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**PROPOSAL**

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	1 December 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2016) 759 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013

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Delegations will find attached document COM(2016) 759 final.

Encl.: COM(2016) 759 final

Brussels, 30.11.2016  
COM(2016) 759 final

2016/0375 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the Governance of the Energy Union,**

**amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC,  
Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC,  
Council Directive 2009/119/EC, Directive 2010/31/EU,  
Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and  
repealing Regulation (EU) No 525/2013**

(Text with EEA relevance)

{SWD(2016) 394 final}  
{SWD(2016) 395 final}  
{SWD(2016) 396 final}  
{SWD(2016) 397 final}

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

#### **• Reasons for and objectives of the proposal**

A resilient Energy Union with an ambitious climate policy and a fundamental transformation of our energy system can only be achieved through a combination of coordinated action – legislative and non-legislative – at EU and national level. To achieve this, the Energy Union needs strong *Governance* ensuring that policies and measures at various levels are coherent, complementary and sufficiently ambitious. The main objective of this initiative is to set out the necessary legislative foundation for this process in view of delivering the Energy Union, which will have to be complemented by non-legislative measures and action for the Governance to succeed.

In line with the **Commission's strong commitment to Better Regulation**, the proposal will result in significant reduction of administrative burden for the Member States, the Commission and other EU Institutions. Current planning and reporting requirements (for both the Commission and Member States) in the energy and climate fields provide benefits in terms of detailed information on specific policy areas and support the implementation of sectorial legislation. Nevertheless, they are found in a wide range of separate pieces of legislation adopted at different points in time, which has led to certain redundancy, incoherence and overlaps and lacking integration between energy and climate areas. Moreover, some of the current requirements have been defined in view of the achievement of the corresponding 2020 targets, and are for that reason not suited to support the achievement of the 2030 Framework for Energy and Climate, nor synchronised with the planning and reporting obligations under the Paris Agreement<sup>1</sup>.

This proposal will bring together the existing scattered planning and reporting obligations from the main pieces of EU legislation across energy, climate and other Energy Union related policy areas and thereby achieve a major simplification of obligations. It reduces, aligns and updates such requirements, and removes existing duplications. In total, the proposal integrates, streamlines or repeals more than 50 existing individual planning, reporting and monitoring obligations of the energy and climate acquis (integrating 31 and deleting 23). The streamlined political Governance process between the Commission and Member States, with close involvement of other EU Institutions, will align frequency and timing of obligations, significantly enhance transparency and cooperation and thereby bring additional benefits in terms of reducing administrative burden.

In its conclusions of 24 October 2014 the European Council agreed on the 2030 Framework for energy and climate<sup>2</sup>, based on the Commission's proposal<sup>3</sup>. The conclusions required the development of a reliable and transparent Governance, without any unnecessary

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<sup>1</sup> Adopted at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015.

<sup>2</sup> Based around a climate target of at least 40% domestic reduction in economy-wide greenhouse gas emissions by 2030 compared to 1990, an EU-level binding target of at least 27% for the share of renewable energy consumed in the EU by 2030, an indicative target at the EU level of at least 27% for improving energy efficiency in 2030 and a target of 15% for interconnections. The Conclusions also stated that the energy efficiency targets will be reviewed by 2020, having in mind an EU level of 30%.

<sup>3</sup> Commission Communication of 22 January 2014 entitled "A policy framework for climate and energy in the period from 2020 to 2030" (COM/2014/015 final).

administrative burden, to help ensure that the EU meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix. It emphasized that this Governance should build on existing building blocks, such as national climate programmes, national plans for renewable energy and energy efficiency as well as the need to streamline and bring together separate planning and reporting strands.

The Energy Union Strategy of 25 February 2015 broadened the scope of Governance – beyond the 2030 Framework for energy and climate – to all five dimensions of the Energy Union (energy security solidarity and trust; internal energy market; moderation of demand; decarbonisation including renewable energy; and research, innovation and competitiveness).

The State of the Energy Union of 18 November 2015 and the Commission's Guidance to Member States on the national energy and climate plans annexed to it provided further details and specified that the Governance should be anchored in legislation.

The Conclusions of the Energy Council of 26 November 2015 recognised that the Governance will be an essential tool for the efficient and effective construction of the Energy Union. In parallel, regular discussions are held between the Commission and Member States in the framework of the Technical Working Group on National Energy and Climate Plans.

The European Parliament's resolution "Towards a European Energy Union" of 15 December 2015 called for the Energy Union Governance to be ambitious, reliable, transparent, democratic and fully inclusive of the European Parliament and to ensure that the 2030 climate and energy targets are achieved.

On this basis, this proposal aims to establish the regulatory framework for the Governance of the Energy Union with two main pillars: First, the streamlining and integration of existing planning, reporting and monitoring obligations in the energy and climate field in order to reflect Better Regulation principles. Second, the definition of a robust political process between Member States and the Commission with close involvement of other EU institutions in view of the achievement of the Energy Union objectives, in particular its 2030 targets for energy and climate.

On 5 October 2016, the European Union ratified the Paris Agreement, which entered into force on 4 November 2016. The proposed Regulation contributes to the implementation of the Paris Agreement including its 5 years review cycle and ensures that monitoring, reporting and verification requirements under the UNFCCC and Paris Agreement are harmoniously integrated in the governance of the Energy Union.

- **Consistency with existing policy provisions in the policy area**

Based on the outcome of a Fitness Check of the energy acquis and the relevant parts of the climate acquis, the proposed Regulation either leaves intact, repeals or amends planning and reporting obligations on Member States and monitoring obligations on the Commission currently found in sectorial legislation. The proposal has been prepared in parallel to the Commission's reviews of the Energy Efficiency Directive, the Energy Performance of Buildings Directive, the Renewable Energy Directive, and of the various pieces of legislation encompassed by the Market Design Initiative with a view to ensure full coherence among these initiatives. Consistency with other pieces of EU legislation in the climate and energy fields has also been ensured.

Moreover, the proposal fully integrates the Climate Monitoring Mechanism Regulation (MMR) to ensure integration between the energy and climate fields. The proposal, in general, continues the approach of existing planning, reporting and monitoring provisions under the MMR, which was the result of an earlier streamlining exercise in the climate field. However, this proposal streamlines the existing provisions of the MMR with legislation in the energy field, updates the existing provisions to make them fit for monitoring the implementation of the proposed Effort Sharing and the Land Use, Land Use Change and Forestry (LULUCF) Regulations and for fulfilling the EU's commitments under the Paris Agreement. As the proposal covers a range of subject areas, it was decided not to propose a recast of the MMR. Nevertheless, the Commission attaches significant importance to maintaining all content that was in the MMR that is not proposed to be changed by the current proposal.

- **Consistency with other Union policies**

The initiative is also linked to other policy areas such as transport, environment, industry, economy, research and competition. It is however important to note that this initiative – as far as streamlining and integration of planning and reporting is concerned – focuses on the energy and climate areas, while at the same time incorporating some specific reporting and planning strands in other areas. This is necessary to ensure a manageable process with a focus on the main objectives of the Energy Union.

The aspect of Commission recommendations to Member States as set out by the proposed Regulation is complementary to and consistent with the recommendations issued in the context of the European Semester, which focuses on macro-economic and structural reform issues (rarely linked to energy or climate), whereas the Governance addresses energy and climate specific policy issues. Where energy and climate specific policy issues have macroeconomic or structural reform relevance, they should still be part of the European Semester.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The legal bases of all provisions of the Regulation are Articles 191, 192 and 194, TFEU.

The proposed Regulation pursues a legitimate objective within the scope of these articles. The ordinary legislative procedure applies generally for the adoption of measures according to Article 192(1) TFEU and in Article 194(2) of the TFEU.

- **Subsidiarity (for non-exclusive competence)**

The need to respect the subsidiarity principle is one of the fundamental considerations behind the Governance based on the approach that the Member States themselves should establish the national plans and the objectives and measures set out therein.

### *Necessity of EU action*

As several elements of the Energy Union Strategy relate to objectives set at EU level, action at EU level is needed to ensure the attainment of these objectives, as well as coherence of energy and climate policies within the EU and across its Member States, while preserving flexibility for Member States. Moreover, the majority of the energy challenges facing the Union cannot be met through uncoordinated national action. The same holds true for climate

change, which is by its very nature trans-boundary and cannot be solved by local, national or even EU action alone.

Moreover, because of the cross-border relevance of each dimension of the Energy Union, EU action is needed to further promote enhanced cooperation among Member States. None of the Energy Union dimensions could be effectively implemented in the absence of an EU Governance between Member States and the Commission fostering regional cooperation in energy and climate policy. EU level action is also necessary to ensure that the EU is ready to participate fully in the review processes under the Paris Agreement.

Finally, EU action is necessary to streamline existing planning, reporting and monitoring obligations, as existing requirements in this regard are set in *EU* legislation – these can only be amended and / or repealed through a legislative proposal at EU level.

#### *EU added-value*

The establishment of a solid Energy Union Governance will help to ensure that the EU and its Member States collectively achieve the agreed objectives of the Energy Union, including the 2030 targets for energy and climate, and find coordinated and common solutions to common challenges in an effective and affordable manner. This is imperative in view of the considerable investment needs in the energy sector over the next decades.

Member States will benefit from a streamlined and simplified planning and reporting framework for their energy and climate policies. More efficient and coherent administrative procedures both within national authorities and between the Member States will enable a more efficient development and implementation of energy and climate policies. The private sector will benefit from more transparent national regulatory frameworks as basis for investment decisions in the energy and climate fields; and citizens will seize the benefits of better information on the implementation of the Energy Union and its associated policies.

- **Proportionality**

The Governance proposal anchored in legislation (rather than a non-legislative approach) is necessary to ensure that all Member States contribute to the process and attainment of common objectives and targets in a comparable manner, to improve regulatory stability and investor certainty, and to ensure a common monitoring between Member States and the Union.

The approach to national planning and reporting is based on the Fitness Check (see below) which had as a main objective to assess the proportionality of the current approach and as appropriate improve the respect of the principle.

The approach to the iterative process between Member States and the Commission is based on Commission recommendations rather than e.g. Commission Decisions to ensure proportionality and full respect of the Member State's rights under Article 194 TFEU.

- **Choice of the instrument**

A Regulation rather than a Directive is necessary to ensure direct applicability of the provisions and thereby ensure comparability of national energy and climate plans and reports. The direct applicability has the further advantage to enable the plans to be in place well before 2021.

Moreover, many of the provisions of the Regulation are not directed to Member States and could therefore not be implemented by national transposition (e.g. obligations on the Commission, the process around Commission recommendations, the European Environment Agency, etc.).

### **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Regulatory fitness and simplification**

Ensuring regulatory fitness and simplification is one of the core objectives of the proposed Regulation. In line with the Commission's commitment to Better Regulation, the proposal has been prepared inclusively, based on transparency and continuous engagement with stakeholders.

The Fitness Check (**REFIT**) supporting the proposed Regulation suggests that significant reduction of administrative burden on Member States as well as on the Commission could be expected from the new approach, while being able to only partially quantify such impacts due to the limited availability of reliable data. At the same time, the new approach would result in a series of benefits significantly enhancing coherence and effectiveness. The proposal does not include any exemptions with regard to micro-enterprises nor does it include any dedicated approach to SMEs as such entities are not impacted by the initiative.

The proposed Regulation will enhance the role of e-reporting, which is expected to further reduce administrative burden.

- **Impact assessment**

The Impact Assessment accompanying this proposal has been prepared and developed in line with the applicable Better Regulation guidance, and the Regulatory Scrutiny Board has issued a positive opinion. Improvements as recommended by the Board have been incorporated in the final version. With regard to policy options for streamlining of planning, reporting and monitoring obligations, the options assessed range from soft (non-legislative) guidance to Member States to various legal approaches to streamline and integrate existing obligations.

Various policy options were also assessed with respect to e.g. updates and periodicity of national plans and reports and the Commission's monitoring; the iterative process between Member States and the Commission including recommendations to Member States; the possible policy response where the aggregated efforts by Member States would be insufficient to meet the agreed objectives at EU level; and the role of regional consultation in the development of national plans.

The Impact Assessment concluded that a new, single legal act fully incorporating the Monitoring Mechanism Regulation (MMR) is the preferred option. It pointed to the need to allow for some formal updates of the national plans and *biennial* progress reports from the Member States and monitoring reports from the Commission (including annual reports for specific policy areas). It concluded that the iterative process with the Commission should cover both the development (ambition) and implementation (delivery) of national plans and that Commission recommendations on national plans and progress reports will be necessary. In addition it concluded that mandatory regional consultations of other Member States on draft and final national plans are necessary to ensure adequate coordination of national planning processes and policies in the context of the Energy Union.

The above mentioned combination of preferred policy options would result in the best impacts in terms of reduced administrative burden and flexibility to Member States while at the same time ensuring a Governance that is sufficiently strong to ensure that the objectives of the Energy Union are met.

Reference of the Executive Summary of the Impact Assessment: SWD(2016)395<sup>4</sup>

Reference of the positive opinion of the Regulatory Scrutiny Board: SEC(2016)494<sup>5</sup>

- **Ex-post evaluations/fitness checks of existing legislation**

A Fitness Check of the planning, reporting and monitoring obligations within the EU energy acquis (REFIT) supported the preparations of the proposed Regulation. The Fitness Check also evaluated interlinkages between the planning, reporting and monitoring obligation in the energy acquis with the obligations under key EU climate legislation.

The general conclusion of the Fitness Check is that while the existing planning, reporting and monitoring system within the EU energy acquis has delivered overall good results, there is potential for significant improvement of the current EU energy acquis in this regard, as well as strengthening interlinkages with the EU climate acquis, thus significantly improving the current benefits/costs ratio.

On this basis the Fitness Check strongly suggested that a systematic integration of Member States' planning and reporting as well as of the Commission's monitoring will be necessary to ensure coherence and enable Member States as well as the Commission to make full use of synergies and ensure consistency between various planning and reporting strands, also to make the system fit for purpose under the new overarching framework of the Energy Union, including the 2030 Climate and Energy Framework targets. The proposed Regulation implements the recommendations of the Fitness Check with the exception of a few cases where this was not possible mainly due to the fact that the frequency did not coincide with the one foreseen in the Governance Regulation or that the obligation proved to be too technical.

- **Stakeholder consultations**

A public consultation was launched on 11 January 2016 to collect views and input from stakeholders and citizens. The consultation lasted over 12 weeks and closed on 22 April 2016.<sup>6</sup>

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<sup>4</sup> Executive Summary of the Impact Assessment Accompanying the document Proposal for a Regulation of the European Parliament and the Council on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation (CE) No 663/2009, Regulation (CE) No 715/2009, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013 (Commission Staff working document).

<sup>5</sup> RSB Opinion accompanying the document Proposal for a Regulation of the European Parliament and the Council on the Governance of the Energy Union, amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC, Regulation 663/2009/EC, Regulation 715/2009/EC, Directive 2009/73/EC, Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No 525/2013.

<sup>6</sup> The consultation focused on: i) how current planning and reporting obligations in the energy and climate field could be streamlined to better serve the objectives of the Energy Union; ii) how to best proceed to develop integrated planning, reporting and monitoring tools and; iii) how to set up a Governance process conducive to the attainment of the objectives of the Energy Union.



The online survey received a total of 103 submissions with additional submissions by email, out of which 15 from Member States<sup>7</sup>. The responses to this public consultation fed into the Commission's evaluation and Fitness Check of existing planning and reporting obligations as well as into the Impact Assessment underpinning the proposed Regulation.

A vast majority of respondents recognised the importance of existing planning and reporting obligations, but also agreed on the need to better streamline, align and integrate existing planning and reporting obligations to avoid gaps, duplications and inconsistencies and to focus the streamlining efforts on planning obligations more closely related to the objectives of the 2030 Framework. Several stakeholders pointed towards the necessity to better integrate current national plans in these areas<sup>8</sup>, while also highlighting the necessity of streamlining and reducing overall planning obligations.

A vast majority of respondents considered that a single legislative act is the preferred option for streamlining planning and reporting obligations in the energy and climate field post 2020. Member States were more divided between the legislative and the non-legislative options.

Most respondents considered that the national plans should reflect all five dimensions of the Energy Union, be produced on the basis of a detailed template (also confirmed by Member States in the Technical Working Group) and have a clear focus on the areas with quantified EU targets. A limited number of respondents – including several Member States – rather favoured short strategic national plans. Several stakeholders, including a majority of Member States, insisted on the necessity of avoiding new administrative burden or additional costs.

