

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

EURELECTRIC proposals for Amendments

June 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.

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Amendment proposals

Policy overlap

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 1

Article 4 - National objectives, targets and contributions for each of the five dimensions of the Energy Union

[...]

[...]

(2) with respect to renewable energy:

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i. with a view to achieving the Union's binding target of at least 27% renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], a contribution to this target in terms of the Member State's share of energy from renewable sources in gross final consumption of energy in 2030, with a linear trajectory for that contribution from 2021 onwards;

i. with a view to achieving the Union's binding target of at least 27% renewable energy in 2030 as referred to in Article 3 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], a contribution to ***the achievement of*** this target in terms of the Member State's ***policies and measures, as appropriate based on their national circumstances, including the indicative*** share of energy from renewable sources in gross final consumption of energy in 2030, with a linear trajectory for that contribution from 2021 onwards;

Justification

Member States should be allowed a degree of flexibility in adhering to the non-binding trajectories on RES and energy efficiency set out in their Integrated National Energy and Climate Plans (INECPs). The nature of such trajectories should be clearly defined in the Governance Regulation in order to ensure that the trajectories are applied in a manner that guides Member States' progress while also allowing for adjustments as may be necessary. The principle of technological 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.

The INECPs should allow for different kinds of contributions from Member States to the 27% target at European level. This could include not only efforts to increase the installed capacity of RES-E, but also increased efforts to increase the use of renewable energy, for example through 1) electrification of transport RES-T; and/or 2) through increased efforts to improve interconnections to improve flexibility and thereby allow higher penetration rates of volatile renewable energy at national and/or regional level; as well as 3) integrating renewable heating and cooling (RES-H).

Amendment 2

Article 8 - Analytical basis of the integrated national energy and climate plans

2. Member States shall describe in their integrated national energy and climate plan their assessment, at national and where applicable regional level, of:

[...]

(c) an assessment of 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. Projections concerning security of supply, infrastructure and market integration shall be linked to robust energy efficiency scenarios.

2. Member States shall describe in their integrated national energy and climate plan their assessment, at national and where applicable regional level, of:

[...]

(c) an assessment of 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. **The assessment shall quantify any impact of potential interactions with the EU Emissions Trading Scheme (EU ETS).** Projections concerning security of supply, infrastructure and market integration shall be linked to robust energy efficiency scenarios.

Justification

Additional measures in the ETS sectors, such as technical regulations or state aid, will influence the demand and supply balance in the ETS. This again leads to lower prices of ETS allowances and falling energy prices. This impact should be adequately assessed and remedied. The dialogue should facilitate adjustments in the ETS to prevent negative impacts on the balance of allowances in the ETS.

Amendment 3

Article 25 - Assessment of progress

1. By 31 October 2021 and every second year thereafter the Commission shall assess, in particular on the basis of the integrated national energy and climate progress reports, of other information reported under this Regulation, of the indicators and of European statistics where available:

[...]

1. By 31 October 2021 and every second year thereafter the Commission shall assess, in particular on the basis of the integrated national energy and climate progress reports, of other information reported under this Regulation, of the indicators and of European statistics where available:

[...]

(d) (new) the interaction of national measures and EU measures with the EU Emissions Trading Scheme (EU ETS) together with measures to quantify and remedy the impact of overlapping energy and climate policies on the supply-demand balance of the EU ETS, including a consideration of using the Market Stability Reserve;

Justification

Additional measures in the ETS sectors, such as technical regulations or state aid, will impact the demand and supply balance of allowances in the ETS. This again leads to lower prices of ETS allowances and falling energy prices. This should be adequately assessed and remedied. The dialogue should facilitate adjustments in the ETS, potentially deploying or further adapting the MSR and/or any other relevant instrument, to prevent negative consequences for the balance of allowances in the ETS.

Amendment 4

Article 27 - Response to insufficient ambition of integrated national energy and climate plans and insufficient progress towards the Union's energy and climate targets and objectives

4.

[...]

(c) making a financial contribution to a financing platform set up at Union level, contributing to renewable energy projects and managed directly or indirectly by the Commission;

(d) other measures to increase deployment of renewable energy.

