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**SECURE**  
**Security of Energy Considering its Uncertainty, Risk and Economic implications**

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**Proceedings of the policy event (audition) at the European Parliament**

**"SECURE Policy Event: How Safe are European Oil Supplies?"**

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# Proceedings of the policy event (audition) at the European Parliament "SECURE Policy Event: How Safe are European Oil Supplies?"

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## 1 Introduction

This meeting was originally scheduled to take place in the European Parliament but was moved to CEPS due to logistical reasons. Some 60 participants followed the introductions by Christian Egenhofer, Senior Research Fellow of CEPS and Paul Rübzig, MEP, as well as the presentation by Giacomo Luciani, Director of GRCE, who focussed on his research about the security of European oil supplies.

## 2 Proceedings

The chair of the meeting, Mr Egenhofer, opened the event with an introduction to the SECURE project. He pointed out that the meeting was designed to communicate some of the key results to European decision makers and welcomed Mr Rübzig, Member of the Committee on Industry, Research and Energy (ITRE) and Chair of the Science and Technology Options Assessment (STOA) Panel of the European Parliament. Mr Rübzig stressed the importance of secure energy supplies to Europe and noted that the best option to ensure security was to apply a basket of different opportunities. In this respect he welcomed the energy chapter in the Treaty of Lisbon, which gave the EU more levers to intervene. Mr Rübzig then talked about some of the future projects of the Committees he is part of. With respect to STOA, he focussed on eco-efficient transport, sustainable resource use, as well as the internet, relevant security aspects and how it could be better incorporated into the energy sector. In this context, he noted the importance of secure, stable and efficient ICT technologies for smart grids. With respect to ITRE, he focused in particular on the upcoming FP8, which would include efficiency as a priority (also with respect to oil), the Competitiveness and Innovation Programme and Intelligent Energy Europe, which should boost the results of science, but also aim at educating teaching staff.

The presentation of Mr Luciani was along the lines of previous presentations (see, e.g. minutes of SECURE meeting on 29 September 2010). He noted that oil was a relatively secure energy source and that there was no incident in the past where it was physically unavailable. However, investment in infrastructure was key to ensuring supplies in the future. The main obstacle to oil and gas security of supply was the growing volatility of prices and their fundamental unpredictability. In the light of his assessment, Mr Luciani presented 6 key policy recommendations, including i) freer trading of major crude oil streams, ii) more vertical integration, iii) increasing reliance on long-term pricing, iv) increasing oil storage capacity close to markets, v) demand security through take-or-pay contracts, and vi) an internationally agreed price band.

When asked about the impact of the financial crisis on oil security, Mr Luciani replied that numerous projects have been abandoned or postponed in all producing countries. However, even postponed projects meant less oil in the future and were a potential risk to the sufficiency of future supplies.

Another question dealt with the issue of peak oil. Mr Luciani referred to a recent report of the IEA, whose figures show that global oil production had peaked in 2006 and were now at a 'plateau'. On the other hand, demand was unlikely to be constrained.

On strategic stocks, Mr Luciani criticised that it took oil off the market and that the selection of the 90-days benchmark was random and without empirical justification. Instead, he advocated the expansion of commercial storage.