On the political process governing the finalisation and review of the plans, many respondents advocated a transparent and participatory planning process conducive to investor confidence and widespread public acceptance.

Finally, respondents generally agreed that the new Governance system should facilitate the coordination of national energy policies and foster regional cooperation and that the Commission should play an important role in the process.

A more extensive summary of the public consultation is included in the Impact Assessment.

- **Collection and use of expertise**

The Fitness Check and the Impact Assessment underpinning the proposed Regulation were supported by two studies carried out on behalf of the Commission by Trinomics and Amec Foster Wheeler during the first half of 2016.

The scope and approach to the national plans in the proposed Regulation and its Annex 1 (template for national plans) has benefitted from the work carried out by the Technical Working Group on National Energy and Climate Plans, chaired by the Commission with representation of all Member States.

Expertise reflected in stakeholder contributions during the public consultation has been used as additional source of knowledge to complement the analysis.

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<sup>7</sup> Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Latvia, Lithuania, Malta, The Netherlands, Poland, Slovakia and Sweden.

<sup>8</sup> I.e. the National Renewable Energy Action Plans (NREAPs), the National Energy Efficiency Action Plans (NEEAPs), and climate planning requirements.

- **Fundamental rights**

As the proposed policy primarily addresses Member States as institutional actors, it is consistent with the Charter for fundamental rights.

#### **4. BUDGETARY IMPLICATIONS**

The main objectives of this proposal are to streamline the planning, reporting and monitoring obligations and to establish a Governance mechanism. Member States would have to submit integrated plans and reports to the Commission at regular intervals. On the basis of the information provided by the Member States, the Commission should produce the necessary monitoring reports. Officials, temporary agents or external personnel working in the Energy and Climate action policy areas will be allocated for the performance of the tasks of the Commission, within the Commission's existing overall human resources outlook. Regarding the European Environment Agency (EEA), a phasing in of additional contract agents (up to 3 in 2020) is requested on top of the existing human resources programming for the EEA.

The costs resulting from the implementation of the proposed Regulation by DG ENER and DG CLIMA – which are further set out in the attached legislative financial statement – will be fully accommodated under the current programmed financial envelope of the budget items in question until 2020. In so far as the financial resources needed for the European Environment Agency are concerned, those will be additional in comparison to the current financial programming.

#### **5. OTHER ELEMENTS**

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The Commission's and Member States' reporting and assessment set out in this Regulation will ensure a close monitoring of the implementation of the Regulation.

The Regulation will be subject to a formal review in 2026. The review should take into account the results of the global stocktake of the Paris Agreement.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

Chapter One of the proposed Regulation sets out its scope and subject matter and sets out the definitions of terms used.

Chapter Two of the proposed Regulation sets out the obligation for Member States to produce a national integrated energy and climate plan for the period 2021 to 2030 by 1 January 2019, as well as for subsequent ten-year periods. Annex I provides a binding template for the plans, providing further elements on e.g. policies, measures and analytical bases.

This Chapter also establishes an iterative consultation process between the Commission and the Member States before the finalisation of the plan, based on the draft national plan to be provided to the Commission by 1 January 2018, and every ten years thereafter for the following ten year periods. In this framework the Commission will be able to make recommendations regarding the level of ambition of objectives, targets and contributions as well as on specific policies and measures included in the plan. Other Member States will also

be able to comment on the draft plan in the framework of regional consultations. The plans need to be updated by 1 January 2024 (still with a 2030 perspective).

Chapter Three sets out the obligation for Member States to prepare and report to the Commission long-term low emission strategies with a 50 years perspective, which are key to contribute towards economic transformation, jobs, growth and the achievement of broader sustainable development goals, as well as moving in a fair and cost-effective manner towards the long-term goal set by the Paris Agreement.

Chapter Four of the proposed Regulation sets out the obligation for Member States to produce biennial progress reports on the implementation of the plans from 2021 onwards across the five dimensions of the Energy Union to track progress. In these progress reports, Member States are also required to report biennially on their national climate change adaptation planning and strategies, aligning the timeline with the Paris Agreement.

This Chapter also specifies the reports which have to be produced annually, e.g in view of complying with the international commitments of the European Union and its Member States, and to have the necessary basis for the compliance assessment under Regulation [OP: act number XXX 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 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change]<sup>9</sup> and Regulation [OP: act number XXX on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change]<sup>10</sup>. These reports relate to e.g. GHG inventories and the support to developing countries and allow the Union and its Member States to demonstrate progress in implementing their commitments under the UNFCCC and Paris Agreement. It also provides for transparency on the use of revenue generated from the auctioning of allowances under the Directive establishing a scheme for greenhouse gas emission allowance trading (the ETS Directive).

This Chapter also provides for the necessary content of these reports across the five dimensions, and establishes an e-reporting platform which should build on and benefit from existing reporting processes, databases and e-tools, such as those of the European Environment Agency (EEA), Eurostat (ESTAT) and the Joint Research Centre (JRC).

Chapter Five of the proposed Regulation sets out the necessary monitoring and assessment by the Commission to monitor Member States progress in relation to the objectives set in the national plan. It also sets out a process for the Commission to make recommendations on how to enhance the ambition of the national plans or regarding the implementation of the plans in order to achieve the objectives already set.

This Chapter furthermore provides for the aggregate assessment of the first national plans to identify an eventual gap to the EU targets as a whole. It provides for Commission recommendations based on the progress reports and sets out that the Commission shall take action at the EU level or request measures from Member States if the assessment of progress

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<sup>9</sup> COM/2016/0482 final - 2016/0231 (COD).

<sup>10</sup> COM/2016/0479 final - 2016/0230 (COD).

suggests that the EU's 2030 targets for energy and climate will not be met (i.e. reducing potential ambition and delivery gaps, or closing these gap). It also sets out the approach to the Commission's annual State of the Energy Union.

Chapter Six of the proposed Regulation sets out the requirements for national and Union inventory systems for GHG emissions, policies, measures and projections. The establishment of such systems is required internationally. They will also support the implementation of National Plans with regard to the decarbonisation dimension.

This Chapter also provides the legal basis for the establishment of Union and national registries in order to take account for the nationally determined contributions and allows for the use of internationally transferred mitigation outcomes under Articles 4(13) and 6 of the Paris Agreement.

Chapter Seven of the Proposed Regulation sets out the mechanisms and principles for cooperation and support between Member States and the Union. It also sets out the role of the European Environmental Agency to support the Commission as appropriate with monitoring and reporting work under this Regulation.

Chapter Eight of the proposed Regulation sets out the necessary provisions for conferral of certain powers to the Commission to adopt delegated and implementing acts in precisely defined situations.

Chapter Nine of the proposed Regulation establishes an Energy Union Committee (an examination committee under Regulation (EU) No 182/2011) and sets out provisions on the review of the Regulation in 2026, repeals and amendments of other pieces of EU legislation to ensure coherence, as well provisions on transitional measures and entry into force.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the Governance of the Energy Union,**

**amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC,  
Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC,  
Council Directive 2009/119/EC, Directive 2010/31/EU,  
Directive 2012/27/EU, Directive 2013/30/EU and Council Directive (EU) 2015/652 and  
repealing Regulation (EU) No 525/2013**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 192(1) and 194(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

[Having regard to the opinion of the European Economic and Social Committee<sup>11</sup>,]

[Having regard to the opinion of the Committee of the Regions<sup>12</sup>,]

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) This Regulation sets out the necessary legislative foundation for a reliable and transparent Governance that ensures the achievement of the objectives and targets of the Energy Union through complementary, coherent and ambitious efforts by the Union and its Member States, while promoting the Union's Better Regulation principles.
- (2) The European Energy Union should cover five key dimensions: energy security; the internal energy market; energy efficiency; decarbonisation; and research, innovation and competitiveness.
- (3) The goal of a resilient Energy Union with an ambitious climate policy at its core is to give Union consumers, both households and businesses, secure, sustainable, competitive and affordable energy, which requires a fundamental transformation of Europe's energy system. That objective can only be achieved through coordinated action, combining both legislative and non-legislative acts at Union and national level.
- (4) The Commission's proposal was developed in parallel to and is adopted together with a series of initiatives in sectorial energy policy, notably with regard to renewable

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<sup>11</sup> OJ C , , p. .

<sup>12</sup> OJ C , , p. .

energy, energy efficiency and market design. Those initiatives form a package under the overarching theme of energy efficiency first, the Union's global leadership in renewables, and a fair deal for energy consumers.

- (5) The European Council agreed on 24 October 2014 on the 2030 Framework for Energy and Climate for the Union based on four key targets: at least 40% cut in economy wide greenhouse gas ("GHG") emissions, at least 27% improvement in energy efficiency with a view to a level of 30%, at least 27% for the share of renewable energy consumed in the Union, and at least 15% for electricity interconnection. It specified that the target for renewable energy is binding at Union level and that it will be fulfilled through Member States' contributions guided by the need to deliver collectively the Union target.
- (6) The binding target of at least a 40% domestic reduction in economy-wide greenhouse gas emissions by 2030 compared to 1990 was formally approved as the Intended Nationally Determined Contribution of the Union and its Member States to the Paris Agreement at the Environment Council meeting on 6 March 2015. The Paris Agreement was ratified by the Union on 5 October 2016<sup>13</sup> and entered into force on 4 November 2016. It replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020. Therefore the Union's system for monitoring and reporting emissions and removals should be updated in the light of this.
- (7) The European Council also concluded on 24 October 2014<sup>14</sup> that a reliable and transparent governance system, without any unnecessary administrative burden, should be developed to help ensure that the Union meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix. It emphasized that such governance system should build on existing building blocks, such as national climate programmes, national plans for renewable energy and energy efficiency as well as the need to streamline and bring together separate planning and reporting strands. It also agreed to step up the role and rights of consumers, transparency and predictability for investors, inter alia by systematic monitoring of key indicators for an affordable, safe, competitive, secure and sustainable energy system and to facilitate coordination of national energy policies and foster regional cooperation between Member States.
- (8) The Commission's Energy Union Strategy of 25 February 2015 states the need for an integrated Governance to make sure that energy-related actions at Union, regional, national and local level all contribute to the Energy Union's objectives, thereby broadening the scope of Governance – beyond the 2030 Framework for Climate and Energy – to all five key dimensions of the Energy Union.
- (9) In its Communication on the State of the Energy Union of 18 November 2015<sup>15</sup> the Commission further specified that integrated national energy and climate plans, addressing all five key dimensions of the Energy Union, are necessary tools for a more strategic energy and climate policy planning. As part of the State of the Energy Union, the Commission Guidance to Member States on integrated national energy and climate plans provided the basis for Member States to start developing national plans for the

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<sup>13</sup> Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (OJ L 282, 19.10.2016, p. 1).

<sup>14</sup> Conclusions of the European Council 23 – 24 October 2014, (EUCO 169/14).

<sup>15</sup> Communication State of the Energy Union 2015 of 18.11.2015, COM(2015)572 final.

period 2021 to 2030 and set out the main pillars of the governance process. The State of the Energy Union also specified that the Governance should be anchored in legislation.

- (10) The Conclusions of the Council of 26 November 2015<sup>16</sup> recognised that the Governance of the Energy Union will be an essential tool for the efficient and effective construction of the Energy Union and the achievement of its objectives. They underlined that the governance system should be based on the principles of integration of strategic planning and reporting on the implementation of climate and energy policies and coordination between actors responsible for energy and climate policy, at Union, regional and national level. They also underlined that the Governance should ensure that the agreed energy and climate targets for 2030 are met; and that the Governance would monitor the Union's collective progress towards the achievement of the policy objectives across the five dimensions of the Energy Union.
- (11) The European Parliament's resolution "Towards a European Energy Union" of 15 December 2015<sup>17</sup> called for the Governance framework for the Energy Union to be ambitious, reliable, transparent, democratic and fully inclusive of the European Parliament and to ensure that the 2030 climate and energy targets are achieved.
- (12) Therefore, the main objective of the Energy Union Governance should be to enable the achievement of the objectives of the Energy Union and in particular the targets of the 2030 Framework for Climate and Energy. This Regulation is therefore linked to sectorial legislation implementing the 2030 targets for energy and climate. While Member States need flexibility to choose policies that are best-matched to their national energy mix and preferences, that flexibility should be compatible with further market integration, increased competition, the attainment of climate and energy objectives and the gradual shift towards a low-carbon economy.
- (13) The transition to a low-carbon economy requires changes in investment behaviour and incentives across the entire policy spectrum. Achieving greenhouse gas emission reductions requires a boost to efficiency and innovation in the European economy and in particular should also lead to improvements of air quality.
- (14) As greenhouse gases and air pollutants largely derive from common sources, policy designed to reduce GHGs can have co-benefits for air quality that could offset some or all of the near-term costs of GHG mitigation. As data reported under Directive 2001/81/EC<sup>18</sup> represent an important input for the compilation of the GHG inventory and the national plans, the importance of compilation and reporting of consistent data between Directive 2001/81/EC and the GHG inventory should be recognised.
- (15) The experience gained in implementing Regulation (EU) No 525/2013<sup>19</sup> indicated the need for synergies and coherence with reporting under other legal instruments, in

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<sup>16</sup> Conclusions of the Council of 26 November 2015 (14632/15).

<sup>17</sup> European Parliament resolution of 15 December 2015 on "Towards a European Energy Union" (2015/2113(INI)).

<sup>18</sup> Directive 2001/81/EC of the European Parliament and the Council on National Emission Ceilings for certain pollutants (OJ L 309, 27.11.2001, p. 22).

<sup>19</sup> Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (OJ L 165, 18.6.2013, p. 13).

particular with Directive 2003/87/EC<sup>20</sup>, Regulation (EC) No 166/2006<sup>21</sup>, Regulation (EC) No 517/2014<sup>22</sup>, and Regulation (EC) No 1099/2008<sup>23</sup>. The use of consistent data to report greenhouse gas emissions is essential to ensuring the quality of emissions reporting.

- (16) In line with the Commission's strong commitment to Better Regulation, the Energy Union Governance should result in a significant reduction of administrative burden for the Member States, the Commission and other Union Institutions and it should help to ensure coherence and adequacy of policies and measures at Union and national level with regard to the transformation of the energy system towards a low-carbon economy.
- (17) The achievement of the Energy Union objectives should be ensured through a combination of Union initiatives and coherent national policies set out in integrated national energy and climate plans. Sectorial Union legislation in the energy and climate fields sets out planning requirements, which have been useful tools to drive change at the national level. Their introduction at different moments in time has led to overlaps and insufficient consideration of synergies and interactions between policy areas. Current separate planning, reporting and monitoring in the climate and energy fields should therefore as far as possible be streamlined and integrated.
- (18) The integrated national energy and climate plans should cover ten-year periods and provide an overview of the current energy system and policy situation. They should set out national objectives for each of the five key dimensions of the Energy Union and corresponding policies and measures to meet those objectives and have an analytical basis. The national plans covering the first period from 2021 to 2030 should pay particular attention to the 2030 targets for greenhouse gas emission reductions, renewable energy, energy efficiency and electricity interconnection. Member States should aim to ensure that the national plans are consistent with and contribute to achieving the Sustainable Development Goals.
- (19) A mandatory template for the national plans should be established to ensure that all national plans are sufficiently comprehensive and to facilitate comparison and aggregation of national plans, while at the same time ensuring sufficient flexibility to Member States to set out the details of national plans reflecting national preferences and specificities.
- (20) The implementation of policies and measures in the areas of the energy and climate has an impact on the environment. Member States should therefore ensure that the public is given early and effective opportunities to participate in and to be consulted on the preparation of the integrated national energy and climate plans in accordance,

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<sup>20</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community (OJ L 275, 25.10.2003, p. 32).

<sup>21</sup> Regulation (EC) No 166/2006 of the European Parliament and of the Council of 18 January 2006 concerning the establishment of a European Pollutant Release and Transfer Register (OJ L 33, 4.2.2006, p. 1).

<sup>22</sup> Regulation (EC) No 517/2014 of the European Parliament and of the Council of 17 May 2006 on certain fluorinated greenhouse gases (OJ L 150, 20.5.2014, p. 195).

<sup>23</sup> Regulation (EC) No 1099/2008 of the European Parliament and of the Council of 22 October 2008 on energy statistics (OJ L 304, 14.11.2008, p. 1).



where applicable, with the provisions of Directive 2001/42/EC<sup>24</sup> and the United Nations Economic Commission for Europe ("UNECE") Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters of 25 June 1998 (the "Aarhus convention"). Member States should also ensure involvement of social partners in the preparation of the integrated national energy and climate plans.

