



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat of the Council
to: Delegations

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Subject: Communication from the Commission to the European Parliament, the Council,
the European Economic and Social Committee and the Committee of the Regions
- Energy prices and costs in Europe
= *Draft Council conclusions*

Delegations will find in Annex I a first draft of the above conclusions. This draft builds on the outline circulated on 20 February 2014 (doc.6590/14) and the subsequent comments received from delegations. Furthermore, the outcome of the policy debate at the TTE (Energy) Council on 4 March on energy prices and costs in Europe is also considered in this draft as well as the conclusions adopted by the European Council on 20/21 March (EUCO 7/14 REV 1).

The preparation of the conclusions will proceed according to the timetable set out in Annex II. Delegations should note that the meeting of the Energy Working Party on 27 May has been re-scheduled for **Monday 26 May**.

**Draft Council conclusions on energy prices,
vulnerable consumers and competitiveness**

The Council of the European Union:

RECALLING:

- conclusions on "strengthening the external dimension of the EU energy policy", adopted by the TTE (Energy) Council on 24 November 2011, and the subsequent Council report on "the follow up to the European Council on 22 May 2013; review of developments on the external dimension of the EU energy policy", adopted by the TTE (Energy) Council on 12 December 2013,
- conclusions adopted by the European Council on 22 May 2013, especially with regard to paragraph 8, section I (Energy), noting that the impact of high energy prices and costs must be addressed,
- conclusions on the Commission communication "making the internal market work", adopted by the TTE (Energy) Council on 7 June 2013,
- guidance document by the Vulnerable consumers Working Group on Vulnerable consumers of November 2013,
- Council report on the "progress of the completion of the internal energy market", adopted by the TTE (Energy) Council on 12 December 2013,
- conclusions adopted by the European Council on 20/21 March 2014, especially with regard to paragraphs 14 to 23.

CONSIDERING that high and rising energy prices are a major concern for European governments, citizens and industry given their impact on Europe's global competitiveness and on the standard of living of individual consumers.

WELCOMING the Commission Communication, of 22 January 2014, on Energy prices and costs in Europe which, in response to a request by the European Council in May 2013, provides and in-depth analysis of European energy prices and costs and RECOGNISING, as a set of useful recommendations, the actions to reduce energy costs proposed in the Communication.

I. Internal energy market

1. REAFFIRMS the urgent need of completing the **internal energy market** by 2014 and developing enhanced **interconnections**, including strengthened **regional coordination and cooperation**, so as to put an end to any isolation of Member States from European gas and electricity networks by 2015, and to that effect CALLS for the continued implementation of the guidelines set out in Section I (Energy) of the conclusions adopted by the European Council on 22 May 2013 as well as in the Council conclusions of 7 June 2013.
2. RECOGNISES that, against stable and converging wholesale prices in some parts of the EU since 2008 as well as falling or stable consumption by both households and industry, the continued rise of consumer prices in a number of Member States has been driven mainly by **increases in network costs and taxes/levies** and that wide differences between Member States' policies on costs and levies exist as a legitimate result of specific national circumstances and policy choices. Therefore, CONSIDERS that benchmarking of network costs and exchanging best practises, in particular at distribution level, would be an useful tool to reduce negative consequences for energy prices and UNDERLINES that cost-effective energy and climate policies also would contribute to reducing energy costs.
3. UNDERLINES the importance of **promoting competition** on both wholesale and retail markets and CALLS for, in line with the European Council conclusions of March 2014, the effective application and enforcement of EU rules regarding market integration and energy efficiency whilst striving for a **level playing field** for companies operating within the EU.
4. STRESSES, in order to reduce energy dependency and demand, the necessity for households and industry to reduce their energy consumption by improving **energy efficiency and energy saving** which will also contribute to reducing energy costs and stimulate competition. ACKNOWLEDGES, amongst other factors such as industry investment costs, the Real Unit Energy Costs as useful indicators to assess the role of energy prices for competitiveness.

