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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy = Draft Council conclusions

Delegations will find in Annex I a first draft of the conclusions on the "Implementation of the Energy Union: empowering consumers and attracting investments in the energy sector". This draft builds on the above-mentioned Commission Communication as well as the outline circulated on 20 March (doc.7343/15) and the subsequent comments received from delegations. The preparation of the conclusions will proceed according to the timetable set out in Annex II.

This first draft of the conclusions will be examined by the Energy Working Party on 21 April and delegations are invited to provide written comments on the text by **22 April cob**.

**Draft Council conclusions on the
Implementation of the Energy Union:
Empowering consumers and attracting investments in the energy sector**

The Council of the European Union:

RECALLING:

- the conclusions adopted by the European Council on 19 and 20 March 2015, especially with regard to section I (Energy Union), noting that the EU is committed to building an Energy Union with a forward-looking climate policy on the basis of the Commission's framework strategy, whose five dimensions are closely interrelated and mutually reinforcing,
- the conclusions adopted by the European Council on 23 and 24 October 2014, especially with regard to Section I (2030 Climate and Energy Policy Framework) including the agreed nature and scope of targets for 2030 regarding reduction in greenhouse gas emissions, the share of renewable energy and energy efficiency, electricity interconnections, as well as fundamental importance of a fully functioning and connected internal energy market and the need to reduce the EU's energy dependence and increase its energy security for both electricity and gas,
- the conclusions on the Commission Communication on "Progress towards completing the Internal Energy Market", adopted by the TTE (Energy) Council on 9 December 2014,
- the conclusions on the Commission Communication "Energy prices and costs in Europe", adopted by the TTE (Energy) Council on 13 June 2014,
- the Commission Communications of 25 February 2015 on "A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy" and "Achieving the 10% electricity interconnection target - Making Europe's electricity grid fit for 2020",
- the Commission Communications of 28 May 2014 on "European Energy Security Strategy" and of 22 January 2014 on "Energy prices and costs in Europe".

ACKNOWLEDGING that the goal of building an Energy Union with a forward-looking climate policy is to provide **consumers** - households and business - with secure, sustainable, competitive and affordable energy and to reduce the EU's energy dependency and increase its energy security.

ACKNOWLEDGING the importance of the **investment climate** and **access to financing** in the energy field for implementation of all five dimensions of the Energy Union.

RECALLING, in order to ensure the **implementation** of the Energy Union, the need to develop a reliable and transparent governance system without any unnecessary 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, as indicated in the European Council conclusions of October 2014. ACKNOWLEDGING that this non-discriminatory governance system will be developed on the existing building blocks; 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; facilitate coordination of national energy policies and foster regional cooperation between Member States.

A. CONSUMER-ORIENTED IMPLEMENTATION OF THE ENERGY UNION

In order to promote consumer-oriented implementation of the five dimensions of the Energy Union, the Council:

1. REAFFIRMS the importance of ensuring stable, competitive and affordable energy prices for consumers while RECOGNISING the need for cost-reflectiveness or contestability of prices within the internal energy market with specific measures to ensure long-term visibility and competitiveness.
2. STRESSES the importance of secure energy supplies for consumers and therefore REAFFIRMS the significance of the efforts to reduce the EU's energy dependency and increase its **security of energy supply** and of diversification of both energy routes and sources while CONSIDERING the wide spectrum and different costs of solutions available for increasing energy security and RECOGNISING that the completion of the internal energy market as well as more efficient energy consumption and renewable energy are the key drivers.

3. While STRESSING the importance of establishing a well-functioning **internal energy market** that would correspond to the needs of the consumers, REAFFIRMS the need to fully implement and enforce existing EU legislation, including the Third Internal Energy Market Package; the need to address energy poverty, paying due attention to national specificities, and to assist consumers in vulnerable situations through a coordinated balanced combination of social, energy and consumer policy; the need to empower consumers with possibilities to participate actively in the energy market in order to drive competition, to increase both supply- and demand- side flexibility of the market, and to enable the consumers to control their energy consumption and to participate in demand response solutions.
4. While ACKNOWLEDGING the importance and positive aspects of **energy efficiency** in reducing energy costs, STRESSES the importance to engage all stakeholders in the implementation of different energy efficiency measures and the need to ensure that consumers have access to adequate information and correct incentives for energy savings. In this regard, UNDERLINES the need for strengthening the implementation of existing legislation as well as its further development that would help to achieve the full potential of energy efficiency, including the Ecodesign and the Energy Labelling Directives.
5. REAFFIRMS the importance of safe and sustainable energy supplies for the consumers. While RECOGNISING the importance of long term benefits and costs of **decarbonisation** utilising the full spectrum of safe and sustainable low carbon technologies, ACKNOWLEDGES the need for cost-effective integration of indigenous resources in the market and the promotion of the development of indigenous resources while making the best use of all safe and sustainable low carbon technologies.
6. In this context, STRESSES the importance of developing a forward-looking **Research & Innovation (R&I)** strategy in the energy sector, notably the need to promote further development of *inter alia* smart appliances and smart grids, electricity storage and the next generation of renewable energy including for transport.