- (21) Regional cooperation is key to ensure an effective achievement of the objectives of the Energy Union. Member States should get the opportunity to comment on other Member States' plans before they are finalised to avoid inconsistencies and potential negative impacts on other Member States and ensure that common objectives are met collectively. Regional cooperation in elaborating and finalising national plans as well as in the subsequent implementation of national plans should be essential to improve effectiveness and efficiency of measures and foster market integration and energy security.
- (22) National plans should be stable to ensure transparency and predictability of national policies and measures in order to ensure investor certainty. Updates of national plans should however be foreseen once during the ten-year period covered to give Member States the opportunity to adapt to significant changing circumstances. For the plans covering the period from 2021 to 2030, Member States should be able to update their plans in 2024. Targets, objectives and contributions should only be modified to reflect an increased overall ambition in particular as regards the 2030 targets for energy and climate. As part of the updates, Member States should make efforts to mitigate any adverse environmental impacts that become apparent as part of the integrated reporting.
- (23) Stable long-term low emission strategies are crucial to contribute towards economic transformation, jobs, growth and the achievement of broader sustainable development goals, as well as to move in a fair and cost-effective manner towards the long-term goal set by the Paris Agreement. Furthermore, Parties to the Paris Agreement are invited to communicate, by 2020, their mid-century, long-term low greenhouse gas emission development strategies.
- (24) As is the case for planning, sectorial Union legislation in the energy and climate fields sets out reporting requirements, many of which have been useful tools to drive change at the national level, but those requirements have been introduced at different moments in time which has led to overlaps and insufficient consideration of synergies and interactions between policy areas such as GHG mitigation, renewable energy, energy efficiency and market integration. To strike the right balance between the need to ensure a proper follow-up of the implementation of national plans and the need to reduce administrative burden, Member States should therefore establish biennial progress reports on the implementation of the plans and other developments in the energy system. Some reporting however, particularly with regard to reporting requirements in the climate field stemming from the United Nations Framework Convention on Climate Change ("UNFCCC") and Union Regulations, would still be necessary on a yearly basis.

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<sup>24</sup> Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.7.2001, p.30).

- (25) Member States' integrated progress reports should mirror the elements set out in the template for the national plans. A template for the integrated progress reports should be detailed in subsequent implementing act(s) given their technical nature and the fact that the first progress reports are due in 2021. The progress reports should be carried out in order to ensure transparency towards the Union, other Member States and market actors including consumers. They should be comprehensive across the five dimensions of the Energy Union and, for the first period, at the same time put emphasis on areas covered by the targets of the 2030 Climate and Energy Framework.
- (26) Under the UNFCCC, the Union and its Member States are required to develop, regularly update, publish and report to the Conference of the Parties national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases using comparable methodologies agreed by the Conference of the Parties. The GHG inventories are key to enabling the tracking of progress with the implementation of the decarbonisation dimension and for assessing compliance with the legislation in the field of climate, in particular Regulation [OP: act number XXX 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 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change]<sup>25</sup> ("Regulation [ ] [ESR]") and Regulation [OP: act number XXX on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change] ("Regulation [ ] [LULUCF]")<sup>26</sup>.
- (27) Decision 1/CP.16 of the Conference of the Parties to the UNFCCC requires the establishment of national arrangements to estimate anthropogenic emissions by sources and removals by sinks of all greenhouse gases. This Regulation should enable the establishment of those national arrangements.
- (28) The experience in the implementation of Regulation (EU) No 525/2013 demonstrated the importance of transparency, accuracy, consistency, completeness and comparability of information. Building on that experience, this Regulation should ensure that Member States report on their policies and measures and projections as a key component of the progress reports. The information in those reports should be essential for demonstrating the timely implementation of commitments under Regulation [ ] [ESR]. Operating and continuously improving systems at Union and Member State level coupled with better guidance on reporting should significantly contribute towards an on-going strengthening of the information necessary in order to track progress in the decarbonisation dimension.
- (29) This Regulation should ensure reporting by Member States on adaptation to climate change and the provision of financial, technological and capacity-building support to developing countries, thereby facilitating the implementation of the Union's commitments under the UNFCCC and Paris Agreement. Furthermore, information on national adaptation actions and support is also important in the context of the Integrated National Energy and Climate Plans, especially as regards adaptation to

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<sup>25</sup> OJ L [...], [...], p. [...].

<sup>26</sup> OJ L [...], [...], p. [...].

those adverse effects of climate change related to the security of the Union's energy supply such as the availability of cooling water for power plants and biomass availability for energy, and information on support relevant to the external dimension of the Energy Union.

- (30) In order to limit administrative burden on Member States and the Commission, the latter should establish an online reporting platform to facilitate communication and promote cooperation. That should ensure timely submission of reports and facilitate improved transparency on national reporting. The e-reporting platform should complement, build on and benefit from existing reporting processes, databases and e-tools, such as those of the European Environment Agency (EEA), Eurostat (ESTAT), the Joint Research Centre (JRC) and the lessons learned from the Union's Eco-Management and Audit Scheme (EMAS).
- (31) As concerns data to be provided to the Commission by means of national planning and reporting, information from Member States should not duplicate data and statistics which have already been made available via Eurostat in the context of Regulation (EC) No 223/2009 on European statistics<sup>27</sup> in the same form as under the planning and reporting obligations of this Regulation and are still available from Eurostat with the same values. Where available and appropriate in terms of timing, reported data and projections provided in the national energy and climate plans should build on and be consistent with Eurostat data and the methodology used for reporting European statistics in accordance with Regulation (EC) No 223/2009.
- (32) It will be essential for the Commission to assess draft national plans as well as the implementation of notified national plans by means of progress reports in view of the collective achievement of the objectives of the Energy Union Strategy, for the first period in particular with regard to the Union-level 2030 targets for energy and climate and national contributions to those targets. Such assessment should be undertaken on a biennial basis, and on an annual basis only where necessary, and should be consolidated in the Commission's State of the Energy Union reports.
- (33) Aviation has impacts on the global climate as a result of the release of CO<sub>2</sub> as well as of other emissions, including nitrogen oxides emissions, and mechanisms, such as cirrus cloud enhancement. In the light of the rapidly developing scientific understanding of those impacts, an updated assessment of the non-CO<sub>2</sub> impacts of aviation on the global climate is already foreseen in Regulation (EU) No 525/2013. The modelling used in this respect should be adapted to scientific progress. Based on its assessments of such impacts, the Commission could consider relevant policy options for addressing them.
- (34) To help ensure coherence between national and Union policies and objectives of the Energy Union, there should be an on-going dialogue between the Commission and the Member States. As appropriate, the Commission should issue recommendations to Member States including on the level of ambition of the national plans, on the subsequent implementation of policies and measures of the notified national plans, and

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<sup>27</sup> Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

on other national policies and measures of relevance for the implementation of the Energy Union. Member States should take utmost account of such recommendations and explain in subsequent progress reports how they have been implemented.

- (35) Should the ambition of integrated national energy and climate plans or their updates be insufficient for the collective achievement of the Energy Union objectives and, for the first period, in particular the 2030 targets for renewable energy and energy efficiency, the Commission should take measures at Union level in order to ensure the collective achievement of these objectives and targets (thereby closing any 'ambition gap'). Should progress made by the Union towards these objectives and targets be insufficient for their delivery, the Commission may, in addition to issuing recommendations, take measures at Union level or request additional measures from Member States in order to ensure their achievement (thereby closing any 'delivery gap'). Such measures should take into account early ambitious contributions made by Member States to the 2030 targets for renewable energy and energy efficiency when sharing the effort for collective target achievement. In the area of renewable energy, such measures can also include financial contributions by Member States to a financing platform managed by the Commission, which would be used to contribute to renewable energy projects across the Union. Recommendations and measures in the area of renewable energy should take into account early ambitious contributions made by Member States to collectively achieve the Union's 2030 target. Member States' national renewable energy targets for 2020 should serve as baseline shares of renewable energy from 2021 onwards. In the area of energy efficiency, additional measures can in particular aim at improving the energy efficiency of products, buildings and transport.
- (36) The Union and the Member States should strive to provide the most up-to-date information on their greenhouse gas emissions and removals. This Regulation should enable such estimates to be prepared in the shortest timeframes possible by using statistical and other information, such as, where appropriate, space-based data provided by the Global Monitoring for Environment and Security programme and other satellite systems.
- (37) Under Regulation [ ] [ESR], the approach of the annual commitment cycle taken in Decision No 406/2009/EC<sup>28</sup> will continue. That requires a comprehensive review of Member States' greenhouse gas inventories to enable the assessment of compliance and the application of corrective action, where necessary. A review process at Union level of the greenhouse gas inventories submitted by Member States is necessary to ensure that compliance with Regulation [ ] [ESR] is assessed in a credible, consistent, transparent and timely manner.
- (38) Member States and the Commission should ensure close cooperation on all matters relating to the implementation of the Energy Union and this Regulation, with close involvement of the European Parliament. The Commission should as appropriate assist Member States in implementing this Regulation, particularly with regard to the establishment of the national plans and associated capacity building.

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<sup>28</sup> Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020 (OJ L 140, 5.6.2009, p. 136).

- (39) Member States should ensure that integrated national energy and climate plans take into consideration the latest country-specific recommendations issued in the context of the European Semester.
- (40) The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work programme, with assessment, monitoring and reporting work.
- (41) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU) should be delegated to the Commission in order to amend the general framework for integrated national energy and climate plans (template), set up a financing platform to which Member States can contribute in case the Union trajectory towards the 2030 Union renewable energy target is not collectively met, take account of changes in the global warming potentials ("GWPs") and internationally agreed inventory guidelines, set substantive requirements for the Union inventory system and set up the registries pursuant to Article 33. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. It should also take into account, where necessary, decisions adopted under the UNFCCC and the Paris Agreement.
- (42) In order to ensure uniform conditions for the implementation of Articles 15(3), 17(4), 23(6), 31(3) and (4) and 32(3) of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers.
- (43) The Commission should be assisted in its tasks under this Regulation by an Energy Union Committee to prepare implementing acts. It should replace and take on the assignments of the Climate Change Committee and other committees as appropriate.
- (44) The Commission should review the implementation of this Regulation in 2026 and make amending proposals as appropriate to ensure the proper implementation of the Regulation and the achievement of its objectives. The review should take into account evolving circumstances and be informed by the results of the global stocktake of the Paris Agreement, where necessary.
- (45) This Regulation integrates, amends, replaces and repeals certain planning, reporting and monitoring obligations currently contained in sectorial energy and climate Union legislation to ensure a streamlined and integrated approach to the main planning, reporting and monitoring strands. Directives 94/22/EC<sup>29</sup>, 98/70/EC<sup>30</sup>, 2009/31/EC<sup>31</sup>,

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<sup>29</sup> Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons (OJ L 164, 30.6.1994, p. 3).

Regulations (EC) No 663/2009<sup>32</sup>, (EC) No 715/2009<sup>33</sup>, Directive 2009/73/EC of the European Parliament and of the Council<sup>34</sup>, Council Directive 2009/119/EC<sup>35</sup>, Directives 2010/31/EU<sup>36</sup>, 2012/27/EU<sup>37</sup>, 2013/30/EU of the European Parliament and of the Council<sup>38</sup> and Council Directive (EU) 2015/652<sup>39</sup> should therefore be amended accordingly.

- (46) This Regulation also integrates in full the provisions of Regulation (EU) No 525/2013. As a consequence, Regulation (EU) No 525/2013 should be repealed as of 1 January 2021. However, in order to ensure that the implementation of Decision No 406/2009/EC continues under Regulation (EU) No 525/2013 and that certain aspects linked to the implementation of the Kyoto Protocol remain covered by legislation, it is necessary that certain provisions remain applicable after this date.
- (47) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States alone and can therefore, by reason of the scale and effects of the proposed action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.

HAVE ADOPTED THIS REGULATION:

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<sup>30</sup> Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

<sup>31</sup> Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).

<sup>32</sup> Regulation 663/2009/EC of the European Parliament and of the Council of 13 July 2009 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy (OJ L 200, 31.7.2009, p. 31).

<sup>33</sup> Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (OJ L 211, 14.8.2009, p. 36).

<sup>34</sup> Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211, 14.8.2009, p. 94).

<sup>35</sup> Council Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (OJ L 265, 9.10.2009, p. 9).

<sup>36</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

<sup>37</sup> Directive of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

<sup>38</sup> Directive 2013/30/EU of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC (OJ L 178, 28.6.2013, p. 66).

<sup>39</sup> Council Directive (EU) 2015/652 of 20 April 2015 laying down calculation methods and reporting requirements pursuant to Directive 98/70/EC of the European Parliament and of the Council relating to the quality of petrol and diesel fuels (OJ L 107, 25.4.2015, p. 26).

# CHAPTER 1

## GENERAL PROVISIONS

### *Article 1*

#### **Subject matter and scope**

1. This Regulation establishes a Governance mechanism to
  - (a) implement strategies and measures designed to meet the objectives and targets of the Energy Union, and for the first ten-year period from 2021 to 2030 in particular the EU's 2030 targets for energy and climate;
  - (b) ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of reporting by the Union and its Member States to the UNFCCC and Paris Agreement secretariat.

The governance mechanism shall be based on integrated national energy and climate plans covering ten-year periods starting from 2021 to 2030, corresponding integrated national energy and climate progress reports by the Member States and integrated monitoring arrangements by the European Commission. It shall define a structured, iterative process between the Commission and Member States in view of the finalisation of the national plans and their subsequent implementation, including with regard to regional cooperation, and corresponding Commission action.

2. This Regulation shall apply to the following five dimensions of the Energy Union:
  - (1) energy security,
  - (2) energy market,
  - (3) energy efficiency,
  - (4) decarbonisation and
  - (5) research, innovation and competitiveness.

### *Article 2*

#### **Definitions**

For the purposes of this Regulation, the definitions in [recast of Directive 2009/28/EC as proposed by COM(2016) 767], Directive 2010/31/EU and Directive 2012/27/EU apply.

The following definitions also apply:

- (1) 'existing policies and measures' mean implemented and adopted policies and measures;
- (2) 'implemented policies and measures' mean policies and measures for which one or more of the following applies at the date of submission of the national plan: national legislation is in force, one or more voluntary agreements have been established, financial resources have been allocated, human resources have been mobilized;
- (3) 'adopted policies and measures' mean policies and measures for which an official government decision has been made by the date of submission of the national plan or progress report and there is a clear commitment to proceed with implementation;

- (4) 'planned policies and measures' are options under discussion and having a realistic chance of being adopted and implemented after the date of submission of the national plan or progress report;
- (5) 'projections' means forecasts of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system including at least quantitative estimates for a sequence of four future years ending with 0 or 5 immediately following the reporting year;
- (6) 'projections without measures' means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks that exclude the effects of all policies and measures which are planned, adopted or implemented after the year chosen as the starting point for the relevant projection;
- (7) 'projections with measures' means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks that encompass the effects, in terms of greenhouse gas emission reductions or developments of the energy system, of policies and measures that have been adopted and implemented;
- (8) 'projections with additional measures' means projections of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system that encompass the effects, in terms of greenhouse gas emission reductions, of policies and measures which have been adopted and implemented to mitigate climate change or meet energy objectives, as well as policies and measures which are planned for that purpose;
- (9) 'the Union's 2030 targets for energy and climate' means the Union-wide binding target of at least 40% domestic reduction in economy-wide greenhouse gas emissions as compared to 1990 to be achieved by 2030, the Union-level binding target of at least 27% for the share of renewable energy consumed in the Union in 2030, the Union-level target of at least 27% for improving energy efficiency in 2030, to be reviewed by 2020 having in mind an EU level of 30%, and the 15% electricity interconnection target for 2030 or any subsequent targets in this regard agreed by the European Council or Council and Parliament for the year 2030.
- (10) 'national inventory system' means a system of institutional, legal and procedural arrangements established within a Member State for estimating anthropogenic emissions by sources and removals by sinks of greenhouse gases, and for reporting and archiving inventory information;
- (11) 'indicator' means a quantitative or qualitative factor or variable that contributes to better understanding progress in implementing;
- (12) 'policies and measures' means all instruments which contribute to meeting the objectives of the integrated national energy and climate plans and/or to implement commitments under Article 4(2)(a) and (b) of the UNFCCC, which may include those that do not have the limitation and reduction of greenhouse gas emissions or change in the energy system as a primary objective;
- (13) 'system for policies and measures and projections' means a system of institutional, legal and procedural arrangements established for reporting policies and measures and projections relating to anthropogenic emissions by sources and removals by sinks of greenhouse gases and to the energy system, inter alia as required by Article 32 of this Regulation;



- (14) 'technical corrections' means adjustments to the national greenhouse gas inventory estimates made in the context of the review carried out pursuant to Article 31 when the submitted inventory data are incomplete or are prepared in a way that is not consistent with relevant international or Union rules or guidelines and that are intended to replace originally submitted estimates;
- (15) 'quality assurance' means a planned system of review procedures to ensure that data quality objectives are met and that the best possible estimates and information are reported to support the effectiveness of the quality control programme and to assist Member States;
- (16) 'quality control' means a system of routine technical activities to measure and control the quality of the information and estimates compiled with the purpose of ensuring data integrity, correctness and completeness, identifying and addressing errors and omissions, documenting and archiving data and other material used, and recording all quality assurance activities;
- (17) 'key indicators' mean the indicators for the progress made with regard to the five dimensions of the Energy Union as proposed by the Commission;
- (18) 'SET-Plan' means the Strategic Energy Technology Plan as set out in Commission Communication (2015) 6317.

