Speech for the Mediterranean Forum on Energy and Climate Change
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Malta's Energy Policy and the Role of the Mediterranean Energy Market Integration

Dear Mr Walters
Distinguished guests
Good Morning

The European Union was founded on a number of common principles and seeks integration in various sectors in order to strengthen its role within the International community.

It was therefore a natural step for the Union to move towards the full integration of the internal energy market. This is currently driven by the Third Energy Package, but is expected to receive a further impetus once the Clean Energy Package delivers a new set of legislation. This shall shape Europe’s energy integration over the next decade and shall require both a renewed regulatory framework as well as new energy infrastructure, also in view of the ongoing energy transition. Indeed moving towards a fully-integrated internal
energy market is one of the five dimensions of the Energy Union Strategy.

However, integration of the energy systems does not stop at the Union’s borders. The European Union fully appreciates the interdependencies with neighbouring energy markets and has, over the past years, been building bridges with non-EU countries. The Energy Community already extends the EU internal energy market to South East Europe and beyond, on the basis of a legally binding framework. On the other hand, whilst no such framework exists, a number of electricity and gas interconnections are already in place between countries around the Mediterranean basin and EU member states. These interconnections are in line with the Union’s strategy to increase the sources and routes of energy supply and have brought significant benefit for both sides. However the lack of sufficient north-south and east-west electricity interconnectors around the Mediterranean rim, as well as geopolitical realities, have significantly impaired the development of an integrated energy market in the Mediterranean region, beyond the European Member States.
In this context, the development of the Energy Union is of particular significance to Mediterranean countries. In the past, several countries along the southern rim of the Mediterranean have been net suppliers of energy towards Europe, mainly via subsea gas pipelines. New sources of gas are developing towards the East, as new discoveries will eventually bring more gas volumes on the market. But apart from the traditional supply of natural gas, the scenario now also includes a significant share of intermittent renewable energy generation in the EU and a huge potential for renewable generation, especially solar, in most Mediterranean countries. These developments, together with opportunities for the implementation of energy efficiency policies, provide a unique opportunity for the Mediterranean region for enhanced cooperation in the energy sector.

Mirroring developments within the EU, integration requires both interconnections as well as regulatory frameworks. Even amongst EU member states, the completion of the internal energy market still depends on the development of additional strategic interconnections, and renewed efforts
are needed to ensure that the various barriers are overcome. In this regard, the European Union has internal funding mechanisms to assist with the development of Projects of Common Interest in cases of market failure. Furthermore, regional cooperation is now being placed at the heart of future Climate and Energy planning.

Integration of the energy market should not be seen as an end in itself but rather in terms of the benefits it brings to the final consumers and the economy as a whole. It should be viewed in the context of a holistic strategy which takes into account security of supply, energy efficiency, affordability and sustainability of the energy system. Effective decarbonisation on a regional scale, which also depends on intermittent renewable electricity generation, cannot happen without integration of the energy systems and markets.

As a Mediterranean member state, Malta has been consistently advocating the importance of the Mediterranean dimension within the Energy Union framework. I recall here the Euro-Mediterranean Conference which the Maltese Energy Ministry organised in 2014 to promote the Mediterranean region both as a source of primary energy
and as a route for the transportation of energy into the EU, and pushed for the creation of an ‘EU-Mediterranean Multilateral Cooperation Platform on Energy’ to facilitate cooperation and trade between the EU and non-EU Mediterranean countries on energy related matters, especially on gas, in line with the aim for the EU to continue to diversify its energy supply, sources and routes, to ensure a more secure, sustainable and affordable energy system, whilst maximising indigenous resources efficiently.

The conference was instrumental for the creation of a Euro Mediterranean Platform on Gas that is bringing together policy makers, industrial representatives, regulators and energy stakeholders to ensure greater convergence between the energy policies of the various countries. Two other parallel platforms were setup under the UFM umbrella, one for the Electricity Market and another for Renewable Energy.

Malta itself has fully appreciated the importance of being able to tap in the European Energy market and has pursued the construction of an electricity interconnector with Italy, which interconnection came online in 2015. This, together with the construction of a new CCGT gas-fired plant, the
conversion of a modern diesel-engine plant to operate on natural gas, the construction of an LNG facility, together with a bigger push for the promotion of renewable energy, mainly solar, is fulfilling Malta’s core energy policy objectives of providing competitive, sustainable, clean and secure electricity to the island. It has also secured sufficient capacity to meet expected growth in demand over at the least the next decade. This is critical if Malta is to aspire to sustain the present economic growth.

The next step is to tap into the European gas market through the construction of a gas pipeline with Sicily. This would connect Malta with the European gas grid, thus providing a more competitive and secure source of natural gas.

In its role as Presidency of the Council, Malta is taking forward the Clean Energy for All European Package. Progress has been achieved on new legislative proposals on Renewable Energy, Electricity Market Design and Energy Union Governance. However, the Presidency’s main focus was on two proposals concerning Energy Efficiency, and it is still Malta’s goal to reach a General Approach on these two legislative files by June’s Energy Council. During its tenure
Malta has also managed to reach agreements on two other important files; a regulation setting a framework for energy efficiency labelling which is intended to assist consumers make a more informed choice when buying a new household appliance, and a Regulation on Security of Gas Supply which introduces mechanisms to avoid possible disruption of gas during critical periods.

Global awareness which culminated in the Paris Agreement acknowledged that we are at an important cross road of human history. The decisions we are taking today will have a lasting effect on climate with possible devastating effects on the Mediterranean region. Clean and Sustainable energy is the way forward and the EU experience has shown that it is more efficient to move ahead together through more cooperation in such an important sector, that is energy. In all this, we firmly believe that the Mediterranean region will remain of critical importance.

The Mediterranean is one of the regions that has already been affected and will be affected most by these anthropogenic developments. In the next two days, we shall be again putting the spotlight on this important region with
the organisation of an Informal Ministerial meeting and a high level conference on the challenges and opportunities of energy efficiency in the Mediterranean.

This time round, the focus will be on energy efficiency. We firmly believe in energy efficiency first.

Energy efficiency improvements are generally considered as the best strategy to reduce CO2 emissions, to limit the energy dependence and to alleviate the effect of oil price increase.

Yet, for various socio-economic and geographical reasons, energy efficiency measures are rendered even more challenging in the Mediterranean region. Even if the sector is gradually developing, it remains a challenging one.

As the last Mediterranean Presidency of the Juncker Commission, the Maltese Presidency fully subscribes to the “energy efficiency first” principle, and will remain committed to prioritize efficiency- putting emphasis on the proposals of Energy Efficiency Directive and Energy Performance in Buildings Directive.
We hope that this event and tomorrow’s ministerial meetings will add further stimulus to these discussions with a particular objective on how the Mediterranean region can be a catalyst in the drive towards the creation of a secure, sustainable and affordable energy system for the region itself and beyond.