

European Commission legislative proposal for a Regulation on the Governance of the Energy Union

A EURELECTRIC position paper

April 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.

EURELECTRIC. Electricity for Europe.

European Commission legislative proposal for a Regulation on the Governance of the Energy Union

A EURELECTRIC position paper

April 2017

KEY MESSAGES

- The Energy Union Governance Regulation should provide for a robust system of tools and instruments ensuring the attainment of the Energy Union objectives, the 2030 climate and energy targets, as well as the EU's commitments to the Paris Agreement, while allowing flexibility to Member States in adopting national policies and measures to apply these tools.
- The Governance Regulation should not intervene in setting EU climate and energy targets. Its focus should be to ensure the achievement of the targets by guaranteeing effective implementation and monitoring, avoiding policy overlap with the EU ETS, exploiting synergies and facilitating the achievement of the internal energy market. This is essential in ensuring the protection of a cost-effective and market-based approach to decarbonise the European power sector and the wider EU economy.
- The Governance Regulation should maintain a delicate balance between a robust and yet flexible governance approach. It should ensure that the EU achieves the various objectives of the Energy Union and climate and energy targets, while allowing Member States the necessary flexibility to set their national policies, objectives, trajectories and tools to achieve such targets and objectives in a manner that reflects their national contexts and ensures cost-effectiveness.
- The Governance Regulation should be streamlined with a view to simplifying the planning and reporting processes it introduces. The potential positive effect of the level of regulatory and planning detail foreseen by the regulation should be further assessed and evidenced.
- Regional cooperation is of instrumental importance to the process of governing the Energy Union and the European Commission should engage further in establishing and steering regional cooperation on climate and energy policies.
- The proposal to issue recommendations to address inconsistencies and ensure attainment of the Energy Union targets contribute to investors' and operators' perception of regulatory stability, a central element of investment processes. Further clarification is however required on the additional instruments and measures proposed in Article 27 to address delivery gaps. Such measures should be carefully considered in view of their compatibility with other EU policy instruments, notably the EU ETS.
- The rate of electrification should be an important KPI to measure progress to decarbonised energy systems as part of the Member States' long term low emission strategies in view of the future increasingly decarbonised profile of electricity in the EU.
- Proposals on planning and reporting on the dimensions of energy security and research, innovation and competitiveness should be further elaborated.

Table of Contents

General Assessment.....	1
I. Ensure a robust governance system to facilitate the delivery of Energy Union objectives and provide investor predictability	1
II. Spur Regional Cooperation	2
III. Ensure Adequate Compliance.....	2
IV. Drive Electrification and Long-term Low Emissions Strategies	3
V. Address the impact of policy overlap on the EU ETS low emissions strategies	3
2. Detailed Assessment of the Proposal	5
I. General Provisions	5
II. Integrated National Energy and Climate Plans.....	5
III. Long-term Low Emission Strategies	7
IV. Biennial Progress Reports and their Follow up.....	8
V. Aggregate Assessment of National Plans and Union Target Achievement - Commission Monitoring.....	9
VI. National and Union Systems on GHGs and Removals by Sink	12
VII. Cooperation and Support.....	12
VIII. Final Provisions.....	12

General Assessment

EURELECTRIC welcomes the European Commission's proposal for a Regulation on the Governance of the Energy Union. We believe that the governance system has the potential to help national policies and measures converge closer and quicker around the EU 2030 Climate and Energy targets and the shared Energy Union vision. An effective Energy Union Governance system is a much needed guidepost for the setting and further alignment of a common direction for long term national energy and climate policies. The Governance Regulation is the basis for a predictable EU policy framework that will be critical to unlock market-based investments in electricity infrastructure.

The Regulation will be tasked with elaborating a single mechanism to oversee the achievement of the 2030 energy and climate targets, the Energy Union objectives and the EU's Paris Agreement obligations, all the while ensuring a cost-effective transition and maximum investor predictability. The latter in particular will benefit greatly from a politically feasible and practically implementable EU-wide governance framework, rather than a set of overly-perspective EU rules.