## **CHAPTER 2**

# **INTEGRATED NATIONAL ENERGY AND CLIMATE PLANS**

### *Article 3*

#### **Integrated national energy and climate plans**

1. By 1 January 2019 and every ten years thereafter, each Member State shall notify to the Commission an integrated national energy and climate plan. The plans shall contain the elements set out in paragraph 2 and Annex I. The first plan shall cover the period from 2021 to 2030. The following plans shall cover the ten-year period immediately following the end of the period covered by the previous 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;
  - (b) a description of the national objectives, targets and contributions for each of the five dimensions of the Energy Union;
  - (c) a description of the policies and measures foreseen to meet the corresponding objectives, targets and contributions set out under point (b);
  - (d) a description of the current situation of the five dimensions of the Energy Union including with regard to the energy system and greenhouse gas emissions and removals as well as projections with regard to the objectives referred to in point (b) with already existing (implemented and adopted) policies and measures;
  - (e) an assessment of the impacts of the planned policies and measures to meet the objectives referred to in point (b);
  - (f) an annex, drawn up in accordance with the requirements and structure laid down in Annex II to this Regulation, setting out the Member State's methodologies and policy measures for achieving the energy savings requirement in accordance with Article 7 (a) and (b) and Annex IV of the Energy Efficiency Directive [as amended by proposal COM(2016)761].
3. When preparing the national plans referred in paragraph 1, Member States shall take into account the interlinkages between the five dimensions of the Energy Union and they shall use consistent data and assumptions across the five dimensions where relevant.
4. The Commission is empowered to adopt delegated acts in accordance with Article 36 of this Regulation to amend Annex I in order to adapt it to amendments to the Union Energy and Climate policy framework, energy market developments and new UNFCCC and Paris Agreement requirements.

#### Article 4

### **National objectives, targets and contributions for each of the five dimensions of the Energy Union**

Member States shall set out in their integrated national energy and climate plan the following main objectives, targets and contributions, as specified in Section A.2. of Annex I:

- (a) as regards the dimension "Decarbonisation":
  - (1) with respect to greenhouse gas emissions and removals and with a view to contributing to the achievement of the economy wide EU greenhouse gas emissions reduction target:
    - i. the Member State's binding national target for greenhouse gas emissions and the annual binding national limits pursuant to Regulation [ ] [ESR];
    - ii. the Member State's commitments pursuant to Regulation [ ] [LULUCF];
    - iii. where applicable, other national objectives and targets consistent with existing long-term low emission strategies;
    - iv. where applicable, other objectives and targets, including sector targets and adaptation goals;
  - (2) with respect to renewable energy:
    - 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;
    - ii. trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the heating and cooling, electricity, and transport sector;
    - iii. trajectories by renewable energy technology that the Member State plans to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including total expected gross final energy consumption per technology and sector in Mtoe, total planned installed capacity per technology and sector in MW;
- (b) as regards the dimension "Energy Efficiency":
  - (1) the indicative national energy efficiency contribution to achieving the Union's binding energy efficiency target of 30% in 2030 as referred to in Article 1(1) and Article 3(4) of Directive 2012/27/EU [as amended by proposal COM(2016)761], based on either primary or final energy consumption, primary or final energy savings, or energy intensity;

Member States shall express their contribution in terms of absolute level of primary energy consumption and final energy consumption in 2020 and 2030, with a linear trajectory for that contribution from 2021 onwards. They shall explain their underlying methodology and the conversion factors used;
  - (2) the cumulative amount of energy savings to be achieved over the period 2021-2030 under Article 7 on energy saving obligations of Directive 2012/27/EU [as amended by proposal COM(2016)761];

- (3) the objectives for the long-term renovation of the national stock of residential and commercial buildings (both public and private);
  - (4) the total floor area to be renovated or equivalent annual energy savings to be achieved from 2020 to 2030 under Article 5 of Directive 2012/27/EU on the renovation of central government buildings;
  - (5) other national energy efficiency objectives, including long term targets or strategies and sectorial targets in areas such as transport, heating and cooling;
- (c) as regards the dimension "Energy Security":
- (1) national objectives with regard to increasing the diversification of energy sources and supply from third countries;
  - (2) national objectives with regard to reducing energy import dependency from third countries;
  - (3) national objectives with regard to the readiness to cope with constrained or interrupted supply of an energy source, in coherence with the plans to be established under Regulation [as proposed by COM(2016) 52 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010] as well as under Regulation [as proposed by COM(2016) 862 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC] including a timeframe for when the objectives should be met;
  - (4) national objectives with regard to deployment of domestic energy sources (notably renewable energy);
- (d) as regards the dimension "Internal Energy Market":
- (1) the level of electricity interconnectivity that the Member State aims for in 2030 in consideration of the electricity interconnection target for 2030 of at least 15 %; Member States shall explain the underlying methodology used;
  - (2) key national objectives for electricity and gas transmission infrastructure that are necessary for the achievement of objectives and targets under any of the five dimensions of the Energy Union Strategy;
  - (3) national objectives related to other aspects of the internal energy market such as market integration and coupling, including a timeframe for when the objectives should be met;
  - (4) national objectives with regard to ensuring electricity system adequacy as well as flexibility of the energy system with regard to renewable energy production, including a timeframe for when the objectives should be met;
- (e) as regards the dimension "Research, Innovation and Competitiveness":
- (1) national objectives and funding targets for public and private research and innovation relating to the Energy Union; if applicable, including a timeframe for when the objectives should be met. Such targets and objectives should be coherent with those set out in the Energy Union Strategy and the SET-Plan;
  - (2) national 2050 objectives for the deployment of low carbon technologies;
  - (3) national objectives with regard to competitiveness.

## *Article 5*

### **Member States' contribution setting process in the area of renewable energy**

1. When setting their contribution for their share of energy from renewable sources in gross final consumption of energy in 2030 and the last year of the period covered for the subsequent national plans, pursuant to Article 4(a)(2)(i), Member States shall take into account the following:

- (a) the measures provided for in [recast of Directive 2009/28/EC as proposed by COM(2016) 767];
- (b) the measures adopted to reach the energy efficiency target adopted pursuant to Directive 2012/27/EU;
- (c) other measures to promote renewable energy within Member States and at Union level; and
- (d) circumstances affecting renewable energy deployment, such as:
  - (i) equitable distribution of deployment across the European Union;
  - (ii) economic potential;
  - (iii) geographical and natural constraints, including those of non-interconnected areas and regions; and
  - (iv) the level of power interconnection between Member States.

2. Member States shall collectively ensure that the sum of their contributions add up to at least 27% from renewable energy sources in gross final energy consumption at Union level by 2030.

## *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)(i), Member States shall ensure that:

- (a) the Union's 2020 energy consumption has to be 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 has to be no more than 1 321 Mtoe of primary energy and no more than 987 Mtoe of final energy for the first ten-year period;
- (b) the Union's binding target for 2030 referred in Article 1 and 3 of Directive 2012/27/EU [as amended by proposal COM(2016)761] is met.

In addition, Member States shall take into account:

- (a) the measures provided for in Directive 2012/27/EU;
  - (b) other measures to promote energy efficiency within Member States and at Union level are taken into account.
2. When setting their contribution referred in paragraph 1 Member States may take into account circumstances affecting primary and final energy consumption, such as:
- (a) remaining cost-effective energy-saving potential;
  - (b) evolution and forecast of gross domestic product;
  - (c) changes of energy imports and exports;

- (d) development of all sources of renewable energies, nuclear energy, carbon capture and storage; and
- (e) early actions.

#### *Article 7*

##### **National policies and measures for each of the five dimensions of the Energy Union**

Member States shall describe, in accordance with Annex I, in their integrated national energy and climate plan, the main existing (implemented and adopted) and planned policies and measures to achieve in particular the objectives set out in the national plan, including measures to ensure regional cooperation and appropriate financing at national and regional level.

#### *Article 8*

##### **Analytical basis of the integrated national energy and climate plans**

1. Member States shall describe, in accordance with the structure and format specified in Annex I, the current situation for each of the five dimensions of the Energy Union including of the energy system and greenhouse gas emissions and removals at the time of submission of the national plan or on the basis of the latest available information. Member States shall also set out and describe projections for each of the five dimensions of the Energy Union for the first ten-year period at least until 2040 (including for the year 2030) expected to result from existing (implemented and adopted) policies and measures.
2. Member States shall describe in their integrated national energy and climate plan their assessment, at national and where applicable regional level, of:
  - (a) the impacts on the development of the energy system and greenhouse gas emissions and removals for the first ten-year period at least until 2040 (including for the year 2030) under the planned policies and measures including a comparison with the projections based on existing (implemented and adopted) policies and measures referred to in paragraph 1;
  - (b) the macroeconomic, environmental, skills and social impact of the planned policies and measures referred to in Article 7 and further specified in Annex I, for the first ten-year period at least until the year 2030 including a comparison with the projections of existing (implemented and adopted) policies and measures referred to in paragraph 1;
  - (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.

#### *Article 9*

##### **Draft integrated national energy and climate plans**

1. By 1 January 2018 and every ten years thereafter Member States shall prepare and submit to the Commission a draft of the integrated national energy and climate plan referred in Article 3(1).

2. The Commission may issue recommendations on the draft plans to Member States in accordance with Article 28. Those recommendations shall in particular set out:
- (a) the level of ambition of objectives, targets and contributions in view of collectively achieving the Energy Union objectives and notably the Union's 2030 targets for renewable energy and energy efficiency;
  - (b) policies and measures relating to Member States' and Union level objectives and other policies and measures of potential cross-border relevance;
  - (c) interactions between and consistency of existing (implemented and adopted) and planned policies and measures included in the integrated national energy and climate plan within one dimension and among different dimensions of the Energy Union.
3. Member States shall take utmost account of any recommendations from the Commission when finalising their integrated national energy and climate plan.

#### *Article 10*

##### **Public consultation**

Without prejudice to any other Union law requirements, Member States shall ensure that the public is given early and effective opportunities to participate in the preparation of draft plans referred to in Article 9 of this Regulation and attach to the submission of their draft integrated national energy and climate plan to the Commission a summary of the public's views. In so far as the provisions of Directive 2001/42/EC are applicable, consultations undertaken in accordance with that Directive shall be deemed to satisfy also the obligations to consult the public under this Regulation.

#### *Article 11*

##### **Regional cooperation**

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.
3. The Commission shall facilitate cooperation and consultation among the Member States on the draft plans submitted to it under Article 9 in view of their finalisation.
4. Member States shall take into consideration the comments received from other Member States pursuant to paragraphs 2 and 3 in their final integrated national energy and climate plan and explain how such comments have been taken into account.
5. For the purposes specified in paragraph 1, Member States shall continue to cooperate at regional level when implementing the policies and measures of their plans.

## *Article 12*

### **Assessment of the integrated national energy and climate plans**

The Commission shall assess the integrated national energy and climate plans and their updates as notified pursuant to Articles 3 and 13. It shall assess in particular whether:

- (a) the targets, objectives and contributions are sufficient for the collective achievement of the Energy Union objectives and for the first ten-years period in particular the targets of the Union's 2030 Climate and Energy Framework pursuant to Article 25;
- (b) the plans comply with requirements of Articles 3 to 11 and the Commission recommendations issued pursuant to Article 28.

## *Article 13*

### **Update of the integrated national energy and climate plan**

1. By 1 January 2023, and every 10 years thereafter, Member States shall submit to the Commission a draft update of the latest notified integrated national energy and climate plan referred in Article 3 or confirm to the Commission that the plan remains valid.

2. By 1 January 2024, and every 10 years thereafter, Member States shall notify to the Commission an update of the latest notified integrated national energy and climate plan referred in Article 3, unless they have confirmed that the plan remains valid pursuant to paragraph 1.

3. Member States shall only modify the targets, objectives and contributions set out in the update referred in paragraph 2 to reflect an increased ambition as compared to the ones set in the latest notified integrated national energy and climate plan.

4. Member States shall make efforts to mitigate in the updated plan any adverse environmental impacts that become apparent as part of the integrated reporting pursuant to Articles 15 to 22.

5. Member States shall take into consideration the latest country-specific recommendations issued in the context of the European Semester when preparing the update referred in paragraph 2 of this Article.

6. The procedures laid down in Article 9(2) and 11 shall apply to the preparation and assessment of the updated integrated national energy and climate plans.



## **CHAPTER 3**

# **LONG-TERM LOW EMISSION STRATEGIES**

### *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:
  - (a) fulfilling the Union's and the Member States' commitments under the UNFCCC and the Paris Agreement to reduce anthropogenic greenhouse gas emissions and enhance removals by sinks;
  - (b) fulfilling the objective of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels;
  - (c) achieving long-term greenhouse gas emission reductions and enhancements of removals by sinks in all sectors in line with the Union's objective, in the context of necessary reductions according to the IPCC by developed countries as a group, to reduce emissions by 80 to 95 % by 2050 compared to 1990 levels in a cost-effective manner.
2. The long-term low emission strategies shall cover:
  - (a) total greenhouse gas emissions reductions and enhancements of removals by sinks;
  - (b) emissions reductions and enhancement of removals in individual sectors including electricity, industry, transport, the buildings sector (residential and tertiary), agriculture and land use, land-use change and forestry (LULUCF);
  - (c) expected progress on transition to a low greenhouse gas emission economy including greenhouse gas intensity, CO<sub>2</sub> intensity of gross domestic product and strategies for related research, development and innovation;
  - (d) links to other national long-term planning.
3. The long-term low emission strategies and the integrated national energy and climate plans referred to in Article 3 should be consistent with each other.
4. The Member States shall make available to the public forthwith their respective long-term low emission strategies and any updates thereof.

# CHAPTER 4 REPORTING

## SECTION 1 BIENNIAL PROGRESS REPORTS AND THEIR FOLLOW UP

### *Article 15*

#### **Integrated National Energy and Climate Progress Reports**

1. Without prejudice to Article 23, by 15 March 2021, and every two years thereafter, each Member State shall report to the Commission on the status of implementation of the integrated national energy and climate plan by means of integrated national energy and climate progress reports covering all five key dimensions of the Energy Union.

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

- (a) information on the progress accomplished towards reaching the targets, objectives and contributions set out in the integrated national energy and climate plan, and towards implementing the policies and measures necessary to meet them;
- (b) the information referred to in Articles 18 to 22 and, where appropriate, updates on policies and measures, in accordance with those articles;
- (c) policies and measures and projections of anthropogenic greenhouse gas emissions by sources and removals by sinks in accordance with Article 16;
- (d) information on national climate change adaptation planning and strategies in accordance with Article 17(1);
- (e) copies of biennial reports and, in the applicable years, national communications submitted to the UNFCCC Secretariat;
- (f) estimates as appropriate of improved air quality and emission reductions of air pollutants, and other benefits of specific energy efficiency;
- (g) the annual reports referred to in Articles 17(2) and 23.

The Union and the Member States shall submit biennial reports in accordance with Decision 2/CP.17 of the Conference of the Parties to the UNFCCC, and national communications in accordance with Article 12 of the UNFCCC to the UNFCCC Secretariat.

3. The Commission shall adopt implementing acts to set out the structure, format, technical details and process for the information referred to in paragraphs 1 and 2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3).

4. The frequency and scale of the information and updates referred to in paragraph 2(b) shall be balanced against the need to ensure sufficient certainty for investors.

5. Where the Commission has issued recommendations pursuant to Article 27(2) or 27(3), the Member State concerned shall include in its report referred to in paragraph 1 information on the policies and measures adopted, or intended to be adopted and implemented, to address those recommendations. Such information shall include a detailed timetable for implementation.

