimensions is at least not the case when it comes to the member states. The divergent positions between the member states is evident in the meeting as *"Some ministers considered that a fully functioning internal energy market should constitute the core of the energy union. Others stressed the need to strive for greater energy security"* (European Council, TTE, 5th of March 2015, p. 3) The same call to the Commission to include some prioritization of the dimensions was also brought up in the meeting between the environmental ministers the following day. (European Council, Environment, 6th of March 2015, p. 4)

The critique of the lack of prioritization as a problem is also a critique of a wrong prioritization. This is true from the perspective of all the member states. But it is most disappointing for the member states which supported the Tusk proposal as improving the security of supply position in the EU and for themselves was what they had been aiming for. This also includes Latvia which was holding the presidency of the council at the time. The Latvian Minister for Economy, Dana

Reizniece-Ozola, after the meeting said: *"It is urgent to achieve a fully functioning and interconnected European internal energy market to secure the uninterrupted supply of energy throughout Europe."* (European Council, TTE, Main Results, 2015)
This suggest that Reizniece-Ozola and Latvia sees the uninterrupted supply of energy as the main challenge as a fully functioning and interconnected European internal energy makes is only presented to active uninterrupted supply of energy. The statement from Reizniece-Ozola is of course weighed as she speaks not only in the role of Latvian Minister for Economy but also as the holder of the Presidency of the Council which means she must be careful not to alienate any other member states and by that lose some of the influence given by the role as Presidency of the Council.

The time of which the Commission is able to present its idea for an Energy Union is remarkable. The explanation to this is that the EUP proposal builds on already existing strategies such as the Energy Security Strategy, Internal Energy Market Package and the 2030 climate and energy framework. (European Commission, 2015) As such the Commission's proposal is close to maintaining status quo and focuses on bringing together a policy framework including all the dimensions of security of supply, competitiveness and sustainability.
The Commission's proposal for an Energy Union is built upon previous strategies. Which enables the Commission to react so quickly to the call from the Council to establish a proposal for an Energy Union. When the Council decided to call for a proposal they most likely most have known that the Commission would mainly stick to already existing strategies and packages. This could suggest that some members of the Council are content with maintaining status quo rather than seeing the Tusk proposal being adopted by the Commission. As such it is no surprise that both the German and joint British and Czech non-papers use a lot of time arguing against the Polish Tusk lead proposal, especially regarding the joint natural gas purchasing. As such the threat of non-agreement by the Germans, British and the Czechs could have had an impact on the Commissions EUP proposal.

5.4.3 Tusk recaptures the EUP

The next meeting relevant to the Energy Union was between the member states heads of states in the European Council on the 19 March 2015. At this meeting the member states endorsed the framework strategy for the EUP. But the summit also revealed the member states different priorities. A key figure at this meeting was Tusk, but in a new role as the President of the European Council. (Kacper, Fischer, Gullberg and Sartor, 2016, p. 553) In this role Tusk seems to have reclaimed the agenda on the EUP bringing security of supply especially security of natural gas

supply on the top of the agenda. The proposal of joint natural gas purchasing was also brought back into discussion, only to be opposed by other member states such as Germany and France. (Crisp, 2015) But the idea was not put to rests as the Council agreed to *"assessing options for voluntary demand aggregation mechanisms in full compliance with WTO and EU competition rules"* As such Tusks original proposal of a joint natural gas purchasing was altered and only accepted on the condition of following World Trade Organization (WTO) and EU competition rules. It is also important to note that it would be voluntary to join such joint natural gas purchasing. This dilutes the proposal and makes it ineffective as the most important market for Russian natural gas, Germany have opposed such a mechanism and would thus not join it.

Germany also opposed proposals made by Poland and other Eastern European member states for higher transparency of natural gas contracts which was proposed to prevent Gazprom overcharging Eastern European customers. (Bürgin 2018, p. 6-7) As such the Council did reach a conclusion, but it was influenced by the German position; *"ensuring full compliance with EU law of all agreements related to the buying of gas from external suppliers, notably by reinforcing transparency of such agreements and compatibility with EU energy security provisions. As regards commercial gas supply contracts, the confidentiality of commercially sensitive information needs to be guaranteed"* (European Council Conclusions, 19 and 20 March 2015 p. 2) This conclusion is rather vague as commercially sensitive information is a wide concept thus the conclusions is close to maintaining status quo.

