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#### NOTE

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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  
- Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy  
= Draft Council conclusions

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Further to the discussions at the Energy Working Party on 28 April 2015 and the subsequent written comments received, delegations will find in Annex I a further revised draft of the conclusions on the "Implementation of the Energy Union: empowering consumers and attracting investments in the energy sector". Changes with regard to the previous version are highlighted in **bold underlined** and deletions are marked with ~~striketrough~~.

This version of the draft conclusions will be examined by the EWP on 12 May which is the last meeting planned before the draft conclusions are submitted to COREPER on 27 May for examination. Given that the Presidency has made a strong effort to strike a proper balance in the text annexed while accommodating the concerns raised by delegations, delegations are again invited to review whether the text in Annex I would be acceptable to them although the suggested wording does not exactly correspond to, or include all, the comments submitted.

All delegations have a general scrutiny reservation on the text.

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**Draft Council conclusions on the  
implementation of the Energy Union:  
empowering consumers and attracting investments in the energy sector**

The Council of the European Union:

RECALLING:

- the conclusions adopted by the European Council on 19 and 20 March 2015, especially with regard to section I (Energy Union), noting that the EU is committed to building an Energy Union with a forward-looking climate policy on the basis of the Commission's framework strategy, whose five dimensions are closely interrelated and mutually reinforcing,
- the conclusions adopted by the European Council on 23 and 24 October 2014, especially with regard to Section I (2030 Climate and Energy Policy Framework) including the agreed nature and scope of targets for 2030 regarding reductions of greenhouse gas emissions, the share of renewable energy, energy efficiency improvements, electricity interconnections, the fundamental importance of a fully functioning and connected internal energy market and the need to reduce the EU's energy dependency and increase its energy security for both electricity and gas,
- the conclusions on the Commission Communication "Progress towards completing the Internal Energy Market", adopted by the TTE (Energy) Council on 9 December 2014,
- the conclusions on the Commission Communication "Energy prices and costs in Europe", adopted by the TTE (Energy) Council on 13 June 2014,
- the Commission Communications of 25 February 2015 titled "A framework strategy for a resilient Energy Union with a forward-looking climate change policy" and "Achieving the 10% electricity interconnection target - making Europe's electricity grid fit for 2020",
- the Commission Communications of 28 May 2014 titled "European Energy Security Strategy", and of 22 January 2014, titled "Energy prices and costs in Europe".

ACKNOWLEDGING that the goal of building an Energy Union with a forward-looking climate policy is to provide **consumers** – household and business – with affordable, safe, competitive, secure and sustainable energy and to reduce the EU's energy dependency and increase its energy security. **This goal should be** in line with Union's long-term climate objective for 2050 **and support economic activity and growth.**

ACKNOWLEDGING the importance of **investment climate** and **access to financing** in the energy field for implementation of all five dimensions of the Energy Union.

ACKNOWLEDGING the five dimensions of the Energy Union, that are closely interrelated: energy security, **solidarity and trust; a fully** integrated **European** energy market; energy efficiency **contributing to moderation of demand;** decarbonisation **of the economy;** and research, innovation and competitiveness, and the need to provide a coherent strategy and a balanced approach of the five dimensions.

RECALLING the need, in order to ensure the **implementation of all five dimensions of** the Energy Union, **including the agreed measures of the 2030 climate and energy policy framework,** to develop a reliable and transparent governance system without any unnecessary administrative burden to help ensure that the EU meets its energy policy goals, with the necessary flexibility for Member States and fully respecting their freedom to determine their energy mix as indicated in the European Council conclusions of October 2014 .

ACKNOWLEDGING that the governance system **of the Energy Union** will be developed on the basis of existing building blocks, such as **e.g.** national climate programmes, national plans for renewable energy and energy efficiency. It will step up the role and rights of consumers, transparency and predictability for investors, *inter alia* by systematic monitoring of key indicators for an affordable, safe, competitive, secure and sustainable energy system, and will facilitate coordination of national energy policies and foster regional cooperation between Member States. ACKNOWLEDGING the important role of regional cooperation in the implementation of the Energy Union **and as an essential part of the governance system.**

## A. CONSUMER-ORIENTED IMPLEMENTATION OF THE ENERGY UNION

In order to promote consumer-oriented implementation of the five dimensions of the Energy Union, the Council:

