



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Governance system of the Energy Union
= Draft Council conclusions

Delegations will find in Annex the draft Council conclusions.

**DRAFT COUNCIL CONCLUSIONS ON
THE GOVERNANCE SYSTEM OF THE ENERGY UNION**

THE COUNCIL OF THE EUROPEAN UNION

RECALLING:

- the relevant Articles of the TFEU, in particular Article 194, which sets out the objectives of energy policy, stating that *'in the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States, to: (a) ensure the functioning of the energy market; (b) ensure security of energy supply in the Union; (c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and (d) promote the interconnection of energy networks' (...)* and that *'the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to achieve the objectives (...)*', and also providing that *'such measures shall not affect a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply (...)*';
- the conclusions of the **European Council** of 23 and 24 October 2014, which agreed on the 2030 climate and energy policy framework, including EU-level targets; which agreed that a reliable and transparent governance system would be developed to help ensure that the EU meets its energy policy goals; and in which the **European Council** recalled its goal to build an Energy Union;
- the conclusions of the **European Council** of 19 and 20 March 2015, which noted 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 of the TTE (Energy) Council of 8 June 2015 on the implementation of the Energy Union, which called on the Commission to rapidly present initiatives on the governance system of the Energy Union, to be developed swiftly and endorsed by the Council as a first step to develop the governance system;

CONSCIOUS OF:

- the crucial importance of a strong governance of the Energy Union building on clearly defined, long-term policy planning and monitoring process in order to implement the Energy Union strategy with a forward-looking climate policy which, as one of the five overarching priorities set by the European Council in its conclusions of 26 and 27 June 2014, is at the forefront of the Union's strategic agenda;
- the need to anchor measurement of progress in building the Energy Union in comparable, coherent and reliable data and information, and the need to streamline the planning and reporting obligations of Member States in relation to the Union's energy and climate policies.

RECOGNISING THAT:

1. dynamic governance of the Energy Union will be an essential tool for the efficient and effective construction of the Energy Union and the achievement of its objectives, UNDERLINES the following principles for the Energy Union governance system:
 - 1.1 the governance system will integrate strategic planning and reporting on the implementation of climate and energy policies and will actively foster coordination and joint efforts between actors responsible for climate and energy policy, at EU, regional and national level;
 - 1.2 the system will be constructed on the basis of existing building blocks in energy and climate policy and legislation up to 2020, including planning and reporting obligations. It will streamline and bring together separate planning and reporting strands, and create a governance system without any unnecessary administrative burden. It will provide for a consistent and transparent overview of the state of the Energy Union.

- 1.3 the system will provide sufficient flexibility to take into account national specificities;
- 1.4 the governance system will be reliable. Through long-term and consistent planning by Member States, covering all dimensions of the Energy Union, it will enhance the stability and predictability of the investment climate;
- 1.5 regional cooperation has proved to be a key instrument for progressing towards the completion of the internal energy market, for the cost-efficient achievement of energy and climate policy objectives. Therefore, regional cooperation will become a cross-cutting aspect of the implementation of the Energy Union across its five dimensions , and will be an important aspect of the future governance system;
- 1.6 dialogue as a concrete expression of the requirement of Article 13 of the TFEU on loyal cooperation has historically played a key role in the construction of the European project. It will play a central role in the Energy Union governance system. The design and implementation of Energy Union governance will integrate cooperation and ensure exchanges of information through an aspirational and iterative dialogue between Member States and the Union's institutions. It will also create an inclusive process with citizens and stakeholders, and as a result achieve common ownership of the governance system. This will support Member States in pursuing policies leading to the Energy Union and will ensure the trust of investors, consumers and citizens.
2. IDENTIFIES the following as essential components of the governance system:
- National Energy and Climate Plans (hereinafter 'Plans'), followed by Progress Reports on the implementation of Plans, both based on standardised templates;
 - aspirational and iterative Dialogue and Monitoring based *inter alia* on key performance indicators;
- and SPECIFIES that:
- 2.1 the first Plans will cover the period up to 2030, will integrate energy and climate components, and should be holistic and balanced across the five dimensions of the Energy Union. The Plans will be concise, synchronised high-level strategic planning documents;