5. RECOGNISES, along the lines set out in the Council conclusions of 7 June 2013, the gradual phasing out of **regulated energy prices** to facilitate the efficient functioning of the internal energy market, whilst taking due account of national circumstances in energy pricing and well targeted measures to protect vulnerable consumers as part of a coordinated social, energy and consumer policy, as determined by the Member State.
6. NOTES the importance of providing **consistent, timely and harmonised data**, whilst having regard to purchasing power parity, to ensure accurate and complete comparison between Member States in the energy policy field and to assess the competitiveness of industries, including detailed data on retail prices of electricity and gas, of network costs and charges, taxes and levies, including exemptions.

II. External dimension

7. STRESSES the importance of ensuring **a level-playing field** on the worldwide energy market to strengthen the competitiveness of the European industry and to mitigate increasing price differential with competitors of third countries, and CALLS for a **coherent approach in the EU's energy relations with third countries** while respecting the competences of the EU and Member States.
8. STRESSES, in response to the **European Council** in March 2014, the importance to:
 - develop measures to prevent potential carbon-leakage and call for long-term planning security for industrial investment in order to ensure the competitiveness of Europe's energy-intensive industries;
 - promote domestic resources and competition on gas supply markets and addressing the issue of the contractual linkage of gas and oil prices.

III. Consumers

9. UNDERLINES the importance of strengthening the role, rights and awareness of **consumers** in line with the Council conclusions of 7 June 2013 concerning the rights and roles of consumers.

10. RECOGNISES the use of a coordinated and balanced combination of social, energy and consumer policy, as determined by the Member State, to combat energy poverty and to assist **consumers in vulnerable situations**, and STRESSES the importance of the following measures:

- targeting the policy measures at those who truly need support in preference to general policy measures aimed at the general public;
- accurate identification of vulnerable consumers through effective data sharing between Member States authorities in order to identify a common understanding of factors which may increase the risk of consumers being vulnerable in the energy market;
- promotion of energy efficiency as a key element to protect, in the long-term, vulnerable consumers while using available government-supported funding for measures such as housing insulation and replacement of inefficient heating systems;
- rules on prohibiting disconnection of energy supply at critical times;
- clarification and strengthening the role of key stakeholders (Member States' authorities, consumer organisations, ombudsmen, regulators, industry etc.) to improve the situation for vulnerable consumers.

IV. Review

11. ACKNOWLEDGES the impact of the above measures on the evolution of energy prices and costs and on the situation of vulnerable consumers and CALLS for a follow-up review on energy prices and costs and on vulnerable consumers by 2016.

TIMETABLE**draft Council Conclusions on Energy prices, Vulnerable consumers and Competitiveness**

14 January	– Vulnerable consumers / exchange of views
22 January	– Communication on Energy Prices and Competitiveness – circulation of Timetable
28 January	EWP: presentation of Communication and preliminary comments/questions on the Communication
12 February	deadline for written comments on the Communication
+/-20 February	circulation of conclusions outline
25 February	EWP: presentation of conclusions outline / preliminary reactions
4 March	TTE (Energy) Council - policy debate on Energy prices and competitiveness
10 March	deadline for written comments on outline
20-21 March	European Council
+/-24 March	circulation of 1st draft conclusions
1 April	EWP: examination of 1st draft conclusions
7 April	deadline for written comments on 1st draft conclusions
+/-11 April	circulation of 2nd draft conclusions
15 April	EWP: examination of 2nd draft conclusions
5 May	deadline for written comments on 2nd draft conclusions
+/-12 May	circulation of 3rd draft conclusions
20 May	EWP: examination of 3rd draft conclusions
21 May	deadline for written comments on 3rd draft conclusions
+/-23 May	circulation of 4th draft conclusions
<u>26 May</u>	EWP: finalisation of draft conclusions
4 June	Coreper
13 June	TTE (Energy) Council