1. REAFFIRMS the importance of a flexible and dynamic internal energy market that ensures competitive and affordable energy prices for consumers while RECOGNISING the need for cost-reflectiveness or contestability of prices ~~to facilitate the functioning of~~ **within** the internal energy market with specific measures to ensure long-term visibility and competitiveness, **in particular for energy intensive industry exposed to international competition.**
2. STRESSES the importance of secure energy supplies for consumers and accordingly REAFFIRMS the significance of efforts to reduce the EU's energy dependency and to increase its **security of energy supply**, and of diversification of energy routes, sources and suppliers, while CONSIDERING the wide spectrum and different costs and benefits of solutions available for increasing energy security and RECOGNISING ~~the right of Member States to decide on their own energy mix and~~ that the completion of the internal energy market, ~~as well as~~ increased energy efficiency and ~~increased use of~~ **having recourse to** indigenous resources **as well as to safe and sustainable low carbon technologies** are of key importance **while respecting the right of Member States to decide on their own energy mix.**

3. While STRESSING the importance of establishing a ~~well-~~ **fully** functioning and ~~fully~~ **interconnected internal energy market** that meets the needs of consumers, REAFFIRMS the need to fully implement and enforce existing EU legislation, including the Third Energy Package; the need to address the lack of energy interconnections which may contribute to higher energy prices; the need to ensure ~~that market prices send the right signals~~ **that reflect long term needs and policy objectives** while improving competition in the retail markets; the need to address energy poverty, paying due attention to ~~regional and~~ national specificities, and to assist consumers in vulnerable situations while seeking appropriate combination of social, energy or consumer policy; the need to empower consumers with possibilities to participate actively in the energy market and respond to price signals in order to drive competition, to increase both supply-side and demand-side flexibility in the market, and to enable consumers to control their energy consumption and to participate in demand response solutions **notably through smart grids and smart metres**.
4. While ACKNOWLEDGING the importance and positive aspects of **energy efficiency** in reducing energy costs for consumers, while reducing greenhouse gas emissions and contributing to energy security, STRESSES the importance of engaging all stakeholders in the implementation of different energy efficiency measures and the need to ensure that consumers have access to adequate **and transparent** information and appropriate incentives to save energy. In this regard, UNDERLINES the need for implementation of existing legislation, as well as its further **review and** development which would help to achieve the ~~full~~ **cost-effective** potential of energy efficiency ~~in a cost-effective manner~~, including the Ecodesign and the Energy Labelling Directives. To this end, SUPPORTS initiatives for facilitating access to financing instruments and targeted financing schemes **for energy efficiency**.

5. REAFFIRMS the importance of safe and sustainable low-carbon energy supplies for consumers. While RECOGNISING the importance of the long-term benefits and costs of **decarbonisation**, utilising ~~the full spectrum of~~ safe and sustainable low-carbon technologies as well as securing industrial competitiveness **and the potential contribution to growth and jobs that the transition to the sustainable energy system could bring**, ACKNOWLEDGES the need for cost-effective integration of ~~all~~ safe and sustainable indigenous resources, **notably renewable energy resources**, in the market *inter alia* through ~~better~~ **an improved** market design and the promotion of their development ~~along with the best possible~~ **by making** use of all safe and sustainable low-carbon technologies.
6. In this context, bearing in mind the interest of the consumers, STRESSES the importance of developing a forward-looking **research & innovation (R&I)** strategy in the energy sector, in particular to promote further development of, *inter alia*, smart appliances and smart grids, efficient energy systems, ~~electricity~~ **energy** storage **for electricity use** and the next generation of renewable energy and other **safe and sustainable** ~~alternative~~ energy sources including for heating and cooling and transport sectors.

## **B. INCENTIVISING INVESTMENTS IN THE ENERGY SECTOR**

In order to promote the investments required for implementation of all five dimensions of the Energy Union, the Council:

1. REAFFIRMS the need to maintain and improve a predictable market-driven investment climate throughout the whole European Union, based on a stable and transparent European legal framework and on a forward-looking coherent and cost-effective climate and energy policy.

**REAFFIRMS the need for a well-functioning carbon market in order to create a predictable long term investment framework.**

ACKNOWLEDGES the potential of enhanced regional cooperation, notably in terms of investment savings and possible synergies in the different areas of energy sector investments and **the need** to evaluate their short- and long-term benefits adequately.

REAFFIRMS that the need for major investments in energy infrastructure, energy efficiency and innovative, safe and sustainable **low-carbon** generation have to be delivered to the market. To that end, the need for full implementation of existing internal market rules and the existence of appropriate investment signals and access to financing are the key issues that need to be ensured.

