



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 2 June 2014

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NOTE

from: General Secretariat of the Council
to: Council

Subject: Follow-up to the 2014 March European Council:
a) Completing the Internal Energy Market
- Information from the Commission
b) Communication from the Commission on a "European Energy Security Strategy" (EESS)
- Presentation by the Commission
c) Communication from the Commission on "A policy framework for climate and energy in the period from 2020 to 2030"
- Policy debate

1. The March European Council set out, in paragraphs 15 to 23 of its conclusions, its orientations on several elements related to climate and energy, notably the principles on which the new policy framework for energy and climate should be based, the elements to be rapidly developed with a view to an early agreement on the policy framework, the completion of the internal energy market by 2014 and the development of interconnections so as to put an end to any isolation of Member States from European gas and electricity networks by 2015, the reduction of Europe's gas energy dependence, energy efficiency and energy security, the implementation of projects of common interest (PCIs), efforts to moderate the energy costs borne by energy end-users, and coordination to facilitate the achievement of EU level objectives.

2. The Roadmap on climate change and energy, which was circulated last April, invites the June ENVI and TTE(Energy) Councils to “discuss the themes of climate and energy and try to achieve progress on focused issues in order to define elements for the final package”. As set out in its Annotated draft agenda the June European Council will :

- discuss ways of reducing the EU energy dependence, on the basis of the comprehensive plan presented by the Commission and the Commission's in-depth study of EU energy security;
- take stock of progress made in the area of climate and energy policy since its March meeting.

This is reflected in the focus put on Energy security at the coming TTE(Energy) Council. Regarding the Internal Energy Market, on which a Commission report is due to be adopted after the June TTE, it is expected that oral information on the state of play will be presented by the Commission at the June TTE. Moreover, delegations will have noted that the topic “energy prices and costs, consumers and competitiveness” is addressed as a separate item on the TTE agenda.

3. Useful preparatory discussions already took place at the level of Energy DGs and then on the occasion of the Informal Energy Ministerial on 15-16 May where some convergence of views could be noted notably regarding the principles which could underpin the governance process envisaged for the implementation of the framework (see Annex I) as well as on the lines of action on energy security (Annex II), which could be further refined on the basis of the Commission Communication due to be adopted on 28 May. Delegations will have also noticed that several delegations, individually or jointly, have provided contributions on energy security.
4. In light of the above the Presidency would therefore suggest to structure the policy debate at the June (TTE) Council on the basis of the following questions:

Q1: In light of the Commission Communication on a European Energy Security Strategy do delegations wish to amend or further refine the lines of action set out at Annex II and if so, how ?

Noting that some energy security concerns are of more short term relevance it would be useful if delegations could divide their reply between short- and medium/long-term priorities. Delegations may also wish to reflect on the link between the EU's energy security and that of its neighbours.

Q2: Securing adequate interconnections, within the EU as well as with its neighbours, is a key component of energy security. This is also essential for a fully integrated internal market as well as for the further development of energy from renewable sources. In line with the orientations of the March European Council interconnection issues arise both with respect to the setting of interconnection objectives and to the implementation and selection of PCIs. Taking also into account the approach set out in the Commission Communication on EESS in this respect:

- How would you define interconnection objectives for 2030 and on the basis of which criteria ?
- Taking into account the criteria already set in the TEN-E Regulation do you see the need to give a higher priority to certain PCIs ?

Q3: Energy policies at EU and national level are contributing to and impacted by all the components of the envisaged 2030 framework, and will have to contribute the lion's share of the implementation process. In this respect what do you see as the most essential elements of the framework that need to be defined as part of the set of orientations to be agreed in October and which elements can possibly be left for later ?

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Delegations are invited to submit written contributions in order to allow Ministers to focus on key messages.

GOVERNANCE PROCESS

The Presidency noted that the key words for the governance process are flexibility and compatibility: flexibility for Member States to define a cost-efficient path to a low-carbon economy best suited to their national circumstances and energy security, compatibility of this path with our common objectives. The Presidency noted further that by and large the following principles could serve as a basis for more detailed guidance to be developed on the governance process in due course:

- 1) Taking into account the main elements of an agreed 2030 Framework, including a common understanding of general principles on governance, clear guidance will be developed by the Commission in close cooperation with the Member States on the governance process and content of national plans.
- 2) The governance process must ensure flexibility for Member States to choose policies that are best matched with national circumstances and preferences, while at the same time providing for the achievement of agreed targets at the EU level.
- 3) Member States must use this flexibility in a way that is compatible with further market integration, increased competition on the internal market, in full compliance with EU legislation and the attainment of common objectives and addressing common challenges.
- 4) The national plans should address all three common objectives (competitiveness, security of supply and sustainability) of EU energy policy with a focus on areas with a clear European dimension. Regional cooperation between Member States in establishing and implementing national plans is essential to ensure market integration, a level playing field and improved cost efficiency of meeting common objectives.
- 5) The new process should take the opportunity to streamline and improve current reporting obligations in the energy and climate fields; reporting must focus on the central elements of the national plans and should not result in additional administrative burden compared to current requirements.
- 6) The approach to review and modification of the national plans once they are established must strike the balance between the need to ensure investment certainty on the one hand and Member States' legitimate right to adapt to changing circumstances on the other.

Indicators will also have to be considered to support the governance process and developed in dialogue with the Commission.

ENERGY SECURITY

The Presidency noted, first and foremost, that Energy security cannot be achieved on a national basis alone, be it because of the solidarity dimension it implies, of the isolation of certain Member States from European networks and its consequences for regional development, or of the added-value of speaking or even negotiating as one in well-defined circumstances or of using EU-level instruments such as Horizon 2020. Besides, to be successful while not being too costly, so that energy remains affordable, energy security policy has to be comprehensive – from energy efficiency, to diversification, to infrastructure – and integrated into other policy areas, such as the R & D policy.

Taking due account of national circumstances and choices of energy mix the Presidency further noted some convergence on the following lines of action, varied emphasis being put by Member States on some of them:

- 1) Ensuring consistency between the European Energy Security Strategy and the 2030 climate and energy framework.
- 2) Differentiating between short term measures, say as regards the more comprehensive development of emergency plans, completion of reverse-flows or some energy efficiency measures, and medium to long term initiatives, be it the deployment of trans-European networks or indigenous resources, renewable or conventional.
- 3) Moderating energy demand/Enhancing energy efficiency.
- 4) Increasing energy production in the European Union.
- 5) Diversifying external gas supplies and related infrastructure and strengthening the EU's bargaining power vis-à-vis external suppliers.
- 6) Building a performing and fully integrated internal market, including as regards specific interconnection objectives and a strengthened regional approach.
- 7) Reviewing our emergency/ solidarity mechanisms (e.g. emergency plans, storage facilities) and protecting strategic energy infrastructures.
- 8) Developing our technological and industrial capabilities, including when defining priorities for the Horizon 2020 programme.
- 9) Speaking with one voice in external energy policy, notably when pursuing the several dialogues the EU is carrying out with third countries or regions.