Apart from the discussions and disagreements over how to ensure security of supply the meeting revealed a second controversy among the member states surfaced namely over the prioritization of energy efficiency. Some member states campaigned for prioritizing investments for energy efficiency as such investments in the European building stock could lead to large energy savings and thus act as an energy source on its own. This priority was undermined in favor of support for investment set to restructure the internal electricity market and the construction of new gas infrastructure. (Bürgin 2018, p. 6-7) At first the dimension of energy efficiency did not seem to be on the agenda of the meeting and it was only included in the conclusion because of intervention by the Commission and 11-member states: Germany, Sweden, Denmark, France, Belgium, Greece, Spain, Luxembourg, the Netherlands, the United Kingdom and the Czech Republic. (Crisp, 2015) The absence of Poland is no surprise as they favor investments in natural gas related infrastructure such as new pipeline and LNG terminals. The intervention of Germany and France is in line with their national preferences of reducing their energy consumption an objective which would be supported by investment in projects leading to energy efficiency. This controversy over energy

efficiency and the alliance formatted form it seems to have resulted in closer corporation between France and Germany regarding their stance on the Energy Union. As such the France and Germany reached what seem to be a consensus regarding the Energy Union at a meeting in Berlin between Merkel and the at that point French president François Hollande and the ministers of the two governments "*France and Germany will work together to implement energy union. They will contribute to this through, among other things, specific cooperation projects in the area of renewable energy, electricity grids and cross-border cooperation between regions that are exemplary in terms of the energy transition"* (Communiqué issued by the Presidency of the Republic, 2015) Their implementation projects is clearly meant to support the sustainability dimension of the Energy Union. This prioritization is in line with both the French preferences regarding Paris climate conference and the Germany energy policy of Energiwende.

A third controversy revealed at the meeting was related to the prioritization of renewable energy in the EU's climate policy. While the member states had shown in the past that they were able reach an agreement on a binding 20 per cent goal for renewable energy by 2020 in the 20-20-20 agreement, there was less support for such targets for the period until 2030. This is evident in the conclusions stressing the member states right to detainee their own energy mix. *"and that the right of Member States to decide on their own energy mix is respected. This will help provide affordable energy to households and industry;" (*European Council Conclusions, 19 and 20 March 2015, p. 2) This right was stressed again in the conclusion emphasizing the point.
This need to stress the member states right to choose their own energy mix shows a clash, not just between the different positions of the member states but also between the Commission and the European Council. As Tusk tried to recapture the shaping of the EUP and remind the Commission that heads of governments play a central role in shaping the Energy Union. The meeting also showed that there is and will remain tension between a common European approach such as the Energy Union and the member states national energy policy. Further the Council also stated that "The European Council will continue to give guidance" (European Council Conclusions, 19 and 20 March 2015, p. 5) this is a statement that have been repeated in all the European Councils conclusions regarding the Energy Union. This need to give guidance throughout the process highlights the member states reluctance to leave it to the Commission to formulate the Energy Union.
On the 26 November 2015 on a meeting in the TTE the member states agreed on a governance structure of the Energy Union. This governance structure was based on four essential components

"– a National Energy and Climate Plan (National Plan) to be adopted by each member state, covering the period from 2021 to 2030

– progress reports on the implementation of the National Plan,

– constructive dialogues between the Commission and the member states; and

– monitoring and evaluation based inter alia on key indicators" (European Council, TTE, 26th of November 2015, p. 5)

This governance system is based on the member states national energy policy and plans. Although some coordination is agreed upon such as motoring of key indicators, such as the 20-20-20 renewables target, the member states still retain their right to keep and develop their own national energy plans as such the governance is built on the member states making their own plans. This is in line with the German preference to secure their Energiwende from interference. It also falls in line with the Polish focus on security of supply and subsequent high coal consumption and it also ensures that the French can keep their high production and consumption of nuclear energy.

