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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. Changes compared to document 11531/15 are reflected in **bold underlined**; deletions are marked with [].

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

THE COUNCIL OF THE EUROPEAN UNION

RECALLING:

- 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 *inter alia* agreed on a binding EU target for renewable energy which will be fulfilled through Member States contributions and which will not be translated into nationally binding targets;** which agreed that a reliable and transparent governance system **without any unnecessary administrative burden and with the necessary flexibility for Member States** 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 **(energy security, solidarity and trust; a fully integrated European energy market; energy efficiency contributing to moderation of demand; decarbonising the economy; and research, innovation and competitiveness);**
- 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 **[] reliable and transparent** governance **system** of the Energy Union **[] with a** clearly defined, long-term policy planning and monitoring process **[] for the implementation of** the Energy Union strategy **[]**;

- the need to anchor measurement of progress in building the Energy Union in comparable, **relevant**, 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. **the governance system 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; whilst keeping in mind the guidance on governance as set out in the conclusions of the European Council of 23 and 24 October 2014, 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 [] between actors responsible for climate and energy policy, at EU, regional and national level;
 - 1.2 the **governance** system will be constructed on the basis of existing building blocks in energy and climate policy and legislation up to 2020, **as well as on the agreed targets for 2030, and will set out []** planning and reporting obligations. []¹ **It will monitor the EU's collective progress towards the achievement of agreed EU energy and climate targets and its general policy objectives across the five dimensions, and thus** provide for a consistent and transparent overview of the state of the Energy Union;
1.2bis The governance system will streamline and bring together separate planning and reporting strands. The reporting under the governance system is also intended to minimise future reporting obligations, which should as a general rule be integrated into the single reporting process;

¹ **Note: text moved to new 1.2bis and to second recital.**

- 1.3 the **governance** system will provide sufficient flexibility **for Member States** to take into account **relevant** national specificities **and circumstances, technological developments and changing external conditions**;
- 1.4 the governance system will be reliable. Through long-term [] planning by Member States, covering all **five** dimensions of the Energy Union, it will enhance the stability and predictability of the investment climate. **It will differentiate between binding, EU-binding and non-binding 2030 climate and energy targets, as well as between those specific targets and more general policy objectives relating to the five dimensions**;
- 1.5 regional cooperation has proved to be a key instrument for progressing towards *inter alia* the completion of the internal energy market, **for trans-European infrastructure development**, for the cost-efficient achievement of energy and climate policy objectives **and for increasing security of supply**. Therefore, **appropriate** regional cooperation **and consultation on issues such as these** will become a cross-cutting **and important** aspect of the [] future governance system **of the Energy Union**;
- 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 **and best practices** through a [] **virtuous** and iterative dialogue between Member States and the Union's institutions. [] **The energy governance implementation phase** will also **encourage consultations** [] with citizens and stakeholders **with the aim of achieving** 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. **Having regard to these principles**, IDENTIFIES the following as essential components of the governance system:

- **a single** National Energy and Climate Plan (hereinafter '**National** Plans') **to be adopted by each Member State**, followed by Progress Reports on the implementation of **the National** Plan, both based on standardised templates;
- **[] virtuous** and iterative Dialogue **between the Commission and the Member States**; and
- **Monitoring** based *inter alia* on key **[]** indicators;

and SPECIFIES that:

2.1 the first **National** Plans will cover the period **[] from 2021** to 2030, will integrate energy and climate components, and should be holistic and balanced across the five dimensions of the Energy Union. The **National** Plans will be concise, synchronised high-level strategic planning documents;

2.2 the **National** 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 targets and objectives on climate and energy. **They should reflect []** EU climate and energy policy goals and agreed targets for 2030, and **the []** perspective **related to the []** 2050 **climate strategy**;
- 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 **indicative** intermediate targets. As such, the Plans will serve as initial reference points for monitoring the achievement of all EU energy policy objectives and [] targets;
- **provide the data relating to all key indicators**;
- include regional cooperation in the planning and implementation process **for relevant aspects**; this could include **a peer review or a consultation on draft Plans between neighbouring Member States, [] or the sharing of** experiences and best practices in **relevant []** energy sectors;
- address **the consistency of [] other relevant** policy areas [], such as transport, agriculture, [] employment policy, environment and foreign policy with [] 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;

2.3bis the standardised templates and key indicators will be developed by the Commission in close cooperation with Member States; the list of key indicators should reflect in a balanced manner the agreed EU climate and energy targets, as well as EU energy policy objectives and agreed targets for each of the five dimensions of the Energy Union;

- 2.4 the monitoring of key [] indicators relating to the five dimensions will be performed systematically at EU level. Some of these key [] indicators will enable **comparative analyses []**, 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 **at EU level** in its [] report on the State of the Energy Union;
- 2.5 **Member States will draw up their National Plan in [] dialogue with the Commission, covering all the components set out in paragraph 2.2. [] After considering recommendations² by the Commission and/or comments received from neighbouring Member States in the context of regional cooperation, Member States will notify their National Plan to the Commission;**
- 2.6 the first Plans will be drawn up **by [2020]**. A biennial review cycle will start with the first Progress Report of Member States in **[2022]**, followed by a dialogue with the Commission on implementation and **[] possible** adjustment of the Plan **by the Member State**. Each review will take stock of the results achieved;
- 2.7 if appropriate, Member States may decide to update or review their National Plan in light of changing national circumstances; ('review clause')**

[]

² **Note: Art. 288 TFEU: (...) "Recommendations and opinions shall have no binding force"**

- 2.8 the governance [] system will **provide a timely forecast as regards the fulfilment of []** EU energy policy objectives and agreed climate and energy targets. As a result, timely corrective action can be undertaken, **whilst respecting the nature of the particular objective or target in question; such action could consist of improving the implementation of existing policies and measures, adjusting them or undertaking additional policies and measures []**;
- 2.9 the governance system will be flexible by allowing Member States to choose the most cost-effective policies **in relation to []** objectives and targets **[]**;
- 2.10 **[]** 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 **which will be presented to the European institutions**;

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 **National** Plans and biennial Progress Reports;
- guidance on regional cooperation, including the role of existing and new structures;
- a methodology for common key **[]** 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.