The current proposal could be further enhanced by providing clarity and detail that would establish the planned Energy Union Governance system as a realistic and practical tool to deliver desired results. In this position paper EURELECTRIC highlights a number of key aspects that require further development and clarification, along with practical suggestions and recommendations.

EURELECTRIC has identified five key objectives we believe the Energy Union Governance Regulation should deliver:

1. Ensure a robust governance system facilitating the delivery of Energy Union objectives and providing investors' predictability
2. Spur regional cooperation
3. Ensure adequate compliance
4. Drive electrification and long term low emission strategies
5. Address the impact of policy overlap on the EU ETS

I. Ensure a robust governance system to facilitate the delivery of Energy Union objectives and provide investor predictability

The Energy Union Governance Regulation should maintain a delicate balance between a robust and yet flexible governance approach. It should ensure that the EU achieves the various objectives of the Energy Union and climate and energy targets, while allowing Member States the necessary flexibility to set their national policies, objectives, trajectories and tools to achieve such targets and objectives in a manner that reflects their national contexts and ensures cost-effectiveness.

The proposed system of Integrated National Energy and Climate Plans (INECPs), Integrated National Energy and Climate Progress Reports (INECPRs), European Commission monitoring tools and long-term low emission strategies should be further developed to guarantee sufficient flexibility in practice, based on national specificities, along with a robust monitoring and enforcement structure that would guarantee the attainment of the set targets and objectives.

We believe that the proposed timeline, which requires Member States to conduct and submit draft INECPs by January 1 2018, is ambitious but challenging. The level of planning and reporting complexity foreseen in the current proposal will test Member States' preparedness to mobilise national administrations and submit high quality INECPs and INECPRs, starting as early as 2019.

EURELECTRIC welcomes this ambition but would like to highlight the importance of ensuring effective engagement of stakeholders through the proposed national and regional consultations during INECPs preparatory stage.

The decision to deploy linear trajectories for the EU-wide targets for RES and Energy Efficiency is aimed at improving predictability to investors, but should not lead to a *de facto* reintroduction of binding national RES and energy efficiency targets. Flexibility should be allowed to accommodate adjustments to unforeseen positive developments, such as innovative breakthroughs, thus resulting in efficient solutions and seized opportunities. EURELECTRIC therefore calls for an adequate degree of flexibility in the process of setting and reviewing Member States national trajectories as their contributions towards the EU-wide targets for RES and energy efficiency.

EURELECTRIC also appreciates the proposal's goal to ensure consistency between the principles deployed by the Paris Agreement and the EU Energy Union Governance system. Applying the principle of ever increasing ambition of nationally determined contributions found in Article 4(3) of the Paris Agreement to the complex and layered nature of the INECPs proposed by the Governance Regulation should be further assessed.

II. Spur Regional Cooperation

EURELECTRIC welcomes the proposal to introduce regional consultations as an important element of the process of drafting the INECPs. The role of the European Commission in steering and guiding regional energy policy cooperation is crucial as it facilitates dialogue, pushes for policy convergence, ensures transparency of the processes, and guarantees that decisions are in line with the EU's energy and climate objectives.

We believe that industry representatives and concerned stakeholders should also be appropriately engaged in these processes. EURELECTRIC is prepared to support the Commission in further defining regional cooperation instruments as well as further enhancing the role of regional cooperation in the governance system of the Energy Union.

However, the current provisions on regional cooperation in the proposal should be detailed further to ensure that Member States deliver on their obligations to cooperate on planning and implementation, and that to ensure the European Commission can apply a robust and transparent framework to steer these processes.

In this context, the Regulation should define more clearly what is meant by regional cooperation and coordination in practical terms and outline the rights and responsibilities of Member States.

This should include a clear understanding of the tools that would be at Member States' disposal if neighbouring Member States fail to adhere to agreements reached under regional cooperation, the role for non-EU states neighbouring Member States; and the Commission's role in mediating regional cooperation.