On the 12 of December 2015 at the Paris climate conference the EU agreed to sign a new global agreement on climate change. This was followed up in the Council on the 17 March 2016 where the Council underlined the EU's commitment to reduce greenhouse gas emissions domestically. The Council also reaffirmed their promise to increase the share of renewable energies and to improve energy efficiency as agreed on in the Climate and energy policy framework for 2030. (European Council, Energy Union for Europe, 2018) Before the meeting the French Ministry of the Environment, Energy and Marine Affairs had issued a communication underlining the French priorities in the meeting. "*The Commission must present, as quickly as possible, all the other proposals on our emissions reduction efforts, not only in sectors outside the carbon market (construction, transport, agriculture) but also in relation to energy union (renewable energy directives, energy efficiency, buildings' energy performance etc.). In all these areas, evidence-based policies are expected from Europe."* (French Ministry of the Environment, Energy and Marine Affairs, 2016) The French uses the opportunity of the change in the agenda because of the Paris climate conference to push for a prioritization of the sustainability dimension. As such the French wants the Energy Union to prioritizing the support of the objectives aggressed upon at the Paris climate conference.

It is likely that France received support from the Netherlands who was holding the position of the presidency of the European Council. As such the Netherlands saw the Paris agreement as a vital part of the efforts laid out in the Energy Union *"The Paris Agreement that was reached at the 21st*

Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) on 12 December 2015 will form an important point of departure for these efforts." (The Netherlands Presidency, 2016)

On the 20 October 2016 the Council called for the Energy Union to be completed and implemented by 2018. Following this call for completion of the Energy Union there have been a several new initiatives related to the Energy Union. Most noteworthy two regulations adopted by the Council and the Commission's legislative package on Clean Energy for all Europeans. (European Council, Energy Union for Europe, 2018)

The regulation on energy efficiency labelling was adopted on the 26 June 2017 in the TTE and is set to increase customers awareness of the energy efficiency and energy consumption of household appliances. This should help to reduce energy consumption and thus ensure that the EU's 2020 headline targets and 2030 climate and energy goals are met. (The European Council press release, 2017) The regulation on security of gas supply was agreed to on the ninth of October 2017. The regulation is related to some of the proposals brought up by Tusk initial proposal for an Energy Union and the ongoing discussions in the Council concerning security of gas supply. The main elements of the regulation is;

- *enhanced regional cooperation and coordination set on risk-based groups of member states*
- *mandatory regional preventive action plans and emergency plans, as well as regional risk assessments, to be prepared jointly by all member states within the same risk-group*
- *a solidarity mechanism which will have a mandatory application in extreme crisis scenarios*
- *increased monitoring of provisions in the gas supply contracts*
- *specific obligations of EU member states towards the Energy Community, as well as Commission powers to coordinate the application of the legal framework between the EU and the Energy Community"* (The European Council, press release, 2017)

Especially interesting as to Tusk initial proposal and the ongoing discussions in the council is the increased monitoring of the gas supply contracts. Which has already touched upon will help standardizing prizes in the EU, which have been a concern for several Eastern European member states. The mandatory corporation between member states in crisis situations is also important to Poland and several Eastern European member states as it minimizes the Russians capability of singling out any single member state. In large this regulation has led to some level of cooperation

regarding security of gas supply, but it is still far from the initial proposal from Poland and Tusk with the core concept of joint natural gas purchasing.

