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WORKING PAPER

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From:	General Secretariat of the Council
To:	Delegations
Subject:	DK comments on the revised Governance Regulation

Delegations will find in the annex the DK comments on the revised Governance Regulation.



The Danish comments to the Rev2 of the Governance proposal

Office/Department
EUK

Date
29th June 2017

/SME, HEA, MIS, LGJ,
MAS, ER, ANBJE

PLEASE NOTE THAT DENMARK HOLDS A GENERAL RESERVATION AND A SCRUTINY RESERVATION ON THE ENTIRE PROPOSAL AND THESE COMMENTS ARE WITHOUT PREJUDICE TO ANY SUBSEQUENT POSITIONS TAKEN

General comments

Denmark welcomes the Rev2 of the governance proposal and supports the establishment of a robust governance system which can ensure, that the EU reaches the political targets for energy and climate for 2030 and ensures investor certainty towards 2030.

Hereby follows the preliminary comments from Denmark to the Rev2 proposal for a governance system for the energy union.

Article 3 (1)

Denmark welcomes the new deadline of 1 April 2019 for the submission of the final Integrated National Energy & Climate Plans. Denmark believes this meets the concerns expressed by some Member States, while still allowing alignment with the Paris Agreement. Denmark believes that this alignment is important to maintain.

Article 6(1)

"When setting their indicative national energy efficiency contribution for 2030 and the last year of the period covered for the subsequent national plans pursuant to Article 4(b)(1), Member States shall ensure that [] the Union's 2020 energy consumption is no more than 1 483 Mtoe of primary energy and/or no more than 1 086 Mtoe of final energy, the Union's 2030 energy consumption is no more than 1 321 Mtoe of primary energy and/or no more than 987 Mtoe of final energy for the first ten-year period.."

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Justification

Denmark finds it of great importance that Member States, when setting their national contributions on energy efficiency for 2030, are taking both primary and final energy consumption into account, since final energy reflects the energy savings in the best way. If Member States are only taking primary energy consumption into consideration this can lead to a reduced effort regarding the achievement of energy savings.

Article 8:

1. *Member States shall describe, in accordance with the structure and format specified in Annex I, the current situation for each of the five dimensions of the Energy Union including of the energy system and greenhouse gas emissions and removals at the time of submission of the national plan or on the basis of the latest available information. Member States shall also set out and describe projections for each of the five dimensions of the Energy Union for the **duration of the plan and, i.e. for the period 2020 to 2030, for a period of ten years following the last year covered by the plan** and with perspectives for 2040, expected to result from existing (implemented and adopted) policies and measures.*

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2. *Member States shall describe in their integrated national energy and climate plan their assessment, at national and where applicable regional level, of:*

- (a) *the impacts on the development of the energy system and greenhouse gas emissions and removals for the **duration of the plan, i.e. for the period 2020 to 2030, and for a period of ten years following the last year covered by the plan, and with perspectives for 2040**, under the planned policies and measures including a comparison with the projections based on existing (implemented and adopted) policies and measures referred to in paragraph 1;*

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Justification:

The revised proposal by the Commission suggests replacing the requests for projections until 2040 with a request for projections for “a period of ten years following the last year covered by the plan”. However, since the last year covered by the plan is 2030, this phrase means exactly the same as the phrase in the previous version: a request for projections until 2040.

Denmark has consistently made the technical point that making projections with existing (implemented and adopted) policies and measures, as well as



planned (with the definition described in Chapter 1, Article 2), with a timeframe to 2040 makes little sense. The 2040 time frame is beyond the time frame in which policies and measures will be in place in Member States. Frozen policy projections are a good starting point, but when they go much beyond the time frame of policies & measures, they tend to show mainly that new policies are required. Frozen policy projections can show whether countries are on track within the time frame of policies, and give some indications of the direction beyond, but only indications. Hence, the suggestion to replace the request for projections to 2040 with “perspectives for 2040”.

Article 9 (1)

Denmark welcomes the new deadline of 1 April 2018 for the submission of draft Integrated National Energy & Climate Plans. This meets the concerns some Member States have expressed about the deadline, and will allow for sufficient time to prepare the draft plans while at the same time still allowing alignment with the Paris Agreement. Denmark believes that this alignment is important to maintain.