III. Ensure Adequate Compliance

EURELECTRIC welcomes that the proposal sets an overall ambitious governance structure. The process whereby the Commission would issue recommendations to Member States to ensure achievement of the various agreed targets and objectives, while maintaining a flexible governance system, is of key importance. Planning gaps should be addressed through recommendations, which are simultaneously non-binding (as deviation upon justification is foreseen), but require Member States to show how they have been taken into account.

The proposed additional measures to address Union-level RES and energy efficiency delivery gaps with an adjustment of EU ambition levels in heating and cooling, transport, energy efficiency of buildings and products, and the RES projects financing platform, should also be seen in the context of other policy instruments, notably the EU ETS. In order to avoid distortive effects on the EU ETS, the European Commission would have to mainly focus on tackling emissions in non-ETS sectors and in parallel introduce corrective measures through the governance system to mitigate possible adverse effects on the EU ETS.

IV. Drive Electrification and Long-term Low Emissions Strategies

EURELECTRIC welcomes the provisions in the Governance Regulation proposal aimed at seeking long-term alignment and consistency on national energy and climate strategies with the broader Energy Union objectives. We believe that this will provide the policy clarity and stability which the sector needs to undertake low-carbon investment. The proposed 50 year horizon should be kept with the objective of providing a strategic vision on the sector development as foreseen by the Member States. However, this vision should be complemented with national climate and energy strategies for the next 30 years, and hence be brought in line with current Union-level long-term planning for the period up to 2050.

An important feature that is not explicitly identified as a component of the proposed long-term low emission strategies is the rate of electrification and the related infrastructure to facilitate it, such as charging infrastructure. This is a crucial element of ensuring progress to decarbonised energy systems given the future decarbonised profile of electricity, specifically regarding transport. The long-term low emission strategies could be the appropriate mechanism to commit to an electrification agenda and introduce key performance indicators (KPIs) to measure progress particularly in non-ETS sectors.

V. Address the impact of policy overlap on the EU ETS low emissions strategies

The Governance Regulation should ensure the achievement of the 2030 energy and climate targets by providing the necessary compliance mechanisms.

The Energy Union Governance Regulation should not be involved in setting EU climate and energy targets. Its focus should be to ensure the achievement of the targets by guaranteeing effective implementation and monitoring, avoiding policy overlaps, exploiting synergies and facilitating the achievement of the internal energy market. This is essential in ensuring the protection of a cost-effective and market-based approach to decarbonise the European power sector and the wider EU economy.

Policies which overlap and could have an impact on the effectiveness of the EU ETS should be properly monitored, reported, quantified and addressed. This is particularly important in ensuring that the potential effect of national and European policies overlap is not detrimental to the ability of the EU ETS to serve as the primary decarbonisation tool. Such impact quantifiers should become part of the biennial Integrated National Energy and Climate Progress Reports (INECPRs) and the Annual State of the Energy Union report.

The Governance Regulation should outline a methodology to assess the impact of other policies on the EU ETS in a transparent manner and a methodology to appropriately recalibrate the supply side to overcome the possible negative impact of measures which reduce the demand for allowances. Such methodology should define a set of criteria that would trigger a mechanism for practically and politically feasible measures, such as further strengthening of the MSR or adjusting the ETS, when these impact quantifiers signal negative impact on the ETS.

The binding EU-wide 40% greenhouse gas emission reduction target for 2030 is the cornerstone of the EU's 2030 climate and energy framework. The Governance Regulation should clearly recognise this as the key indicator to benchmark progress and measure Member States' ambition. This target, coupled with a strong carbon price, will provide a major incentive for investment in renewables and energy efficiency. This is why it is particularly important to monitor the risk of policy overlap, and examining whether progress on the renewables and energy efficiency targets complements the EU ETS and does not undermine the carbon price is one way of achieving this. It is a priority for EURELECTRIC to ensure that this is reflected in the Governance Regulation so that a technology-neutral and cost-effective approach to decarbonisation in the EU is pursued.

2. Detailed Assessment of the Proposal

I. General Provisions

Topic	Article	Commission Proposal	EURELECTRIC's view
Subject Matter, Scope and Definitions	1-2	The Energy Union governance system aims at streamlining Member States' reporting and planning obligations in line with the ambition of attaining Energy Union objectives, 2030 energy and climate targets and delivering on the EU's Paris Agreement obligations.	Agree.