5.5 Summery of interstate bargaining

The discussions and interstate bargaining between the member states in the European Council and the TTE over what an Energy Union should entail and prioritize have shown some reluctance form member states to corporate in terms of energy policy. This is evident both in the need to ensure the member states right to determine their own energy mix and on how the governance structure of the Energy Union is based on national plans that should aim to support the dimensions of the Energy Union. But as there exists no real prioritization of the dimensions in the Energy Union member states are also mot entirely free to pursue their own agenda. The discussion and interstate bargaining in the meetings also showcased how Poland and Tusk was able to capture the agenda of the Energy Union and put security of supply and especially security of gas supply at the very top of the agenda. The timing of political events also had an influence in this agenda setting. Considering that the Ukraine crisis was discussed in the Council at the same meetings as the discussions on the Energy Union there is no doubt that these discussions have influenced each other. Another example of timing having an influence on the agenda in the meetings is the Paris agreement which shifts the discussions away from security of supply towards sustainability. Tusk success of agenda setting together with a coalition of other Eastern European member states lead to a rather potent Polish poison of relative barging power. Although the other member states thereat to a non-agreement keeps the Polish bargaining power at an acceptable level as is evident in the protest by some member states including France and Germany over the exclusion of the energy efficiency dimension. The following figure 4 shows how the state preferences have translated into the Commissions EUP proposal and the result reached in the Council. When looking at the role of the Presidency of the European Council neither France, Poland or Germany have had this role

during the negotiations over the Energy Union. As such they have not been able to use this role to set the agenda of the meetings or strengthen their relative bargaining power. But this does not mean that they cannot have aligned themselves with the member states that have the Presidency of the Council. It is interesting to see how the agenda of meetings headed by the Latvian and Netherlands presidency correlates with their national preferences. As such we see how security of supply is top of the agenda on the Council meeting lead by the Latvian presidency on the 19 March 2015 and how sustainability was on the top of the agenda at the 17 March 2016 meeting lead by the

Netherlands presidency. This suggest that the two presidencies could have played a role at least in the agenda setting at the meetings.

Figure 5. State preferences, Proposal and results in the Council.

	State Preferences			Proposals		Results in the Council
Priorities	France	Poland	Germany	Tusk proposal	Commission Proposal (EUP)	Results in the Council
Security of supply	Low	High	Medium	High	Medium	High
Competitiveness	Low	Medium	Low	Low	Medium	Medium
Sustainability	Medium	Low	High	Low	Medium	High

6.0 Discussion

To reach a conclusion on the problem statement: *Why have the member states of the European Union been reluctant to cooperate in the field of energy?* the findings in the analysis of the national preferences of the three-member states and the interstate bargaining over the Energy Union between the member states will be discussed. But before discussing the member state reluctance, the degree of reluctance will firstly be discussed. Because as is evident throughout the project the member states are not so reluctant to cooperate in the field of energy that there exists no cooperation. On the contrary as the project shows there have been corporation between member states in the field of energy since the very beginning of the Union.

But it is also clear when looking further into EU energy policy that the member states are still keen on preserving a large degree of self-determination when it comes to their energy policy. A good

example of this is the addition to the Lisbon treaty art 194 that stipulates the member states right to determine their own energy mix. This right leaves the member states with the right to implement policy supporting different energy sources and by that also either supports the competitiveness, security of supply and sustainability. This right was also stressed during the negotiations over the Energy Union. Which shows that the member states have not changed their position since the signing of the Lisbon treaty. They still want to retain their right to determine their own energy mix and by that their national sovereignty in the field of energy. This is also the case when looking at the 20-20-20 targets where the member states at first glance seem to have agreed upon going for a target of 20% renewable sources of energy in their energy mix. But, the target works as a Union vide target which allows countries to place themselves under the 20% target. This gives some room for member states that are far behind and would have a hard time reaching the target. But it also means that the member states basically determine their own commitment, thus maintaining their right to determine their own energy mix.

The analysis of the national preferences of France, Poland and Germany reveled different national preferences and challenges regarding the three dimensions of security of supply, competitiveness and sustainability. In the French case the high dependency of nuclear energy binds the French energy policy. An example of this is the French sustainability ambitions where they have committed to objectives reducing GHG emissions and to increase the number of renewables in its energy consumption. Nuclear energy keeps the GHG emissions down as noted by Macron, but they are not considered a renewable source of energy. This is problematic for France and creates a rather un logical situation as the introduction of renewables into the energy mix is not the objective in itself, but a way to support the larger objective of sustainability including the reduction of GHG emissions. As such the targets set by the EU in this case the 20-20-20 is not always as reasonable to some member states, which is probably one of the reasons why member states have been able to largely set their own goal within this 20-20-20 plan.