Article 14

Text proposal

~~2. The long term low emission strategies shall cover:~~

- ~~(a) total greenhouse gas emissions reductions and enhancements of removals by sinks;~~
- ~~(b) emissions reductions and enhancement of removals in individual sectors including electricity, industry, transport, the buildings sector (residential and tertiary), agriculture and land use, land use change and forestry (LULUCF);~~
- ~~(c) expected progress on transition to a low greenhouse gas emission economy including greenhouse gas intensity, CO₂ intensity of gross domestic product and strategies for related research, development and innovation;~~
- ~~(d) links to other national long term planning.~~

Justification

DK welcomes the revised proposal to report the strategy with a “30 years perspective” instead of a “50 years perspective”.

However, our 2nd comment in the first round is also valid as it is also impossible to be as specific as required by article 14.2 in a 30 years perspective. As in the MMR the reporting requirements should not be



specified in this kind of details and should therefore be deleted.
Alternatively the text could stay if “shall” is changed to “may, where applicable”.

Article 19, a(2)

“objectives [] of the long-term **strategy for the** renovation of the national stock of [both public and private] residential and [commercial] **non-residential buildings, both public and private; in accordance with Article 2a of Directive 2010/31/EU on the energy performance of buildings.**”

Justification/question

In line with the article 4b(1) point 3, DK would like to see the reference to the Energy performance of buildings directive.

Article 16 – Reference to Annex IV and V

Text proposal

ANNEX IV

(c) information on national policies and measures, or groups of measures, and on implementation of Union policies and measures, or groups of measures, that limit or reduce greenhouse gas emissions by sources or enhance removals by sinks, presented on a sectoral basis and organised by gas or group of gases (HFCs and PFCs) listed in Part 2 of Annex III. That information shall refer to applicable and relevant national or Union policies and shall include:

- (iv) where used, indicators to monitor and evaluate progress over time;
- (v) where available, quantitative estimates of the effects on emissions by sources and removals by sinks of greenhouse gases broken down into:
 - the results of ex ante assessments of the effects of individual or groups of policies and measures on the mitigation of climate change. Estimates shall be provided for a sequence of four future years ending with 0 or 5 immediately following the reporting year, with a distinction between greenhouse gas emissions covered by Directive 2003/87/EC, Regulation [] [ESR] and Regulation [] [LULUCF];
 - the results of ex post assessments of the effects of individual or groups of policies and measures on the mitigation of climate change where available, with a distinction between greenhouse gas emissions covered by Directive 2003/87/EC, Regulation [] [ESR] and Regulation [] [LULUCF];
- (vi) where available, estimates of the projected costs and benefits of policies and measures, as well as estimates of the realised costs and benefits of policies and measures;



- (vii) where available, all references to the assessments of the costs and effects of national policies and measures, to information in the implementation of Union policies and measures that limit or reduce greenhouse gas emissions by sources or enhance removals by sinks and to the underpinning technical reports;
- (d) where available, information on planned additional national policies and measures envisaged with a view to limiting greenhouse gas emissions beyond their commitments under Regulation [] [ESR] and Regulation [] [LULUCF];

ANNEX V

Information to be included in the reports referred to in Article 16:

- (a) projections without measures where available, projections with measures, and, where available, projections with additional measures;

Justification

DK can in general support that the biennial reporting of information on policies and measures required under the MMR continue under the proposed regulation.

However, in a few places the proposal is less flexible than in the MMR. Different MS uses different indicators to monitor progress. Some MS have a lot of indicators, but only uses one or a few to monitor progress in the key parameters. As under the MMR only the indicators used should be reported cf. the change suggested in **Annex IV,(c),(iv)**.

The estimation of effects and costs of individual policies and measures – especially ex-post – continues to be a challenge to MS and in practice impossible in many cases. The reporting of such estimates should continue to be required only in the cases where such estimates are available, and where available, relevant documentation - cf. the changes suggested in **Annex IV,(c),(v, vi and vii)**.