SUPPORTS the full use of all possible sources of financing, including the possibilities for EU financing, in particular those incentivising regional cooperation, in order to facilitate access to financing of projects and developments in the energy sector while avoiding ~~market~~ distortion and fragmentation.

REAFFIRMS the importance of creating a level playing field between market participants, *inter alia* with the aim of ensuring highest safety and environmental standards.

2. REAFFIRMS the need to prioritise the development of infrastructure, **including interconnectors between Member States and regions as well as internal grid reinforcements**, necessary for **diversification of energy supplies**, and sources **and routes** to the EU, **exploitation of indigenous resources**, strengthening the internal energy market, ending energy isolation **and addressing the challenges faced by inadequately connected peripheral Member States** and strengthening energy security, and to ensure that the 10% electricity interconnection target will be met **as a matter of urgency and no later than** by 2020, ~~including Synchronous operation~~ **and to ensure integration** of the Baltic States **electricity network into** ~~within~~ the Continental European Network.

3. RECOGNISES the importance of **energy market** improvements to continue the process of the development of open and competitive markets, while **eliminating existing and** avoiding **new** market distortions, that will incentivise investments, ensure predictability in energy markets and long-term visibility for investors and also ensure market flexibility in energy supply and demand, security of supply, renewable energy and other **indigenous** domestic energy sources as well as more efficient energy consumption.
4. CALLS for financial and political support with a clear long-term perspective to facilitate and promote private investments in **improving energy efficiency** and energy savings, particularly in the sectors for district heating and cooling, buildings, transport, products and appliances sectors and ENCOURAGES the sharing of best practices on risk and costs allocation in energy service contracts that can unlock investments in the household, ~~and~~ SME **and public** sectors.
5. **While RECOGNISING Europe's leading role in renewable energy technology and innovation,** STRESSES the importance of ensuring a stable ~~state-aid~~ framework in the sector of **renewable energy** in line with **EU rules, including** the Commission Energy and Environment State Aid Guidelines, in order to facilitate long term investment conditions and to facilitate market integration, while **ensuring safe and reliable operation of the electricity networks** ~~retaining Europe's leading role in investment in renewable energy.~~
6. ENCOURAGES initiatives ~~on~~ to stimulate EU **technology and innovation** leadership in energy and climate while promoting growth and jobs, providing adequate instruments to build up investment in research and innovation, bringing new technologies to the market in the EU and expanding export opportunities – including for example the next generation of renewables, ~~electricity~~ **energy** storage **for electricity** and ~~clean coal technologies, including~~ carbon capture and storage, improving energy efficiency and safe and sustainable low-carbon technologies for industry and sustainable transport.



## C. NEXT STEPS

In order to continue building an Energy Union on the basis of the Commission's framework strategy, the Council:

1. SUPPORTS the five dimensions of the Energy Union Strategy and the ~~relevant~~ actions stipulated in the European Council conclusions of March 2015 and CALLS for their swift implementation.
2. RECALLS that the EU institutions and Member States need to take work forward on building an Energy Union and that the Council should report to the European Council ~~in~~ **before** December 2015.
3. CALLS on the Commission, to rapidly present initiatives on the governance of the Energy Union, including guidelines on regional cooperation, to be set up swiftly and reported on at the European Council in December 2015.
4. CALLS on the Commission to **help to** ensure greater transparency in the composition of energy costs and prices by means of appropriate monitoring, while avoiding unnecessary administrative burden.
5. CALLS on the Commission to explore the scope of **existing** energy investment regimes that pool resources to finance economically viable investments, **while** avoiding market distortion and fragmentation.

**TENTATIVE TIMETABLE****Draft Council Conclusions on Implementation of the Energy Union:****Empowering consumers and attracting investments in the energy sector**

<b>19-20 March</b>	<b>European Council</b>
<b>23 March</b>	<b>Circulation of outline</b>
31 March	Deadline for written comments on outline
10 April	Circulation of 1st draft conclusions
<b>21 April</b>	<b>EWP: examination of 1st draft conclusions</b>
22 April	Deadline for written comments on 1st draft conclusions
24 April	Circulation of 2nd draft conclusions
<b>28 April</b>	<b>EWP: examination of 2nd draft conclusions</b>
29 April	Deadline for written comments on 2nd draft conclusions
8 May	Circulation of 3rd draft conclusions
<b>12 May</b>	<b>EWP: finalisation of draft conclusions</b>
<b>27 May</b>	<b><i>Coreper I</i></b>
<b>8 June</b>	<b>TTE (Energy) Council</b>