In the case of Poland their relations with Russia and the occurrence of large quantities of coal in their underground frames the Polish national preferences. But Poland differs in some aspect from the other two-member states as it was a Polish proposal which introduced the idea of an Energy Union. This is of course interesting as it shows that Poland sees and wants European cooperation to obtain its objective of security of natural gas supply. As such Poland have had a very active role in promoting cooperation between the member states although it is limited to a very specific part of energy policy. Therefore, Poland is not supportive of an Energy Union as proposed by the Commission. In the case of Germany their national energy transition of Energiwende frames their national preferences. As such Germany have focused on a national energy policy pursuing the

dimension of sustainability. This makes Germany rather uninterested in an Energy Union focusing on the other two dimensions and especially the security of supply dimension.
The energy landscapes of these three-member states gives an idea of the overall differences that exist between the member states in the EU all experiencing different challenges based on their energy mix and national energy policy of the past. As such it is not the case that the three-member states are not faced with some of the same challenges as is evident in the analysis. But simply that they are subject to different national energy landscapes where the severity of the challenges is different and perceived differently.
These different national preferences translates into the interstate bargaining process between the member states over the Energy Union. Before and during the negotiation in the Council the member states try to promote their own agenda. In the case of the Energy Union, Poland and the Polish prime minister and later president of the European Council Tusk had a significant role in the agenda setting where they were able to promote the security of supply dimension to the top of the agenda in the Council.
There was some competition between the Council and the Commission as too who would set the agenda of the Energy Union. This competition had no real winner as the two both where able to set the agenda although at different stages in the negotiations over the Energy Union. In the agenda setting in the Council the events of the Ukrainian conflict with Russia and the Paris climate conference played a large role as these events enabled different member states to capture the agenda. As such it is important to note that at many of the Council meetings the Ukraine Crisis and how to react to it was discussed at the same date as the Energy Union. As such it is unlikely that these discussions have not had an impact on each other. This influence of events on the Council meetings is also evident in the discussions over the Paris agreement. As this shifted the agenda towards the sustainability dimension. As such it is doubtful that Poland and Tusk would have been able to shape the agenda in the way they did if it were not for the pressing development in the relationship between Russia and the EU. The presidency of Latvia and the Netherlands can also have had an impact on the agenda setting as the agenda switches coding to their national preferences. The actual impact of these two presidencies is difficult to measure just as it is the case with the impact of the two events of the Ukrainian crisis and the Paris agreement. In the case of the events there is no doubt about whether they are involved in the discussions sounding the security of supply and the sustainability dimensions as they are mentioned several times in the discussion over these two dimensions. The two presidencies' have also most likely had an impact as they likely have supported at least the putting security of supply in the Latvian case and suitability in the case of the Netherlands on the agenda for the Council meetings where they were holding the presidency.

The Tusk proposal further had an impact on the Commission's proposal which was a direct response to the member states wish for the Commission to create a proposal for an Energy Union. Therefore, the Commissions created its EUP proposal which should act as a framework strategy for the EU's energy and climate policy. This proposal from the Commission included five dimensions all of these is related to the three dimensions this project have been following. The Commission proposal did not include any prioritization of the dimensions. This is most likely the result of the Commission knowing that the member states all have different priorities and challenges, as such the Commission could not make any real prioritization between the dimensions if they wanted it to be supported by the member states. But this also means that there is no real strategic vision behind the EUP there is no real focus that can bind the member states tighter to achieve a common objective. As such the member states are free to pursue their own national energy objectives. This is further evident in the governance mechanism that have been attached to the Energy Union. As such this mechanism is built upon member states making national plans and subject them to the Commission. As such the Commission can evaluate whether the national plan lives up to the objectives set out in the EUP. But as the EUP contains almost all dimensions there is no real corporation towards achieving a common EU energy policy. One example of this the conflict surrounding the creation of the Nord Steam 2 pipeline which will increase the German security of supply but not the security of supply of several other member states such as Poland. As such the German plans goes directly against the security of supply objective set out in the Energy Union. This is an example of how the national energy policy founded in the national preferences of a member state can undermine the objectives in the EUP.