In **Annex IV,(d)** the addition of “where available” is suggested as this information can be difficult to obtain in practice. If greenhouse gas emissions are limited beyond the commitments under Regulation [ESR /LULUCF] it will be difficult to attribute the surplus to a specific measure as all measures contribute to the reductions.

As in the MMR it should not be mandatory to provide a “with additional measures” scenario because only existing and adopted measures are certain. In many MS – also in Denmark - analyses of potential additional measures do not qualify for the definition of “additional”: “having a realistic chance of being adopted and implemented”. Therefore the “where available” from the MMR should be re-inserted in **Annex V (a)**.



Article 17 – Reference to Annex VI

Text proposal

Article 17

1. By 15 March 2021, and every ~~two~~four years thereafter, Member States shall report to the Commission information on their national climate change adaptation planning and strategies, outlining their implemented or planned actions to facilitate adaptation to climate change, including the information specified in **Part 1 of Annex VI**.
2. By ~~15 March~~30 September 2021 and every year thereafter (year X), Member States shall report to the Commission information on:
 - (a) support to developing countries for year X-1, including the information specified in **Part 2 of Annex VI**;
 - (b) the use of revenues in year X-1 generated by the Member State by auctioning allowances pursuant to Article 10(1) and Article 3d(1) or (2) of Directive 2003/87/EC including the information specified in **Part 3 of Annex VI**.

ANNEX VI

Part 1 - Reporting on Adaptation

Information to be included in the reports referred to in Article 17(1):

- (e) institutional settings including vertical and horizontal governance and coordination, ~~monitoring and evaluation~~ systems;

Part 2 - Reporting on support to developing countries

Information to be included in the reports referred to in Article 17(2)(a):

~~(b) information for the year X and subsequent years on the planned provision of support, including information on planned activities related to public-funded technology transfer projects or capacity building projects for developing countries under the UNFCCC and on technologies to be transferred and capacity building projects, including whether the technology transferred or capacity building project is intended for mitigating or adapting to the effects of climate change, recipient country, amount of support provided, and type of technology transferred or capacity building project.~~

Justification

DK can in general support that the adaptation, climate support and auctioning revenues reporting requirements under the MMR continue under the proposed regulation.



However, it will be resource demanding to report on adaptation every second year compared to the current 4 year frequency. Therefore we suggest keeping the four year frequency in **Article 17(1)**. We are aware that at some point in the future biennial reporting on adaptation will start under the UNFCCC in accordance with the Paris Agreement. But the content and the starting date are not yet know. If the reporting under this regulation could be streamlined with the future reporting under the Paris agreement – both in terms of timing and content, we could consider moving to a biennial reporting in the EU as well. In the related **Annex VI, Part 1** the reporting requirement regarding monitoring and evaluation should be deleted as this could entail a costly extra burden to some Member States, including Denmark.

Regarding reporting information about climate support and auctioning revenues the due dates in the MMR, 30 September and 31 July respectively, need to be kept as the due dates in **Article 17(2)** of the governance regulation. The reason is that the information for year X-1 to be reported in year X will not be available by 15 March. The information on climate support for year X-1 will not be available in the required format until September in year X. The information on the use of auctioning revenues will not be available in the required format until July in year X. Denmark is therefore open to have 31 July as a separate due date under Article 17(2)(b). In the related **Annex VI, Part 2** the reporting requirement regarding planned provision of support should be deleted as this is highly sensitive information. The EU and its MS should be cautious when it comes to reporting and publishing information of plans for future support as any changes in the plans could lead to criticism from developing country Parties under the UNFCCC.