Comment/Justification:

EURELECTRIC has called for streamlining Member States reporting obligations in order to ensure the achievement of the agreed EU 2030 energy and climate targets. The principal aim of this Regulation, to streamline Member States planning and reporting related to Energy Union objectives, 2030 targets and the Paris Agreement obligations, is in line with EURELECTRIC's views and to an extent exceeds initial expectations regarding the design of the Energy Union governance system.

II. Integrated National Energy and Climate Plans

Topic	Article	Commission Proposal	EURELECTRIC's view
Timeline and content of Integrated National Energy and Climate Plans (INECP)	3 to 9	Member States to submit draft INECP by 1 January 2018 (and every 10 years thereafter), INECP final version due on 1 January 2019 (and every 10 years thereafter) INECPs to include: - an overview of planned activities for regional and stakeholders' consultations; - national objectives, targets and contributions to the five Energy Union dimensions, elaborated after municipal and nation stakeholders' consultations as well as regional cooperation with other Member States, as specified in Section A.2. of Annex I; - linear trajectories and contributions setting process in the areas of RES and energy efficiency; - draft updates of INECPs due by 2023, final versions by 1 January 2024; - Member States shall take utmost account of any recommendations made by the Commission either on the final or updated INECPs (or justify deviations).	Further clarification needed.

Comment:

Timeline: We believe that the proposed timeline, which requires Member States to conduct and submit draft INECs by 1 January 1 2018, is ambitious but challenging. The level of planning and reporting complexity foreseen in the current proposal will test Member States' preparedness to mobilise national administrations and submit high quality INECs and INECPRs, starting as early as 2019. EURELECTRIC welcomes this ambition but would like to highlight the importance of ensuring effective engagement of stakeholders through the proposed national and regional consultations during INECs preparatory stage.

Content of the INECs: EURELECTRIC calls for further streamlining of reporting and planning obligations in the proposal. This will, in practice, simplify the planning and reporting processes it introduces. The potential positive effect of the level of regulatory and planning detail foreseen by the regulation should be further assessed and evidenced as necessary.

In particular, EURELECTRIC calls for flexibility and cost-efficiency (evidenced by sound economic and market signals) in the implementation of the 10% and 15% cross-border interconnectivity targets. In general, the level of legislative detail in the relevant Articles may indeed have an overall pervasive and paralysing effect on the Regulation's flexibility and adaptability to unforeseen future challenges.

The content of the INECs also addresses, to a lesser degree, issues relating to the Energy Union dimensions regarding energy security and research, innovation and competitiveness. Planning and reporting national measures and policies in these dimensions should be further elaborated to ensure that concerns and developments are taken into consideration appropriately. The Regulation should finally ensure that Europe proceeds towards the agreed 2030 targets without compromising other Energy Union objectives which include security of supply, competitiveness, cost efficiency and sustainability.

Article 5(2) of the proposed Regulation calls on Member States to collectively ensure the sum of their national RES contributions add up to at least 27% RES at gross final energy consumption at Union level by 2030. The role of the European Commission in addressing planning and delivery gaps identified in this process must be outlined in a clear, consistent and detailed manner in the Regulation.

Member States should also be allowed a degree of flexibility in adhering to non-binding trajectories set out in their INECs on RES and energy efficiency. The nature of trajectories should be clearly defined in the Regulation in order to ensure that the trajectories are applied to guide Member States' progress while also allowing for adjustments as may be necessary. The principle of technology neutrality should also be respected. Therefore, Member States' commitments to trajectories on the deployment of any specific technology (e.g. Article 4(a)(2)(iii)) should be explicitly non-binding and adjustable projection.

Finally, EURELECTRIC has previously called for a focus on a pragmatic analysis of the interactions between adopted EU and national policy measures rather than the creation of a system to execute and oversee the implementation of EU energy and climate policy. In this context, we are particularly concerned with the measures and policies planned under the INECs that will have an impact on the effectiveness of the EU ETS in delivering cost-efficient emission reductions.

