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WORKING PAPER

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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Energy
Subject:	ES comments on the revised Regulation on the Governance on the Energy Union

Delegations will find in annex the ES comments on the revised Regulation on the Governance of the Energy Union.

ES COMMENTS ON THE GOVERNANCE REGULATION

MANDATE FOR THE THIRD TRILOGUE

1. Trajectories: we thank the Presidency for keeping the levels of the GA. We cannot accept to go beyond the current proposal, and in particular we cannot accept the progressive increase of the linearity proposed by the Presidency. If we were to go for more linearity, that we could only accept for the point in 2027, a significant reinforcement of the interconnection target would be the necessary:

- Insurance that the target will be not revised downwards;
- Introduction of a reference to interconnections in article 27.1
- Anticipation of the dates of evaluation of the progress gap in article 27.6: in particular, by including an additional check point in 2023.

Proposal for us to accept a more linear reference point in 2027 (up to 85%):

Article 13.3:

*In the update referred to in paragraph 2, Member States shall only modify their national [] target[], objective[] or contribution[] for any of the quantified EU targets, objectives or contributions set out in Article 4(a) **and** (b) **and (d).1**, to reflect an equal or increased ambition as compared to the one[] set in the latest notified integrated national energy and climate plan.*

Article 27.1:

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, **and the Union's 2030 targets for efficiency and interconnections**, it may issue [] recommendations [] to 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.

Article 27.6:

*(6) If, in the area of interconnections, the Commission concludes, based on its assessment pursuant to Article 25(1) and (4), in the years **2023 and** 2025, that progress is insufficient, the Commission shall cooperate with concerned Member States by the year **2024 or** 2026 aiming at addressing the circumstances encountered.*

2. Consideration of relevant circumstances affecting RES deployment in the assessment and recommendations of the progress by the Commission: we want

to thank the Presidency for maintaining this reference in article 27.2bis. For Spain it is essential in the context of our problem of interconnections and the fact that the next project will be commissioned in 2025 at the earliest. Please take into account that this is by no means double counting: the circumstances we took into account in 2019 may significantly vary during that period. Deviations from them could mean deviations from the planned res trajectory fully justified and understandable. Also note that this by no means affects the obligation to implement measures to cover the gap as this is an

obligation we have regardless of the relevant circumstances. It only affects the "tone" of the Commission's recommendations. For us is very important.

3. Early efforts: we thank the Presidency for maintaining the definition and call for the Presidency to defend it strongly in the next trilogue, considering the following:

- **Recognising only the early efforts of 2020-2030 would penalise MS that have already reached a high share by early deployment in the past** (assuming greater costs) and that cannot grow as rapidly because their potential is now more limited than it was in the past (with the current state of art).
- Regarding the **year 2005**, it is the starting point where progress began to be monitored at European (and MS) level and it is the year that all studies take into account as a starting point. **Any other year would lead to the same problems of discrimination mentioned in the first point** due to uneven deployment across the EU and not comparable starting points.
- **When considering the past, not only the cases of overachievement of 2020 targets should be considered. It is essential to consider also those MS that reach their 2020 target making substantial efforts in early years**, when technologies were not mature. These leading countries have benefited environment and society as well as the rest of MS that could develop RES at cheaper prices. If the early efforts definition includes only the cases of over-achievement in the 2020 targets, MS that have a target of for instance 5% and have reached 5,5%, deploying the capacity in the late years of the decade could benefit from the definition of early efforts, whereas Spain would not fit into this definition which we consider is not fair.
- **Please take into account that the current definition of the formula does not consider early efforts. Therefore the fact that this is mentioned among the objective criteria implies that MS will be forced to really justify that this affects the deployment.**

4. Political monitoring: we think that PRES proposal strikes the right balance and hope that this will be acceptable for the EP.

5. Objectives and reporting obligations on internal market and energy security: the new proposals go beyond what is acceptable and the drafting in articles 4, 20, 21 and Annex I is highly confusing and not fully coherent.

Proposal:

a) Energy security

Article 4.c

(1) national objectives with regard to:

- *increasing the diversification of energy sources and supply from third countries, which may be aimed at [] reducing energy import dependency where appropriate, **and/or***
- *increasing the flexibility of the national energy system, **and/or***
- *coping with constrained or interrupted supply of an energy source,*

for the purpose of improving the resilience of regional and national energy systems, including a timeframe for when the objectives should be met;

Article 20, integrated reporting on energy security

(a) national objectives for the diversification of energy sources and supply [], ~~storage, demand response~~;

(d) ~~if applicable~~, national objectives with regard to increasing the flexibility of the national energy system, in particular by means of deploying [] national domestic energy sources, demand response and energy storage.

