



Council of the
European Union

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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Draft Council conclusions on the Future of Energy Systems in the Energy Union designed to ensure the clean energy transition and the achievement of energy and climate objectives towards 2030 and beyond - Discussion

Following the discussion at the Energy Working Party on 7 May the Presidency prepared a further revised draft of Council conclusions on the 'Future of Energy Systems'. Changes compared to the previous version are marked as **bold underlined** and with ~~strikethroughs~~. To facilitate further discussions, the paragraphs and bullet points were numbered. These numbers will be removed before adoption of the Council conclusions.

The Working Party on Energy (EWP) on 21 May will be invited to discuss these revised draft conclusions. Delegations are invited to provide written feedback also by 21 May the latest.

**Draft Council conclusions on the Future of Energy Systems
in the Energy Union to ensure the clean energy transition and the
achievement of energy and climate objectives towards 2030 and beyond**

The Council of the European Union:

1. RECALLING:

- the conclusions adopted by the European Council on 13 and 14 December 2018, especially with regard to the invitation to continue work on the elements outlined in the Commission Communication "A Clean Planet for all",
- the conclusions adopted by the European Council on 21 and 22 March 2019 that emphasise the importance of the EU submitting an ambitious long-term strategy by 2020 ~~striving for climate neutrality in line with the Paris Agreement, while taking into account Member States' specificities and the competitiveness of European industry,~~¹
- the 'Clean Energy for all Europeans' legislative package, setting the framework for the implementation of the Union's 2030 climate and energy targets on greenhouse gas reductions, renewable energy increases and energy efficiency improvement,
- **the conclusions adopted by the Council on 21 November 2018 on 'a future EU Industrial Policy Strategy' that emphasise the importance of mainstreaming industrial policy across all EU policies including energy policy.**

2. TAKING NOTE OF:

- **The Commission Communication of 16 February 2016 on an 'EU Strategy on Heating and Cooling of 2016',**
- The Commission Communication of 23 November 2017 titled 'Strengthening Europe's energy networks',

¹ *Comment: Moved below to paragraph 4*

- The Commission Communication of 9 January 2019 on 'Energy prices and costs in Europe',
- The Commission Communication of 9 April 2019 titled 'Fourth Report on the State of the Energy Union',
- The Commission Recommendation of 3 April 2019 on Cybersecurity in the Energy Sector.

3. **AKNOWLEDGING** the five dimensions of the Energy Union with a forward-looking climate policy, that are closely interrelated and mutually reinforcing: energy security, solidarity and trust; a fully integrated European energy market; energy efficiency contributing to moderation of demand; decarbonization of the economy; and research, innovation and competitiveness, and the need to provide a coherent strategy and a balanced approach of the five dimensions.

4. UNDERLINES the importance of the EU submitting an ambitious long-term strategy by 2020 striving for climate neutrality in line with the Paris Agreement, while taking into account Member States' specificities and the competitiveness of European industry.

5. **STRESSES** the need to ensure the clean energy transition and the achievement of energy and climate targets towards 2030 and beyond, by developing reliable, **sustainable** and cost-effective energy networks and by modernizing the energy system through the promotion of innovative technologies, digitalization and sector integration and by modernizing the whole economy towards carbon neutrality on the longer term.

6. **UNDERLINES** the importance of ambitious Integrated National Energy and Climate Plans (NECP) to be notified by Member States by the end of 2019 and their effective implementation as well as regional ~~coordination~~ **cooperation** between the Member States with regard to these plans, while taking into account the Member State's specificities and different **potentials starting points** reflected in the NECP and **while respecting the Member States' right to determine their choice between different energy sources and the general structure of its energy supply under Article 194(2)**, and **RECOGNIZES** the role of the governance system and the exchange of best practices to guarantee and facilitate the achievement of the ~~goals of~~ the energy ~~transition~~ and climate **targets towards 2030**.

7. STRESSES the importance of citizens and businesses to be at the core of the market driven energy transition process, while ensuring public support for ~~and public acceptance of~~ the EU's ambitious energy and climate targets towards 2030, and providing for a just transition and for affordable energy for household consumers, taking into account vulnerable customers **and energy poverty**, as well as for industry, in order to ensure its global competitiveness.