## *Article 16*

### **Integrated reporting on GHG policies and measures and on projections**

1. By 15 March 2021, and every two years thereafter, Member States shall report to the Commission information on:
  - (a) their national policies and measures as set out in Annex IV, and
  - (b) their national projections of anthropogenic greenhouse gas emissions by sources and removals by sinks, organised by gas or group of gases (Hydrofluorocarbons and Perfluorocarbons) listed in Part 2 of Annex III. National projections shall take into consideration any policies and measures adopted at Union level and shall include the information set out in Annex V.
2. Member States shall report the most up-to-date projections available. Where a Member State does not submit complete projection estimates by 15 March every second year, and the Commission has established that gaps in the estimates cannot be filled by that Member State once identified through the Commission's quality assurance or quality control procedures, the Commission may prepare estimates as required to compile Union projections, in consultation with the Member State concerned.
3. A Member State shall communicate to the Commission any substantial changes to the information reported pursuant to paragraph 1 during the first year of the reporting period, by 15 March of the year following the previous report.
4. Member States shall make available to the public, in electronic form, their national projections pursuant to paragraph 1 and any relevant assessment of the costs and effects of national policies and measures on the implementation of Union policies relevant for limiting GHG emissions along with any relevant underpinning technical reports. Those projections and assessments should include descriptions of the models and methodological approaches used, definitions and underlying assumptions.

## *Article 17*

### **Integrated reporting on national adaptation actions, financial and technology support provided to developing countries, auctioning revenue**

1. By 15 March 2021, and every two years thereafter, Member States shall report to the Commission information on their national climate change adaptation planning and strategies, outlining their implemented or planned actions to facilitate adaptation to climate change, including the information specified in Part 1 of Annex VI.
2. By 15 March 2021 and every year thereafter (year X), Member States shall report to the Commission information on:
  - (a) support to developing countries, including the information specified in Part 2 of Annex VI;
  - (b) the use of revenues generated by the Member State by auctioning allowances pursuant to Article 10(1) and Article 3d(1) or (2) of Directive 2003/87/EC including the information specified in Part 3 of Annex VI.
3. Member States shall make available to the public the reports submitted to the Commission pursuant to this Article.
4. The Commission shall adopt implementing acts to set out the structure, format and submission processes for Member States' reporting of information pursuant to this Article.

Those implementing acts shall be adopted in accordance with the procedure referred to in Article 37(3).

#### *Article 18*

### **Integrated reporting on renewable energy**

Member States shall include in the integrated national energy and climate progress reports the information on:

- (a) the implementation of the following trajectories and objectives:
  - (1) national trajectory for the overall share of renewable energy in gross final energy consumption from 2021 to 2030;
  - (2) national trajectories for the sectorial share of renewable energy in final energy consumption from 2021 to 2030 in the electricity, heating and cooling and transport sector;
  - (3) trajectories by renewable energy technology to use to achieve the overall and sectorial trajectories for renewable energy from 2021 to 2030 including total expected gross final energy consumption per technology and sector in Mtoe and total planned installed capacity per technology and sector in MW;
  - (4) trajectories on bioenergy demand, disaggregated between heat, electricity and transport, and on biomass supply by feedstock, domestic production vs imports. For forest biomass, an assessment of its source and impact on the LULUCF sink;
  - (5) if applicable, other national trajectories and objectives including long term and sectorial ones (such as share of biofuels, share of advanced biofuels, share of biofuel produced from main crops produced on agricultural land, share of electricity produced biomass without the utilisation of heat, share of renewable energy in district heating, renewable energy use in buildings, renewable energy produced by cities, energy communities and self-consumers);
- (b) the implementation of the following policies and measures:
  - (1) implemented, adopted and planned policies and measures to achieve the national contribution to the binding Union-level 2030 target for renewable energy as indicated in Article 4(a)(2)(i), including sector- and technology-specific measures, with a specific review of the implementation of measures laid down in Articles 23, 24 and 25 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767];
  - (2) specific measures for regional cooperation;
  - (3) without prejudice to Articles 107 and 108 TFEU, specific measures on financial support, including Union support and the use of Union funds, for the promotion of the use of energy from renewable sources in electricity, heating and cooling, and transport;
  - (4) specific measures to fulfil the requirements of Articles 15, 16, 17, 18, 21 and 22 of [recast of Directive 2009/28/EC as proposed by COM(2016) 767];
  - (5) measures promoting the use of energy from biomass, especially for new biomass mobilisation taking into account biomass availability (both the domestic potential and the imports from third countries) and other biomass

uses (agriculture and forest-based sectors), as well as measures for the sustainability of biomass produced and used;

- (6) additional information as set out in Part 1 of Annex VII.

### *Article 19*

#### **Integrated reporting on energy efficiency**

Member States shall include in the integrated national energy and climate progress reports the information on the implementation of:

- (a) the implementation of the following national trajectories, objectives and targets:
  - (1) the trajectory for primary and final energy consumption from 2020 to 2030 as the national energy savings contribution to achieving the Union-level 2030 target including underlying methodology;
  - (2) objectives for the long-term renovation of the national stock of both public and private residential and commercial buildings;
  - (3) if applicable, an update of other national objectives set out in the national plan;
- (b) the implementation of the following policies and measures:
  - (1) implemented, adopted and planned policies, measures and programmes to achieve the indicative national energy efficiency contribution for 2030 as well as other objectives presented in Article 6, including planned measures and instruments (also of financial nature) to promote the energy performance of buildings, measures to utilise energy efficiency potentials of gas and electricity infrastructure and other measures to promote energy efficiency;
  - (2) if applicable, market-based instruments that incentivise energy efficiency improvements, including but not limited to energy taxes, levies and allowances;
  - (3) national energy efficiency obligation scheme and alternative measures pursuant to Article 7 of Directive 2012/27/EU [as amended by proposal COM(2016) 761] in accordance with Annex II of this Regulation;
  - (4) long-term strategy for the renovation of the national stock of both public and private residential and commercial buildings, including policies and measures to stimulate cost-effective deep and staged deep renovation;
  - (5) policy and measures to promote energy services in the public sector and measures to remove regulatory and non-regulatory barriers that impede the uptake of energy performance contracting and other energy efficiency service models;
  - (6) regional cooperation in the area of energy efficiency, if applicable;
  - (7) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in the area of energy efficiency at national level, if applicable;
- (c) additional information as set out in Part 2 of Annex VII.

## *Article 20*

### **Integrated reporting on energy security**

Member States shall include in the integrated national energy and climate progress reports the information on the implementation of:

- (a) national objectives for the diversification of energy sources and supply countries, storage, demand response;
- (b) national objectives with regard to reducing energy import dependency from third countries;
- (c) national objectives for the development of the ability to cope with constrained or interrupted supply of an energy source, including gas and electricity;
- (d) national objectives for the deployment of domestic energy sources, notably renewable energy;
- (e) implemented, adopted and planned policies and measures to achieve the objectives referred to in points (a) to (c);
- (f) regional cooperation in implementing the objectives and policies referred to in points (a) to (d);
- (g) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in this area at national level, if applicable;

## *Article 21*

### **Integrated reporting on the internal energy market**

1. Member States shall include in the integrated national energy and climate progress reports information on the implementation of the following objectives and measures:

- (a) the level of electricity interconnectivity that the Member State aims for in 2030 in relation to the 15% target on electricity interconnection;
  - (1) key national objectives for electricity and gas transmission infrastructure that are necessary for the achievement of objectives and targets under any of the five key dimensions of the Energy Union;
  - (2) if applicable, main infrastructure projects envisaged other than Projects of Common Interest;
  - (3) national objectives related to other aspects of the internal energy market such as market integration and coupling, if applicable;
  - (4) national objectives with regards to energy poverty, including the number of households in energy poverty;
  - (5) national objectives with regard to ensuring electricity system adequacy, if applicable;
  - (6) implemented, adopted and planned policies and measures to achieve the objectives referred to in points (1) to (5);
  - (7) regional cooperation in implementing the objectives and policies referred to in points (1) to (6);

- (8) without prejudice to Articles 107 and 108 TFEU, financing measures, including Union support and the use of Union funds, in the area of the internal energy market at national level, if applicable;
- (9) measures to increase the flexibility of the energy system with regard to renewable energy production, including the roll-out of intraday market coupling and cross-border balancing markets.

2. The information provided by Member States under paragraph 1 shall be coherent with and as appropriate be based on the report by the national regulators referred to in Article 58(1)(e) of the [recast of Directive 2009/72/EC as proposed by COM(2016) 864] and 41(1)(e) of Directive 2009/73/EC.

### *Article 22*

#### **Integrated reporting on research, innovation and competitiveness**

Member States shall include in the integrated national energy and climate progress reports referred in Article 15 the information on the implementation of the following objectives and measures:

- (a) national objectives and policies translating to a national context the SET Plan objectives and policies;
- (b) national objectives for total (public and private) spending in research and innovation relating to clean and energy technologies as well as for technology cost and performance development;
- (c) if appropriate, national objectives including long term targets for 2050 for deployment of technologies for decarbonising energy- and carbon-intensive industrial sectors and, if applicable, for related carbon transport, use, and storage infrastructure;
- (d) national objectives to phase out energy subsidies;
- (e) implemented, adopted and planned policies and measures to achieve the objectives referred to in points (b) and (c);
- (f) cooperation with other Member States in implementing the objectives and policies referred to in points (b) to (d), including coordination of policies and measures through the SET Plan, such as alignment of research programmes and common programmes;
- (g) financing measures, including Union support and the use of Union funds, in this area at national level, if applicable.

## **SECTION 2**

### **ANNUAL REPORTING**

#### *Article 23*

#### **Annual Reporting**

1. By 15 March 2021, and every year thereafter (year X), Member States shall report to the Commission:

- (a) approximated greenhouse gas inventories for the year X-1;
- (b) the information referred to in Article 6(2) of Directive 2009/119/EC;

- (c) information referred to in Annex IX, point 3, of Directive 2013/30/EU, in accordance with Article 25 of that directive.

For the purposes of point (a) the Commission shall, on the basis of the Member States' approximated greenhouse gas inventories or, if a Member State has not communicated its approximated inventories by that date, on the basis of its own estimates, annually compile a Union approximated greenhouse gas inventory. The Commission shall make that information available to the public by 30 September every year.

2. As of 2023, Member States shall determine and report to the Commission final greenhouse gas inventory data by 15 March each year (X) and preliminary data by 15 January of each year including the greenhouse gases and the inventory information listed in Annex III. The report on the final greenhouse gas inventory data shall also include a complete and up-to-date national inventory report.

3. Member States shall submit to the UNFCCC Secretariat national inventories containing the information submitted to the Commission on the final greenhouse gas inventory data in accordance with paragraph 2 of this Article by 15 April each year. The Commission shall, in cooperation with the Member States, annually compile a Union greenhouse gas inventory and prepare a Union greenhouse gas inventory report and shall submit them to the UNFCCC Secretariat by 15 April each year.

4. Member States shall report to the Commission the preliminary and the final national inventory data, by 15 January and 15 March respectively in the years 2027 and 2032, prepared for their LULUCF accounts for the purpose of the compliance reports in accordance with Article 12 of Regulation [ ] [LULUCF].

5. The Commission is empowered to adopt delegated acts in accordance with Article 36 to:

- (a) amend Part 2 of Annex III by adding or deleting substances in the list of greenhouse gases;
- (b) supplement this Regulation by adopting values for global warming potentials and specifying the inventory guidelines applicable in accordance with relevant decisions adopted by the bodies of the UNFCCC or Paris Agreement.

6. The Commission shall adopt implementing acts to set out the structure, technical details, format and processes for the Member States' submission of approximated greenhouse gas inventories pursuant to paragraph 1, greenhouse gas inventories pursuant to paragraph 2 and accounted greenhouse gas emissions and removals in accordance with Article 5 and 12 of Regulation [ ] [LULUCF]. When proposing such implementing acts the Commission shall take into account the UNFCCC or Paris Agreement timetables for the monitoring and reporting of that information and the relevant decisions adopted by the bodies of the UNFCCC or Paris Agreement in order to ensure compliance by the Union with its reporting obligations as a Party to the UNFCCC and the Paris Agreement. Those implementing acts shall also specify the timescales for cooperation and coordination between the Commission and the Member States in preparing the Union greenhouse gas inventory report. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3).



## **SECTION 3**

### **REPORTING PLATFORM**

#### *Article 24*

#### **E-reporting platform**

1. The Commission shall establish an online reporting platform to facilitate communication between the Commission and Member States and promote cooperation among Member States.
2. Member States shall use the online platform for the purposes of submitting to the Commission the reports referred to in this Chapter once the platform becomes operational.

# **CHAPTER 5**

## **AGGREGATE ASSESSMENT OF NATIONAL PLANS AND UNION TARGET ACHIEVEMENT — COMMISSION MONITORING**

### *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:

- (a) the progress made at Union level towards meeting the objectives of the Energy Union, including for the first ten-year period the Union's 2030 targets for energy and climate, notably in view of avoiding any gaps to the Union's 2030 targets for renewable energy and energy efficiency;
- (b) the progress made by each Member State towards meeting its targets, objectives and contributions and implementing the policies and measures set out in its integrated national energy and climate plan;
- (c) the overall impact of aviation on the global climate including through non-CO<sub>2</sub> emissions or effects, based on the emission data provided by Member States pursuant to Article 23, and improve that assessment by reference to scientific advancements and air traffic data, as appropriate.

2. In the area of renewable energy, as part of its assessment referred to in paragraph 1, the Commission shall assess the progress made in the share of energy from renewable sources in the Union's gross final consumption on the basis of a linear trajectory starting from 20% in 2020 and reaching at least 27% in 2030 as referred to in Article 4(a)(2)(i).

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 4(b)(1).

In carrying out its assessment, the Commission shall take the following steps:

- (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;
- (b) assess whether Member States' progress indicates that the Union as a whole is on track towards the level of energy consumption in 2030 as referred to in the first subparagraph, taking into account the assessment of information provided by Member States in their integrated national energy and climate progress reports;
- (c) use results from modelling exercises in relation to future trends in energy consumption at Union level and national level and use other complementary analysis.

4. By 31 October 2021 and every year thereafter, the Commission shall assess in particular on the basis of the information reported pursuant to this Regulation whether the Union and its Member States have made sufficient progress towards meeting the following points:

- (a) commitments under Article 4 of the UNFCCC and Article 3 of the Paris Agreement as set out in decisions adopted by the Conference of the Parties to the UNFCCC, or by the Conference of the Parties to the UNFCCC serving as the meeting of the Parties to the Paris Agreement;
  - (b) obligations set out in Article 4 of Regulation [ ] [ESR] and Article 4 of Regulation [ ] [LULUCF];
  - (c) the objectives set in the integrated national energy and climate plan in view of achieving the Energy Union objectives and for the first ten-year period in view of fulfilling the 2030 targets for energy and climate.
5. By 31 October 2019 and every four years thereafter, the Commission shall assess the implementation of Directive 2009/31/EC.
6. In its assessment the Commission should take into consideration the latest country-specific recommendations issued in the context of the European Semester.
7. The Commission shall report on its assessment according to this Article as part of the State of the Energy Union report referred to in Article 29.

#### *Article 26*

##### **Follow-up in case of inconsistencies with overarching Energy Union objectives and targets under the Effort Sharing Regulation**

1. Based on the assessment pursuant to Article 25, the Commission shall issue recommendations to a Member State pursuant to Article 28 if policy developments in that Member State show inconsistencies with the overarching objectives of the Energy Union.
2. The Commission may issue opinions on the action plans submitted by Member States according to Article 8(1) of Regulation [ ] [ESR].

#### *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**

1. If, on the basis of its assessment of the integrated national energy and climate plans and their updates pursuant to Article 12, the Commission concludes that the targets, objectives and contributions of the national plans or their updates are insufficient for the collective achievement of the Energy Union objectives and, in particular, for the first ten-years period, for the Union's 2030 targets for renewable energy and energy efficiency, it shall take measures at Union level in order to ensure the collective achievement of those objectives and targets. With regard to renewable energy, such measures shall take into consideration the level of ambition of contributions to the Union's 2030 target by Member States set out in the national plans and their updates.
2. If on the basis of its assessment pursuant to Article 25(1)(b), the Commission concludes that insufficient progress is made by a Member State towards meeting the targets, objectives and contributions or implementing the policies and measures set out its integrated national climate and energy plan, it shall issue recommendations to the Member State concerned pursuant to Article 28. In issuing such recommendations, the Commission shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target for renewable energy.