Article 8 regarding the Analytical basis of the INECs (and Article 15 concerning the INECPRs), should be developed to, in a transparent manner, monitor and quantify the effects of policies overlap, analyse effects and propose corrective measures to mitigate possible negative impacts on the EU ETS. The Governance Regulation should outline a methodology to overcome negative impacts of measures that reduce the demand for ETS allowances. Such methodology should define a set of criteria that would trigger a mechanism for practically and politically feasible measures, such as amending additional policies, further strengthening of the Market Stability

Reserve (MSR) or adjusting the ETS, when these impact quantifiers signal a negative impact on the EU ETS.

Topic	Article	Commission Proposal	EURELECTRIC's view
Assessment and update of INECs	10-13	Public Consultations at national and municipal level as well as Regional cooperation.	General agreement on the principles, but further clarification needed.

Comment:

EURELECTRIC welcomes the European Commission's ambition to make the process of drafting the INECs as transparent and open to stakeholders as possible. More guidelines will have to be provided to Member States to ensure that public consultation and regional cooperation requirements are followed by national administrations in practice. In particular, the role of industry stakeholders and ensuring that they can engage and provide input to the process of drafting and updating INECs in line with tight timelines should be clarified.

With regard to regional cooperation (Article 11 of the proposal) EURELECTRIC is also very supportive of intensified cooperation between Member States on a regional level. In order for this cooperation to yield practical and implementable output, the European Commission should introduce and steer regional dialogues and operationalise consistent cross-border planning and policy coordination.

EURELECTRIC therefore calls for a more detailed description of the process of regional cooperation introduced in Article 11. Regional cooperation should be an indispensable element of the INECs and Member States should be incentivised to engage and consult with neighbouring states on the content of the plans and their progress.

EURELECTRIC sees a greater role for regional cooperation in the Energy Union governance system. The outcomes of such formal regional coordination and planning must be incorporated in the content of the INECs. The issues of energy security and cross-border RES cooperation should be identified explicitly as crucial elements of regional cooperation under the planning and implementation stages of the INECs, while preserving a necessary level of subsidiarity. The current proposal lacks detail on how this will be achieved and we expect the Guidelines on Regional Cooperation to address this.

III. Long-term Low Emission Strategies

Topic	Article	Commission Proposal	EURELECTRIC's view
Long-term Member States climate and energy strategies	14	Long-term low-emission strategies with 50 years perspective by 1 January 2020 and every 10 years thereafter	Agree with the principle, but further clarification needed.

Comment:

The exact content of the long-term low emission strategies should be further detailed in this Regulation to ensure that they offer the expected investor predictability in terms of long-term business planning, risk assessment and infrastructure investments. As mentioned above, these

strategies should also outline Member States level of ambition in implementing the electrification agenda.

The proposed 50 year horizon should be kept with the objective of providing a strategic vision on the sector development as foreseen by the Member States. However, this vision should be complemented by national climate and energy strategies for the next 30 years, and hence be brought in line with current Union-level long-term planning for the period up to 2050.

IV. Biennial Progress Reports and their Follow up

Topic	Article	Commission Proposal	EURELECTRIC's view
Biennial Reporting	15-22; 24	Member States to submit progress reports (Integrated National Energy and Climate Progress Reports, INECPRs) by 15 March 2021 at the latest, and every 2 years thereafter. The INECPRs' content to focus on Energy Union dimensions. Article 22 – Information on implementation of objectives relating to research, innovation and competitiveness	Agree with the general principles. Further clarification required.
Annual reporting	23	Member States to submit annually, by 15 March, GHGs inventories and progress towards the Paris Agreement obligations.	Agree.

Comment:

While the INECPR's focus is to assess the contribution of each Member State towards the Union-wide targets, Member States should also reflect on the cost-effectiveness of planned and implemented national policies and measures in support of these targets. The reporting process should foresee mechanisms for Member States to adapt national trajectories and contributions set out in the INECPRs, outside of the formal update process of the INECPRs, to ensure that previously unforeseen circumstances or adverse cost-effectiveness developments are addressed in a timely manner. Any such modifications that result in reduced contribution towards any of the EU targets should however be supported by robust justification and backed by close dialogue between Member States and the European Commission.