7.0 Conclusion

The following conclusion will firstly answer the problem statement of the project, this will be followed by an evaluation of the findings of the project.

Why have the member states of the European Union been reluctant to cooperate in the field of energy? To answer this problem statement an analysis has been made of the three-member states of France, Poland and Germany. This analysis revealed that there exist major differences between the energy policy, energy mix, challenges and priorities of the three cases. France bound by its high use in Nuclear energy, Poland prioritizing security of supply leading to a focus on their domestic energy source of coal and Germany focusing on sustainability with its Energiwende. The second part of the analysis of the interstate bargaining process in the Council revealed how the national preferences of

the three-member states translated into the discussion and negotiations in the Council over the Energy Union. The negotiations reveled that the member states are prepared to secure further cooperation in the field of energy. But the problems arose when concrete measures and what to prioritize was discussed. The negotiation in the Council also revealed how Poland was able to shift the agenda to focus on security of supply, create a coalition and achieve some results in security of supply although far from their initial proposal set out by Tusk. The meetings also showed that the member states are still reluctant to agree upon any measure that might be in conflict to their right of detaining their own energy mix.

During the meetings two coalitions arose, the two coalitions in the negotiations was the coalition lead by Poland supported by the Baltic states and some but not all Eastern European states which primary interest was in the challenge related to their security of natural gas supply and relationship with Russia. The second coalition was revealed in the question over energy efficiency this group consisted mainly of Western European member states including both Germany and France. It is also this coalition that have been supporting the sustainability dimension. The strength of these coalitions is seen in the results of the Energy Union which have been achieved, most notably the package on Clean Energy for all Europeans, a governance structure of the Energy Union and the regulation on security of gas supply. These agreements show how each coalition have made gains in line with their national preferences, with Poland achieving a regulation on security of gas supply and Germany and France achieving the Clean Energy for all Europeans package. Further the governance structure which was agreed upon held the status quo as the member states only agreed upon a governance structure ensuring some coordination between national energy plans.

So, the member states are reluctant to cooperate in the field of energy because of their differences in their national preferences representing their different challenges and priorities within security of supply, competitiveness and sustainability. This is evident in the Energy Union which provided no real prioritization between the dimensions as the member states can't agree to such a prioritization. As such the member states prefers to follow their own national plans and attempt to bargaining their way to deals supporting their own national plans with the other member states as in the case of Poland and their original proposal for an Energy Union.

7.1 Evaluation

This project has attempted to explain why there have been and are reluctance between the member states to cooperate in the field of energy. In doing this the national preferences of three-member states have been analyzed. This analysis has been used to gain an understanding of why the member

states is reluctant. But this use of only three-member states is problematic as it is questionable whether such a generalization capture the national preferences of the member states. But I would argue that through applying a strategy of information-oriented selection it is possible to gain a least an understating of the challenges which are present in the all the member states through the three cases of France, Poland and Germany. This does not mean that an inclusion of other member states such as Great Britain would add no further value to the project. This knowledge achieved in the analysis of the three-member states have been helpful in the other part of the analysis as it has enabled a better understating of the member states which have shown themselves to be arguably the most important ones in the negotiations in the Council over the Energy Union. The theories applied in the project have shown them self's effective in answering the question as they have acted as a guide as to what is relevant to analyze. This have been the case both in the analysis of the national preferences of the three cases and the analysis of the interstate bargaining in the Council over the Energy Union both drawing on aspects of LI. Public policy analysis have also added value to the project primary through the use of the concepts of agenda setting and decision making which have enabled the project to better understand the negotiations in the Council over the Energy Union. As such the study should be able to be replicated with the same results.

