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NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: The energy sector beyond 2030: towards climate neutrality
- Exchange of views

1. The Presidency intends to have a policy debate on "The energy sector beyond 2030: towards climate neutrality".
2. In order to guide the ministerial debate the Presidency has prepared the background paper in the Annex to this note.

'The energy sector beyond 2030: towards climate neutrality'**Background paper for policy debate at the TTE Energy Council
on 24 September 2019**

The Intergovernmental Panel on Climate Change's report from 2018¹ warns on the urgency to fundamentally reshape the energy systems and economies, or the world will suffer the worst effects of climate change for generations to come. The European Union has clearly shown leadership by taking this challenge seriously. The European Commission submitted a Communication "Clean Planet for All" in November 2018 proposing that the EU becomes climate neutral by 2050 and kicking-off extensive discussions on the EU's long-term vision in various Council formations as well as among and in the Member States. Energy Ministers held a discussion on the energy-related aspects of this Communication at the TTE Council on 4 March 2019.

In addition, the **European Council** in June 2019 invited the Council and the Commission to further **advance the work on the conditions, the incentives and the enabling framework** and stated that it will finalise its guidance on transition to climate neutrality before the end of this year.² Also in June 2019, the **European Council** agreed on 'A new strategic agenda 2019-2024', emphasising the importance of building a climate neutral, green, fair and social Europe.

¹ Intergovernmental Panel on Climate Change, IPCC Special report 2018
<https://www.ipcc.ch/sr15/>

² European Council meeting (20 June 2019) – Conclusions, paragraph "4. *Following the sectoral discussions held over recent months, the European Council invites the Council and the Commission to advance work on the conditions, the incentives and the enabling framework to be put in place so as to ensure a transition to a climate-neutral EU in line with the Paris Agreement¹ that will preserve European competitiveness, be just and socially balanced, take account of Member States' national circumstances and respect their right to decide on their own energy mix, while building on the measures already agreed to achieve the 2030 reduction target. The European Council will finalise its guidance before the end of the year with a view to the adoption and submission of the EU's long-term strategy to the UNFCCC in early 2020.*"

The energy supply sector is the largest contributor to global greenhouse gas emissions. Energy production and consumption accounts for about 75% of all the GHG emissions. The EU has shown leadership also in this front. The recently adopted package “Clean Energy for All Europeans” gives EU a good starting point by setting up specific EU level targets for 2030 on renewable energy and energy efficiency in addition to the greenhouse gas reduction target, but leaving room for manoeuvre for the Member States to get there. The Clean Energy Package initiated the work also for the long-term planning. In accordance with the Regulation on the Governance of the Energy Union and Climate Action, Member States are preparing their national long-term strategies towards 2050 by 1 January 2020. The work towards climate neutrality beyond 2030 must therefore begin now. Considering its importance in this perspective, a stable policy framework and investment environment is needed for the energy sector to transition towards climate neutrality of the EU economy.

Following the European Council’s invitation and in light of the national long-term strategies under preparation, the Ministers for energy are invited to discuss how their respective Member States are striving towards climate neutrality, especially in the energy sector. In this public debate, the Ministers are invited both to **engage in a dialogue** on the necessary changes needed, including enablers and incentives, and to **share their national best practices and development ideas. This discussion will give the European Union, the Member States and the Commission for the next term a picture of the opportunities energy sector holds.**