The exact content of the INECPRs, and in particular the performance indicators to assess progress, are yet to be defined. EURELECTRIC would expect to be consulted and actively engaged in this process. In addition to the information to be submitted by Member States biennially through their INECPRs, as outlined in the current proposal, EURELECTRIC proposes to include a rate of electrification in non-ETS sectors in absolute and percentage share values. Article 18 should refer to the sustainability standards applicable to biomass sourcing and whether such biomass is imported or sourced locally. Furthermore, reporting under Annex VII should be either voluntary or obligatory on all elements to ensure consistency. In general, reporting on all Energy Union dimensions and targets should not focus on merely listing national objectives, policies and measures, but also on defining the results of their implementation.

With regard to the issue of vulnerable customers, EURELECTRIC is pleased to see that the current proposal leaves it up to Member States to define the criteria and policies to combat “energy poverty”. Indeed, Member States’ situations differ greatly as far as employment, social security systems, climatic conditions, electricity consumption, home insulation, or energy retail prices are concerned. National governments are therefore in the best position to assess and address (energy) poverty with their own tools. We support introducing biannual reporting from Member States to the Commission, in line with the need to guarantee support to (energy) poor customers, while leaving the issue under national competency. Such framework should however not lead to any excessive administrative burden for companies.

V. Aggregate Assessment of National Plans and Union Target Achievement - Commission Monitoring

Topic	Article	Commission Proposal	EURELECTRIC’s view
Response to planning and delivery gaps	26	<p>If the European Commission detects inconsistencies between policy developments in a Member State and the Energy Union objectives, the Commission shall issue recommendations.</p> <p>In the case of Effort Sharing Regulation, the European Commission may issue opinions.</p>	Agree.
	28	<p>Commission to issue recommendations to Member States to ensure achievement of the objectives of the Energy Union.</p> <p>Member States shall take utmost account of recommendations and provide justification if they are to deviate from those.</p>	Agree.

Comment:

The proposal to issue recommendations to address inconsistencies and ensure attainment of the Energy Union targets contribute to investors’ and operators’ perception of regulatory stability, a central element of investment processes. We welcome that the Commission recommendations that may be issued in the context of this Regulation (Articles 5-9, Article 15 and Article 28) are of non-binding character. We expect that both the Commission and concerned Member States will be able to discuss any such recommendations that may be issued in a clearly defined consultation process.

Topic	Article	Commission Proposal	EURELECTRIC's view
Response to planning and delivery gaps	27	<p>This Article outlines the measures to be taken by the Commission in case its annual monitoring leads to conclusions that Member States are not on track to meet their national trajectories as well as assessment of the EU on the Union-level trajectories.</p> <p>Based on progress assessment in 2023, Member States shall ensure that any emerging gap is covered by additional measures such as: an adjustment of the share of RES targets in heating and cooling and transportation, a financial contribution to a financial platform set up at Union level, any other measure to increase the RES deployment.</p>	<p>Partly agree.</p> <p>To prioritise non-ETS sectors.</p>

Comment:

EURELECTRIC believes that predictability of the climate and energy policy making is enhanced by an indication of what would occur should evidence emerge that the targets are not going to be met at the European level. Such predictability contributes to industrial operators' perception of stability of the policy framework, a central element within investment decision processes.

EURELECTRIC however would like to see further clarity regarding the Article 27's ability to adapt to unforeseen developments. Questions arise regarding the enforcement role and exact set of instruments to be used by the European Commission in ensuring that Member States adjust their INECs to match the Energy Union objectives (planning gaps), what possible Union level measures are foreseen under Article 27(1), and later adhere to their national trajectories and contributions.

EURELECTRIC would support the prioritisation of non-ETS sectors measures under Article 27. At the same time the EU should prioritise deploying gap avoidance tools that are already available to help meet any shortfall from the target, such as the Connecting Europe Facility, to develop strategic cross-border projects, which encourage more renewables deployment.