8.0 Perspectivation

The following is a perspectivation focusing on the disputes between Germany and several Eastern European countries, most notably Poland, over the construction of the Nord Stream 2 pipeline. This perspectivation is made to illuminate whether the member states live up the objectives of the Energy Union. As we saw earlier Germany had problems living up their commitment to increases their share of renewable energy in their energy mix. In the case of the plans for a Nord Steam 2 pipeline it is not sustainability that is the main issue, but security of supply.
There had already been fire criticism of the first Nord Stream pipeline where the at that time Polish defense minister Radosław Sikorski linked the Nord Stream pipeline with the Ribbentrop-Molotov[5] pact saying that *"Poland has a particular sensitivity to corridors and deals above our head,"* (Traynor, 2006) This shows what kind of emotions related to the construction of the pipeline as Sikorski relates it to a painful historical memory. The polish argument has been that Russia would be able to interrupt gas deliveries to Poland, without harming Germany and other West European

[5] The Ribbentrop-Molotov pact of was a non-aggression pact between Nazi-Germany and the Soviet Union agreed upon on August 23, 1939. The pact included the division of the territories of Poland between them. For more information see https://www.britannica.com/event/German-Soviet-Nonaggression-Pact.

consumer countries, as soon as the pipeline construction is finished. This have been the main concern over the construction of both pipelines. Other concerns have included the loos of transit fees and possible environmental damage to the ecosystems of the Baltic Sea. (Kacper, 2018, p. 65)
The problem with using the environmental damage as a reason for declining the Nord Steam 2 to run through the Baltic Sea is that the countries that can raise this argument have already accepted the Nord Stream 1 where the same problem was not used to stop it. As such using this environment angle, to block the construction of the Nord Stream 2 pipeline would be perceived by Russia and Germany to be of other motives than that of protecting the environment. This would make any government such as Sweden or Denmark very unpopular in the capitals of Moscow and Berlin. But in-spite of it being unlikely that any member states would block the pipeline due to environmental damage, Poland are not alone in their worries over the Nord Stream 2 pipeline as Commission Vice-President Maroš Šefčovič said *"I've never seen a project that was heralded as a purely commercial one so intensely politically debated, not only by the ministers of energy, but also by the ministers of foreign affairs and by the heads of state and government, and we never received so many letters from the highest representatives of our member states," (Gotev, 2016)*
As such the plans for the construction of the Nord Stream 2 have created division between the member states, in particular Germany and Poland. Some member states including Denmark, Poland and the Baltic states have called for the Commission to take over the negotiations with Russia. Denmark have been involved because the pipeline is set to go through Danish waters. Because of this Denmark could block the construction of the pipeline, a measure which have been discussed. But this would not be the end of Nord Stream as the route can be altered avoiding Danish waters. (Euroactiv, 2017)
The wish from some member states to involve the Commission by granting them a mandate for negotiation with Russia, have been opposed by Germany. Merkel have argued for it only being a commercial project as such she sees no need to include the Commission in the negotiations. This position have decided sharp critique by the Polish Prime Minster Beata Szydlo *"The political dimension of this project is obvious, but there are countries which say this is a purely commercial project,"* (Euroactiv, *Juncker: No EU unity for Russia Nord Stream 2 talks*, 2017) This position by Merkel is in line with the findings in the national preferences of Germany. As Germany have let energy companies and utilities handle the challenge that is security of supply.
The German position have since then been altered as Merkel have changed her view of the project only being a commercial question but also a political *"The fact is that we cannot allow that, with Nord Stream 2, Ukraine would have no significance at all any more with regard to gas transit,"* (Euroactiv, 2018)

The plans of building the Nord Stream 2 is still under way and it seems unlikely that the Commission, Poland or any other member state will be able to hinder its construction. The construction of the Nord Stream 2 pipeline is interesting to this project as it shows how a member state in this case Germany have pursued the construction of an infrastructure project which is set to only increases the EU's dependency on Russian natural gas and weaken the position of several member states position as transit countries. As such the Nord Stream goes against the security of supply dimension in the Energy Union. This suggest that Germany is more focused on their own security of supply than the security of supply of the EU. The case of the Nord Stream 2 is an interesting case and in large it shows that some member states are willing to pursue their own national interest based on their own national preferences in-spite of this having a negative influence on their neighboring countries and the EU.

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