

Regulation on the Governance of the Energy Union

Informal EURELECTRIC input on the Council position

Policy Overlap

A well-functioning EU ETS is the cornerstone of a cost-effective, market based decarbonisation of the power sector. It is therefore vital to recognise and address the impact of other energy policy instruments on the functioning of the carbon market. EURELECTRIC is concerned that the potential impact of this policy overlap is not thoroughly reflected in the current discussions on the Governance Regulation at Council level. Relevant amendments were submitted by a number of influential MEPs, in particular shadow rapporteurs on the Governance Regulation. These amendments seek to monitor, assess and address policy overlap through the governance of the Energy Union. However, the scope of debates in the Council reflects neither the urgency, nor the importance that the issue of policy overlap holds for the decarbonisation of the EU energy sector.

Whilst it might be challenging to agree on a precise mechanism on how to assess and address policy overlap in light of all other Clean Energy Package priorities and timelines - especially in parallel to the finalisation of the EU ETS reform - a possible way forward requires the adoption of relevant amendments submitted by MEPs (see EURELECTRIC [Voting Recommendations here](#)). Further, we strongly suggest the extension of the mandate of the Climate Change and Energy Union Committee. Allowing these bodies to take charge of developing and adopting a methodology which would allow for accurate monitoring, assessing and addressing policy overlap is essential.

Flexibility (trajectories, recommendations, ambition level)

Proposals made by members of the Council to replace linear trajectories via corridor trajectories are in line with EURELECTRIC's support for more flexibility for Member States in ensuring their achievement of the EU 2030 energy and climate targets. The Governance regulation should remain a planning and reporting instrument, aiming at convergence and streamlining of national energy and climate policies without introducing politically sensitive topics such as ambition level setting in its scope.

Introducing such aspects to the Governance Regulation, would significantly impact its early adoption by Member States and therefore severely delay the developments of the first set of national plans and long-term low carbon strategies. Such a delay would reduce the relevance of the regulation for investors and business active in the energy sector. In relation to the principle of flexibility of the governance system, the Commission recommendations must remain non-binding – Member States should be at liberty to deviate from those upon providing justification.

Regional Cooperation

Providing clear opportunities for practical, regional cooperation is an area that holds significant promise and potential in the context of the Governance Regulation. Discussions at EP level offer very concrete means by which regional cooperation can be operationalised and build on the less specific initial proposal made by the Commission. The concepts of macro-regional partnerships and renewable energy projects of Energy Union interest (RPEIs) are positively perceived by EURELECTRIC membership.

However, these projects and partnerships should be conducted on a voluntary opt-in basis without overly prescriptive geographical delineations from the onset. Member States, Members of the European Economic Area as well as Energy Community Signatories along with interested third parties from these states should be able to cooperate and initiate projects under the provisions for macro-regional partnerships and RPEIs.

Electrification

The decarbonisation via electrification of heating and cooling, as well as transport is not sufficiently integrated in the Governance Regulation. Such a shortcoming fails to recognise the potential to achieve GHGs reductions in the non-ETS sectors via fuel switching and sector coupling. The long-term low emission strategies are the ideal instrument to address this shortcoming and ensure that national policies and measures properly take into account the need to develop electrification strategies with clear milestones which would also be reflected in the national energy and climate integrated plans.