Article 23 – Reference to Annex III

Text proposal

Article 23

1. By 31 July~~15 March~~ 2021, and every year thereafter (year X), Member States shall report to the Commission:

ANNEX III

Part 1 - Information to be included in the reports referred to in Article 23(2):

(b) data on their anthropogenic emissions of carbon monoxide (CO), sulphur dioxide (SO₂), nitrogen oxides (NO_x) and volatile organic compounds, consistent with data already reported pursuant to Article 87 of Directive (EU) 2016/2284~~2001/81/EC~~ for the year X-2;



- (e) ~~information on indicators, as set out in part 4 of this Annex, for the year X-2;~~
- (i) where relevant, the results of the checks performed on the consistency of the emissions reported in the greenhouse gas inventories, for the year X-2, with the verified emissions reported under Directive 2003/87/EC;
- (j) where relevant, the results of the checks performed on the consistency of the data used to estimate emissions in preparation of the greenhouse gas inventories, for the year X-2, with:
- (i) the data used to prepare inventories of air pollutants under Directive (EU) 2016/2284/2001/81/EC;
- (k) a description of changes to their national inventory system, if any;
- (l) a description of changes to the national registry, if any;

Part 4 – Inventory indicators

Indicator title: Indicator

TRANSFORMATION B0 – Specific CO2 emissions of public and auto-producer power plants, t/TJ

~~CO2 emissions from public and auto-producer thermal power stations, kt divided by all products output by public and auto-producer thermal power stations, PJ~~

TRANSFORMATION E0 – Specific CO2 emissions of auto-producer plants t/TJ

~~CO2 emissions from auto-producers, kt divided by All products output by auto-producer thermal power stations, PJ~~

INDUSTRY A1.1 – Total CO2 intensity – iron and steel industry, t/million-euro

~~Total CO2 emissions from iron and steel, kt divided by gross value added – iron and steel industry~~

INDUSTRY A1.2 – Energy related CO2 intensity – chemical industry, t/million-euro

~~Energy related CO2 emissions chemical industries, kt divided by gross value added – chemical industry~~

INDUSTRY A1.3 – Energy related CO2 intensity – glass, pottery and building materials

~~industry, t/million-euro
Energy related CO2 emissions glass, pottery and building materials, kt divided by gross value added – glass, pottery and buildings material industry~~

INDUSTRY A1.4 – Energy related CO2 intensity – food, drink and tobacco industry,



	<u>t/million euro</u>
<u>Energy related CO2 emissions from food, drink and tobacco industry, kt</u>	
	<u>divided by gross value added — food, drink and tobacco industry,</u>
	<u>million euro (EC95)</u>
<u>INDUSTRY A1.5</u>	<u>Energy-related CO2 intensity — paper and printing industry, t/million</u>
	<u>euro</u>
	<u>Energy-related CO 2 emissions paper and printing, kt — Gross value added — paper and printing industry, million euro (EC95)</u>
<u>HOUSEHOLDS A0</u>	<u>Specific CO2 emissions of households for space heating, t/m2</u>
	<u>CO2 emissions of households for space heating divided by surface area of permanently occupied dwellings, million m2</u>
<u>SERVICES B0</u>	<u>Specific CO2 emissions of commercial and institutional sector for space heating, kg/m2</u>
	<u>CO 2 emissions from space heating in commercial and institutional, kt divided by Surface area of services buildings, million m2</u>
<u>TRANSPORT B0</u>	<u>Specific diesel related CO2 emissions of passenger cars, g/100 km</u>
<u>TRANSPORT B0</u>	<u>Specific petrol related CO2 emissions of passenger cars, g/100 km</u>

Justification

DK can support that the reporting requirements regarding approximated greenhouse gas inventories under the MMR continue under the proposed regulation.

However, the due date in the MMR, 31 July, needs to be kept as the due date in **Article 23(1)(a)** of the governance regulation as the information needed for the reporting of approximated greenhouse gas inventories for year X-1 will not be available until June/July in year X.

Regarding the inventory information requirements in **Annex III**, the flexibilities from the MMR should be kept by keeping “where available” in a few places. The reference to the NEC directive should be updated.

All the requirements regarding indicators should be deleted as they are a huge burden on MS to report and there is little or no use of these by the Commission or the EEA. If these indicators are really needed, they can be



calculated by the EEA on the basis of all the available GHG emission information from MS and data from EUROSTAT – and probably in a more consistent way than the MS are doing currently in the reporting of indicators under the MMR. If the all the talking of “streamlining” also should appear in practice, this change to the proposal could be one show-case example.