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NOTE

From: General Secretariat of the Council
To: Delegations
Subject: REPowerEU - Non-paper from the Commission Services on pre-financing

Delegations will find attached a non-paper from the Commission on REPowerEU pre-financing

REPowerEU pre-financing

Introduction

Given the developments in the energy markets in recent weeks with very high energy prices, the scope of the REPowerEU Chapters could be enlarged to cover as well measures (other than recurring costs) to address energy poverty and incentivise reduction of energy demand in line with the recent communication of the Commission in that regard.

In order to have a rapid implementation of measures addressing the REPowerEU objectives, Member States could be entitled to receive prefinancing for a part of the amounts dedicated to the REPowerEU Chapters only. Such prefinancing would be applicable to any source of financing going into the REPowerEU Chapter.

The suggested recitals and articles below implement the above policy objectives.

Recitals

(8a) In light of the current energy crisis, where high energy prices are aggravating the impact of the COVID-19 crisis, by further increasing the financial burden of consumers, in particular for households with low income or vulnerable companies, the REPowerEU chapters should include measures to help structurally address situations of energy poverty, through long-lasting investments and reforms. Such reforms and investments should provide a higher level of financial support in energy efficiency schemes, clean energy policies and schemes to reduce energy demand for those households and companies facing severe difficulties due to high energy bills. Energy demand-reduction measures taken by Member States should take into account the principles set by the Council Regulations on energy demand-reduction measures.

(20a) To ensure that the financial support is frontloaded to better respond to the current energy crisis, upon request of a Member State to be submitted together with the REPowerEU chapter in a revised recovery and resilience plan, an amount of the additional funding required to finance its REPowerEU chapter can be paid in the form of a pre-financing within, to the extent possible and subject to availability of funds, two months after the adoption by the Commission of the legal commitments.

(20b) In order to comply with the multiannual financial framework payment ceilings, a capping should be established for payments corresponding to the pre-financing for amounts transferred under the provisions of Regulation (EU) 2021/1060 and Regulation (EU) 2021/2115.

Article on REPowerEU objectives

REPowerEU objectives:

- a) improving energy infrastructure and facilities to meet immediate security of supply needs for oil and gas, notably to enable diversification of supply in the interest of the Union as a whole,
- b) boosting energy efficiency in buildings, decarbonising industry, increasing production and uptake of sustainable biomethane and renewable or fossil-free hydrogen and increasing the share of renewable energy,

- c) addressing internal and cross-border energy transmission bottlenecks and supporting zero emission transport and its infrastructure, including railways,
- d) supporting the objectives in points (a), (b) and (c) through an accelerated requalification of the workforce towards green skills, as well as support of the value chains in key materials and technologies linked to the green transition.
- e) **addressing energy poverty and incentivising reduction of energy demand.**

Articles on prefinancing

Article XX - REPowerEU pre-financing

1. The recovery and resilience plan containing a REPowerEU chapter may be accompanied by a request for pre-financing. Subject to the adoption by the Council of the implementing decision referred to in Articles 20(1) and 21(2) by 31 December 2023, the Commission shall make a pre-financing payment of an amount of up to 15% of the additional funding requested to finance its REPowerEU chapter, under Article 12, Article 14, Article 21a and Article 21b.
2. The total pre-financing payments for resources transferred under the conditions set in Regulation (EU) 2021/1060 and Regulation (EU) 2021/2115 shall not exceed EUR 1 billion.
3. By derogation from Article 116(1) of the Financial Regulation, the Commission shall make the corresponding payment within, to the extent possible, two months after the adoption by the Commission of the legal commitment referred to in Article 23, subject to available resources, in particular the availability of funds from the NGEU account, funds approved in the annual EU budget, the revenues under article 21a, and the effective prior transfer of funds from shared management programmes, if requested in accordance with Article 21b.
4. The payment of pre-financing for resources referred in paragraph 2 shall be made following receipt of information from all Member States on whether or not they intend to request pre-financing of such resources, and, where necessary, on a pro-rata basis to respect the total ceiling of EUR 1 billion.
5. In cases of pre-financing under paragraph 1, the financial contribution and, where applicable, the amount of the loan to be paid as referred to in point (a) or point (h) and Article 20(5), respectively, shall be adjusted proportionally.

ARTICLE 10e – ETS Directive

(...)

(2) The Commission shall ensure that the allowances destined for the Recovery and Resilience Facility, **including for pre-financing payments, where appropriate, in accordance with Article XX of [the RRF Regulation]**, are auctioned in accordance with the principles and modalities laid down in Article 10(4) of Directive 2003/87/EC and in accordance with Article 24 of Commission Regulation (EU) No 1031/2010.