

Proposal for a Regulation on the Governance of the Energy Union

EURELECTRIC voting recommendations

October 2017

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 by 2050

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.

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Introduction

EURELECTRIC fully supports the proposal to introduce a new legislative instrument ensuring effective compliance and enforcement of European and national energy and climate objectives. The Regulation on the Governance of the Energy Union is an unprecedented opportunity to streamline and ensure the coherence of EU Member States' policies and strategies on energy and climate. The Regulation has the potential to become the much needed backbone to the EU's efforts on the path towards cost-effective decarbonisation, while ensuring security of supply and competitiveness.

The European Parliament's report on proposed amendments to the European Commission's proposal addresses and complements some of the priority issues on the proposal that have already been raised by EURELECTRIC.

This document contains a detailed list of voting recommendations, from the European electricity sector's perspective, concerning a selection of key amendments.

The following issues are particularly crucial:

- **The Regulation on the Governance of the Energy Union must become an interlocutor between EU ETS legislation and all of the rest EU energy and climate policies.** Potential relevant policy overlaps should be monitored, assessed, quantified and most importantly addressed through a mechanism targeting the structurally overly supplied market of EU ETS allowances.
- **The role of the Regulation is to ensure implementation and enforce compliance,** therefore the political process of setting ambition levels must not be part of the remit of the Governance Regulation. Failing to observe this separation of tasks, would compromise the potential of the Governance regulation to act as a coherence and policy streamlining tool.
- **Member States should be allowed sufficient flexibility in determining and progressing towards their individual contributions to the EU climate and energy targets.** This additional implementation flexibility for national measures and objectives can be achieved through adopting the proposal for corridor trajectories as opposed to linear trajectories.
- **National electrification measures and objectives should feature prominently in the Integrated National Energy and Climate Plans** and Reports submitted by Member States. Without these, the strategies will risk missing out on the significant benefits related to the decarbonisation potential of electricity.
- **Regional cooperation is instrumental to guaranteeing energy and climate policies consistency and convergence.** Enhanced and practical cooperation targeting specific tasks/projects such as the ones in the context of macro-regional partnerships could provide the necessary incentives for Member States to engage proactively in regional cooperation.

This paper complements [EURELECTRIC's position paper on the European Commission legislative proposal for a Regulation on the Governance of the Energy Union](#), available on the EURELECTRIC website.

Amendment	Article	EURELECTRIC recommendation	Justification
Policy Overlap			
309, 340, 351, 562, 598, 810, 823, 825, 826, 829, 855, 938-942, 1214, 1217-1221, 1223, 1263, 1264, 1641-1643	3, 8, 9, 12, 25	Support	Drafting of national plans Unintended consequences, particularly negative policy overlap impacts on the EU ETS, as a result of implementing EU and national objectives and trajectories aiming at achieving the EU's 2030 energy and climate goals and future energy and climate objectives should be identified, monitored and quantified in a timely manner.
1269, 1277, 1289, 1290, 1291, 1415, 1493	25a (new) 26a (new) 28 (1)	Support	Proposals for EU or MS action To ensure that the EU ETS remains the primary decarbonisation instrument and delivers a reliable and effective carbon price signal, detected relevant negative policy overlap has to be addressed. Without a mechanism to address identified impacts resulting from policy overlaps, the EU ETS will continue delivering a persistently low carbon price and hence continue failing investors' expectations for a correct carbon price signal to drive decarbonisation investments.
Regional Cooperation			
22, 45, 92, 112-115, 187, 535, 1157		Support	For regional cooperation to deliver results in practice, Member States have to provide detailed plans on how they are intending to engage stakeholders and regional actors in these discussions. Macro-regional partnerships are one potential tool to drive practice-oriented regional cooperation.
199		Reject	Macro-regional partnerships should be the result of voluntary opt-in by Member States on specific cooperation opportunities. The geographical scope of each macro-region must not be pre-determined by legislative acts.
Electrification			
1055		Support	Member States should develop proposals on national measures on the promotion and take-up of electrification in non-ETS sectors, such as transport and buildings.
132, 155, 632, 633, 1056, 1514, 1650, 1651		Support	Electrification of transport is a key priority for EURELECTRIC and the proposed amendments offer the right framework needed to facilitate this development.

Amendment	Article	EURELECTRIC recommendation	Justification
A Cost Efficient Transition			
754, 1646,1647		Support	The effect of additional cost of transition related measures on energy prices and economic competitiveness has to be monitored and quantified.
A flexible approach to reach the EU Renewables target for 2030			
19, 34, 55, 76, 98, 118, 147, 164, 177, 250, 344, 345, 348, 410, 467, 471, 505, 506, 540-542, 600, 603-605, 608, 626, 630, 634, 644-646, 648-650, 1003-1005, 1100, 1109, 1110, 1118, 1119, 1212, 1213, 1230, 1233-1234, 1326, 1380, 1398, 1510-1511, 1517, 1523-1524, 1663-1665		Reject	The Regulation on the Governance of the Energy Union is an implementation and enforcement tool and should not be politicised by introducing ambition level setting as an activity under this Regulation. EURELECTRIC does not support binding national targets.
606, 607, 615, 633, 639, 1239, 1327		Support	Member States' national trajectories have to allow for a degree of flexibility to account for national specificities and unforeseen developments. A corridor trajectories approach offers this as opposed to linear trajectories.
621,632, 638, 669, 676, 1113		Support	Additional measures that guarantee Member States a certain degree of flexibility in regards to national trajectories, measures and objectives.
1353-1363, 1365-1366, 1387-1388, 1390-1395	27	Reject	EURELECTRIC agreed in principal with the establishment of a financing platform but called for further clarification of how it will be implemented. For this reason, amendments proposing the deletion of the financing platform as a potential gap avoiding tool are to be rejected.

Amendment	Article	EURELECTRIC recommendation	Justification
Energy Poverty			
86, 343, 515, 545, 554, 672, 675, 679, 723, 726, 185, 1530, 1533, 1560, 1593, 1596, 1634, 1647, 1658		Reject	The framework to tackle energy poverty is primarily defined in the Recast Electricity Directive (Article 29) and there is no need to add any new detailed provision in the Governance Regulation. Member States' situations differ greatly as far as employment, social security systems, energy consumption, home insulation, or energy retail prices are concerned. The proposed EU framework, whereby Member States decide their national policies and report at EU level, is therefore appropriate. Tackling the issue should be done at the level where it is most efficient to do so, in line with the subsidiarity and better regulation principles.
1161, 1162, 1164, 1166, 1531, 1673, 1675		Support	
Capacity Mechanisms			
85, 729, 1156		Reject	Measures ensuring that no capacity mechanisms are implemented
Innovation			
733, 1176, 1177, 1187		Support	Innovation spending should be reported on only by public authorities.

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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