3. If, on the basis of its aggregate assessment of Member States' integrated national energy and climate progress reports pursuant to Article 25(1)(a) and supported by other information sources, as appropriate, the Commission concludes that the Union is at risk of not meeting the objectives of the Energy Union and, in particular, for the first ten-years period, the targets of the Union's 2030 Framework for Climate and Energy, it may issue recommendations to all Member States pursuant to Article 28 to mitigate such risk. The Commission shall, as appropriate, take measures at Union level in addition to the recommendations in order to ensure in particular the achievement of the Union's 2030 targets for renewable energy and energy efficiency. With regard to renewable energy, such measures shall take into consideration ambitious early efforts by Member States to contribute to the Union's 2030 target.

4. If, in the area of renewable energy, without prejudice to the measures at Union level set out in paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (2) in the year 2023, that the linear Union trajectory referred to in Article 25(2) is not collectively met, Member States shall ensure by the year 2024 that any emerging gap is covered by additional measures, such as:

- (a) adjusting the share of renewable energy in the heating and cooling sector set out in Article 23(1) [recast of Directive 2009/28/EC as proposed by COM(2016) 767];
- (b) adjusting the share of renewable energy in the transport sector set out in Article 25(1) [recast of Directive 2009/28/EC as proposed by COM(2016) 767];
- (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.

If a Member State does not maintain the baseline share of energy from renewable sources in its gross final consumption of energy set out in Article 3(3) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767] from 2021 onwards, the Member State concerned shall ensure that any gap to the baseline share is covered by making a financial contribution to the financing platform referred to in point (c). For the purposes of this subparagraph and point (c) of the first subparagraph, Member States may use their revenues from annual emission allowances under Directive 2003/87/EC.

The Commission is empowered to adopt delegated acts in accordance with Article 36 to set out any necessary provisions for the establishment and functioning of the financing platform referred to in point (c).

5. If, in the area of energy efficiency, without prejudice to other measures at Union level pursuant to paragraph 3, the Commission concludes, based on its assessment pursuant to Article 25(1) and (3), in the year 2023 that progress towards collectively achieving the Union's energy efficiency target mentioned in the first sentence of Article 25(3) is insufficient, it shall take measures by the year 2024 in addition to those set out in Directive 2010/31/EU and Directive 2012/27/EU to ensure that the Union's binding 2030 energy efficiency targets are met. Such additional measures may in particular improve the energy efficiency of:

- (a) products, pursuant to Directive 2010/30/EU and Directive 2009/125/EC;
- (b) buildings, pursuant to Directive 2010/31/EU and Directive 2012/27/EU;

- (c) and transport.

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

#### *Article 29*

##### **State of the Energy Union report**

1. By 31 October every year, the Commission shall submit to the European Parliament and to the Council a State of the Energy Union report.
2. The State of the Energy Union report shall include, inter alia, the following elements:
  - (a) the assessment carried out pursuant to Article 25;
  - (b) where appropriate, recommendations pursuant to Article 28;
  - (c) functioning of the carbon market referred to in Article 10(5) of Directive 2003/87/EC, including information on the application of Directive 2003/87/EC referred to in Article 21(2) of the same Directive;
  - (d) Union bioenergy sustainability, containing the information specified in Annex VIII;
  - (e) voluntary schemes in respect of which the Commission has adopted a decision according to Article 27(4) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767], containing the information specified in Annex IX to this Regulation;
  - (f) an overall progress report on the application of [recast of Directive 2009/72/EC as proposed by COM(2016) 864] pursuant to Article 70 of that Directive;
  - (g) an overall progress report on the application of Directive 2009/73/EC pursuant to Article 52 of that Directive;
  - (h) energy efficiency obligation schemes as referred to in Article 7(a) of Directive 2012/27/EU [as amended by proposal COM(2016) 761];
  - (i) Member States' progress in creating a complete and operational energy market;
  - (j) actual fuel quality in the different Member States and geographical coverage of fuels with a maximum sulphur content of 10 mg/kg, aiming to provide an overview of the

fuels quality data in the different Member States as reported pursuant to Directive 98/70/EC;

- (k) other issues of relevance to the implementation of the Energy Union, including public and private support.

## **CHAPTER 6**

# **NATIONAL AND UNION SYSTEMS ON GREENHOUSE GAS EMISSIONS AND REMOVALS BY SINKS**

### *Article 30*

#### **National and Union inventory systems**

1. By 1 January 2021, Member States shall establish, operate and seek to continuously improve national inventory systems to estimate anthropogenic emissions by sources and removals by sinks of greenhouse gases listed in Part 2 of Annex III to this Regulation and to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of their greenhouse gas inventories.
2. Member States shall ensure that their competent inventory authorities have access to the information specified in Annex X to this Regulation, make use of reporting systems established pursuant to Article 20 of Regulation (EU) No 517/2014 to improve the estimate of fluorinated gases in the national greenhouse gas inventories and are able to undertake the annual consistency checks referred to in points (i) and (j) of Part 1 of Annex III to this Regulation.
3. A Union inventory system to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of national inventories with regard to the Union greenhouse gas inventory is hereby established. The Commission shall manage, maintain and seek to continuously improve that system which shall include the setting of a quality assurance and quality control programme, setting quality objectives and drafting an inventory quality assurance and quality control plan, procedures for completing emission estimates to compile the Union inventory pursuant to paragraph 5 of this Article and the reviews referred to in Article 31.
4. The Commission shall perform an initial check of the accuracy of the preliminary greenhouse gas inventory data to be submitted by Member States pursuant to Article 23(2). It shall send the results of that check to Member States within six weeks of the submission deadline. Member States shall respond to any relevant questions raised by the initial check by 15 March, together with the final inventory submission for the year X-2.
5. Where a Member State does not submit the inventory data required to compile the Union inventory by 15 March, the Commission may prepare estimates to complete the data submitted by the Member State, in consultation and close cooperation with the Member State concerned. The Commission shall use, for that purpose, the guidelines applicable for preparing the national greenhouse gas inventories.
6. The Commission is empowered to adopt delegated acts in accordance with Article 36 in order to set out rules on the content, structure, format and submission process of the information relating to national inventory systems and requirements on the establishment, operation and functioning of national and Union inventory systems. In the preparation of such acts, the Commission shall take into account any relevant decisions adopted by the bodies of the UNFCCC or of the Paris Agreement.

*Article 31*  
**Inventory review**

1. In 2027 and 2032, the Commission shall carry out a comprehensive review of the national inventory data submitted by Member States pursuant to Article 23(3) of this Regulation with a view to monitoring Member States' greenhouse gas emission reductions or limitations pursuant to Articles 4, 9 and 10 of Regulation [ ] [ESR] and their reduction of emissions and enhancement of removals by sinks pursuant to Article 4 and 12 of Regulation [ ] [LULUCF] and any other greenhouse gas emission reduction or limitation targets set out in Union legislation. Member States shall participate fully in that process.
2. The comprehensive review referred to in paragraph 1 shall involve:
  - (a) checks to verify the transparency, accuracy, consistency, comparability and completeness of information submitted;
  - (b) checks to identify cases where inventory data is prepared in a manner which is inconsistent with UNFCCC guidance documentation or Union rules;
  - (c) checks to identify cases where LULUCF accounting is carried out in a manner which is inconsistent with UNFCCC guidance documentation or Union rules, and
  - (d) where appropriate, calculating the resulting technical corrections necessary, in consultation with the Member States.
3. The Commission shall adopt implementing acts to determine the timing and the procedure for carrying out the comprehensive review including the tasks set out in paragraph 2 of this Article and ensuring due consultation of the Member States with regard to the conclusions of the reviews. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3).
4. The Commission shall, by means of an implementing act, determine the total sum of emissions for the relevant years arising from the corrected inventory data for each Member State upon completion of the review split between emissions data relevant for Article 9 of Regulation [ ] [ESR] and emission data referred in Annex III Part 1 (c) of this Regulation and also to determine the total sum of emissions and removals relevant for Article 4 of Regulation [ ] [LULUCF].
5. The data for each Member State as recorded in the registries set up pursuant to Article 13 of Regulation [ ] [LULUCF] one month following the date of publication of an implementing act adopted pursuant to paragraph 4 of this Article, shall be used for the compliance check with Article 4 of Regulation [ ] [LULUCF] including changes to such data arising as a result of that Member State making use of the flexibilities pursuant to Article 11 of Regulation [ ] [LULUCF].
6. The data for each Member State as recorded in the registries set up pursuant to Article 11 of Regulation [ ] [ESR] one month following the compliance check date with Regulation [ ] [LULUCF] referred in paragraph 5 of this Article, shall be used for the compliance check pursuant to Article 9 of Regulation [ ] [ESR] for the years 2021 and 2026. The compliance check pursuant to Article 9 of Regulation [ ] [ESR] for each of the years 2022 to 2025 and 2027 to 2030 shall be performed at a date falling one month following the date of the compliance check for the previous year. This check shall include changes to such data arising as a result of that Member State making use of the flexibilities pursuant to Articles 5, 6 and 7 of Regulation [ ] [ESR].



## *Article 32*

### **National and Union systems for policies and measures and projections**

1. By 1 January 2021, Member States and the Commission shall operate and seek to continuously improve national and Union systems respectively, for reporting on policies and measures and for reporting on projections of anthropogenic greenhouse gas emissions by sources and removals by sinks. Those systems shall include the relevant institutional, legal and procedural arrangements established within a Member State and the Union for evaluating policy and making projections of anthropogenic greenhouse gas emissions by sources and removals by sinks.
2. Member States and the Commission respectively shall aim to ensure the timeliness, transparency, accuracy, consistency, comparability and completeness of the information reported on policies and measures and projections of anthropogenic greenhouse gas emissions by sources and removals by sinks, as referred to in Article 16, including the use and application of data, methods and models, and the implementation of quality assurance and quality control activities and sensitivity analysis.
3. The Commission shall adopt implementing acts to set out the structure, format and submission process of information on national and Union systems for policies and measures and projections pursuant to paragraphs 1 and 2 of this Article and Article 16. When proposing such acts, the Commission shall take into account the relevant decisions adopted by the bodies of the UNFCCC or the Paris Agreement, including internationally agreed reporting requirements as well as timetables for monitoring and reporting of that information. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 37(3).

## *Article 33*

### **Establishment and operation of registries**

1. The Union and the Member States shall set up and maintain registries to accurately account for nationally determined contribution pursuant to Article 4(13) and for internationally transferred mitigation outcomes pursuant to Article 6 of the Paris Agreement.
2. The Union and the Member States may maintain their registries in a consolidated system, together with one or more other Member States.
3. The data in the registries referred to in paragraph 1 of this Article shall be made available to the central administrator designated pursuant to Article 20 of Directive 2003/87/EC.
4. The Commission is empowered to adopt delegated acts in accordance with Article 36 in order to set up the registries referred to in paragraph 1 of this Article and in order to give effect, by means of the registries of the Union and of the Member States, to the necessary technical implementation of relevant decisions of the UNFCCC or Paris Agreement bodies, in accordance with paragraph 1.

## **CHAPTER 7**

### **COOPERATION AND SUPPORT**

#### *Article 34*

##### **Cooperation between the Member States and the Union**

1. The Member States shall cooperate and coordinate fully with each other and with the Union in relation to obligations under this Regulation, in particular concerning:
  - (a) the process for preparing, adopting, notifying and assessing the integrated national energy and climate plans pursuant to Articles 9 to 12;
  - (b) the process for preparing, adopting, notifying and assessing the integrated national energy and climate progress report pursuant to Article 15 and annual reporting pursuant to Article 23;
  - (c) the process related to the Commission recommendations and addressing those recommendations pursuant to Article 9(2) and (3), Article 15(5), Article 26(1) and Article 27(2) and (3);
  - (d) compiling the Union greenhouse gas inventory and preparing the Union greenhouse gas inventory report, pursuant to Article 23(3);
  - (e) preparing the Union national communication pursuant to Article 12 of the UNFCCC and the Union biennial report pursuant to Decision 2/CP.17 or subsequent relevant decisions adopted by the bodies of the UNFCCC;
  - (f) review and compliance procedures under the UNFCCC and the Paris Agreement in accordance with any applicable decision under the UNFCCC as well as the Union's procedure to review Member States greenhouse gas inventories referred to in Article 31 of this Regulation;
  - (g) any adjustments following the review process referred to in Article 31 or other changes to inventories and inventory reports submitted, or to be submitted, to the UNFCCC Secretariat;
  - (h) compiling the Union approximated greenhouse gas inventory, pursuant to Article 23(1)(a) and the last subparagraph of Article 23(1).
2. The Commission may provide technical support to the Member States in relation to obligations under this Regulation upon request from a Member State.

#### *Article 35*

##### **Role of the European Environment Agency**

The European Environment Agency shall assist the Commission in its work as regards the decarbonisation and energy efficiency dimensions to comply with Article 14, 15, 16, 17, 18, 19, 23, 24, 25, 29, 30, 31, 32 and 34 in accordance with its annual work programme. That shall include assistance as required with:

- (a) compiling the information reported by Member States on policies and measures and projections;
- (b) performing quality assurance and quality control procedures on the information reported by Member States on projections and policies and measures;

- (c) preparing estimates or complementing the ones available to the European Commission for data on projections not reported by the Member States;
- (d) compiling data, wherever available taken from European statistics and appropriate in terms of timing, as required for the State of the Energy Union report to the European Parliament and the Council prepared by the Commission;
- (e) disseminating information collected under this Regulation, including maintaining and updating a database on Member States' mitigation policies and measures and the European Climate Adaptation Platform relating to impacts, vulnerabilities and adaptation to climate change;
- (f) performing quality assurance and quality control procedures in the preparation of the Union greenhouse gas inventory;
- (g) compiling the Union greenhouse gas inventory and preparing the Union greenhouse gas inventory report;
- (h) preparing estimates for data not reported in the national greenhouse gas inventories;
- (i) conducting the review referred to in Article 31;
- (j) compiling the Union approximated greenhouse gas inventory.

## **CHAPTER 8**

### **DELEGATION**

#### *Article 36*

#### **Exercise of the delegation**

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 3(4), 23(5), 27(4), 30(6) and 33(4) shall be conferred on the Commission for a period of five years from [the date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.
3. The delegation of power referred to in Articles 3(4), 23(5), 27(4), 30(6) and 33(4) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 3(4), 23(5), 27(4), 30(6) and 33(4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

## **CHAPTER 9**

### **FINAL PROVISIONS**

#### *Article 37*

##### **Energy Union Committee**

1. The Commission shall be assisted by an Energy Union Committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011 and work in the respective sectorial formations relevant for this Regulation.
2. This Committee replaces the committee established by Article 8 of Decision 93/389/EEC, Article 9 of Decision 280/2004/EC and Article 26 of Regulation (EU) 525/2013. References to the committee set up pursuant to those legal acts shall be construed as references to the committee established by this Regulation.
3. Where reference is made to this article, Article 5 of Regulation (EU) No 182/2011 shall apply.

#### *Article 38*

##### **Review**

The Commission shall report to the European Parliament and to the Council by 28 February 2026 and every five years thereafter on the operation of this Regulation, its contribution to the Governance of the Energy Union and the conformity of the planning, reporting and monitoring provisions of this Regulation with other Union legislation or future decisions relating to the UNFCCC and the Paris Agreement. The Commission may make proposals if appropriate.

#### *Article 39*

##### **Amendments to Directive 94/22/EC**

Directive 94/22/EC is amended as follows:

- (1) in Article 8, paragraph 2 is deleted;
- (2) Article 9 is deleted.

#### *Article 40*

##### **Amendments to Directive 98/70/EC**

Directive 98/70/EC is amended as follows:

- (1) In Article 8(4), the second sentence is deleted;
- (2) in the third subparagraph of Article 7a(1), point (a) is replaced by the following:

"the total volume of each type of fuel or energy supplied; and";

- (3) in Article 7a(2), the first sentence is replaced by the following:

"Member States shall require suppliers to reduce as gradually as possible life cycle greenhouse gas emissions per unit of energy from fuel and energy supplied by up to 10 % by 31 December 2020, compared with the fuel baseline standard set out in Annex II to Council Directive (EU) 2015/652.".

*Article 41*  
***Amendment to Directive 2009/31/EC***

In Article 38 of Directive 2009/31/EC, paragraph 1 is deleted.

*Article 42*  
***Amendments to Regulation 663/2009/EC***

Regulation 663/2009/EC is amended as follows:

- (1) in Article 27, paragraphs 1 and 3 are deleted;
- (2) Article 28 is deleted.

*Article 43*  
***Amendment to Regulation (EC) 715/2009/EC***

Article 29 of Regulation (EC) 715/2009/EC is deleted.

