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"I/A" ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee (Part 2)/Council
Subject:	Draft Council conclusions on Special Report No 6/2014 by the European Court of Auditors: "Cohesion policy funds support to renewable energy generation - has it achieved good results?"

1. On 10 July 2014, the General Secretariat of the Council received the Special Report No 6/2014 "Cohesion policy funds support to renewable energy generation - has it achieved good results?"¹, adopted by the Court of Auditors at its meeting on 9 April 2014.
2. Pursuant to the rules laid down in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors², the Permanent Representatives Committee (Part II) at its meeting on 10 September 2014 instructed the Working Party on Structural Measures to examine this report according to the rules laid down in the abovementioned conclusions.

¹ OJ C 106, 9.4.2014, p. 3.

² Doc. 7515/00 FIN 127 + COR 1.

3. The Working Party on Structural Measures examined the Special Report on 30 September 2014 and an agreement on draft Council conclusions was reached on 8 October following a silence procedure.
 4. The Permanent Representatives Committee is therefore invited to recommend to the Council to adopt, as an "A" item, these draft Council conclusions as set out in the Annex to this document.
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**Draft Council conclusions on Special Report No 6/2014 by the European Court of Auditors:
"Cohesion policy funds support to renewable energy generation - has it achieved
good results?"**

THE COUNCIL OF THE EUROPEAN UNION,

- (1) WELCOMES the Special Report from the European Court of Auditors (hereinafter referred to as "the Court") No 6/2014 "Cohesion policy funds support to renewable energy generation - has it achieved good results?" (hereinafter referred to as "the Report") and TAKES note of its findings;
- (2) RECALLS that, while as a general rule public funding is not intended to replace private sector investment, Cohesion policy funding for renewable energy generation is of great importance in some Member States for attaining the respective 2020 targets, and WELCOMES improvements for the best possible use of the available EU co-financing;
- (3) RECALLS that, as referred to in the Report, EUR 4,7 billion have been allocated to renewable energy investments for the 2007-2013 programming period and that such support for the 2014-2020 the amount allocated for promoting low-carbon economy (including the renewable energy generation) will further increase and should reach at least EUR 27 billion from the ERDF which will be also complemented by additional Cohesion Fund support, and UNDERLINES that it is, therefore, even more important to use the available EU Funds effectively in order to achieve good results;

- (4) WELCOMES the findings of the Court that all the 24 audited renewable energy generation projects delivered outputs as planned, there was no risk to projects' technical sustainability, and no major cost overruns and time delays were caused during implementation;
- (5) TAKES NOTE of the Court's observations that only one third of the audited projects have met their energy production targets and that the principle of cost-effectiveness in planning and implementation of the projects has not been followed strictly;
- (6) TAKES NOTE of the Court's findings that certain procurement processes did not ensure full transparency, fairness and efficiency in the selection of contractors;
- (7) RECOGNISES the importance of the establishment by the Member States of a stable and predictable regulatory framework for renewable energy generation in general, accompanied with smoother procedures for the integration of electricity from renewable energy sources into the grid networks;
- (8) RECOGNISES that measures should be taken by all stakeholders to overcome difficulties (such as technical problems, insufficient infrastructure, discriminatory practices, lack of proper energy measuring) in integrating the electricity, generated from renewable energy, in particular by reinforcing interconnections which are crucial for a cost-efficient use of renewable energy sources;
- (9) TAKING into consideration the Court's recommendations and the Member States' specific circumstances, INVITES the Member States to apply – where appropriate - minimum cost-effectiveness criteria which are adapted to the projects' circumstances and to raise the added value of cohesion funding by refining the implementation of renewable energy generation projects and their monitoring and evaluation and INVITES the Commission to facilitate exchange of knowledge, experience and good practice among the Member States in that domain;

- (10) UNDERLINES that the analysis of single projects should take into account the wider territorial and socio-economic context, and the objectives of the specific programmes within which they are implemented in order to better understand their effectiveness;
- (11) UNDERLINES that in order to have robust analysis of the projects it is important to ensure the collection and availability, communication and use of reliable and updated data relevant for the analysis, like energy generating costs, and INVITES the Court, the Commission and the Member States to ensure adequate collaboration in this field;
- (12) RECALLS that the newly reformed cohesion policy legislative framework already provides answers to some of the Court recommendations because it is more result-oriented and more focused on achieving higher efficiency and effectiveness through the introduction - *inter alia* - of a performance framework and a series of ex-ante conditionalities, while following the principle of better spending, and WELCOMES that the Court continues its comprehensive examination of projects in the field of supporting the low-carbon economy with a view to verifying whether the reformed cohesion policy will be fostering the expected results for 2014-2020 programming period.
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