



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 11 April 2014

**8076/1/14
REV 1**

**ENER 140
COMPET 189
CONSOM 87
FISC 56**

NOTE

from: General Secretariat of the Council
to: Delegations

No. Cion prop.: 5599/14 ENER 23 COMPET 37 CONSOM 19 FISC 7 + REV 1 (en)
+ ADD 1-6 REV 1

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 further revised version of the above conclusions based on the examination by the Energy Working Party on 1 April and the subsequent written comments received. Changes with regard to the previous text are highlighted in **bold** (also underlined in the title) and deletions are marked with ~~strikethrough~~.

All delegations have a general scrutiny reservation on the text.

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

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~~ **costs** are a ~~major~~ concern for European governments, citizens and industry given their **potential** 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 an in-depth analysis of European energy prices and costs and ~~RECOGNISING, as a set of useful recommendations, the actions to reduce energy costs~~ **ACKNOWLEDGING that appropriate measures, as also described in the Communication, would need to be taken in order to reduce energy costs and mitigate the impact of rising energy prices.**

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 **UNDERLINES the importance of strengthened regional cooperation and coordination and CALLS** for the continued implementation of the **energy-related** guidelines set out in ~~Section I (Energy)~~ of the conclusions adopted by the ~~European Council~~ on 22 May 2013 **and on 20/21 March 2014** 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.
 - 2a. ~~Therefore,~~ CONSIDERS that benchmarking of network costs and exchanging best practises, in particular at distribution level, ~~would~~ **may be an useful tool instrument** to reduce negative consequences for energy prices, **whilst taking due account of geographical differences as well as national choices in terms of security of supply.**
 - 2b. ~~UNDERLINES that cost-effective energy and climate policies also would contribute to reducing energy costs~~ **the need of a progressive and concerted evolution of support mechanisms for renewables to a more cost-effective and market-based system and more convergence of national support schemes beyond 2020 and, in this context, NOTES that the guidelines proposed by the Commission on state aid should ensure a sufficient level of flexibility for Member States to support the transition to a low-carbon economy whilst maintaining the competitiveness of European industry.**

3. UNDERLINES the importance of ~~promoting~~ **increasing** competition on both wholesale and retail markets, **including the timely adoption and implementation of network codes for gas and electricity as well as the strengthening of the role and awareness of consumers**, 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~~ **EU dependency on energy imports and its total** demand, the necessity for households and industry to reduce their energy consumption by improving energy efficiency and energy saving, **including through smart metering**, which will also contribute to reducing energy costs and stimulate **growth, productivity and reinforce EU competitiveness** ~~competition~~ **and therefore UNDERLINES the need to accelerate efforts in particular as regards the review of the Energy Efficiency Directive in a timely manner and the effective application and enforcement of EU rules regarding market integration and energy efficiency.**
- 4a. 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 **whilst considering the proper application and limits of each indicator.**
5. ~~RECOGNISES, along~~ **While RECALLING** the ~~lines set out in the~~ Council conclusions of 7 June 2013 **concerning price regulation measures, RECOGNISES the need to consider 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 **where** well targeted measures to protect vulnerable consumers **may be acceptable** as part of a coordinated social, energy and consumer policy, as determined by the Member State.
6. NOTES the importance of ~~providing~~ **ensuring that data is** consistent, timely and harmonised ~~data~~, **including detailed data on retail prices of electricity and gas for different usage levels, on network costs and charges, on taxes and levies, including exemptions**, whilst having **also** 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 **energy prices for industries and for the welfare of societies.** ~~including detailed data on retail prices of electricity and gas, on 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~~ **vis-à-vis third country producers** to strengthen the competitiveness of the **energy sector and the European industry as a whole** and to mitigate the increasing price differential with competitors of third countries, **whilst RECOGNISING stronger European industrial competitiveness as an important driver for economic growth and jobs.**
- 7a. CALLS for a coherent approach in the EU's energy relations with third countries while respecting the competences of the EU and Member States **and therefore STRESSES the need for the EU to negotiate with major energy partners with one European voice.**
8. STRESSES, in response to the European Council in March 2014, the importance of:
- developing 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;
 - **reducing the EU dependency on energy imports through enhanced energy efficiency, further diversification of energy supply and supply routes and continued development of renewable and other indigenous energy sources;**
 - promoting 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.~~ **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:

- **promotion of energy efficiency as a key element to protect, in the long-term, vulnerable consumers while using appropriate measures such as housing insulation and replacement of inefficient heating systems, especially where government-supported funding is available, whilst having due regard to the fact that low-income households may not have financial resources to co-finance these 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 **the relevant authorities at Member States level (whilst having due regard to national data protection rules)** ~~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 to discourage~~ **discourage** disconnection of energy supply at critical times;
- **improving the accessibility to information to enhance the choice of supplier;**
- clarification and strengthening of the role of key stakeholders (Member States' authorities, consumer organisations, **potential** 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
26 May	EWP: finalisation of draft conclusions
4 June	Coreper
13 June	TTE (Energy) Council