2.2 the Plans will:

- outline the state of the national energy system, national climate policy, and the national policy framework for all five dimensions of the Energy Union, including relevant national specificities and challenges;
- set out the Member State's policy planning and targets, and objectives on climate and energy, including with regard to EU climate and energy policy goals and agreed targets for 2030, and including a perspective up to 2050;
- set out a realistic indicative trajectory for the achievement of these targets and objectives. In particular, the Plans will identify the actual and projected national contributions to EU energy policy objectives and agreed EU climate and energy targets for 2030, including reference projections and intermediate targets. As such, the Plans will serve as initial reference points for monitoring the achievement of all EU energy policy objectives and agreed EU targets;
- include regional cooperation in the planning and implementation process; this could include a peer review of draft Plans and methods of technical cooperation, such as concerted action, in order to share experiences and best practices in certain energy sectors;
- address how specific policy areas of relevance, such as transport, agriculture, research and innovation, employment policy, environment and foreign policy will be consistent with, and will contribute to, national and EU energy and climate policies and targets;

2.3 Progress Reports will be submitted by Member States to the Commission every two years;

2.4 the monitoring of key performance indicators relating to the five dimensions will be performed systematically at EU level. Some of these key performance indicators will enable comparisons between Member States, whilst other indicators will provide aggregated EU projections, which will allow the assessment of future progress towards meeting EU energy policy objectives and agreed EU targets. The Commission will summarise and assess the overall progress made in its annual report on the State of the Energy Union;

- 2.5 the dialogue for the establishment of the Plans between the Member States and the Commission will cover all the components set out in paragraph 2.2. The Plans will be notified by the Member States to the Commission after considering recommendations by the Commission;
- 2.6 the first Plans will be drawn up in [2018]. A biennial review cycle will start with the first Progress Report of Member States in [2020], followed by a dialogue with the Commission on implementation and - if necessary - adjustment of the Plan. Each review will take stock of the results achieved;
- 2.7 the governance system will be designed with the involvement of the European Parliament, national parliamentary representation, civil society representation and other relevant stakeholders;
- 2.8 the governance cycle will also serve as an 'early warning system' by enabling the early identification of possible risks and shortfalls as regards all EU energy policy objectives and agreed climate and energy targets. As a result, timely corrective action can be undertaken and policies and measures can be adjusted;
- 2.9 the governance system will be flexible by allowing Member States to choose the most cost-effective policies for achieving agreed objectives and targets, and to adapt these policies over time, if required;
- 2.10 the governance for the Energy Union will ensure strong ownership and support by the European institutions. The relevant stages during the cycle of the governance system will be presented to, and discussed by, the Council. The European Council will continue to give guidance on the development of the Energy Union and the governance system, based *inter alia* on the Commission's annual report on the State of the Energy Union;

RECALLING that a resilient Energy Union with a forward-looking climate change policy is a key priority of the Commission,

3. CALLS ON the Commission to ensure a swift follow-up to these conclusions and to prepare *inter alia*:

3.1 the basis for the following essential components:

- as a matter of urgency, an inventory of existing planning and reporting obligations and proposals for streamlining these obligations in order to reduce administrative burden and ensure coherence, simplification and consistency;
- draft standardised templates for the Plans and biennial Progress Reports;
- guidance on regional cooperation, including the role of existing and new structures;
- a methodology for common key performance indicators, (reference) scenarios and projections;

3.2 a general outlook including :

- an inter-institutional iterative dialogue and a dialogue with stakeholders;
- a detailed calendar for such actions;

3.3 and to work closely with the Member States, European institutions as well as with other relevant stakeholders in order to deliver on the objectives set out above.