

# Governance of the Energy Union Trilogue Negotiations

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eurelectric recommendations for trilogue negotiations

*eurelectric is the voice of the electricity industry in Europe.*

*We speak for more than 3,500 companies in power generation, distribution, and supply.*

*We Stand For:*

*Carbon-neutral electricity in Europe well before mid-century*

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

*Competitive electricity for our customers*

We support well-functioning, distortion-free **energy and carbon markets as** the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

*Continent-wide electricity through a coherent European approach*

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

*eurelectric. Powering people.*

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# Governance of the Energy Union Trilogue Negotiations

eurelectric recommendations

February 2018

Debates in the European Parliament and the European Council leading up to the plenary vote adopting an EP Report and the General Approach reached by the Council have significantly enhanced the initial proposal on a Regulation on the Governance of the Energy Union issued by the European Commission in November 2016. Both the Parliament and the Council have introduced novel concepts that are largely aligned with eurelectric's initial set of recommendations on the purpose and content of the Regulation. A crucial element of the upcoming trilogue discussions is to ensure that several of these new provisions are part of the final version adopted.

The following key elements are critical and need to be included in the final text:

- Policy overlap assessment as well as evaluation of the overall impact of the policies and measures of integrated national plans on the operation of the EU ETS is key to ensuring that the EU ETS is capable of producing a strong market-based carbon price signal. eurelectric welcomes the European Parliament's amendments in that respect and is hopeful that these will be recognised by the Council.
- Regional Cooperation and the effective participation of key regional partners such as the Energy Community Signatories and EEA / EFTA countries are crucial to a thoroughly integrated, streamlined and coherent European energy and climate policy. Climate and energy issues respect no border and a truly future-proof European framework for Governance of the Energy Union should clearly provide opportunities for those countries to engage.
- Cost-efficiency of EU and national policies and measures should be among the guiding principles in defining future energy and climate actions. In particular, costs incurred by consumers and the source of these should be consistently and openly communicated to end users. Having a clear understanding of the costs involved and the impact expected will be necessary components of establishing the overall impact on economic competitiveness. Proposals made by the European Parliament to this end are supported by eurelectric.
- Member States should have a degree of flexibility in choosing the methods and pace at which they would progress towards their contribution to the 2030 EU energy and climate goals. The proposal for indicative trajectories with three reference points adopted by the Council in its General Approach fulfils this need for further flexibility.

- Long-term low emission strategies should remain part of the Governance of the Energy Union and should be drafted on the basis of a more comprehensive template of proposed contents to ensure their alignment in the long-term. To make those strategies truly usable and reflective of the dynamic changes taking place in the energy sector their horizon should be 30 years. Therefore, a compromise on the texts proposed by the European Parliament and the Council would be best placed in ensuring that the strategies create sufficient investor predictability without introducing additional administrative burden.
- Capacity markets related decisions must not be part of national policies and measures taken by Member States in the context of the Regulation on the Governance of the Energy Union.
- eurelectric welcomes both the Parliament's and Council's call for transparency of data and process as this would guarantee that proposed European and national policies and measures in the context of the INECPS are collectively recognised by all key stakeholders.

Item	Commission (30.11.2016)	Parliament (17.01.2018)	Council (19.12.2017)	eurelectric preferred option
Policy Overlap	Not envisaged	<p>Recital (new) <i>(17a) An assessment of the interactions between existing and planned policies and measures to achieve decarbonisation is necessary and Member States should produce a quantitative or qualitative evaluation.</i></p> <p>Recital (new) <i>(17b) Member States should ensure policy coherence between their national energy and climate plans and their long-term low emission strategies with the UN 2030 Agenda for Sustainable Development</i></p> <p>Article 8 Paragraph 2 Point c interactions between existing (implemented and adopted) and planned policies and measures within a policy dimension and between existing (implemented and adopted) and planned policies and measures of different dimensions for the first ten year period at least until the year 2030. <b>The assessment shall include a quantitative or qualitative evaluation of any documented interactions</b></p>	Not envisaged	<p><b><u>Parliament</u></b></p> <p>(Council is determined to either maintain GA on both recital and Article 25 related amendment proposals, which pertains to no policy overlap provisions. eurelectric supports the proposal adopted by the European Parliament as the first crucial step in understanding quantitatively the impact of policy overlap at EU and national level and the impact of this overlap on EU ETS.)</p>

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		<p>between national policies and measures, and Union climate and energy policy measures. Projections concerning security of supply, infrastructure and market integration shall be linked to robust energy efficiency scenarios;</p> <p>Article 25 Paragraph 1 Point a,b,c (new) <i>(ca) the overall impact of the policies and measures of integrated national plans on the operation of the Union climate and energy policy measures, with a view to revising the Union nationally determined contribution and increasing ambition in line with Paris Agreement commitments;</i></p> <p><i>(cb) the overall impact of the policies and measures of integrated national plans on the operation of the EU ETS;</i></p> <p><i>(cc) the accuracy of Member State estimates of the effect of national level overlapping policies and measures on the supply-demand balance of the EU ETS, or, in absence of such</i></p>		