Such measures shall take into account the level of ambition of early contributions to the Union's 2030 target for renewable energy by the Member State concerned.

4.

[...]

c) (new) adjusting the share of renewable energy in the other non-ETS sectors set out in Regulation [20XX/XX/EU] on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013;

~~(c)~~ ***(d)*** making a financial contribution to a financing platform set up at Union level, contributing to renewable energy projects and managed directly or indirectly by the Commission. ***The Commission shall propose any necessary provisions on the establishment and functioning of the financial platform through implementing acts;***

~~(d)~~ ***(e)*** other measures to increase deployment of renewable energy.

Such measures shall take into account the level of ambition of early contributions to the Union's 2030 target for renewable energy by the Member State concerned ***and should be consistent with the preferred by the Member State concerned renewable energy technologies.***

Justification

Tools guaranteeing the attainment of the EU Climate and Energy targets should be designed in a way, which ensures a cost-effective, technology neutral and consumer-oriented approach. The gap-filling measures should be focused at the non-ETS sectors, where significant emissions reduction potential still exists. To respect Member States financial governance on their energy and climate policy, it is proposed that this governance is not fixed by delegating acts but by implementing acts.

Amendment 5

Article 29 – State of the Energy Union report

4.

4.

...

(1) (new) the assessment of the interaction of national measures and EU measures with the EU Emissions Trading Scheme (ETS) together with measures to quantify and remedy the impact of overlapping energy and climate policies on the supply-demand balance of the EU ETS, including a consideration of using the Market Stability Reserve, as carried out under Article 25.

Justification

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. This will help ensuring 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.

Amendment 6

Annex I – General Framework for Integrated National Energy and Climate Plans

Part I General ; Section A : National Plan

Framework 3.1.2 Renewable Energy

3.1.2 Renewable Energy (2030 Framework target)

3.1.2 Renewable Energy (2030 Framework target)

[...]

vii. (new) Specific measures to develop cost efficient and reflective of regional specificities interconnector capacity to balance volatile renewable energy at regional and EU-level thereby facilitating the achievement of the EU-wide binding renewable energy target.

viii. (new) Policies and measures to achieve low emission mobility, including electrification of transport, percentage of energy used for transport that is electric or carbon neutral contributing to the EU binding renewable energy target.

Justification:

The plans should allow for different kinds of contributions from Member States to the 27% target at European level. This could include not only efforts to increase installed capacity of RES-E, but also increased efforts to increase the use of renewable energy, for example through 1) electrification of transport RES-T, and/or 2) through increased efforts to improve interconnections or to improve flexibility and thereby allow higher penetration rates of volatile renewable energy at national and/or regional level as well as 3) integrating renewable heating and cooling (RES-H).

Regional Cooperation

Text proposed by Commission

Amendment proposal by XX

Amendment 7

Article 11 – Regional Cooperation - paragraph 1

1. Member States shall cooperate with each other at regional level to effectively meet the targets, objectives and contributions set out in their integrated national energy and climate plan.

2. Member States shall, well before submitting their draft integrated national energy and climate plan to the Commission pursuant to Article 9(1), identify opportunities for regional cooperation and consult neighbouring Member States and the other Member States expressing an interest. Member States shall set out in their draft integrated national energy and climate plans the results of such regional consultation, including where applicable how comments have been taken into account.

1. Member States shall cooperate with each other at regional level to effectively meet the targets, objectives and contributions set out in their integrated national energy and climate plan. ***The EC will introduce guidelines for this process and ensure that this cooperation is based on commenting of the respective drafts and reflective of regional specificities.***

2. Member States shall, well before submitting their draft integrated national energy and climate plan to the Commission pursuant to Article 9(1), identify opportunities for regional cooperation and consult ***relevant*** neighbouring Member States and the other Member States expressing an interest. Member States shall set out in their draft integrated national energy and climate plans the results of such regional consultation, including where applicable how comments have been taken into account.

[...]

6. (new) In developing regional cooperation, Member States should also envision the participation of very well interconnected third countries, Energy Community signatories and European Economic Area members, which are part of the continental European grid, in terms of the drafting of their integrated national energy and climate plans and their implementation, insofar as this can contribute to achieving the five dimensions of the Energy Union.