Annex I Part I Section A Part 2.3

i bis. [] National objectives with regard to increasing: the diversification of energy sources and supply from third countries; []*), for the purpose of increasing the resilience of regional and national energy systems;

iv. [] ~~if applicable~~, national objectives with regard to increasing the flexibility of the national energy system, in particular by means of deploying [] national domestic energy sources, demand response and energy storage.

b) Internal market

Article 4.d

(2) Key electricity and gas transmission ~~and distribution~~ infrastructure projects, ~~aggregated data on electricity distribution infrastructure projects and, where relevant, modernisation projects~~, that are necessary for the achievement of objectives and targets under the five dimensions of the Energy Union Strategy.

(3) national objectives related to other aspects of the internal energy market such as increasing system flexibility, in particular related to the promotion of wholesale price formation, market integration and coupling, smart grids, aggregation, ~~demand response, storage~~, distributed generation, mechanisms for dispatching, re-dispatching and curtailment and real-time price signals [], including a timeframe for when the objectives should be met, ~~and other national objectives related to the internal energy market as set out in Annex I, part 1, Section A, Part 2.4.3;~~

Article 21, Integrated reporting on the internal energy market

(b) key [] electricity and gas transmission and distribution infrastructure projects that are necessary for the achievement of objectives and targets under [] the five key dimensions of the Energy Union

(d) [] National objectives related to other aspects of the internal energy market such as increasing system flexibility [], market integration and coupling, smart grids, aggregation, ~~demand response, storage~~, distributed generation, mechanisms for dispatching, re-dispatching and curtailment, real-time price signals;

(f) [] measures with regard to ensuring electricity system adequacy and, **where applicable**, to limiting capacity mechanisms to the extent necessary for the purpose of security of supply;

Annex I Part I Section A Part 2.4.3

i. National objectives related to other aspects of the internal energy market such as increasing system flexibility, in particular related to the promotion of wholesale price formation, market integration and coupling, smart grids, aggregation, **demand response, storage**, distributed generation, mechanisms for dispatching, re-dispatching and curtailment, and real-time price signals [], including a timeframe for when the objectives shall be met

Annex I Part I Section A Part 3.4.3

ii. [] **If applicable**, measures to increase the flexibility of the energy system with regard to renewable energy production such as smart grids, aggregation, **demand response, storage**, distributed generation, mechanisms for dispatching, re-dispatching and curtailment, real-time price signals, including the roll-out of intraday market coupling and cross-border balancing markets

6. Energy efficiency: see joint written proposal together with Germany, Italy, Sweden and Luxembourg, that addresses the what if question in energy efficiency.

7. Energy poverty: even though the Commission guidance is indicative, there is an obligation for MS to take it into account when defining energy poverty. We don't think that this is coherent with the principle of subsidiarity and the fact that social policy and energy poverty should remain a national competence. Moreover, MS should not be required by EU legislation to fix national objectives.

Proposal:

(18a) When preparing their integrated national energy and climate plan, Member States should assess the number of households in energy poverty, taking into account, **where appropriate**, the necessary domestic energy services needed to guarantee basic standards of living in the relevant national context, existing social policy and other relevant policies, as well as Commission indicative guidance on relevant indicators for energy poverty [].

In the event that a Member State finds that it has a significant number of households in energy poverty, it should include in its plan a national indicative objective to reduce energy poverty.

Article 3.3.b:

(e) assess the number of households in energy poverty taking into account, **where appropriate**, the necessary domestic energy services needed to guarantee basic standards of living in the relevant national context, existing social policy and other relevant policies, as well as indicative Commission guidance on relevant indicators for energy poverty.

Article 21a – AM 154:

Where the second subparagraph of Article 3(3)(e) applies, the Member State concerned shall include in its integrated national energy and climate progress report:

- (a) information on progress towards the national indicative objective to reduce the number of households in energy poverty, **where available**; and*
- (b) quantitative information on the number of households in energy poverty, and, where available, information on policies and measures addressing energy poverty.*