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		<p><i>estimates, conduct its own assessment of the same impact;</i></p> <p><i>Annex I – part 1 – section B – paragraph 5 – point 5.1 – point ii a (new)</i></p> <p><i>(iia) Assessment of interactions between existing and planned national policies and measures, and Union climate and energy policy measures.</i></p>		
<b>Regional Cooperation</b>	<p>Recital 21</p> <p>Art. 11 Regional Cooperation</p> <p>Not envisaged in the detail proposed by the EP</p>	<p><b>Recital 21</b></p> <p><b>Art. 11 Macro-regional and regional cooperation</b></p>	Initially not envisaged within GA, now compromise wording proposed by the Presidency foresees to a large extent the adoption of the EP text.	<p><b><u>Parliament/Council</u></b></p> <p>(eurelectric welcomes regional cooperation provisions that create practical regional cooperation opportunities beyond joint drafting of integrated national energy and climate plans)</p>
<b>Energy Community Signatories and EEA EFTA</b>	Not envisaged	<p><b>Article 49 (new) and Article 50 (new)</b> allowing Energy Community Signatories and EEA countries to effectively align their national energy and climate policies to EU objectives</p>	Not envisaged	<p><b><u>Parliament</u></b></p> <p>(Extending the provisions of the Regulation to Energy Community signatories and EEA countries will ensure a thoroughly integrated and cooperative approach to EU energy and climate policies.)</p>

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<p><b>A Cost Efficient Transition / Cost to consumers / Competitiveness</b></p>	<p>Recital 1 “for a reliable and transparent Governance”</p>	<p>Recital 1 “reliable, <b>inclusive, cost-efficient, transparent and predictable</b> Governance”</p> <p><b>Article 29 – paragraph 2 – point j b (new) (jb) a progress report on competitiveness;</b></p> <p><b>Article 29 – paragraph 2 – point k a (new) (ka) a financial assessment of the costs supported by the final consumer of electricity based on indicators monitoring actual spending for the five dimensions of the Energy Union.</b></p>	<p>Not envisaged within GA apart from cost-efficiency of renewables deployment as one of the objective criteria</p>	<p><b><u>Parliament/Council</u></b></p> <p>(EU and national policies and measures have to be evaluated ex ante and ex post on their cost-efficiency and impact on competitiveness)</p>
<p><b>A flexible approach to reach the 2030 EU Climate and Energy Targets</b></p>	<p>National linear trajectories for renewables and energy efficiency</p>	<p><b>Article 4 Paragraph 1 Point a, point 2, point i b (new)</b></p> <p><b>ib. The trajectory referred to in paragraph ia shall:</b></p> <p><b>(ii) consist of a minimum of three reference points calculated as an average of the two or three preceding years as set out in Annex Ia;</b></p>	<p>Article 4</p> <p>Indicative trajectories of all Member States (and, as a result, also the indicative trajectory of the Union) should reach, in 2023, 2025 and 2027. Union binding targets to be set up in sectoral legislation, whereas trajectories and reference points to be negotiated within Governance.</p> <p>For renewables the reference points are 24% in 2023, 40% in 2025, 60% in 2027.</p>	<p><b><u>Council/Parliament</u></b></p> <p>(With a preference for the trajectories and reference points established by the Council’s GA)</p>

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<b>Long-term low emission strategies</b>	<p>Chapter 3, Art. 14</p> <p>Long-term low emission strategies, submitted every 10 years with a 50 year perspective</p>	<p>Chapter 3, Art. 14</p> <p>Strategies to be submitted every 5 years, to cover a 30 years horizon and follow a strictly defined template Annex II (similarly to the INECs) and be developed through a public stakeholder dialogue.</p>	<p>Chapter 3, Art. 14</p> <p>Follows the Commission's initial proposal but adds a degree of flexibility for Member States in terms of the time horizon covered by the strategies.</p>	<p><u>Parliament/Council</u></p> <p>(eurelectric supports a more structured approach to the long-term low emission strategies as proposed by the EP in terms of a having a specific structure to them, cover a shorter time horizon and involved the public, however the important balance between additional administrative burden and the benefit of having these strategies must be observed.)</p>
<b>Capacity Markets</b>	<p>Not envisaged</p>	<p>Article 4 – para 1 – point d – point 4</p> <p><b>(4) national objectives with regard to ensuring electricity system adequacy, ensuring that no capacity mechanisms are implemented, or where implemented for the purpose of security of supply are limited to the extent possible including a timeframe for when the objectives should be met;</b></p> <p>Article 21 – para 1 – point f</p> <p>national objectives with regard</p>	<p>Article 21 – para 1 – point f</p> <p><b>measures</b> with regard to ensuring electricity system adequacy</p>	<p><u>Council</u></p> <p>(Capacity mechanisms-related issues must not be tackled through the Governance Regulation)</p>

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		to ensuring electricity system adequacy, <b>ensuring that no capacity mechanisms are implemented, or where implemented for the purpose of security of supply are limited to the extent possible;</b>		
<b>Transparency</b>	Initial proposal provided for a public consultation prior to drafting Integrated National Energy and Climate Plans (Art. 10) and the establishing of an E-reporting platform (Chapter, 4 Section 3, Art. 24)	Art. 24  1. <b>As a means of ensuring cost efficiency</b> , the Commission shall establish a <b>public online</b> platform to facilitate communication between the Commission and Member States, promote cooperation among Member States and <b>facilitate public access to information.</b>	Ar. 24  1. The Commission shall establish an online reporting platform to facilitate communication between the Commission and Member States and promote cooperation among Member States.	<b><u>Parliament</u></b>  (Support Parliament’s proposal to add greater transparency and make more data available specifically in relation to future forecasting and modelling to ensure policies and measures are based on sound data assumptions, which would in turn allow for better usability of this information for business purposes. The proposed e-platform as defined by the EP is a valuable tool to this end. However, data must be available for the public without creating additional burden on involved industries and without jeopardizing system security.)

eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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