Justification

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 on a basis of relevant comments which have to take into account specifics of the respective regions. The European Commission should introduce guidelines for their preparation and monitor the process of receiving and integrating neighbouring Member States' comments.

EURELECTRIC considers regional cooperation the most efficient approach in order to develop integrated energy markets and increase security of supply and system stability. Regional cooperation should be based on existing forms of cooperation such as the Pentalateral Energy Forum (PLEF) rather than on a top-down approach based on mostly strategic considerations.

The European Commission should consider issuing Guidelines on regional cooperation detailing the procedures of engaging with very well interconnected third countries, Energy Community signatories and European Economic Area members at the stages of drafting and implementing the integrated national energy and climate plans.

Stakeholders' Engagement and Commission Recommendations

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 8

Article 3 – Integrated national energy and climate plans

2. The integrated national energy and climate plans shall consist of the following main sections:

(a) an overview of the process followed for establishing the integrated national energy and climate plan consisting of an executive summary, a description of the consultation and involvement of stakeholders and their results, and of regional cooperation with other Member States in preparing the plan;

2. The integrated national energy and climate plans shall consist of the following main sections:

(a) an overview of the process followed for establishing the integrated national energy and climate plan consisting of an executive summary, a description of the consultation and involvement of stakeholders and their results, and of regional cooperation with other Member States in preparing the plan. ***Member States should present a stakeholders' engagement plan to the European Commission prior to its execution. This plan will include a detailed stakeholders' map and clear outline on how the stakeholders' opinions and recommendations will be taken into account in the final preparation of their integrated national energy and climate plans. The views expressed by stakeholders must also have to be taken into account at the stage of updating the plans;***

Justification

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 their integrated national energy and climate plans in line with tight timelines should be clarified.

Amendment 9

Article 9 - Draft integrated national energy and climate plans

3. Member States shall take utmost account of any recommendations from the Commission when finalising their integrated national energy and climate plan

3. **Member States should take into consideration** recommendations from the Commission when finalising their integrated national energy and climate plan.

Article 28 - Commission recommendations to Member States

1. The Commission shall as appropriate issue recommendations to Member States to ensure the achievement of the objectives of the Energy Union.

1. The Commission shall as appropriate issue recommendations to Member States to ensure the achievement of the objectives of the Energy Union.

2. Where reference in this Regulation is made to this Article the following principles shall apply:

2. Where reference in this Regulation is made to this Article the following principles shall apply:

(a) the Member State concerned shall take utmost account of the recommendation in a spirit of solidarity between Member States and the Union and between Member States;

(a) **the Member State concerned should take into account these recommendations** in a spirit of solidarity between Member States and the Union and between Member States;

(b) the Member State shall set out, in its integrated national energy and climate progress report made in the year following the year the recommendation was issued, how it has taken utmost account of the recommendation and how it has implemented or intends to implement it. It shall provide justifications where it deviates from it;

(b) the Member State **should** set out, in its integrated national energy and climate progress report made in the year following the year the recommendation was issued, how it has taken into account of the recommendation and how it has implemented or intends to implement it. It provides justifications where it deviates from it;

(c) The recommendations should be complementary to the latest country-specific recommendations issued in the context of the European Semester.

(c) The recommendations should be complementary to the latest country-specific recommendations issued in the context of the European Semester.

Justification

In many Articles of the proposed Regulation, Member States are obliged to agree ex-ante on compulsory measures that will have to be applied by them upon demand of the Commission. Member-States must be able to determine national adjustments on their own decision.

Long-term low emission strategies

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 10

Article 14 - Long-term low emission strategies

1. Member States shall prepare and report to the Commission by 1 January 2020 and every 10 years thereafter their long-term low emission strategies with a 50 years perspective, to contribute to:

[...]

2. The long-term low emission strategies shall cover:

[...]

(c) expected progress on transition to a low greenhouse gas emission economy including greenhouse gas intensity, CO₂ intensity of gross domestic product, and strategies for related research, development and innovation;

(d)

(e) links to other national long-term planning.

1. Member States shall prepare and report to the Commission by 1 January 2020 and every 10 years thereafter their long-term low emission strategies with a 50 years perspective.