B. INCENTIVISING INVESTMENTS IN THE ENERGY SECTOR

In order to promote investments required for implementation of all five dimensions of the Energy Union, the Council:

1. REAFFIRMS the need to create predictable market-driven investment climate throughout the whole European Union based on a stable and transparent European legal framework including climate and energy policy.

ACKNOWLEDGES the potential of enhanced regional planning and cooperation to promote investment savings and synergy in the different areas of energy sector investments and to adequately evaluate their short and long term benefits.

REAFFIRMS the need for major investments in energy infrastructure, energy efficiency and generation. To this end, the existence of appropriate investment signals as well as access to financing are the key issues that need to be ensured.

SUPPORTS the full use of all possible sources of financing, including the possibilities for EU financing, in order to facilitate access to financing of projects and developments in the energy sector.

REAFFIRMS the importance of creating a level playing field between market participants, *inter alia* with the aim of ensuring highest safety and environmental standards.

2. REAFFIRMS the need to prioritise the development of infrastructure necessary for **diversification of energy supplies** to the EU, ending energy isolation and strengthening energy security as well to ensure that the 10% electricity target will be met, including integration with the Continental European Networks.
3. RECOGNISES the importance of **energy market** improvements to continue the liberalisation and the development of open and competitive markets that would incentivise investments, ensure predictability of energy markets and long-term visibility for investors and ensure market flexibility, security of supply, renewable energy and more efficient energy consumption.

4. CALLS for the financial and political support with a clear long term perspective to facilitate and promote private investments in **energy efficiency** and energy savings, notably in the sectors for buildings, transport, products and appliances.
5. STRESSES the importance of ensuring a stable and further aligned state aid in the sector of **renewable energy** to facilitate market integration while retaining Europe's leading role in investment in renewable energy.
6. ENCOURAGES initiatives on EU **technology and innovation** leadership in energy and climate while promoting growth and jobs, ensuring adequate instruments to build up investment in research and innovation and bringing new technologies to the market in the EU and expand export opportunities, including for example on the next generation of renewables, on electricity storage and carbon capture and storage, on improving energy efficiency and on low carbon technologies for industry as well as on sustainable transport.

C. NEXT STEPS

In order to continue building an Energy Union on the basis of the Commission's framework strategy, the Council:

1. SUPPORTS the Energy Union 15 action points and CALLS for their swift implementation.
2. RECALLS that the EU institutions and Member States need to take work forward regarding building an Energy Union and that the Council should report to the European Council before December 2015.
3. CALLS on the Commission to rapidly present initiatives on the Governance of the Energy Union to be set up swiftly and reported to the European Council in December 2015.
4. CALLS on the Commission to ensure greater transparency in the composition of energy costs and prices by developing regular and detailed monitoring.
5. CALLS on the Commission to explore proposals for energy investment regimes that pool resources to finance economically viable investments, avoiding market distortion and fragmentation.

TENTATIVE TIMETABLE**Draft Council Conclusions on Implementation of the Energy Union:****Empowering consumers and attracting investments in the energy sector**

19-20 March	European Council
23 March	Circulation of outline
31 March	Deadline for written comments on outline
10 April	Circulation of 1st draft conclusions
21 April	EWP: examination of 1st draft conclusions
22 April	Deadline for written comments on 1st draft conclusions
24 April	Circulation of 2nd draft conclusions
28 April	EWP: examination of 2nd draft conclusions
29 April	Deadline for written comments on 2nd draft conclusions
8 May	Circulation of 3rd draft conclusions
12 May	EWP: finalisation of draft conclusions
27 May	<i>Coreper I</i>
8 June	TTE (Energy) Council