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**NOTE**

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From:	General Secretariat of the Council
To:	Delegations
No. prev. doc.:	15235/17 ENER 485 CLIMA 334 CODEC 1968
No. Cion doc.:	15090/17 ENER 412 CLIMA 167 IA 123 CODEC 1788 REV 1
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 - Outcome of proceedings TTE (Energy) Council 18 December 2017

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The TTE (Energy) Council, at its meeting on 18 December 2017 agreed on the general approach on the above proposal, on the basis of doc. 15235/17, complemented by the changes set out in the Annex.

N.B. changes compared to doc. 15235/17 are reflected in underlined bold shaded text.

- On p. 20, recital 35 should read:

"(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 should, in addition to issuing recommendations, [ ] **propose measures and make use of relevant empowerments** at Union level or Member States should take additional measures in order to ensure achievement of these objectives and targets (thereby closing any 'delivery gap'). Such measures should take into account early ambitious contributions made by Member States to the 2030 target [ ] for [ ] energy efficiency when sharing the effort for collective target achievement. **Such measures should also take into account early efforts made by Member States to the 2030 target for renewable energy by reaching in or before 2020 a share of energy from renewable sources above its national binding target, or by making early progress in the period 2005-2020 or in the implementation of its contribution to the Union's binding target of at least 27% of renewable energy in 2030.** In the area of renewable energy, such measures can also include **voluntary** financial contributions by Member States to a financing **mechanism** managed by the Commission, which would be used to contribute to **the most cost-efficient** renewable energy projects across the Union, **thus providing the Member State with the option to contribute to the EU target achievement at the lowest possible cost.** [ ]. In the area of energy efficiency, additional measures can in particular aim at improving the energy efficiency of products, buildings and transport."

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- On p. 21, recital 35quater should read:

**(35quater) In order to enable adequate monitoring and early corrective action by Member States and the Commission, and in order to avoid the 'free rider' effect, the indicative trajectories of all Member States (and, as a result, also the indicative trajectory of the Union) should reach, in 2023, [ ] 2025 and 2027 at least certain minimum percentages of the total increase in renewable energy foreseen for 2030, as set out in this Regulation. The achievement of these 'reference points' in 2023, [ ] 2025 and 2027 will be assessed by the Commission on the basis of, inter alia, the Member States' integrated national energy and climate progress reports that Member States should present in 2025, [ ] 2027 and 2029, respectively. If the indicative reference points of the Union are not met, Member States below their reference points should cover the gap [ ] by implementing additional measures [ ].**

- On p. 35, Article 4(a)(2)(i) should read:

"(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 an **indicative [] trajectory** for that contribution from 2021 onwards. **By 2023, the indicative trajectory shall reach a reference point of at least 24% [] of the total increase in the share of energy from renewable sources between that Member State's binding 2020 national target, and its contribution to the 2030 target. By 2025, the indicative trajectory shall reach a reference point of at least 40% of the total increase in the share of energy from renewable sources between that Member State's binding 2020 national target and its contribution to the 2030 target. By 2027, the indicative trajectory shall reach a reference point of at least 60% of the total increase in the share of energy from renewable sources between that Member State's binding 2020 national target and its contribution to the 2030 target. By 2030, the indicative trajectory shall reach at least the Member State's planned contribution. If a Member State expects to surpass its binding 2020 national target, its indicative trajectory may start at the level it is projected to achieve. The Member States' indicative trajectories, taken together, shall add up to the Union reference points in 2023, [] 2025 and 2027 and to the Union's binding target of at least 27% renewable energy in 2030. Separately from its contribution to the Union target and its indicative trajectory for the purposes of this Regulation, a Member State shall be free to indicate higher ambitions for national policy purposes;"**

- On p. 37 Article 4 paragraph (d) should read:

(d) As regards the dimension “Internal Energy Market”:

- 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%, **with a strategy with the level from 2021 onwards defined in close cooperation with affected Member States, taking into account the indicators of the urgency of action needed [ ]:**

(1) **Price differential in the wholesale market exceeding an indicative threshold of 2€/MWh between Member States, regions or bidding zones;**

(2) **Nominal transmission capacity of interconnectors below 30% of their peak load;**

(3) **Nominal transmission capacity of interconnectors below 30% of installed renewable generation.**

**Each new interconnector must be subject to a socioeconomic and environmental cost-benefit analysis and implemented only if the potential benefits outweigh the costs.**

- On p. 43, Article 9(2)(a) should read:

"(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, [ ] energy efficiency **and electricity interconnection; in doing so, the Commission shall take due account of relevant circumstances affecting renewable energy deployment indicated by the Member State in question, as set out in Article 5(1)(d), and of circumstances affecting primary and final energy consumption indicated by the Member State in question, as set out in Article 6(2) and of indicators of the urgency of actions as set out in Article 4(d);**"

- On p. 45, Article 11, a new paragraph 5bis should be added:

**"5bis. In so far as the provisions of Directive 2001/42/EC are applicable, transboundary consultation undertaken on the draft in accordance with Article 7 of that Directive shall be deemed to satisfy also the obligations on regional cooperation under this Regulation provided that the requirements of the present article are also met."**

- On p. 59, Article 21(1)(a) should read:

"(a) the level of electricity interconnectivity that the Member State aims for in 2030 in relation to the 15% target on electricity interconnection **and to the indicators set out in Article 4(d), and measures for the implementation of the roadmap for the achievement of this level, including measures relating to the granting of authorisations and specific measures on financial support, including Union support and the use of Union funds, without prejudice to Articles 107 and 108 TFEU, if applicable.**"

- On p. 67, Article 25(2) should read:

"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 **an indicative [ ] trajectory that starts from 20% in 2020, reaches reference points of at least 24% [ ] in 2023, [ ] 40% in 2025 and 60% in 2027 of the total increase in the share of energy from renewable sources between the Union's 2020 renewable energy target and the Union's 2030 renewable energy target, and reaches the Union's 2030 renewable energy target of at least 27% in 2030 [ ].**"

- On p. 69, Art. 27(1), the first subparagraph should read:

**"1. If, on the basis of its assessment of the draft integrated national energy and climate plans pursuant to Article 9 or its assessment of the draft updates of the final plans pursuant to Article 13, the Commission concludes that the targets, objectives and contributions of the Member States are insufficient for the collective achievement of the Energy Union objectives and in particular, for the first ten-year period, for the Union's binding 2030 target for renewable energy, it may issue non-quantitative recommendations requesting [ ] Member States whose contributions it deems insufficient to increase their ambition in their draft integrated national energy and climate plans and their draft updates in order to ensure a sufficient level of collective ambition."**

- On p. 72, Art.27(4), first subparagraph should read:

**"4. If, in the area of renewable energy [ ] the Commission concludes, based on its assessment carried out by 2025, [ ] 2027 and 2029 pursuant to Article 25(1) and (2) [ ], that the reference points of the [ ] indicative Union trajectory referred to in Article 25(2) [ ] were not collectively met in 2023, [ ] 2025 and 2027, Member States [ ] that have fallen below their national reference points as referred to Article 4(a)(2)(i) in 2023, [ ] 2025 or 2027 [ ] shall ensure by the year 2026, [ ] 2028 and 2030, respectively, that [ ] the gap compared to their indicative Union trajectory in 2023, [ ] 2025 or 2027 [ ] is covered [ ] [ ] by implementing additional measures [ ], such as:"**

- On p. 73, Art 27(4bis), the first and last paragraphs should read:

**"4bis. From 1 January 2021 onwards, the share of energy from renewable sources in each Member State's gross final consumption of energy shall not be lower than a baseline share [ ] that is equal to its mandatory national overall target for the share of energy from renewable sources in 2020 set out in Article 3(3) of [recast of Directive 2009/28/EC as proposed by COM(2016) 767]. If a Member State does not maintain its baseline share as measured over a one-year period, the Member State concerned shall take, within one year, additional measures such as those as set out in points (a) to (d) of paragraph 4 sufficient to cover the gap within two years. "**

(.....)

**The financing mechanism referred to in point 4(c) of this Article shall tender support for new renewable [ ] energy projects in or connected to the Union. Such projects shall respect the relevant law in force in the hosting Member State. Member States shall retain the right to decide whether, and if so, under which conditions, they allow installations located on their territory to receive support from the financing mechanism. Support may be provided inter alia in the form of a premium paid on top of market prices, and support shall be allocated to projects bidding for the lowest cost or premium. Every year, renewable energy generated by installations financed by the financing mechanism shall be statistically attributed to the participating Member States, reflecting their relative financial contribution.**

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- On p. 75, Article 27, a new paragraph 6 is added:

**(6) If, in the area of interconnections, the Commission concludes, based on its assessment pursuant to Article 25(1) and (4), in the year 2025 that progress is insufficient, the Commission shall cooperate with concerned Member States by the year 2026 aiming at addressing the circumstances encountered.**

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