The first 30 years of the strategies should focus on more specific national priorities such as promoting electrification. The next 20 years should outline a vision that would be at the core of the Member States future energy and climate policy. The European Commission will develop binding templates in cooperation with key stakeholders in order to ensure that the Long-term low emission strategies will contribute to:

[...]

2. The long-term low emission strategies shall cover:

[...]

(c) expected progress on transition to a low greenhouse gas emission economy including greenhouse gas intensity, CO₂ intensity of gross domestic product, ***emissions free energy use, including the use of electricity, district heating, bioenergy and hydrogen,*** and strategies for related research, development and innovation,

(d) (new) Member States' commitment and strategy to shift energy use to more efficient low-carbon energy carriers;

(d) (e) links to other national long-term planning.

Justification

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. These strategies should also outline Member States level of ambition in implementing an electrification agenda and ambition to ensure emissions free energy use in line with 2050 climate targets.

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.

Amendment 11

Article 15 - Integrated National Energy and Climate Progress Reports

2. The report referred to in paragraph 1 shall cover the following elements:

[...]

(b) the information referred to in Articles 18 to 22 and, where appropriate, updates on policies and measures, in accordance with those articles;

[...]

2. The report referred to in paragraph 1 shall cover the following elements:

[...]

(b) (new) the rate of electrification in non-ETS sectors;

(c) the information referred to in Articles 18 to 22 and, where appropriate, updates on policies and measures, in accordance with those articles;

[...]

Justification

The rate of electrification in relevant sectors along with the decarbonisation principle is crucial to ensure the modernisation of the e.g. transport and cooling and heating sectors. The electrification of transport and heating and cooling will provide a pathway for the decarbonisation of these sectors and will contribute greatly to improve air quality and the standard of living in densely populated urban areas.

Energy Efficiency

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 12

Article 6 – Member States' contribution setting process in the area of energy efficiency

1. When setting their indicative national energy efficiency contribution for 2030 and the last year of the period covered for the subsequent national plans pursuant to Article 4(b)(1), Member States shall ensure that:

(a) the Union's 2020 energy consumption is no more than 1 483 Mtoe of primary energy **and** no more than 1 086 Mtoe of final energy, the Union's 2030 energy consumption is no more than 1 321 Mtoe of primary energy **and** no more than 987 Mtoe of final energy for the first ten-year period

1. When setting their indicative national energy efficiency contribution for 2030 and the last year of the period covered for the subsequent national plans pursuant to Article 4(b)(1), Member States shall ensure that:

(a) the Union's 2020 energy consumption is no more than 1 483 Mtoe of primary energy **or** no more than 1 086 Mtoe of final energy, the Union's 2030 energy consumption is no more than 1 321 Mtoe of primary energy **or** no more than 987 Mtoe of final energy for the first ten-year period

Text proposed by Commission

Amendment proposal by EURELECTRIC

Amendment 13

Article 25 – Assessment of progress

3. In the area of energy efficiency, as part of its assessment referred to in paragraph 1, the Commission shall assess progress towards collectively achieving a maximum energy consumption at Union level of 1 321 Mtoe of primary energy consumption **and** 987 Mtoe of final energy consumption in 2030 as referred to in Article 6(1)(a).

a) consider whether the Union's milestone of no more than 1483 Mtoe of primary energy **and** no more than 1086 Mtoe of final energy in 2020 is achieved;

3. In the area of energy efficiency, as part of its assessment referred to in paragraph 1, the Commission shall assess progress towards collectively achieving a maximum energy consumption at Union level of 1 321 Mtoe of primary energy consumption **or** 987 Mtoe of final energy consumption in 2030 as referred to in Article 6(1)(a).

a) consider whether the Union's milestone of no more than 1483 Mtoe of primary energy **or** no more than 1086 Mtoe of final energy in 2020 is achieved;

Justification

In the current Commission proposal Member States are obliged to achieve both energy efficiency targets, expressed in primary and final energy consumption, in 2020, in view of the use of the word 'or'. This represents a significant change and reduction of flexibility for Member States to achieve their energy efficiency targets. Taking into account different kinds of energy mix in the individual Member States and the energy efficiency EU binding target it is crucial to maintain Member States' flexibility to choose between primary energy and final energy consumption.

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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