*Article 44*  
***Amendments to Directive 2009/73/EC***

Directive 2009/73/EC is amended as follows:

- (1) Article 5 is deleted;
- (2) Article 52 is replaced by the following:

*"Article 52*

**Reporting**

The Commission shall monitor and review the application of this Directive and submit an overall progress report to the European Parliament and the Council as an annex to the State of the Energy Union Report referred to in Article 29 of Regulation [XX/20XX] [this regulation]."

*Article 45*  
***Amendment to Council Directive 2009/119/EC***

In Article 6 of Council Directive 2009/119/EC, paragraph 2 is replaced by the following:

"2. By the 15 March each year, each Member State shall send the Commission a summary copy of the stock register referred to in paragraph 1 showing at least the quantities and nature of the emergency stocks included in the register on the last day of the preceding calendar year".

*Article 46*  
***Amendments to Directive 2010/31/EU***

Directive 2010/31/EU is amended as follows:

- (1) In Article 2a of Directive 2010/31/EU [as amended by proposal COM(2016) 765], the following paragraph 4 is inserted:

"4. The long-term strategy under paragraph 1 shall be submitted to the Commission, as part of the Integrated National Energy and Climate Plan, pursuant to Article 3 of Regulation [XX/20XX] this regulation].";

(2) in Article 5(2), second subparagraph, the sentence "The report may be included in the Energy Efficiency Action Plans referred to in Article 14(2) of Directive 2006/32/EC" is deleted

(3) in Article 9(5), the first sentence is replaced by the following:

"As part of its State of the Energy Union report referred to in Article 29 of Regulation [XX/20XX] [this regulation], the Commission shall report every two years to the European Parliament and to the Council on the progress of Member States in increasing the number of nearly zero-energy buildings. On the basis of this reported information the Commission shall develop an action plan and, if necessary, propose recommendations and measures pursuant to Articles 27 and 28 of Regulation [XX/20XX] [this regulation] to increase the number of those buildings and encourage best practices as regards the cost-effective transformation of existing buildings into nearly zero-energy buildings";

(4) in Article 10, paragraph 2 and 3 are deleted

#### *Article 47*

#### ***Amendments to Directive 2012/27/EU***

Directive 2012/27/EU is amended as follows:

- (1) in Article 4, the last paragraph is deleted;
- (2) in Article 18(1), point (e) is deleted;
- (3) in Article 24, paragraphs 1 to 4 and 11, are deleted;
- (4) Annex XIV is deleted.

#### *Article 48*

#### ***Amendment to Directive 2013/30/EU***

In Article 25 of Directive 2013/30/EU, paragraph 1 is replaced by the following:

"1. Member States shall report annually to the Commission, as part of the annual reporting pursuant to Article 23 of Regulation [XX/20XX] [this regulation], the information specified in Annex IX, point 3."

#### *Article 49*

#### ***Amendments to Council Directive (EU) 2015/652***

Council Directive (EU) 2015/652 is amended as follows:

- (1) In Annex I, Part 2, points 2, 3, 4 and 7 are deleted.
- (2) Annex III is amended as follows:
  - (a) point 1 is replaced by the following:
  - (b) "1. Member States are to report the data listed in point 3. These data must be reported for all fuel and energy placed on the market in each Member State. Where multiple biofuels are blended with fossil fuels, the data for each biofuel must be provided."

- (c) in point 3, the points (e) and (f) are deleted.
- (3) Annex IV is amended as follows:
  - (a) the following templates for reporting information for consistency of the reported data are deleted:
    - Origin — Single Suppliers
    - Origin — Joint Suppliers
    - Place of Purchase
  - (b) in the format notes, points 8 and 9 are deleted.

#### *Article 50*

#### **Repeal**

Regulation (EU) 525/2013 shall be repealed with effect from 1 January 2021, subject to transitional provisions laid down in Article 51. References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex XI.

#### *Article 51*

#### **Transitional provisions**

By way of derogation from Article 50 of this Regulation, Articles 7 and 17(1)(a) and (d) of Regulation (EU) No 525/2013 shall continue to apply to the reports containing the data required under those Articles for the years 2018, 2019 and 2020.

Article 19 of Regulation (EU) No 525/2013 shall continue to apply to the reviews of the GHG inventory data for the years 2018, 2019 and 2020.

Article 22 of Regulation (EU) 525/2013 shall continue to apply to the submission of the report required under that Article.

#### *Article 52*

#### **Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Articles 33, 46(2) to (4) and 47(3) and (4) shall apply from 1 January 2021.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*



## **LEGISLATIVE FINANCIAL STATEMENTS**

### **Commission Services**

#### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) planned

#### **2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

#### **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
  - 3.2.1. *Summary of estimated impact on expenditure*
  - 3.2.2. *Estimated impact on operational appropriations*
  - 3.2.3. *Estimated impact on appropriations of an administrative nature*
  - 3.2.4. *Compatibility with the current multiannual financial framework*
  - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

## **LEGISLATIVE FINANCIAL STATEMENT**

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

#### **1.1. Title of the proposal/initiative**

REGULATION (EU) OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union

#### **1.2. Policy area(s) concerned in the ABM/ABB structure<sup>40</sup>**

32: Energy

34: Climate action

#### **1.3. Nature of the proposal/initiative**

☒ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action<sup>41</sup>**

☐ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

#### **1.4. Objective(s)**

##### *1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The proposed Regulation aims at ensuring a coordinated and coherent implementation of the Energy Union Strategy across its five dimensions, as well as the collective achievement of the Energy Union objectives through a combination of EU and national measures on the basis of streamlined planning, reporting and monitoring obligations and a functional governance process between the Commission and Member States.

The setting up of an Energy Union is part of the Commission's ten political priorities, and this proposal is an important element of the Strategic Framework for the Energy Union.

The proposal is jointly prepared by DG Energy and DG Climate Action.

##### *1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned*

###### Specific objective No

For DG Energy: Specific Objective 6: Implementation and follow-up on the overall Energy Union strategy.

For DG Climate Action: Specific objective 6: Implementation of the Energy Union Strategy towards an enhanced climate and energy governance mechanism including streamlined reporting and planning post 2020 (coordination with DG ENER).

<sup>40</sup>

ABM: activity-based management; ABB: activity-based budgeting.

<sup>41</sup>

As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

ABM/ABB activity(ies) concerned

Spending of DG Energy is taking place through ABB activity 32.02 Conventional and Renewable Energy (or ABB1: Conventional and Renewable Energy).

In the 2016 Management Plan and in line with the new structure of specific objectives following the Energy Union, ABB 1 contributes to all 6 specific objectives including the competitiveness aspects of specific objective 5.

For DG CLIMA it is under activity ABB Activity 34 02 – "Climate action at Union and international level

*1.4.3. Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The Integrated National Energy and Climate Plans and corresponding Progress Reports should minimise administrative burden for the Member States and the Commission, while improving the quality of information and transparency, ensuring a timely implementation and monitoring of the Energy Union objectives, as well as improving inter-linkages and synergies between the energy and climate fields.

Streamlining existing planning, reporting obligations of Member States and monitoring obligations of the Commission would improve the situation for all stakeholders in line with the Better Regulation principles of effectiveness, efficiency, EU added value, relevance and coherence.

Furthermore, this proposal will specify the content and adequate periodicity of National Plans, Progress Reports and integrated monitoring by the Commission, as well as the related governance process between the Member States and the Commission including regional coordination. It aims at synchronising with the Paris Climate Agreement's 5-year review cycles.

*1.4.4. Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

The implementation of the proposal should ensure transparent information on the progress of Member States and of the EU collectively towards the Energy Union objectives for 2030 and beyond and provide a governance framework that is suitable for the implementation of the Energy Union Strategy.

Indicator for the implementation of the proposal is: Number of Member States that provide integrated plans in time (as specified in the Regulation).

**1.5. Grounds for the proposal/initiative**

*1.5.1. Requirement(s) to be met in the short or long term*

Member States would have to submit less national plans and reports required by different sectorial legal instruments, but instead should submit integrated plans and reports to the Commission at regular intervals. On the basis of the information provided by the Member States, the Commission should produce the necessary monitoring reports.

### *1.5.2. Added value of EU involvement*

First, having in mind that several elements of the Energy Union Strategy relate to objectives set at the EU level, action at EU level is needed to ensure the attainment of these objectives as well as coherence of energy and climate policies within the EU and across its Member States, while preserving flexibility for Member States.

Moreover, the majority of the energy challenges facing the Union cannot be met through uncoordinated national action. The same holds true for climate change, which by its nature is a trans-boundary problem and cannot be solved by national or local action alone. Therefore, coordination of climate action at both European and global level is necessary. Consequently, EU action is justified to monitor the progress of implementation of energy and climate policies across the EU in line with the Energy Union objectives as well as the functioning of the internal energy market.

Second, because of the cross-border relevance of each dimension of the Energy Union, EU action is needed to further promote enhanced cooperation among Member States. None of the Energy Union dimensions could be effectively implemented in the absence of an EU governance process between Member States and the Commission which will also ensure a more regional approach to energy and climate policy. It is also necessary to create the enabling framework to ensure that the EU is ready to participate fully in the review processes under the Paris Agreement, ensuring maximum synchronisation and synergies.

Third, EU action is justified for the initiative's objective of streamlining existing planning, reporting and monitoring obligations, as existing EU legislation in the energy acquis as well as the Monitoring Mechanism Regulation can only be amended by means of legislative proposals in order to reduce the administrative burden for Member States and the Commission and enhance the coherence of planning and reporting as well as to ensure comparability of National Plans and Progress Reports.

### *1.5.3. Lessons learned from similar experiences in the past*

Most of the current planning, reporting and monitoring obligations provide benefits in terms of useful information on a specific policy area and support the implementation of specific policy objectives set out in sectorial legislation. The current reporting obligations on the Commission ensure that the Commission informs the European Parliament, the Council and the general public about the results achieved by EU legislation and the progress made by the EU and its Member States in fulfilling their respective obligations under international commitments under the UNFCCC.

However, the existing framework is unsuitable for the 2030 targets for energy and climate and Energy Union objectives, as it fails to ensure policy coherence among obligations in the energy field and consistency between the energy and climate fields. Furthermore, some of the current plans and reports are seen as having high administrative costs.

### *1.5.4. Compatibility and possible synergy with other appropriate instruments*

The proposal is consistent with the review of Directive 2009/28/EC (Renewable Energy Directive), of Directive 2010/31/EU (Energy Performance of Buildings Directive), of Directive 2012/27/EU (Energy Efficiency Directive) and with the Market Design Initiative.

It is also consistent with the Decision 406/2009 EC (Effort Sharing Decision – valid 2013-20), its proposed successor for the period 2021-30, COM(2016) 482 final - 2016/0231 (COD) (Proposal for a Regulation 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 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change), as well as the LULUCF Proposal, COM(2016) 479 final - 2016/0230 (COD) (Proposal for a Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change). These initiatives aim at establishing a post-2020 sector-specific legal framework, while the current proposal shall establish the overall governance framework for reaching the Energy Union objectives.

It is also consistent with Directive 2009/31/EC on the geological storage of carbon dioxide.

## 1.6. Duration and financial impact

☐ Proposal/initiative of **limited duration**

- ☐ Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ Financial impact from YYYY to YYYY

☒ Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from 2018 for unlimited duration,
- followed by full-scale operation.

## 1.7. Management mode(s) planned<sup>42</sup>

☒ **Direct management** by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☐ **Shared management** with the Member States

x **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☐ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- x bodies referred to in Articles 208 and 209 of the Financial Regulation;
- ☐ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

### Comments

The participation of the JRC and EEA will be needed for the implementation of the requirements of this Regulation.

<sup>42</sup>

Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html)

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

*Specify frequency and conditions.*

The Regulation sets the periodicity and conditions for planning, reporting and monitoring by Member States and the Commission. External technical support from a contractor would be needed for the Commission's monitoring tasks. Furthermore, it is planned that a new communication tool is set up, including a web platform and a public website for the exchange of information and best practices and divulgation to the general public.

### **2.2. Management and control system**

#### **2.2.1. Risk(s) identified**

Member States may become delayed in their planning and reporting obligations. Also for this reason, there will be a web database established. Data quality and completeness may also be important risks particularly at the beginning of the process.

The risks related to the functioning of the web platform relate mainly to IT-related problems, such as a possible breakdown of the system and confidentiality issues.

#### **2.2.2. Information concerning the internal control system set up**

The control methods envisaged are laid down in the Financial Regulation and Rules of Application.

#### **2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error**

N/A

### **2.3. Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures.*

No specific measures beyond the application of the Financial Regulation have been envisaged.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [...] [Heading.....] .....]	Diff./Non-diff. <sup>43</sup>	from EFTA countries <sup>44</sup>	from candidate countries <sup>45</sup>	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
5 Administration	32 01 01 Expenditure related to officials and temporary staff in the 'Energy' policy area	Non-diff.	NO	NO	NO	NO
5 Administration	32 01 02 External personnel and other management expenditure in support of the 'Energy' policy area	Non-diff.	NO	NO	NO	NO
5 Administration	34 01 01 Expenditure related to officials and temporary staff in the 'Climate action' policy area	Non-diff.	NO	NO	NO	NO
5 Administration	34 01 02 External personnel and other management expenditure in support of the 'Climate action' policy area	Non-diff.	NO	NO	NO	NO
1A	32 02 02 Support activities to the European energy policy and internal energy market	Diff.	NO	NO	NO	NO
2	34.02.01 Reduction of GHG emissions (mitigation)	Diff	NO	NO	NO	NO

<sup>43</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>44</sup> EFTA: European Free Trade Association.

<sup>45</sup> Candidate countries and, where applicable, potential candidate countries from the Western Balkans.



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- New budget lines requested

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading..... ...]	Diff./Non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[...][XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

The estimated expenditure mentioned in this section will be fully accommodated under the current programmed financial envelope of the budget lines in question until 2020.

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	<b>Number 1A</b>	Heading 1A - Competitiveness for growth and jobs
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DG: <ENER>			Year 2018	Year 2019	Year 2020		Enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL 2018+2019+2020
• Operational appropriations										
Number of budget line	Commitments	(1)	0	0.500	0.500					1.000
	Payments	(2)	0	0.150	0.350					0.500
Appropriations of an administrative nature financed from the envelope of specific programmes <sup>46</sup>										
Number of budget line		(3)								
<b>TOTAL appropriations for DG &lt;ENER&gt;</b>	Commitments	=1+1a +3	0	0.500	0.500					1.000
	Payments	=2+2a +3	0	0.150	0.350					0.500

<sup>46</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

• TOTAL operational appropriations	Commitments	(4)	0	0.500	0.500					1.000
	Payments	(5)	0	0.150	0.350					0.500
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
<b>TOTAL appropriations under HEADING &lt;1A.&gt; of the multiannual financial framework</b>	Commitments	=4+ 6	0	0.500	0.500					1.000
	Payments	=5+ 6	0	0.150	0.350					0.500

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	2	Sustainable Growth: Natural Resources
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DG: < CLIMA>			Year 2018	Year 2019	Year 2020					<b>TOTAL 2018+2019+2020</b>
• Operational appropriations										
budget line 34 02 01	Commitments	(1a)	0	0.500	0,500					1.000
	Payments	(2a)	0	0.150	0.350					0.500
• Appropriations of an administrative nature financed from the envelope of specific programmes <sup>47</sup>										

<sup>47</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

<b>TOTAL appropriations for DG &lt; CLIMA &gt;</b>	Commitments	=1a +1b	0	0.500	0.500					1.000
	Payments	=2a+ 2b	0	0.150	0.350					0.500

• TOTAL operational appropriations	Commitments	(4a)	0	0.500	0.500					1.000
	Payments	(5a)	0	0.150	0.350					0.500
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6a)								
<b>TOTAL appropriations under HEADING &lt;2&gt; of the multiannual financial framework</b>	Commitments		0	0.500	0.500					1.000
	Payments		0	0.150	0.350					0.500

**If more than one heading is affected by the proposal / initiative:**

• TOTAL operational appropriations	Commitments	(4)	0	1.000	1.000					2.000
	Payments	(5)	0	0.300	0.700					1.000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
<b>TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)</b>	Commitments	=4+ 6	0	1.000	1.000					2.000
	Payments	=5+ 6	0	0.300	0.700					1.000

<b>Heading of multiannual financial framework</b>	<b>5</b>	'Administrative expenditure'						
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EUR million (to three decimal places)

		Year 2018	Year 2019	Year 2020					<b>TOTAL 2018+2019+2020</b>
DG: <ENER, CLIMA>									
• Human resources		2.356	2.356	2.356					7.068
• Other administrative expenditure		<b>0.280</b>	<b>0.280</b>	<b>0.280</b>					0.840
<b>TOTAL DG &lt;ENER, CLIMA&gt;</b>	Appropriations	2.636	2.636	2.636					7.908

<b>TOTAL appropriations under HEADING 5 of the multiannual financial framework</b>	(Total commitments = Total payments)	2.636	2.636	2.636					7.908
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EUR million (to three decimal places)

		Year 2018	Year 2019	Year 2020					<b>TOTAL 2018+2019+2020)</b>
<b>TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework</b>	Commitments	2.636	3.636	3.636					<b>9.908</b>
	Payments	2.636	2.936	3.336					<b>8.908</b>

### 3.2.2. Estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs  ↓			Year 2018		Year 2019		Year 2020				Enter as many years as necessary to show the duration of the impact (see point 1.6)						TOTAL 2018+2019+2020	
	OUTPUTS																	
	Type <sup>48</sup>	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 <sup>49</sup> ...																		
- Technical assistance for Commission monitoring of Member States' progress <sup>50</sup>				0		0.250		0.440										0.690
- Database development and operation				0		0.250		0.060										0.310
- Service contract in support of CLIMA	SER				1	0.500	1	0.500										1.000

<sup>48</sup> Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

<sup>49</sup> As described in point 1.4.2. 'Specific objective(s)...'