8. RECOGNISES the need of substantial public and private investments to facilitate the energy transition **in all relevant sectors**, **notably** in the electricity and gas sectors **as well as the heating and cooling sector**, and the importance of ensuring adequate EU financial support and a **stable and predictable investment framework**, EMPHASISING in this respect the importance of the EU's overall financial framework, the role of the European Investment Bank to provide multipliers and the importance of balanced EU state aid rules **that are coherent with the EU energy and climate goals towards 2030 and beyond**.

9. UNDERLINES the need to implement the energy efficiency first principle and to improve energy efficiency, in particular in buildings as well as in industrial appliances, while STRESSING the need to remove regulatory and other market barriers and making use of common standards.

10. ACKNOWLEDGES the important role of regional cooperation in ensuring the energy transition and the achievement of the objectives of the Energy Union, **including** through the already established cooperation fora in the EU **and with external actors**.

I. To promote the development of reliable, **sustainable** and cost-effective **energy networks** the Council:

11. STRESSES the importance of cost-effective and efficient **local, regional and national** energy networks **as enablers of the energy transition** for the functioning of the internal market and in order to ensure security of supply, with a focus on diversification of energy sources and routes and improvement of markets' integration.

12. UNDERLINES the importance of making the energy infrastructure ready to make use of the opportunities offered by the ongoing process of modernization, decarbonization, by the growing shares of renewable energy, in order to evolve into a **secure**, fit-for purpose, modern, effective, smart **and resilient** energy system across the EU.

13. IDENTIFIES the following energy infrastructure priorities:

- a. Enhance **the development of** cross-border interconnections necessary to reach the 10% electricity interconnection target for 2020 with the objective of arriving at a 15% target for 2030, **as defined in the Governance Regulation**, while **supporting projects that are crucial for the integration of Member States' grids into the EU energy networks and also addressing** intra-state bottlenecks, **aiming at achieving a fully effective and more integrated internal energy market**.
- b. Facilitate the RES roll-out as well as their integration in the networks, **both at transmission and** distribution level, particularly through promoting sector integration and developing storage solutions, bearing in mind the need **of enhanced transmission networks** to maintain grid stability and security of supply;
- c. Facilitate the further electrification of the economy, **in particular in emissions' intensive sectors**, such as **in the** transport and industry **sectors**;
- d. **Exploit the significant potential for the deployment of direct renewable heat in the heating and cooling sector, including district heating and cooling**.
- e. Promote E-mobility and alternative renewable fuels infrastructure development, such as **the EV** charging infrastructure in the public and private areas, across the EU;
- f. Enhance **energy and power** sector flexibility via energy storage, **grid expansion, flexible generation**, power-to-x technologies, **sector coupling** as well as demand management solutions such as smart metering;
- g. **Analyze** existing infrastructure in order to secure cost effective transition and avoid **lock-in effects and** stranded assets **and optimize the utilization of existing infrastructure and available interconnections, by making maximal use of market integration, market coupling and regional cooperation**;

- h. Implement energy efficiency measures and the energy efficiency first principle;
- i. **Exploit the significant potential for the deployment of direct renewable heat in the heating and cooling sector, including district heating and cooling'**
- j. **Ensure the protection of critical energy infrastructure and their cybersecurity.**

II. To promote the development and deployment of **innovative technologies** the Council:

14. CALLS on the importance of **striving for** technology neutrality for creating a level-playing field for available and emerging **decarbonized** technologies and market-based solutions, while EMPHASISING that technologies to be deployed must be **reliable**, safe, sustainable and environmentally sound.

15. RECOGNIZES the importance of research and demonstration as well conditions that allow innovative new **decarbonized** technologies to develop and mature under market conditions, and STRESSES the need to exponentially increase investments in Research, Development and Innovation to facilitate technological leadership of European companies with regard to both **established and** emerging **decarbonized** technologies, while also promoting business models and social innovations to ensure the deployment and acceptance of the technological solutions.

16. UNDERLINES that digitalization, including the development of smart grids and data management **and its protection**, will play a fundamental role for future energy systems, providing increased flexibility and supporting the energy efficiency first principle, while RECOGNISING that cybersecurity and the protection of personal data will have to be ensured throughout the entire energy sector.