EURELECTRIC also proposes the evaluation of the rationale to design a Union-level financing platform for RES projects. First of all, such measure should be carefully considered in view of its compatibility with other EU policy instruments, notably the EU ETS, but also in relation to mechanisms that promote immature renewable technologies like the ETS Innovation fund. Further explanation and detail is also requested regarding how the measures suggested in Article 27(4) and (5) will be operationalised, including how the platform will be implemented.

Topic	Article	Commission Proposal	EURELECTRIC's view
Commission Monitoring	25	<p>Commission to issue assessment of INECPRs by 31 October 2021 and every second year thereafter.</p> <p>The reports will review submitted INECPRs, status of progress towards the Energy Union indicators, overview of Member States' progress on achieving their targets and objectives in the INECPRs, assessment of the collective EU progress towards the Energy Efficiency and RES 2030 Union-wide linear trajectories, with a view to detecting and avoiding any emerging gaps.</p>	Agree.
Commission Monitoring	29	The State of the Energy Union report will be published annually by 31 October and will include the assessment carried out under Article 25, information on the functioning of the carbon market, any recommendations based on Article 28.	Agree.

Comment:

EURELECTRIC proposes the inclusion of additional elements to the information the Commission should report in the annual State of the Energy Union reports, such as an annual evaluation of the cost-effective potential of RES and energy efficiency per Member State, which would also indicate whether the INECPRs adequately reflect the ambition potential of a given Member State.

A further element that would contribute towards assessing 'sufficient progress' on Energy Efficiency or RES that should be included is whether the EU-wide GHG emissions reduction target for 2030 is being met, and whether the longer term GHG reduction trajectory is adequate. The annual State of the Energy Union Report should also include assessment of the effects of implemented climate and energy policies on the EU ETS.

Furthermore, the report should offer an indication of the use of indigenous energy resources per Member State and the EU at large, along with energy imports balance and instances of systemic security risks interrupting the balanced operation of the power systems.

The catalogue of indicators to be reported under Article 29(2) could be expanded to include other elements concerning: the level of utilisation of domestic energy resource in the final electricity consumption, the level of electricity prices for household and industrial users, number of created jobs in research and innovation in the electricity sector and number of events threatening the security of operation of the power systems.

VI. National and Union Systems on GHGs and Removals by Sink

Topic	Article	Commission Proposal	EURELECTRIC's view
GHGs and Removals by sink	30-33	By January 2021 Member States to establish national inventory systems to estimate anthropogenic emissions, removals by sink and registries to account for nationally determined contributions.	Agree.

VII. Cooperation and Support

Topic	Article	Commission Proposal	EURELECTRIC's view
Organisational structure	34	Member States shall cooperate and coordinate fully with each other with the support of the European Commission on: INECPs, INECPRs, addressing European Commission recommendations, UNFCCC obligations.	Agree, but further clarification is needed.
Organisational structure	35	The European Environment Agency to assist the European Commission in regards to the decarbonisation and energy efficiency dimensions.	Agree.

Comment:

See comments above regarding Articles 10-13.

It is of paramount importance that knowledge and information gathered in the process of drafting INECPs, submitting INECPRs and the various Commission reports is disseminated transparently to ensure that it is fully exploited, and can be openly shared with all stakeholders involved in the low carbon transition. For investors, such information plays a key role in assessing the attractiveness and credibility of the policy framework.

VIII. Final Provisions

Topic	Article	Commission Proposal	EURELECTRIC's view
Organisational structure	37	Energy Union Committee to assist the European Commission.	Agree.
Review	38	The Regulation will be subject to review in 2026.	Agree.

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



Union of the Electricity Industry - EURELECTRIC aisbl
Boulevard de l'Impératrice, 66 - bte 2
B - 1000 Brussels • Belgium
Tel: + 32 2 515 10 00 • Fax: + 32 2 515 10 10
VAT: BE 0462 679 112 • www.eurelectric.org
EU Transparency Register number: [4271427696-87](https://ec.europa.eu/transparency/regexp1/?query=4271427696-87)