<sup>50</sup> Such assistance could cover reports assessment, interviews with stakeholders, organisation of workshops and conferences etc.

Subtotal for specific objective No 1				0		1.000		1.000									2.000
SPECIFIC OBJECTIVE No 2 ...																	
- Output																	
Subtotal for specific objective No 2																	
<b>TOTAL COST</b>				0		1.000		1.000									2.000

### 3.2.3. Estimated impact on appropriations of an administrative nature

#### 3.2.3.1. Summary

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year 2018	Year 2019	Year 2020		Enter as many years as necessary to show the duration of the impact (see point 1.6)	<b>TOTAL 2018+2019+2020</b>
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<b>HEADING 5 of the multiannual financial framework</b>								
Human resources	1.686+ 0.670	1.686+ 0.670	1.686+ 0.670					7.068
Other administrative expenditure	0,280	0,280	0.280					0.840
<b>Subtotal HEADING 5 of the multiannual financial framework</b>	2.636	2.636	2.636					7.908

<b>Outside HEADING 5<sup>51</sup> of the multiannual financial framework</b>								
Other expenditure of an administrative nature								
<b>Subtotal outside HEADING 5 of the multiannual financial framework</b>								

<b>TOTAL GENERAL</b>	2.636	2.636	2.636					7.908
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

<sup>51</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.



### 3.2.3.2. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources.
- ☒ The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full time equivalent units*

	Year 2018	Year 2019	Year 2020		Enter as many years as necessary to show the duration of the impact (see point 1.6)
<b>• Establishment plan posts (officials and temporary staff)</b>					
XX 01 01 01 (Headquarters and Commission's Representation Offices)	12+5	12+5	12+5		
XX 01 01 02 (Delegations)					
XX 01 05 01 (Indirect research)					
10 01 05 01 (Direct research)					
<b>• External staff (in Full Time Equivalent unit: FTE)<sup>52</sup></b>					
XX 01 02 01 (AC, END, INT from the 'global envelope')	1	1	1		
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)					
<b>XX 01 04 yy<sup>53</sup></b>	- at Headquarters				
	- in Delegations				
XX 01 05 02 (AC, END, INT - Indirect research)					
10 01 05 02 (AC, END, INT - Direct research)					
<b>TOTAL</b>	<b>18</b>	<b>18</b>	<b>18</b>		

32 is the policy area or budget title concerned (DG ENER)

34 is the policy area concerned (DG CLIMA)

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	12 (ENER) + 5 (CLIMA)
External staff	1 (ENER)

<sup>52</sup> AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

<sup>53</sup> Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

### 3.2.4. *Compatibility with the current multiannual financial framework*

- ☒ The proposal/initiative is compatible the current multiannual financial framework.
- ☐ The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- ☐ The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

### 3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

### 3.3. Estimated impact on revenue

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
  - ☐ on own resources
  - ☐ on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>54</sup>						
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article .....								

For miscellaneous ‘assigned’ revenue, specify the budget expenditure line(s) affected.

--

Specify the method for calculating the impact on revenue.

--

<sup>54</sup>

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.

**Legislative financial statement ‘Agencies’  
The European Environment Agency**

**1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) planned

**2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

**3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
  - 3.2.1. *Summary of estimated impact on expenditure*
  - 3.2.2. *Estimated impact on [body]'s appropriations*
  - 3.2.3. *Estimated impact on [body]'s human resources*
  - 3.2.4. *Compatibility with the current multiannual financial framework*
  - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

## **LEGISLATIVE FINANCIAL STATEMENT**

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

#### **1.1. Title of the proposal/initiative**

REGULATION (EU) OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the Governance of the Energy Union

#### **1.2. Policy area(s) concerned in the ABM/ABB structure<sup>55</sup>**

32: Energy

34: Climate action

#### **1.3. Nature of the proposal/initiative**

☒ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action<sup>56</sup>**

☐ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

#### **1.4. Objective(s)**

##### *1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The proposed Regulation aims at ensuring a coordinated and coherent implementation of the Energy Union Strategy across its five dimensions, as well as the collective achievement of the Energy Union objectives through a combination of EU and national measures on the basis of streamlined planning, reporting and monitoring obligations and a functional governance process between the Commission and Member States.

The setting up of an Energy Union is part of the Commission's ten political priorities, and this proposal is an important element of the Strategic Framework for the Energy Union.

The proposal is jointly prepared by DG Energy and DG Climate Action.

##### *1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned*

###### Specific objective No

For DG Energy: Specific Objective 6: Implementation and follow-up on the overall Energy Union Strategy.

For DG Climate Action: For DG Climate Action: Specific objective 6: Implementation of the Energy Union Strategy towards an enhanced climate and energy governance mechanism including streamlined reporting and planning post 2020 (coordination with DG ENER).

<sup>55</sup> ABM: activity-based management; ABB: activity-based budgeting.

<sup>56</sup> As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

ABM/ABB activity(ies) concerned

Spending of DG Energy is taking place through ABB activity 32.02 Conventional and Renewable Energy (or ABB1: Conventional and Renewable Energy).

In the 2016 Management Plan and in line with the new structure of specific objectives following the Energy Union, ABB 1 contributes to all 6 specific objectives including the competitiveness aspects of specific objective 5.

For DG CLIMA it is under activity ABB Activity 34 02 – "Climate action at Union and international level.

The proposal also concerns Strategic area 1.3 of the European Environment Agency's Multiannual Work Programme: "Informing policy implementation on climate change mitigation and energy", as well as Strategic area 3.2 "Technical systems development".

*1.4.3. Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The Integrated National Energy and Climate Plans and corresponding Progress Reports should minimise administrative burden for the Member States and the Commission, while improving the quality of information and transparency, ensuring a timely implementation and monitoring of the Energy Union objectives, as well as improving inter-linkages and synergies between the energy and climate fields.

Streamlining existing planning, reporting obligations of Member States and monitoring obligations of the Commission would improve the situation for all stakeholders in line with the Better Regulation principles of effectiveness, efficiency, EU added value, relevance and coherence.

Furthermore, this proposal will specify the content and adequate periodicity of National Plans, Progress Reports and integrated monitoring by the Commission, as well as the related governance process between the Member States and the Commission including regional coordination. It aims at synchronising with the Paris Climate Agreement's 5-year review cycles.

*1.4.4. Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

The implementation of the proposal should ensure transparent information on the progress of Member States and of the EU collectively towards the Energy Union objectives for 2030 and beyond and provide a governance framework that is suitable for the implementation of the Energy Union Strategy.

Indicator for the implementation of the proposal is: Number of Member States that provide integrated plans, biennial progress reports and annual reports in time (as specified in the Regulation).

**1.5. Grounds for the proposal/initiative**

*1.5.1. Requirement(s) to be met in the short or long term*

Member States would have to submit less national plans and reports required by different sectorial legal instruments, but instead should submit integrated plans and reports to the Commission at regular intervals. On the basis of the information

provided by the Member States, the Commission should produce the necessary monitoring reports.

#### *1.5.2. Added value of EU involvement*

First, having in mind that several elements of the Energy Union Strategy relate to objectives set at the EU level, action at EU level is needed to ensure the attainment of these objectives as well as coherence of energy and climate policies within the EU and across its Member States, while preserving flexibility for Member States.

Moreover, the majority of the energy challenges facing the Union cannot be met through uncoordinated national action. The same holds true for climate change, which by its nature is a trans-boundary problem and cannot be solved by national or local action alone. Therefore, coordination of climate action at both European and global level is necessary. Consequently, EU action is justified to monitor the progress of implementation of energy and climate policies across the EU in line with the Energy Union objectives as well as the functioning of the internal energy market.

Second, because of the cross-border relevance of each dimension of the Energy Union, EU action is needed to further promote enhanced cooperation among Member States. None of the Energy Union dimensions could be effectively implemented in the absence of an EU governance process between Member States and the Commission which will also ensure a more regional approach to energy and climate policy. It is also necessary to create the enabling framework to ensure that the EU is ready to participate fully in the review processes under the Paris Agreement, ensuring maximum synchronisation and synergies.

Third, EU action is justified for the initiative's objective of streamlining existing planning, reporting and monitoring obligations, as existing EU legislation in the energy acquis as well as the Monitoring Mechanism Regulation can only be amended by means of legislative proposals in order to reduce the administrative burden for Member States and the Commission and enhance the coherence of planning and reporting as well as to ensure comparability of National Plans and Progress Reports.

#### *1.5.3. Lessons learned from similar experiences in the past*

Most of the current planning, reporting and monitoring obligations provide benefits in terms of useful information on a specific policy area and support the implementation of specific policy objectives set out in sectorial legislation. The current reporting obligations on the Commission ensure that the Commission informs the European Parliament, the Council and the general public about the results achieved by EU legislation and the progress made by the EU and its Member States in fulfilling their respective obligations under international commitments under the UNFCCC.

However, the existing framework is unsuitable for the 2030 targets for energy and climate and Energy Union objectives, as it fails to ensure policy coherence among obligations in the energy field and consistency between the energy and climate fields. Furthermore, some of the current plans and reports are seen as having high administrative costs.

#### 1.5.4. *Compatibility and possible synergy with other appropriate instruments*

The proposal is consistent with the review of Directive 2009/28/EC (Renewable Energy Directive), of Directive 2010/31/EU (Energy Performance of Buildings Directive), of Directive 2012/27/EU (Energy Efficiency Directive) and with the Market Design Initiative.

It is also consistent with the Decision 406/2009 EC (Effort Sharing Decision – valid 2013-20), its proposed successor for the period 2021-30, COM(2016) 482 final - 2016/0231 (COD) (Proposal for a Regulation 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 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change), as well as the LULUCF Proposal, COM(2016) 479 final - 2016/0230 (COD) (Proposal for a Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change). These initiatives aim at establishing a post-2020 sector-specific legal framework, while the current proposal shall establish the overall governance framework for reaching the Energy Union objectives.

It is also consistent with Directive 2009/31/EC on the geological storage of carbon dioxide.



## 1.6. Duration and financial impact

☐ Proposal/initiative of **limited duration**

- ☐ Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ Financial impact from YYYY to YYYY

☒ Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from 2018 for unlimited duration,
- followed by full-scale operation.

## 1.7. Management mode(s) planned<sup>57</sup>

☒ **Direct management** by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- by the executive agencies

☐ **Shared management** with the Member States

x **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☐ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- x bodies referred to in Articles 208 and 209 of the Financial Regulation;
- ☐ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

### Comments

The participation of the EEA will be needed for the implementation of the requirements of this Regulation.

<sup>57</sup>

Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html)

## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

*Specify frequency and conditions.*

The Regulation sets the periodicity and conditions for planning, reporting and monitoring by Member States and the Commission. External technical support from a contractor would be needed for the Commission's monitoring tasks. Furthermore, it is planned that a new communication tool is set up, including a web platform and a public website for the exchange of information and best practices and divulgation to the general public.

### 2.2. Management and control system

#### 2.2.1. Risk(s) identified

Member States may become delayed in their planning and reporting obligations. Also for this reason, there will be a web database established.

The risks related to the functioning of the web platform relate mainly to IT-related problems, such as a possible breakdown of the system and confidentiality issues.

#### 2.2.2. Information concerning the internal control system set up

The control methods envisaged are laid down in the Financial Regulation and Rules of Application.

#### 2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error

N/A

### 2.3. Measures to prevent fraud and irregularities

*Specify existing or envisaged prevention and protection measures.*

No specific measures beyond the application of the Financial Regulation have been envisaged.

## 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./Non-diff. <sup>58</sup>	from EFTA countries <sup>59</sup>	from candidate countries <sup>60</sup>	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation

<sup>58</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>59</sup> EFTA: European Free Trade Association.

[2]	[34 02 01: Reduction of GHG emissions (mitigation)]	Diff.	NO	NO	NO	NO
	[07 02 06 : European Environment Agency...]	Non-Diff.	YES	YES	YES	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading..... ...]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

<sup>60</sup>

Candidate countries and, where applicable, potential candidates from the Western Balkans.

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	<b>Number</b> 2	[Sustainable Growth: Natural Resources. .....]
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[Body]: <EEA – European Environment Agency.....>			Year 2017 <sup>61</sup>	Year 2018	Year 2019	Year 2020	Enter as many years as necessary to show the duration of the impact (see point 1.6)			<b>TOTAL 2018-2020</b>
Title 1: Staff expenditure	Commitments	(1)		0,035	0,140	0,210				0,385
	Payments	(2)		0,035	0,140	0,210				0,385
Title 2: Infrastructure and operating expenditure	Commitments	(1a)								
	Payments	(2a)								
Title 3: Operational expenditure	Commitments	(3a)		0,250	0,500	0,500				1,250
	Payments	(3b)		0,250	0,500	0,500				1,250
<b>TOTAL appropriations for [body] &lt;EEA.....&gt;</b>	Commitments	=1+1a +3a		0,285	0,640	0,710				1,635
	Payments	=2+2a +3b		0,285	0,640	0,710				1,635

<sup>61</sup> Year N is the year in which implementation of the proposal/initiative starts.

### 3.2.2. Estimated impact on [body]'s appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☐ The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs  ↓			Year 2017		Year 2018		Year 2019		Year 2020		Enter as many years as necessary to show the duration of the impact (see point 1.6)						TOTAL	
	OUTPUTS																	
	Type <sup>62</sup>	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 <sup>63</sup> ...																		
- Establishment reporting platform					1	0,250												0,250
Assistance QA/QC-reporting MS							1	0,500	1	0,500								1,000
- Output																		
Subtotal for specific objective No 1					1	0,250	1	0,500	1	0,500								1,250
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		

<sup>62</sup> Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

<sup>63</sup> As described in point 1.4.2. 'Specific objective(s)...'

TOTAL COST			1	0,250	1	0,500	1	0,500							1,250
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### 3.2.3. Estimated impact on EEA's human resources

#### 3.2.3.1. Summary

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- x The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

#### Estimated impact on the staff (additional) – external personnel

Contract agents	2018	2019	2020	Enter as many years as necessary to show the duration of the impact (see point 1.6)
Function group IV	0,5 CA	2 CA	3 CA	Unlimited duration
Function group III				
Function group II				
Function group I				
Total	0,5 CA	2 CA	3 CA	


Over and above the 9 temporary agents (4 AD + 5 AST) currently working in the EEA on tasks related to this Regulation, the EEA needs 3 additional contract agents to cover:

- Climate mitigation and renewables, which includes assessment of information on national projections/trajectories, policies and measures and biomass,
- Climate mitigation and energy efficiency, which includes assessment of information on national projections/trajectories, policies and measures, and
- Integrated climate and energy reporting;
- Establishment, management and maintaining new reporting streams and e-reporting infrastructure, in relation with the data flows under its responsibility.

Description of the calculation of cost for FTE units should be included in the Annex V, section 3.



### 3.2.4. *Compatibility with the current multiannual financial framework*

- ☒ The proposal/initiative is compatible the current multiannual financial framework.
- ☐ The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- ☐ The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework<sup>64</sup>.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

### 3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

EUR million (to three decimal places)

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

<sup>64</sup>

See Articles 11 and 17 of Council Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020.

### 3.3. Estimated impact on revenue

- ☐ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
  - ☐ on own resources
  - ☐ on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>65</sup>						
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article .....								

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

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Specify the method for calculating the impact on revenue.

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<sup>65</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.