17. REITERATES that storage systems, both conventional and new solutions, are key for transition, **in particular to raise opportunities for** hydro power for seasonal storage and batteries for short term storage but also storage of gas and **renewable** hydrogen from power to gas production, **in particular** renewable **hydrogen**.

18. ENCOURAGES the improvement **of** and access to EU funds, in particular for active consumers and energy communities as well as for industry when innovating and when adapting to energy transition needs, **while ensuring a level playing field within all market participants.**

19. STRESSES the importance of **market-based solutions in combination with** cost-efficient financial support for the swift deployment of renewable energy, inter alia through the new Union renewable energy financing mechanism, energy efficiency **and other low-emission** technologies with an aim to reap **renewables and** energy efficiency potentials, especially in the buildings sector, **while exploiting synergies with other EU funding schemes such as Horizon Europe, the InvestEU programme and Structural Funds in order to ensure cost-effective funding of the clean energy transiting.**

20. ACKNOWLEDGES that Carbon Capture and Storage (CCS) and Carbon Capture and Use (CCU) technologies may play a crucial for decarbonisation beyond 2030, as currently these are the only known technologies to prevent CO2 emissions from fossil fuel use, while public acceptance in Member States will have to be respected.

21. RECOGNIZES the necessity to assess and take account of the costs and benefits of the deployment of new technologies on both economic and social dimensions, with the aim of maintaining and improving industrial competitiveness of the EU on a global level, while avoiding measures that would be detrimental to it **and stressing the opportunities offered by a truly European industrial policy approach, which would create the conditions for the EU to be in the lead regarding energy transition.**

21. ENCOURAGES the development of technologies that facilitate a structural change in the way society and businesses relate to energy by incentivizing behavioral changes by individuals and companies that will help to underpin the clean energy transition.

III. To promote **sector integration** the Council:

22. HIGHLIGHTS the importance of sector integration and sector coupling, such as of electricity, gas, heating and cooling as well as transport infrastructure, supported by digitalization, that are key to contribute to the decarbonization of the energy system in a cost-effective manner, and considering that **citizen participation, such as through** Smart Cities and **energy communities, is** important to realising sector coupling.

23. UNDERLINES the importance of ensuring the deployment of cost-effective solutions for decarbonisation.

24. CALLS on the importance of ensuring a level playing field across sectors, **recognizing technology neutrality and the** Member State's right to choose their energy mix, so that the more cost **effective efficient and reliable** solutions for decarbonisation are deployed and STRESSES in this regard the need to remove regulatory **and other market** barriers and gaps and explore common standards in order to facilitate and develop sector **integration and** sector coupling technologies;

25. STRESSES the need to better exploit the synergies between different parts of the energy system, production, transport, trade, transformation, distribution and consumption, and by empowering consumers in transport and industry to become active participants in the energy system, thus contributing to decarbonization and system flexibility.

26. EMPHASIZES the potential of renewable and low-carbon gas **and liquid fuel** technology development and its deployment, such as hydrogen, **particularly from** renewables, biogas and biomethane, the potentials of which needs to be further assessed and explored, **with a view to make** the best use of the existing EU gas infrastructure in a decarbonised energy system.

In view of the next legislative term the Council:

27. CALLS on the European Commission to duly respect the above mentioned principles when presenting proposals **in any policy areas and more specifically when presenting proposals** to further develop reliable, **sustainable** and cost-effective energy networks and to further modernize the energy system thorough the promotion of innovative **decarbonized** technologies, digitalization and sector **coupling and sector** integration.

28. CALLS on the European Commission to develop an action plan on sector coupling technologies such as hydrogen with regards to the removal of regulatory and market barriers and the exploration of common standards in view of the nascent global market for such technologies.

29. CALLS on the European Commission to reflect the efforts required to reach the EU energy and climate targets for 2030 in the context **of any revision of** the EU State aid rules **which may be carried out as a result** of the fitness check.

NEXT STEPS

Provisional timetable

21 st of May	EWP: examination of 3rd draft CC
21 st of May	Deadline for written comments
23 rd -24 th of May	Circulation of 4 th revised draft CC
28 th of May	EWP: finalization of draft CC
12 th of June	COREPER
25 th of June	TTE