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NOTE

From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	Communication on the draft national energy and climate plans, "United in delivering the Energy Union and climate action"
	- Exchange of views

- 1. On 18 June 2019, the Commission adopted the Communication "United in delivering the Energy Union and climate action" accompanied by Member State specific recommendations on the draft national energy and climate plans.
- 2. The Communication was presented to the Council (Energy) on 25 June 2019, followed by an initial exchange of views between Energy Ministers. The Communication and recommendations were furthermore presented to the Energy Working Party (EWP), where they were discussed in detail at the meetings of the EWP on 9 July and 3 September 2019.
- 3. In order to guide the ministerial policy debate on 24 September 2019 the Presidency has prepared the background paper and questions in the Annex to this Note.

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Communication on the draft national energy and climate plans, "United in delivering the Energy Union and climate action"

Background paper for policy debate at the TTE Energy Council on 24 September 2019

At its meeting of 20 June 2019, the European Council invited "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 [...] while building on the measures already agreed to achieve the 2030 reduction target". The Governance of the Energy Union framework and, notably, National Energy and Climate Plans (NECPs), are key measures in this regard. These integrated plans reflect all dimensions of the Energy Union and relevant requirements from sectoral legislation.

The new instrument of NECPs plays a key role to ensure that Member States in the spirit of cooperation join forces and deliver the European Union energy and climate objectives together, as was agreed in the Clean Energy for all Europeans package. This exercise is not only about completing the final NECPs and fulfilling the European Union objectives. Equally important is to provide through the NECPs predictability for the business and finance sectors to stimulate necessary private investments. For these purposes the European Union, Member States and investors need to have information on policies and measures that support the timely achievement of the proposed objectives.

On 18 June 2019, the Commission issued its assessment of draft NECPs and related recommendations to Member States for finalising these. In that context, the Commission has pointed to a number of examples of good practice on completeness of draft NECPs. According to the Commission's assessment of the draft NECPs¹:

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The detailed assessment is available in the Commission's Communication "United in delivering the Energy Union and Climate Action - Setting the foundations for a successful clean energy transition" (COM(2019) 285 final) and related staff working documents addressing draft national energy and climate plans by all Member States.

- There is a gap between national ambition levels for 2030 and the EU 2030 targets for energy efficiency and renewable energy. The aggregate assessment shows a substantial ambition gap for energy efficiency ranging from 6.2 to 2.3 percentage points, which corresponds to attaining a 26.3% to 30.2% target by 2030. On renewable energy, the aggregated effect of the current draft plans would reach between 30.4% and 31.9% in 2030, amounting to a narrow but non-negligible ambition gap. On greenhouse gases, national policies and measures planned for sectors not covered by the EU Emission Trading System (ETS) could already achieve -28% greenhouse gas emission, compared to 2005 close to the -30% required by effort sharing legislation. Accordingly, the majority of Member States were asked to review their NECPs and increase their ambition level.
- The Commission also points to the fact that final NECPs should become more
 comprehensive in terms of concrete objectives, policies, measures and investment needs
 to attain Energy Union objectives across the five Energy Union dimensions. Notably
 the research, innovation and competitiveness dimensions and comprehensive national longterm renovation strategies are critical for achieving the ambitious energy and climate
 objectives.

Given that further progress in decarbonisation depends crucially on achieving the Union's 2030 energy efficiency and renewable energy targets, the Presidency considers it of utmost importance that the EU reaches its targets for 2030. The next months will be crucial for Member States to prepare solid final NECPs in line with the Governance Regulation and including ambition levels as well as policies and measures that are sufficient to achieve the 2030 targets collectively.

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More detailed information on the assessment of the respective ambition gaps is available in an annex (SWD(2019) 212 final) to the Commission's Communication "United in delivering the Energy Union and Climate Action - Setting the foundations for a successful clean energy transition" (COM(2019) 285 final).

As part of the iterative process under the Governance Regulation Member States receive support by the Commission in the finalisation of their NECPs, notably by discussing the Commission's assessment and recommendations in the respective Council Working Party and by means of technical cooperation meetings, bilateral exchanges and technical expert assistance. The Governance Regulation provides the Council with a role in monitoring this governance mechanism, regarding the implementation of the NECPs and by addressing the progress in all dimensions of energy and climate policies.

As the Presidency is fully supportive of the iterative dialogue that aims at finalising the NECPs and the EU collectively meeting the 2030 targets, it considers the Energy Council on 24 September to be an integral and key part in this on-going dialogue. To facilitate this process, the Presidency would like to discuss the following questions:

- 1) What is Member States' progress in addressing ambition gaps that have been identified in their draft national plans in the areas of
 - a) energy efficiency, and
 - b) renewable energy?
- 2) As the governance mechanism provided by the Governance Regulation is a novel process, what should be the modalities of the Council's role in this important process to achieve collectively the EU's energy and climate targets for 2030
 - a) before the delivery of the final NECP's, and
 - b) after the delivery of the final NECP's?

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