

Testimony of Professor Dr. Dr. Rudolf Dolzer

Regarding

“Quadrennial Energy Review and Related
Discussion Drafts, including Title III – Energy Diplomacy”

Tuesday, June 2, 2015

House Committee on Energy and Commerce

Subcommittee on Energy and Power

Representative Ed Whitfield – Chairman

Representative Bobby L. Rush – Ranking Member

Good morning,

Mr. Chairman, Ranking Member Rush and Members of the Committee.

My name is Rudolf Dolzer, I was General Director of the Chancellor's Office in Germany under Chancellor Helmut Kohl. I was three times appointed Member of German Parliamentary Commissions and a law professor. I have studied law at the University of Heidelberg and at the Harvard Law School. I have, at various times, taught at 5 leading U.S. universities.

Throughout my career, I have turned to energy issues, and I have published a study on international energy cooperation last month. A more intense collaboration on energy matters promises to contribute to a renewed invigorated Atlantic alliance.

Mr. Chairman,

The era of abundance opens up new opportunities of leadership for the United States. It also reminds us that energy is not just about energy, but about foreign policy, about defense, about finance. And it also reminds us that energy is a field of its own, requiring expertise and knowledge of its own. The importance of energy is underlined when NATO, for instance, addresses energy, as do foreign ministers. But, ultimately energy has its own characters and dynamics and energy politics must be based on these characteristics. Foreign affairs, defense and trade must be folded into the fabrics of energy politics, and not the other way around. That is also true, in my view, for matters of climate change.

Energy politics also calls for arrangements of its own when it comes to international cooperation.

Title III of the energy bill represents an innovative modern approach, recognizing the new opportunities for the United States. It properly includes provisions for an Energy Forum suitable to promote dialogue and leadership. This Title may even in part be strengthened. A Transatlantic Trade and Investment Partnership (TTIP) will be a suitable forum to reduce barriers, beneficial for both sides.

But, again, trade is just one aspect of energy. Recent events have demonstrated, in Russia and in the Ukraine, that energy independence with safe energy supplies require foresight and a robust strategy. Together, we must understand the nature and long-term magnitude of those challenges.

Europe will, in the coming decade, become more vulnerable to pressure as its own resources will peak around 2020, especially in Norway. The Forum, as proposed in Title III, will help to provide a common basis and prospective. But I propose that we go further and establish a more advanced concept, which I call The Transatlantic Energy Agenda (TAEA). We need to update and broaden existing arrangements with a new involvement of parliaments and of the private sector.

We have active Atlantic committees on foreign affairs, defense, or agriculture, with ministers meeting frequently; for energy, arrangements of this kind are so far

missing. In my view, that ought to be changed. We need more exchange. In energy affairs, the U.S. and Europe share common issues.

America's abundance lends itself to strengthening regional partnerships and therefore improving competitiveness and affordable energy.

In building regional energy cooperation, Europe has its own experience and has been on a path of trials and errors in the past decades. Since 2009, the European Union has the competence to create a single energy market, but the member states have retained their sovereign powers to determine their energy mix and they general structure of its energy supply.

The European Union has laid down a set of rules which ensure competition, with liberalization and unbundling as the main themes. Less progress has been made with regard to internal and cross-border connections to overcome the the previously isolated national markets. The key concept in the future will be the so-called "projects of common interest." These projects will be defined by Brussels – cross-border projects will be the focus. They do not mandate any projects, but they allow access to EU funds. The new rules call for a more rapid process of approving permits. So far, permits typically took more than 10 years, now it will be at most 3 ½ years. Also, member states must set up one-stop authorities for such projects, instead of the traditional multitude of agencies.

The Funds needed for a single energy market will be considerable, but the advantages will justify the costs.

- A single market is essential for secure supply
- Integrated markets fuel new infrastructure and offers more and more secure options for the customers
- Integrated markets strengthen the international negotiating positions, such as vis-à-vis OPEC or Russia or Venezuela. We could discuss best practices based on experience. In North America, a new Task Force by the NAFTA countries similar to the EU Commission, could help to elaborate a unified energy strategy.

Mr. Chairman, I conclude:

In the past, energy issues have at times been a tone of contention between the United States and Europe. Your bill with Title III has the promise and hallmarks of a new era of cooperation, with benefits on both sides of the Atlantic.

Again, I thank the Committee for their unique opportunity to appear before you.